

The Role of Donors in Addressing Water Problems in Central ASIA

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EXTENDED ABSTRACT

This paper examines the role of donors in addressing a complex set of water related challenges in Central Asia and draws some lessons with a view of improving efficiency and effectiveness of development assistance in the region. Since independence 20 years ago, the Central Asian republics have been striving to maintain their relationships over water in the spirit of collaboration, despite the need to deal with a legacy of unsustainable economic development and environmental mismanagement combined with new challenges of divergent national development agendas.

In the first years following independence, collaboration between the republics was strongly supported by multilateral and bilateral development agencies under the leadership of the World Bank. This first period of intensive collaboration between states and between regional organizations and donors was marked by some good results such as the establishment of Interstate Fund of saving the Aral Sea (IFAS) and Interstate Commission for Water Coordination (SIC ICWC) in Central Asia, preparation and signing interstate agreements in 1993 and 1994, as well as development of a regional water strategy. Later on, donors assisted in establishing regional water information system, building technical, institutional and human capacity in the water sector as well as introducing integrated water resources management principles in the region.

Despite significant donors' contribution, last several years demonstrated also weaknesses in donors' activities in the region, which is especially discouraging, given increased tensions over competing uses of water for hydropower upstream and irrigation and ecosystem demands downstream. Among the main weaknesses are:

- Lack of sound coordination that leads to duplication and overlapping efforts between different directions and donors' projects;
- Unwise and extensive involvement of international experts (that often even don't have local experiences and understanding of local conditions) that significantly diminish the involvement of local design and scientific institutions and experts;
- Cut in support of regional water related projects. For example, the financing of regional programs under the umbrella of ICWC has decreased in ten times – from 2 mln USD up to 200 thousand USD. This tendency is especially damaging in connection with increase in bilateral support of some commercial activities related (directly or indirectly) to regional water issues;
- Domination of small-scale projects that seeks to meet interests of small groups of stakeholders without proper upscaling and with no connections to regional programs that can assist in enhancing regional collaboration and reduce risk of destabilization of the situation.

Given the above, donors should rethink their development assistance policies in the region in order to encourage more active regional interactions between the countries for benefit of people and the environment. Donors should elaborate their own code of conduct that would underline all water-related assistance in developing countries and would be aim at achieving water security goals.

INTRODUCTION

Increasing investment in the water sector at national and transboundary levels is an essential precondition for achieving water security, especially in developing countries and countries in transition, such as Central Asian republics. Among the various sources of funding available for these countries, development assistance plays a crucial role. This paper examines the role of donors in addressing a complex set of water related challenges in Central Asia and draws some lessons with a view of improving efficiency and effectiveness of development assistance in the region.

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ARAL SEA BASIN PROGRAMMES AND DONORS' ASSISTANCE

Since gaining independence two decades ago, the Central Asian republics – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan - have been striving to maintain their relationships over water in spirit of cooperation, despite the difficulties in dealing with a legacy of unsustainable economic development and environmental mismanagement combined with new challenges of divergent national development agendas.

To coordinate water and environment related activities at national and transboundary levels and to attract much-needed investment, the countries of Central Asia decided to establish the Aral Sea Basin Programme (ASBP) – a programme of concrete actions to improve the environmental and socioeconomic condition in the Aral Sea basin. ASBP is the long-term action program in the field of sustainable development, and especially in the management of water resources and environmental protection. The Program includes national and regional projects aimed at sustainable development and more efficient use of water resources. ASBP-1 that sought to direct water management systems of newly independent states towards new market oriented conditions has been developed and approved in 1994, with assistance from the European Union, the Netherlands, Canada, and Finland. Also with donors support, ASBP-2 for 2003-2010 was approved in 2002 and ASBP-3 for 2011-2015 in 2012. Both the development and implementation of the ASBPs was a joint effort from national governments and the donor community; but the dynamic of interaction with donors and their involvement has been changing over the years.

In the first years of independence, cooperation between the republics was strongly supported by multilateral and bilateral donors under the leadership around coordination exercised by the World Bank. Some good results of this intensive collaboration between states and between regional organizations and donors include the establishment of Interstate Fund of saving the Aral Sea (IFAS) and Interstate Commission for Water Coordination (ICWC) in Central Asia, preparation and signing interstate agreements in 1993 and 1994, as well as development of a regional water strategy.

