

Water Conservation and Management Evaluation Synthesis

Executive Summary

1. With water being increasingly considered both a constraint to development and an opportunity for investments that can reduce poverty, the Executive Board, when approving the 2013 evaluation work programme at its December 2012 session, requested the Independent Office of Evaluation of IFAD (IOE) to prepare an evaluation synthesis on water conservation and management. Since water is crucial to the natural environments, economies and livelihoods of IFAD-supported rural communities and target groups, ensuring access to water for all will be one of the main challenges to be met in the years ahead.
2. This evaluation synthesis covers the period that has elapsed since the last "water screening" was carried out by IOE in 2002. Its objective was to assess: (i) how IFAD has responded to the emerging issues of rural water security and governance; (ii) whether IFAD's investments in water have met their intended objectives and are sustainable; and (iii) whether it is possible to further enhance the effectiveness and sustainability of IFAD's investments in this sector. In this regard, the synthesis reviews not only the technical, environmental and financial aspects of investments made by IFAD, but also the social and institutional aspects. It also reviews IFAD's policy work at the national, regional and global levels on water related matters. The synthesis is intended to serve as an opportunity for learning and knowledge sharing rather than as an instrument of accountability.
3. IFAD considers water as a key entry point for improving the livelihoods and quality of life of the rural poor. It therefore adopts a holistic view that includes water for agriculture, domestic use and sanitation, industry and agroprocessing, and the environment. However, IFAD's primary investments are in the area of agricultural water management. IFAD finances local water supplies and sanitation only where needed and where alternative financial sources are not available. IFAD is increasingly adopting a "multiple-use service" approach to water that looks at context specificity and prioritizes multisectoral infrastructure systems.
4. Water plays an important role (directly and indirectly) in IFAD's current and previous (2007-2010) strategic frameworks and in the Eighth and Ninth Replenishments of IFAD's Resources.¹ While IFAD does not have a policy on water, four of its other policies make significant references to water. IFAD is intensively engaged in policy dialogue on water issues at the international, regional and national levels as it seeks to shape policies on food security and water resources management. The widespread adoption of participatory irrigation management practices and the establishment of water users' associations (WUA) testify to IFAD's singular success in policy shaping and institutional development related to the water sector in the countries it works in.
5. Results-based country strategic opportunities programmes (RB-COSOPs) are at the core of IFAD's business model. All the RB-COSOPs highlight the fact that in many developing countries, water is key to economic growth and overall development. The COSOPs prior to 2006 present a mixed picture: while they sought to address water issues wherever required, water was not dealt with in a systematic and strategic manner. However, post-2006, water has been prominently profiled and its different delivery instruments (objectives, targeting strategy, policy approach and

¹ Under the Ninth Replenishment, IFAD plans to allocate 22 per cent of loans and grants to finance projects that include land and water interventions.

investment programming) are far better aligned to achieve the water outcomes identified in the strategic objectives.

6. It should be noted that there is no single "water project" in IFAD's portfolio. Water is but one component, embedded in each of the 166 active water projects that have varying financial allocations depending on the nature of the project. A variety of institutional arrangements have evolved to facilitate co-ownership of joint or complementary programmes by various stakeholders. A wide spectrum of interventions has been undertaken, covering, for example, flood control, watershed development and micro-irrigation schemes. To implement and manage these interventions, different institutional structures and arrangements have evolved, such as the establishment of representative institutions, technical assistance and extension support, capacity-building and training of stakeholders, and engagement at the country policy level.
7. All water-related projects include other components, such as institutional development and capacity building, non-farm sector promotion and market development, which also determine the performance and sustainability of the water component. Water is an embedded component, even in irrigation-related projects, and therefore it is not possible to assess the performance of the water component separately. With this caveat in mind, using the IOE criteria, evaluation data reveal that performance of water related projects is comparable to that of overall projects in terms of relevance, effectiveness and efficiency: high relevance, reasonable effectiveness, but only moderate efficiency. Irrigation projects, however, noticeably underperform in terms of overall project achievement, which underscores the interdependencies among other components of a given project. From the perspective of water, the IOE data reveal that significant progress has been made in the three crucial areas impacting water, previously considered problem areas: (i) natural resources and the environment, (ii) gender and women's empowerment, and (iii) institutions and policies.
8. Given the importance of ecosystems, watersheds and natural resources management (NRM) to water availability and quality as well as to agriculture, especially in dry land regions, IFAD will need to ensure that its engagement in the NRM sector continues to be a focus and a priority area, especially in water scarce and water stressed countries. However, IFAD would need to be mindful of possible adverse environmental and social impacts, given the enormity and complexity of environmental dynamics. IFAD is well aware of the adverse consequences of climate change on water supplies and projects are now including adaptive and ameliorative measures.
9. Women are effective managers of water at the farm and household levels, yet they are underrepresented in related governance institutions such as WUAs and often excluded from decision making processes. Ways will have to be found to involve women more effectively in such bodies, because evidence indicates that women's active participation improves the performance and sustainability of WUAs. IFAD will have to champion the need to ensure secure land tenure rights for women because without this, access to water is not ensured. Throughout the world very few women own land in their own name, a fact that effectively disempowers them.
10. For many years IFAD has strongly and consistently promoted WUAs as an instrument of representative and participatory governance and can be justifiably proud of this successful and widely adopted institutional innovation. WUAs have served as training forums for building skills and capacities and the confidence needed for effective governance and management of group enterprises. However, IFAD's experience in this regard is mixed and it is necessary to take stock of lessons learned with a view to increasing the effectiveness and sustainability of these institutions.

