



# Poverty Analysis in Agricultural Water Operations

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# Outline

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- 1. Background and Rationale**
- 2. The two-phase study**
- 3. Review of Bank AWM operations:**
  - Good practices**
  - Key weaknesses**
- 4. The case for change and proposed next phase**

# Background and Rationale

- Renewed attention to persistent rural poverty and agricultural growth
- Empirical evidence showing how agricultural water investments contribute to boost economic growth and poverty reduction

Reaching the Rural Poor: A Renewed Strategy for Rural Development, 2003

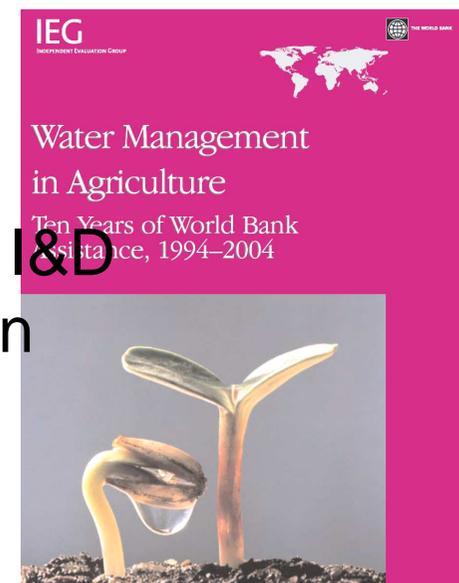


WORLD DEVELOPMENT REPORT 2008

*Agriculture for Development*



- Reviews of Bank portfolio have shown that I&D projects could do more for poverty reduction



# Background and Rationale

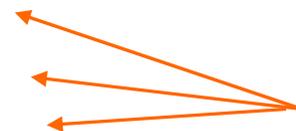
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- Long term debate on whether agricultural water is in fact pro-poor

Fueled in particular by disappointing returns and sustainability issues in 1980s and 1990s

- Three major principles for poverty reduction (World Development Report 2000/2001):

- (i) promoting opportunity;
- (ii) enhancing security; and
- (iii) facilitating empowerment



Agricultural water could contribute to all three



# Background and Rationnale



## Empirical evidence: IWMI/ ADB study

### ➤ But, there are limitations

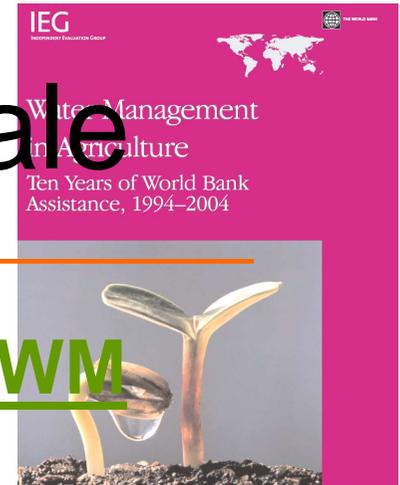
- Still many poors in irrigated areas (tail enders...)
- Can have direct negative impacts on the poor: Less poverty reduction where landholdings inequitably distributed

## Conclusion:

Attention to pro-poor design of projects can increase poverty reduction impact without reducing the efficiency of the investment as a driver of growth.

# Background and Rationale

## IEG review of 10 year investment in AWM



- Agricultural water boosts growth and reduces poverty directly and indirectly

### BUT

- Projects could have achieved greater poverty reduction impacts if analysis, design and results measurement had been improved.
  - Design of Bank agricultural water management projects for poverty impacts is weak.
  - Targeting and measuring poverty reduction is done for only a minority of projects.
  - Social analysis is not finding out who the poor are, nor why they are poor.

# The two-phase study

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Review of the treatment of poverty in recent Bank-financed agricultural water projects, with the objective to:

Phase 1

- (1) assess the quality of poverty analysis in the most recent Bank-financed agricultural water projects;
- (2) evaluate their contribution to poverty reduction and its measurement; and

Phase 2

- (3) recommend ways to improve pro-poor results of agricultural water projects and to prepare tools and methodologies that could help achieve that.

# Phase 1: Review of Bank AWM operations

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## Sample:

- 21 representative projects from FY04/ 05
- 6 good practice completed projects from the IEG review

These include 18 dedicated projects and 9 non-dedicated projects.

## Approach:

- PADs and ICRs reviewed and rated on:
  1. Poverty analysis
  2. Pro-poor design
  3. Economic and financial analysis
- Interviews with operational staff and economic management/ social development specialists

# Phase 1

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**Main findings: some projects have tried to maximize the poverty reducing impact**

In the more pro-poor projects:

- The project have been designed with the poor in mind
- The poverty problem has been analysed
- Targets and indicators have been set that illustrate the poverty reduction results
- Provisions have been made for monitoring and evaluating the results.

# Phase 1

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## **Good practice: India Madhya Pradesh Water Sector Restructuring Project**

- The project fits well with national and state strategy for poverty reduction
- The design is clear about the beneficiaries and their incomes.
- The poverty reduction model is clear.
- Social analysis drove the pro-poor design.
- This pro-poor design was helped by a preparation process that considered the poor

# Phase 1

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## Most common weaknesses:

- Rarely a sense of agricultural water projects as part of a coherent *poverty reduction strategy*
- The *poverty reduction process* supported by the project was often not explicit
- The *technical design* of projects rarely considered alternative pro-poor options
- *Financial analysis* usually stopped short of distributional analysis
- *Social assessment and social analysis* were unclear on relationships between social development objectives and poverty reduction.
- The relationship of *institutional design* to poverty was not always coherent.
- *Risks and alternatives* related to poverty were generally not fully considered.
- *M&E systems* typically did not set poverty targets or intermediate results or provide a clear picture of progress against poverty related targets
- *Employment aspects*, important for the landless poor, were often not considered.

# The case for change and proposed next phase

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## Proposed phase II:

### **“Sourcebook on Improving Poverty Reduction Performance of Agricultural Water Operations”**

*Would include a series of Guidance Notes on specific topics:  
measuring poverty in irrigation project investments, manage integrated  
teams and approaches , choice of irrigation as a poverty-reducing  
investment...*

*Guidance Notes could be written in collaboration with external  
partners*

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**THANK YOU**

# Review of Bank AWM operations

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**...but generally many opportunities are being missed**

Many projects are less clear in their pro-poor approach and results measurement:

- In most project documents the treatment of poverty is hesitant and scattered.
- In many cases significant poverty reduction may be achieved but it is not adequately analysed and measured.
- In other cases it is likely that changes to project design could have increased poverty reduction effectiveness or mitigated negative impacts on the poor.

# The case for change and proposed next phase

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## It is certainly possible to improve poverty reduction impacts in Agricultural Water Projects through better analysis and design

There are three reasons why change is worthwhile.

- improved design and results measurement would add value and *contribute further to poverty reduction.*
- the changes required are more in terms of better linkages and synergy than a wholesale change in the way of doing business, so that *costs need not be excessive.*
- improving and demonstrating poverty reduction impacts would *revive and reposition the sector*

# Review of Bank AWM operations

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## What lies behind these weaknesses?

Four causes of the characteristics highlighted above are suggested:

- lack of clarity about agricultural water's role in poverty reduction
- a lack of strategic focus
- a lack of appropriate tools
- a lack of knowledge and incentives to address the poverty issue