The period of ASBP-2 implementation is witnessed slowdown in donors' coordination but still many important water related projects were implemented in the region. Thus, donors assistance was instrumental in establishing Central Asian Regional Water Information System, in building a network of training centers, in improving regional hydromet services and in promoting application by water users and water organizations market approaches in irrigated agriculture (project "WUFMAS" and "Best practice"). The Dutch government jointly with UNESCO-IHE Institute for Water Education funded a regional capacity building project to train national trainers, to prepare curriculum and educational materials for all countries, and to develop a modeling tool to assess scenarios of possible regional and national development. The German International Cooperation (GIZ) supported projects to improve the environmental situation in river deltas, strengthen organizational structure of regional water interaction and improve cooperation on small transboundary rivers. The Asian Development Bank has been supporting a regional dialogue between the countries to strengthen the legal framework of cooperation and develop drafts of new water agreements through addressing water, food, energy, and ecosystems nexus.

Interstate cooperation in Central Asia was also enriched by significant contribution from Swiss Development Cooperation (SDC) in the area of integrated water resources management (IWRM) implementation and automation of hydro unit structures on the Syrdarya basin. For example, the IWRM-Fergana Project has been implemented on the area of 130 thousand hectares in the Fergana valley through a close partnership between Scientific Information Center of ICWC, International Water Management Institute and national water organizations in Kyrgyzstan, Tajikistan and Uzbekistan. The project demonstrated practical results in terms of more efficient water management and use through increased public participation, new institutional setup of water organizations and introduction of advanced technologies that resulted in water use efficiency more than 200 mln m³/year combined with growth in land productivity.

It is too early to assess the implementation of ASBP-3 that includes more than 300 national and regional projects to the amount of 8,5 bln US dollars, except noting that donors funding were insignificant to date. Unfortunately, last several years demonstrated certain shortcomings in donors' activities in the region, which is especially discouraging, given increased tensions over competing uses of water for hydropower upstream and irrigation and ecosystem demands downstream. Hence, acknowledging the significant contribution of donors, it is also necessary to outline some important lessons on the role of donors in addressing water problems in Central Asia that can be learned from the experience of developing and implementing ASBPs.

SHORTCOMINGS IN DONORS' ASSISTANCE

The following problems with donors' assistance are the most acute in the region:

Lack of effective donors' coordination

Donors work in Central Asia, as everywhere else, on overlapping issues but each with its own agenda and practices, which are poorly coordinated. This undermines efficiency and effectiveness of donors' assistance in addressing development challenges. Poor coordination leads to duplication and overlapping efforts between different directions and donors' projects and imposes extra burden on recipient governments in terms of reporting and accounting requirements.

After the World Bank's shift away, there is no longer a donor with implied authority to convene other donors on water related activities in Central Asia. This resulted in the absence of usually more cost effective large-scale projects, which can be implemented only with support of consortia of donors. Instead, high numbers of small and poorly coordinated projects are dominated in the water sector of Central Asian countries. These small-scale projects seek to meet interests of small groups of stakeholders without proper upscaling and with no connections to regional programs aiming at enhancing regional collaboration and reducing risk of destabilization of the situation.

For example, the Rural Enterprise Support Project (RESP-2) funded by the World Bank and SDC envisaged disseminating and upscaling the IWRM-Fergana experience in Uzbekistan. The main goal was to create conditions for the World Bank to allocate a loan that would address irrigation system rehabilitation. The project only focused on implementing hydrographisation of water users associations (WUAs) within seven provinces and providing capacity-building programmes. It did not address the other interconnected issues of managing water, such as main canal management, the managerial tools needed at the WUA level (such as updating rates of water consumption based on new hydromodule zoning, daily water scheduling, and extension services for information distribution to water users) and the issues of social mobilization among key stakeholders. As a result there was no visible reduction in water intake in any of the seven provinces, nor were there any observed increases in agricultural production. There was also no organised monitoring of the stability and equity of 'top-end tail-end' water delivery. Such partial dissemination of the IWRM experience without sufficient evaluation of the outcomes discriminated against the potential success of the IWRM approach. This rather fragmented implementation failed to make the connections between water management levels and these are unlikely to improve if these limited interventions are scaled up to include the entire country.

The last point to be mentioned with respect to donors' coordination is the absence of coordination, absolutely none, with so-called non-traditional or emerging donors such as Russia, China and South Korea. Financial flows from these countries to water related projects in Central Asia are increasing but their possible impacts on regional cooperation are still poorly examined.

