The International Fund for Agricultural Development (IFAD) and its work on Multiple Use (water) Services

MUS Group meeting
31st May
IFAD HQ, Rome

Ms Audrey Nepveu, Water and Rural Infrastructure, Technical Adviser

Ms Chiara Calvosa, Economist, Consultant

Mrs Jeanette Cooke, Water Sanitation Hygiene, Consultant

What is IFAD doing?

"Enabling the rural poor to overcome their poverty"

in the water sector?

Portfolio	Water sector		Agriculture water	Financed by IFAD loan
1990 - 1994	24%	711.4 MUSD	83%	45%
2000 - 2004	34%	1 442.3 MUSD	61%	40%

IFAD estimations 2006

IFAD understanding of poverty

"Poverty is not just a condition of low income.

It is a condition of vulnerability, exclusion and powerlessness.

It is the erosion of people's capability to be free from fear and hunger and to have their voices heard.

Poverty reduction is about enabling poor women and men to transform their lives and livelihoods, and supporting governments and civil society in creating and maintaining the conditions that allow them to do so."

IFAD targeting policy, Sept 2006
http://www.ifad.org/pub/policy/target/targeting_e.pdf

How to reach out?

Country level

Country level

1Y Design

6-8Y Implementation
(+ Phase II?)

Secure empowering
mechanisms

Work through
NGOs

Poverty &
Livelihoods
analysis

Secure targeting
mechanisms

Participatory
approaches

Constraints &
Opportunities

Community
& individual planning

Household level

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Policy &Technical Advisory Division (PTA)

Director
Rodney D. Cooke

Administrative Assistant
Fiorella Cordeschi

Management & Support Unit (M&SU)
Head: Mathur

PA: Buckingham

- GPA Alcadi
- LT cons. Calvosa
- TPO Belhamissi
- QE Secretariat & KM Stefanelli
- LT cons. Butcher
- LT cons. Sperandini
- TA Research (Vacant)
- Budget Assistant Diethelm

Management Advisor Kunemann
Management Advisor Wholey
Management Advisor Raswant

Business Unit
- Coordinator (Vacant)
- PA Isaia
- (GS Temp) Secretary Buttafuoco

Country Strategy, Policy & Institutions Unit
Head: Sourang
PA: Sollazzo

- STA Institutions Anyonge
- TA Remy
- STA Policies Audinet
- TA Longo
- APO Jalasjoki
- LT cons. Romano
- PA Espinel
- PA DiRienzo

IFARB   Suppl. Funds

Financial Assets and Market (FAME)
Unit Head: Hamp (STA: Rural Finance)
PA: Diethelm

- Remittances Coordinator DeVasconcelos
- STA Rural Economic Dev (Vacant)
- TA RF Rispoli
- TA Value Chains (Vacant)
- TA RF Anderson
- TA Economist Thomann
- Meins
- APO Teufel
- LT cons. Dimitra
- LT cons. Micallef
- ST-Cons. Coleman
- ST cons. Nicodeme
- Secretary Faillace

Human and Social Assets (HSA)
Unit Head: Lubbock (STA: Gender & HHFS)
PA: Alliende

- TA Gender & SE Hartl
- TA Public Health Kennedy
- TA. Gender Evaluation (Vacant)
- TA IPs Cordone
- LT cons. Gallina
- PA Zein
- (GS Temp) PA Volpe

Productive Assets and Technology (PAT) Unit
Head: Cleveringa (STA: Water & Infra.)
PA: Renard

- STA Livestock Rota
- STA Agronomist (Vacant)
- TA Rural Energy (Vacant)
- TA Land Ten. Durand
- TA Water Mgt Nepveu
- LT cons. Cooke
- PA (Temp. Rotation) Moro
- (GS Temp) Secretary Lanzi

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Mapping IFAD water investments

Water Resource Management	**Knowledge** *Activity contributing to better knowledge of quantity/quality of water resources*	
	Planning / Mobilisation *Activity contributing to the national/regional/local processes on planning for water resources or on deciding on infrastructure to mobilise*	
	Management / Allocation *Activity related to processes on management (IWRM, watershed approaches,…) and allocating water to various uses (see below)*	
Water Resource Uses	**Domestic** *Activity related to water for drinking, washing, cleaning, …*	
	Agriculture	**Rainfed** *Activity (most likely) related to (soil and) water conservation or water harvesting in the field (tricky one)*
		Irrigation *Activity related to irrigation*
		Livestock *Activity related to water for livestock (drinking, washing,…)*
		Fisheries & aquaculture *Activity related to water for inland fisheries*
	Industry – in particular agro-processing *Activity supporting industries or agro-processing (household units) that involve water in their process*	
	Environment & biodiversity *Activity related to environmental uses of water: environmental flows for rivers, flood areas along a river… to ensure biodiversity conservation*	
	Leisure *Activity related to bathing, rafting, etc. Especially when tourism development is involved: water quality requirements*	
	Culture Activity supporting cultural uses of water	

IFAD's engagement in the water sector

- 250 on-going programmes at end-2009

		Number	Percentage
Water Resource Management	Knowledge	50	20
	Planning / Mobilisation	105	42
	Management / Allocation	129	52
Water Resource Uses	Domestic	125	50
	Agriculture — Rainfed	123	49
	Agriculture — Irrigation	156	62
	Agriculture — Livestock	131	52
	Agriculture — Fisheries & aquaculture	56	22
	Industry – in particular agro-processing	127	51
	Environment & biodiversity	65	26
	Leisure	9	4
	Culture	9	4

