



ADAPTATION FUND

AFB/PPRC.3/18
December 10, 2010

Adaptation Fund Board
Project and Programme Review Committee
Third Meeting
Cancun, December 13, 2010

PROPOSAL FOR TURKMENISTAN

I. Background

1. The Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, adopted by the Adaptation Fund Board, state in paragraph 41 that regular adaptation project and programme proposals, i.e. those that request funding exceeding US\$ 1 million, would undergo either a one-step, or a two-step approval process. In case of the one-step process, the proponent would directly submit a fully-developed project proposal. In the two-step process, the proponent would first submit a brief project concept, which would be reviewed by the Project and Programme Review Committee (PPRC) and would have to receive the approval by the Board. In the second step, the fully-developed project/programme document would be reviewed by the PPRC, and would finally require Board's approval.

2. The Templates Approved by the Adaptation Fund Board (Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, Annex 3) do not include a separate template for project and programme concepts but provide that these are to be submitted using the project and programme proposal template. The section on Adaptation Fund Project Review Criteria states:

For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.

3. The first four criteria mentioned above are:

1. Country Eligibility,
2. Project Eligibility,
3. Resource Availability, and
4. Eligibility of NIE/MIE.

4. Based on the Adaptation Fund Board Decision B.9/2, the first call for project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Adaptation Fund was sent out on April 8, 2010.

5. According to the paragraph 41 of the operational policies and guidelines, a project or programme proposal needs to be received by the secretariat not less than seven weeks before a Board meeting, in order to be considered by the Board in that meeting.

6. The following project document titled "Addressing climate change risks to farming systems in Turkmenistan at national and community levels" was submitted by the United Nations Development Programme (UNDP), which is a Multilateral Implementing Entity of the Adaptation Fund. This is the second submission of this proposal. It was received by the secretariat in time to be considered in the 12th Adaptation Fund Board meeting. The secretariat carried out a technical review of the project concept, assigned to it the diary number AFB/MIE/Water/2010/2, and filled in a review sheet.

7. In accordance with a request to the secretariat made by the Adaptation Fund Board in its 10th meeting, the secretariat shared this review sheet with the UNDP, and offered it the

opportunity of providing responses before the review sheet was sent to the Project and Programme Committee of the Adaptation Fund.

8. The secretariat is submitting to the Project and Programme Review Committee the summary of the project, prepared by the secretariat, in Annex 1. The secretariat is also submitting to the Committee the technical review sheet and the responses provided by the UNDP, as confidential documents.

Project Summary

Turkmenistan - Addressing climate change risks to farming systems in Turkmenistan at national and community levels

IMPLEMENTING ENTITY: UNDP

Project/Programme Execution Cost: USD 250,000

Total Project/Programme Cost: USD 2,700,000

Implementing Fee: USD 229,500

Requested Financing: USD 2,929,500

Project Background and Context

Climate change will have discernable impacts on water resources in an already arid Turkmenistan. Its availability and supply systems will suffer from increasing shortages due to elevated temperatures and overall climate aridification. Turkmenistan's inherent aridity and reliance on agriculture as a source of both income and food renders the country particularly vulnerable to predicted climate change impacts. As a response to this vulnerability, the Government of Turkmenistan is proposing to take a comprehensive approach to adaptation. This initiative, which seeks funding from the Adaptation Fund, aims to internalize climate change risks into water policies at the national level by establishing price incentives to achieve greater water use efficiency under conditions of changing climate. It also seeks to support most vulnerable and water stressed communities to help them better manage the mounting water shortages induced by climate change. The main objective of the project is to strengthen water management practices at national and local levels in the context of climate change risks induced water scarcity to farming systems in Turkmenistan. The project will deliver concrete adaptation measures to local vulnerable communities in the three typical agro-ecological regions, while also strengthening national level water legislation and shaping overall water adaptation policy in the country as well as at local level. This combination of outcomes will ensure that concrete actions implemented through AF resources are sustainable beyond the lifetime of the project.

Component 1: Policy and Institutional Capacity Strengthening (USD 700,000)

The first component is focused on improving the fiscal and management approaches by government towards water use in the state agriculture sector, in order to support the adoption of high efficiency irrigation techniques. This is important for local communities in that currently, water is diverted away from private sector agriculture and horticulture towards strategic state crops. In this regard, Component 1 seeks to build a sustainable basis for water adaptation, by weighing the cost effectiveness of various supply and demand side approaches, and by comparing these costs against those of the potential impacts of climate change, including from a social distribution perspective. This economic evidence base will be integrated into water and agriculture sector modeling approaches, using tools such as Threshold 21, yield models or other tools that will be used to inform land use management and water reform from a climate vulnerability perspective. On the basis of economic and sector analysis outputs, it is expected that the project will support

the reframing of water legislation to include climate change considerations, and help introduce regulations that support progressive water pricing and the communal management of water delivery services by the end of 2014. The reform of land use management will be informed by the effective demonstration sub-components under Component 2.

Component 2: Community based adaptation initiatives (USD 1,300,000)

Recognizing that Turkmenistan has limited experience with community based adaptation approaches and a historic preference for adopting large scale supply side infrastructure solutions, it is considered vital that the project demonstrate the efficacy of the various community scale water adaptation approaches (water user associations, drip irrigation, harvesting, water points, terracing, intercropping, saksaul planting, irrigation canal improvements etc.) A vulnerability assessment will be undertaken within 3 different agro-climatic regions – Nohur (Mountainous), Karakum (desert), and Sakar Chaga (Oasis) and hard water resilience measures introduced. These measures will primarily be targeted at community level approaches towards private sector agriculture, and the program will seek to demonstrate the costs and benefits of these approaches at community level scale (up to 20,000 people). The lessons from these regional pilots will be used not only to inform the legislative reform process relating to land management and water use/pricing in component 1, but will also inform the development of larger scale communal management systems and their integration into the Government’s social development and poverty alleviation strategy in Component 3.

Component 3: Communal management systems for water delivery (USD 450,00)

The third component relates to the scale up of community level management and delivery mechanisms based around the technologies and techniques proven in Component 2, and supported by the economic analysis and legislative changes set out in Component 1. This is through the development of water user delivery associations and community adaptation plans delivered alongside existing government social development programs. These will be delivered within the three target regions. Aspects that might be considered include seasonal water rationing and more flexible payout mechanisms. Finally, the project will explore how achievements can be integrated into national level policy, and how best practice can be disseminated to other regions through the government, and through other channels. These Components are further elaborated in terms of justification and activities in part II