Unwise and extensive involvement of international consultants and ignorance of local capacity

Some donors still prefer to involve international consultants, even those that don't have local experiences and/or understanding of local conditions, for projects implementation rather than rely on local expertise. In addition to poor performance on the ground with such consultants, this practice also leads to decrease in the involvement of local design and scientific institutions and experts. As a result, recipient government officials and local staff need to host numerous missions, each requiring time and attention, to explain the situation and provide local views how to deal with it. Not always these views are duly taken into account though. For example, as a result of the implementation of above-mentioned IWRM-Fergana project, national teams from Kyrgyzstan, Tajikistan, and Uzbekistan prepared their visions for the expansion of IWRM in their respective countries with support from international agencies. However, when new projects were designed it became clear that countries' priorities and needs have not been taken into account seriously.

Loss of orientation at the end results

When undertaking reforms and changes in day-to-day activities in the water sector, the focus needs to be on practical outcomes and results achieved rather than on the process. All changes (even institutional) need to be measured with relevant water-related indicators, such as 'more drops of water saved per any other action'. A good balance is needed between social equity, economic effects, and ecological sustainability. More than ten projects with IWRM in their titles were examined and only one of these projects adopted indicators of water use improvement. Only the IWRM in the Fergana Valley project measured water use and provided evidence of a significant reduction (15%) and increasing yields and water productivity. All the other projects either did not monitor water use or did not intend to do so.

Unstable funding for regional cooperation and budget cut for regional projects

Taking into account restricted financial resources in the countries of Central Asia, budget for regional cooperation over water significantly relies on development assistance. Donors can facilitate regional water cooperation through three main domains:

- (a) Supporting activities of regional institutions to fulfill their mandates;
- (b) Implementing regional projects;
- (c) Tackling issues with a regional dimension in national assistance programmes and promoting interstate cooperation.

Regional water institutions such as IFAS and ICWC have to be financed through its members' contribution; however, it was a challenge. For example, the budget of ICWC executive bodies such as BWO Amudarya, BWO Syrdarya and SIC ICWC mostly comes from Uzbekistan, with some contribution from Kazakhstan and Turkmenistan. These rather limited financial resources and in-kind contribution can cover only expenses for most-needed infrastructure maintenance and operation, basic information exchange between the countries, BWOs and SIC. These funds cannot cover other core activities and programmes of ICWC such as meetings of working groups, training, renovation and innovation development and implementation. Therefore, regional organizations are in a constant search for funding to fulfill even their core functions. The absence of stable financial resources hampers the effective operation of these institutions. Thus, for example, Regional Training Centre under SIC ICWC worked successfully from 2000 till 2005 with support from CIDA, when each year 600-650 trainers went through a week long courses. From 2006 till 2009 this quantity failed to 200 persons per year until a new programme of the Dutch Government helped to double this number.

Fundraising by regional organization is complicated by two factors. First, even though funding is requested to fulfill agreed mandate of regional organizations and relevant regional projects are included in ASBP already approved by all countries, a complicated procedure to get approval from all basin countries is still required. Second, to approve projects some basin countries request project's budget to be broken down by countries in detail to illustrate the benefits for each particular country, neglecting region-orientation of the project. If the national component of the project is inadequate, this project has no support.

The recent trend in donors' assistance was to move away from implementing regional projects focusing on main rivers to local and bilateral projects on small rivers, such as the Chu, Talas, Khojabakirgan, and Isfara and invest more in the most vulnerable countries in the region – Kyrgyzstan and Tajikistan, without conditioning their support by the need of regional cooperation. Thus, for example, Phase 3 of the project on automation of main canals on the Syrdarya through SCADA system has been approved by SDC but was not financed due to refusal of Tajikistan to be part of the project.

Donors have significantly decreased their support to regional organisations and regional projects and have preconditioned their assistance with a requirement that all countries of the region have consented to their implementation. For example, the financing of regional programs under the umbrella of ICWC has decreased in ten times – from 2 mln USD up to 200 thousand USD. There is a growing concern that donors now only support national projects rather than working with regional organisations to support projects which benefit the region as a whole. The consequence of this is to discourage regional interactions and cooperation across national boundaries.

This is not to challenge the need for national assistance programmes; on the contrary only national development can catalyze regional cooperation. But helping nation-states to tackle water issues, donors have to be aware of regional implications of these activities and do their best to promote interstate cooperation.

