Third On-Farm Water Management

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The Pakistan Third On-Farm Water Management Project, supported by Credit 2245 for US$47.9 million and Loan 3327 for US$36.3 million, was approved in FY91. Both the Credit and the Loan were fully disbursed and closed in FY97, one year late. The Implementation Completion Report (ICR) was prepared by the South Asia Regional Office, and the borrower's comments are appended.

The four objectives of the project were to: i) increase agricultural production by improved on-farm water management (OFWM) systems and practices and a strengthened program of irrigation agronomy; ii) improve the capability of the provincial OFWM implementing agencies; iii) increase farmer participation in water user's associations (WUAs); and iv) reduce government's financial obligations by increasing cost recovery and devolving O&M responsibilities to the WUAs.

Achievement of project objectives was mixed. The project increased agricultural production, although less than estimated at appraisal. Physical targets were met for the main components, most importantly for improved watercourse linings, but not for precision land leveling (72 percent) and some other smaller components. The capability of the OFWM directorates was enhanced, but there were problems of organizing and sustaining the farmer's participation in WUAs. Cost recovery improved, reaching full recovery in some provinces, although overall recovery rates remained low in Punjab (68 percent) and Sindh (80 percent). The ICR reestimates the economic rate of return to be 23 percent compared to 26 percent at appraisal.

The ICR rates the outcome of the project as satisfactory, sustainability as likely, institutional development as modest and Bank performance as satisfactory. The Operations Evaluation Department (OED) agrees with these ratings. Given the project's emphasis on water management, it is disappointing that the project was not more successful in improving social and institutional behavior. The experience of earlier OFWM projects may not have been adequately reflected in project design.

Key lessons of the project are that: a) up-front sharing of capital costs for irrigation improvements was acceptable to most beneficiaries; b) care is required in setting up cost-effective but comprehensive monitoring and evaluation (M&E) programs; c) the training and capacity-building components of projects are important for future sustainability.

The ICR is satisfactory and provides useful insights into why and how the project progressed in some areas but was less successful in others. The observations on the M&E system are interesting but could have been expanded. This experience can be drawn upon in designing more effective M&E operations in the future.

No audit is planned.