



1. Project Data:		Date Posted : 04/05/2004	
PROJ ID: P008326		Appraisal	Actual
Project Name: Aral Sea Water And Environmental Management Project	Project Costs (US\$M)	21.2	15.5
Country: Aral Sea	Loan/Credit (US\$M)	12.22	11.3
Sector(s): Board: ENV - Central government administration (56%), Other social services (23%), General agriculture fishing and forestry sector (17%), Irrigation and drainage (4%)	Cofinancing (US\$M)	8.98	4.2
L/C Number:			
	Board Approval (FY)		98
Partners involved : Netherlands, SIDA, EU-Tacis	Closing Date	06/30/2003	06/30/2003

Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives

The overall objective of the Water and Environment Management Project (WEMP) was to help implement the Aral Sea Basin Program (ASBP) approved by the five heads of Central Asian States in 1994. After the breakup of the Soviet Union Uzbekistan, Turkmenistan, Tajikistan, Kazakhstan and the Kyrgyz Republic had to cooperate in reducing water and land salinization. They also had to confront the gradual drying up of the Aral Sea in order to secure water for 38 million people living in the region. The WEMP focused on two objectives: 1) stabilizing the environment; and 2) improving the management of international waters. The project was also intended to contribute to other ASBP objectives such as disaster zone rehabilitation around the Sea and institutional capacity building.

b. Components

Components were not officially revised, but adjusted to the following during implementation when the original problem diagnosis proved erroneous:

- A) *National and Regional Water and Salt Management (US\$4.9 million)* : Under sub-component A1) studies were to be done and under sub-component A2) a competition was planned for farms and water agencies to propose low-cost water conservation measures.
- B) *A Public Awareness Campaign (US\$1.4 million)* was to be started to convince water users to reduce water consumption by 5% by the end of 2002.
- C) *Dam Safety and Reservoir Management (US\$2.2 million)* : Safety assessments of selected dams were to be done in the five countries as well as training in dam safety.
- D) *Trans-Boundary Water Monitoring (US\$3 million)* : Installation of water quality monitoring equipment at 25 water monitoring stations was planned.
- E) *Wetlands Restoration (US\$3.9 million)*: Restoration of Lake Sudoche.
- F) *Project Management Support (US\$600,000)* .

c. Comments on Project Cost, Financing and Dates

The project was a GEF grant. The ICR found estimation of total project costs at completion to be extremely difficult because of poor financial management, inadequate information about Central Asian Countries' (CAC) contributions, changing disbursement percentages for various expenditure categories, and changes in exchange rates. The amounts disbursed from various grants, however, have been accurately measured. The project closed as planned, leaving US\$1.2 million undisbursed (GEF US\$0.7 million, the Netherlands US\$0.5 million), the apparent inconsistencies being due to exchange rate fluctuations.

3. Achievement of Relevant Objectives:

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By component:

- A1) The studies demonstrated that water scarcity in the basin is not due to allocation tensions at the regional level. Dilapidated infrastructure and poor government policies were the main reasons for inefficient water use within Uzbekistan and Turkmenistan.
- A2) This sub-component, which was expensive to administer, illustrated that farmers will conserve water if given a financial incentive; it also showed the effectiveness of a number of low-cost techniques for doing so.
- B) A media campaign was mounted and surveys showed that policy makers, farmers, students, and other groups were increasingly aware of wasted water, the Aral Sea problem, and the ASBP.
- C) Support for the safety assessment of 10 dams helped to create awareness among the governments about the urgency of dam safety, and led to improved safety of nine dams. Rehabilitation of these dams is also helping to resolve the water and energy conflicts between upstream and downstream users by increasing the supply of water to generate energy in winter and irrigate crops in summer.
- D) The 37 water monitoring stations that have been installed (12 more than planned) record water levels to determine water flow; they also measure salinity and oxygen levels as indicators for pollution.
- E) The restoration of Lake Sudoche provided a practical model for addressing the environmental degradation problems around the Aral Sea.
- F) The Project Management and Coordination Unit (PMCU) became competent in project management.

4. Significant Outcomes/Impacts:

The project's main objective, to support the ASBP implementation, was achieved. Restoration of Lake Sudoche has led to additional investments in wetland restoration by the Uzbek Government in the Amu Darya delta. A bilateral agreement on energy-irrigation issues between Uzbekistan and Turkmenistan in 1996 clarified the sharing arrangements of Amu Darya waters and has mostly worked without major dispute. Awareness of dam safety was introduced, which led to new investments to improve overall water management in the basin. Better records of water flows will be available for planning water resources.

5. Significant Shortcomings (including non-compliance with safeguard policies):

The decision to rotate the chairmanship of the International Fund for Aral Sea (IFAS) from state to state every two years, coupled with the physical transfer of IFAS's offices, proved unworkable. Further, the separation of the PMCU from the IFAS made it impossible for the project to strengthen IFAS (which was an implicit objective of the WEMP). IFAS was weaker at the end of the project than before.

Concerns from the other countries regarding Uzbek domination of the PMCU were not adequately addressed.

Project financial management was extremely cumbersome, rarely timely, and not transparent.

Systematic activities designed to strengthen national institutions were not included in the project, and this was a design weakness. Strengthening of regional institutions was therefore not achieved.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Moderately Unsatisfactory	The text notes that the project would have been rated as moderately satisfactory if this option had been available. Physical objectives were achieved. Among the project's shortcomings were weak financial management and the failure to address the domination of the implementation process by one country, which caused tension among the others.
Institutional Dev .:	Negligible	Negligible	
Sustainability :	Likely	Likely	
Bank Performance :	Unsatisfactory	Unsatisfactory	
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

a) The public awareness campaign (component B) was added during appraisal. Assessments during implementation led to the conclusion that deteriorated irrigation systems and public policies were the main cause for waste of water, not a lack of public awareness. An earlier assessment of root causes for leakages might have made fund allocations more appropriate.

b) Although rotation of the chairmanship of a multinational organization such as the IFAS might increase ownership in several countries, the experience from this project demonstrates that the location of such an organization should not change.

c) PMCU was given responsibility for implementing activities that would have been more appropriately undertaken by country-level line agencies. A better approach would be to design programs for the regional level but divide

projects and activities into efforts at the national level; this will make them consistent with regional goals and coordination, but place implementation under national governments.

d) A further lesson is that entrusting project management to a PMCU with relatively well-paid contracted staff, though it may ensure that Bank procedures are followed, does not build ownership at the country level. On the contrary, it may lead to resentment from technical ministries.

8. Assessment Recommended? Yes No

Why? The project provides valuable lessons on regional cooperation of five countries to reduce a shared natural disaster.

9. Comments on Quality of ICR:

The ICR reconstructs the project implementation process well, from appraisal estimates to actual disbursements. It gives a detailed analysis of a small but complex project involving five countries and several donors.