11. With regard to sustainability, while there has been overall improvement, more needs to be done. IFAD is trying out various new approaches by partnering with a global community of practice that encourages multiple water-use systems and by piloting "payment for environmental services" projects. While innovation and scaling up have shown a downward trend recently in projects rated moderately satisfactory or better, performance is nevertheless improving, with the water investments of several projects either being scaled up or showing promise of being replicated.
12. IFAD has learned that for a WUA to function effectively and sustainably, several key factors must come together, such as a reliable and adequate supply of water and energy that is fairly distributed; adequate social capital and good leadership; technically sound design with easily manageable technologies deployed; long term security of land tenure and water rights; viable returns on agriculture; women actively participating in decision making; value addition and efficient farm to market value chains; an enabling legal framework; and availability of sound technical and managerial skills.
13. Overall, the water sector is playing an increasingly effective role in reducing rural poverty. Synergistic relationships between complementary sectors are becoming more efficient and the institutional and regulatory conditions that promote sustainability and scaling up are improving.
14. Generally, in terms of overall goals and objectives, the water policies of multilateral development banks (MDBs) are largely consistent. All the MDBs except IFAD have a specific water policy. IFAD's target group is primarily the poor; in the other MDB projects, they may also be included. Differences exist among the MDBs in terms of what is financed, and which priorities and approaches are adopted. While MDB interventions in the water sector are multisectoral, including, for example, building large dams, and urban and industrial applications, IFAD restricts itself exclusively to rural areas with a focus on smallholder irrigation, rainfed farming systems and water for livelihoods purposes. Unlike the MDBs, IFAD does not engage in transboundary water issues. The World Bank is the only MDB that formulates country water resources assistance strategies.
15. The following key learnings arising from a recent World Bank evaluation of its engagement in the water sector are of relevance to IFAD: (i) effective management of water demand is becoming the critical challenge in managing water resources in the face of increasing water scarcity; (ii) demand management will require a great deal of robust data on water resources in order to better understand the linkages between water, economic development and project achievement, and this data should be treated as a public good and made freely available; (iii) watershed management projects that take a livelihood focused approach perform better than those that do not; (iv) greater attention must be paid to water quality as the situation is becoming alarming in most developing countries; (v) tackling water crises will require active collaboration with many partners and stakeholders; and (vi) stakeholder participation in the entire project cycle is essential when designing hydrological and meteorological monitoring systems.
16. The scenario emerging on the water front presents IFAD with a set of issues, challenges and opportunities. For example: (i) water will be both a constraint for development and an opportunity for enterprise and innovation (technical, organizational and commercial), which can result in poverty reduction; (ii) water productivity will be a game changer – enhancing it and managing water demand will be critical to IFAD's development effectiveness; (iii) rainfed farming, undertaken by the bulk of poor smallholder farmers, now holds the key to increasing food production and agricultural productivity; and this is where IFAD has a comparative advantage and where, in partnerships, IFAD can take the lead in developing a strategy and pedagogy that can bring about a "brown revolution" in

rainfed agriculture akin to the "green revolution" of irrigated agriculture; (iv) a holistic and systems approach to understanding and assessing how water is perceived, the role it plays in a community and the likely impact of water interventions must be adopted when designing projects; (v) IFAD must continue to strengthen its engagement with NRM and ecosystems management, undertake climate-related risk analysis and include adaptive and ameliorative measures in project design; (vi) IFAD has taken the lead and should continue to champion secure land rights for the poor, especially women, in order to ensure reliable access to water; (vii) with water becoming an increasingly contested commodity, IFAD can play a role in helping create local water markets that are sustainable and result in "win-win" outcomes both for poor local communities and for bulk users; (viii) IFAD should build its capacities primarily by drawing upon local experienced experts, those with traditional knowledge and those who have local credibility; and (ix) the Water Unit of IFAD's Policy and Technical Advisory Division should expand its role in knowledge management, capacity building and advocacy.

17. Overall, IFAD's engagement with the water sector has improved as a result of better performance by synergistic sectors and greater alignment of the different instruments that IFAD deploys to further strategic objectives. With IFAD's comparative advantage in smallholder agriculture, and the need to increase food production and generate rural livelihoods in a context of increasing water scarcity and climate variability, IFAD's engagement in the water sector can only be expected to deepen in the years ahead.