Given the above, donors should rethink their development assistance policies in the region in order to encourage more active regional interactions between the countries for benefit of people and the environment. Donors should elaborate their own code of conduct that would underline all water-related assistance in developing countries and would be aim at achieving water security goals. Below some possible ways for strengthening the positive influence of development partners are suggested.

THE WAY FORWARD

With the respect to improving donors' activities in the water sector of the region, two aspects are important.

- 1. Development assistance in the water sector of Central Asian countries should aim at improving performance in water use but also at maintaining regional peace and security**

Although according to OECD definition at least official development assistance must be “administered with the promotion of the economic development and welfare of developing countries as its main objective,”

development assistance remains a component of foreign policy of donor states and therefore should serve the needs of these countries. For example, U.S. development assistance serves as "a component of national security strategy, a tool to promote U.S. commercial interests, and a global expression of American values".⁴ Similarly, "all Canadian official development assistance abroad is provided with a central focus on poverty reduction and in a manner that is consistent with Canadian values, Canadian foreign policy, the principles of the Paris Declaration on Aid Effectiveness of March 2, 2005, sustainable development and democracy promotion and that promotes international human rights standards."⁵ To complicate things further, the overarching goal of maintaining peace and security must be respected, which becomes extremely relevant with respect to transboundary waters. Therefore, development assistance should align interests of recipient countries, donor countries but also regional peace and security, which is not an easy task.

Donors have to play a vital role in promoting good water governance based on agreed principles and standards, and in encouraging transboundary water cooperation based on international law, including the UN Convention on the Law of Non-Navigable Uses of International Watercourses and the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes.

The role of donors in helping Central Asian countries to pay due respect to regional approaches and cooperation is difficult to overestimate. This will lead to nourishing a sense of ownership for sustained cooperation among the countries. Therefore, development partners should consider that in their work they have to:

- Ensure the stability and security in the countries of the region;
- Promote closer regional cooperation in Central Asia;
- Build upon achievements already made in the countries;
- Make donors assistance conditional upon regional cooperation;
- Encourage regional political and financial commitment;
- Allow strong leadership in regional institutions by locals, not donors.

2. Real transformation of development assistance to development partnership

There has been a deliberate shift in the language of development cooperation over the last 50 years from 'assistance' to 'participation', 'empowerment' and more recently to 'partnership'. But real changes are still to come.

Development partners can pursue their mandates in Central Asia by creating conditions for the right kind of national development and transboundary cooperation through forming partnerships with each other, national and regional partners. Increased partnership at interstate and intersectoral levels as well as more active involvement of science and civil society groups is indispensable if we are serious about achieving water security goals in Central Asia. Bringing emerging donors, such as Russia, China and South Korea, into the partnership is also crucial.

Efficiency and effectiveness of development partnership, especially at regional level, can increase if networking approaches are used more frequently and consistently. In this regards, it is important to:

- Commit to coordination and knowledge sharing;
- Make conflict prevention measures integral to any programmes;
- Delegate and clarify authority for each donor's activities;
- Support existing institutions in cross-sectoral activities, and;
- Encourage cooperation with global knowledge networks.

The ultimate goal of this partnership has to be promotion of regional water dialogue for building consensus on principal directions for water resources development and management in Central Asia. The role of each partner – regional or national – should be assessed not by quantity of words and slogans but on the basis of their real input into this movement and cooperation.

It is also critical to bring more creative approaches for framing the processes of negotiation and dialogue in the region. It would be beneficial to keep in mind the following points:

- Apply issue-linkage strategies, e.g. water for energy, water for food, etc.;
- Offer incentives to constituencies who may lose from cooperation;

⁴ For an overview of U.S. foreign assistance programs, including historic funding levels, see CRS Report R40213, Foreign Aid: An Introduction to U.S. Programs and Policy, by Curt Tarnoff and Marian Leonardo Lawson.

⁵ Official Development Assistance Accountability Act. S.C. 2008, c. 17. Assented to 2008-05-29

- Carry out basic dispute resolution functions: information flow, fair treatment, and sustainable processes of dialogues;
- Allow local solutions to transboundary activities – specifically in small transboundary rivers;
- Encourage publication of water management costs - that will create more transparency.

To sum up, the role of donors in addressing water issues in Central Asia has been significant so far, but still much more needs to be done to increase the efficiency and effectiveness of development aid in achieving water security goals in a climate of peace and political stability. Donors that invest large amounts of money and resources in development cooperation must ensure that it maintains its legitimacy and effectiveness.

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