Examples of water investments in IFAD programmes

- **Project for the Promotion of Local Initiative for Development in Aguié (PPILDA), Niger**
- 2005 – 2013
- Target of 30,000 people
  - Domestic: Open wells and protected boreholes
  - Livestock: Open wells
  - Kitchen gardening: Open wells

- **Community-based Food Security and Economic Opportunities Programme, Laos,**
- (*initial*) Design 2011
- Target of 225 villages
  - Domestic: Gravity-fed water supply schemes
  - Kitchen gardening: Gravity-fed water supply schemes
  - Irrigation: Diversion weir & gravity fed canals and pressurized system

The planning, financing and managing of water services is often not integrated or poorly conceived and implemented

Mainstreaming MUS in IFAD

- Quality Enhancement of programme design

- Programme implementation support

- Advocacy through knowledge products
  - InnoWat, Learning notes

- Practical tools for practitioners (in-country project staff, implementing agencies)
  - Roof Rainwater Harvesting (RRWH) technical, financial and economic tool

- MUS Group briefing session on MUS for Country Portfolio Managers (CPMs)

RRWH technical financial and economic tool

- Technical, financial and economic guidelines to RRWH with an Excel-based model
  - Introduction
    - Objective
    - Methodology
    - RRWH in rural and agricultural development (What, why, where, when, and who?)
  - Part A: Practical steps to implement RRWH
    - Design, Construction, Operation & Maintenance (including risks and mitigation)
    - References: Technical
  - Part B: Economic and financial analysis …

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Part B: Economic & Financial Analysis for RRWH

Objective:

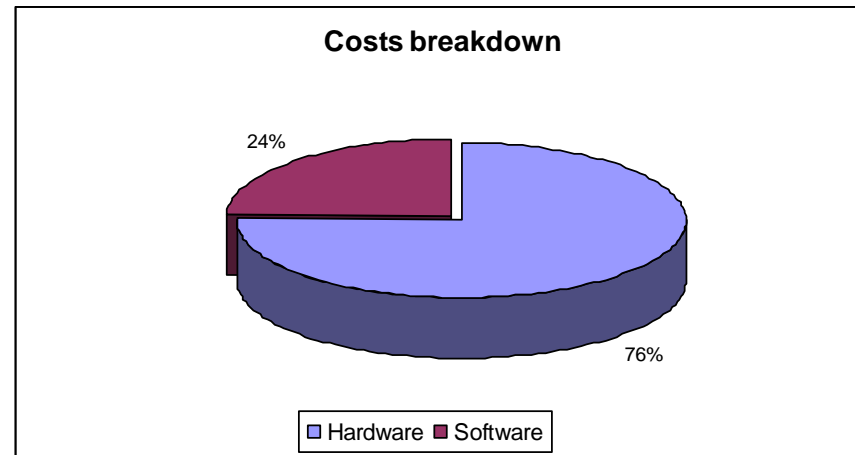To assess the *financial* profitability of the investment in RRWH

and

To measure its impact on the *social* and *economic* welfare of the beneficiaries
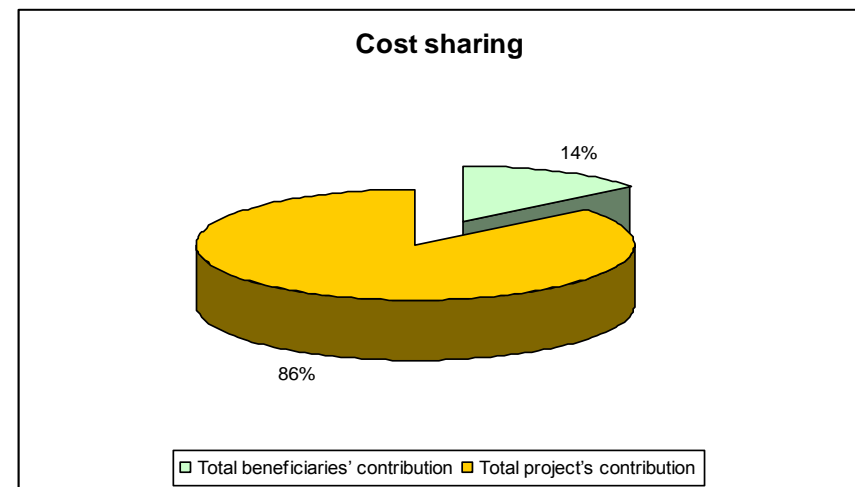
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B.1. Financial analysis

– ## 1.1 Investment costs:

- Land and site infrastructure cost
- Cost of equipment and materials
- Transport costs

Costs breakdown

24%

76%

☐ Hardware ☐ Software

– ## 1.2 Recurrent costs:

- Wages of skilled and unskilled workers
- O&M costs
- Management and capacity building costs

Cost sharing

14%

86%

☐ Total beneficiaries' contribution ☐ Total project's contribution

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B.1. Financial analysis

1.3 Depreciation & Benefits:

– Depreciation: budgeting the renewal

– Benefits:
- (Discounted) Annual Cash Flow
- Financial Rate of Return
- Net Present Value
- Payback Period

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B.2. Socio-economic analysis

– Costs (investment and recurrent costs)

– Socio-economic Benefits
- Labour cost saved women (h/d)
- Health improvements (sick days/year saved)
- Improved livestock production (value of meat)
- Enhanced household food security from backyard gardening ($/sqm)
- Increased value of land ($/sqm)

– Additional (unquantified) benefits

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B.2. Socio-economic analysis (cont'd)

- Benefits:
    - Net Present Value (NPV)
    - Economic Rate of Return (ERR)
    - B/C Ratio

B.3. Sensitivity analysis

- Dealing with the risks

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Thank you!

Any questions?