



# **Water/Energy/Food Insecurities in Central Asia: Assessment and Response**

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*"Water Unites" conference*  
*17 November 2008*  
*Almaty*

# Central Asia's development challenges

CENTRAL ASIA

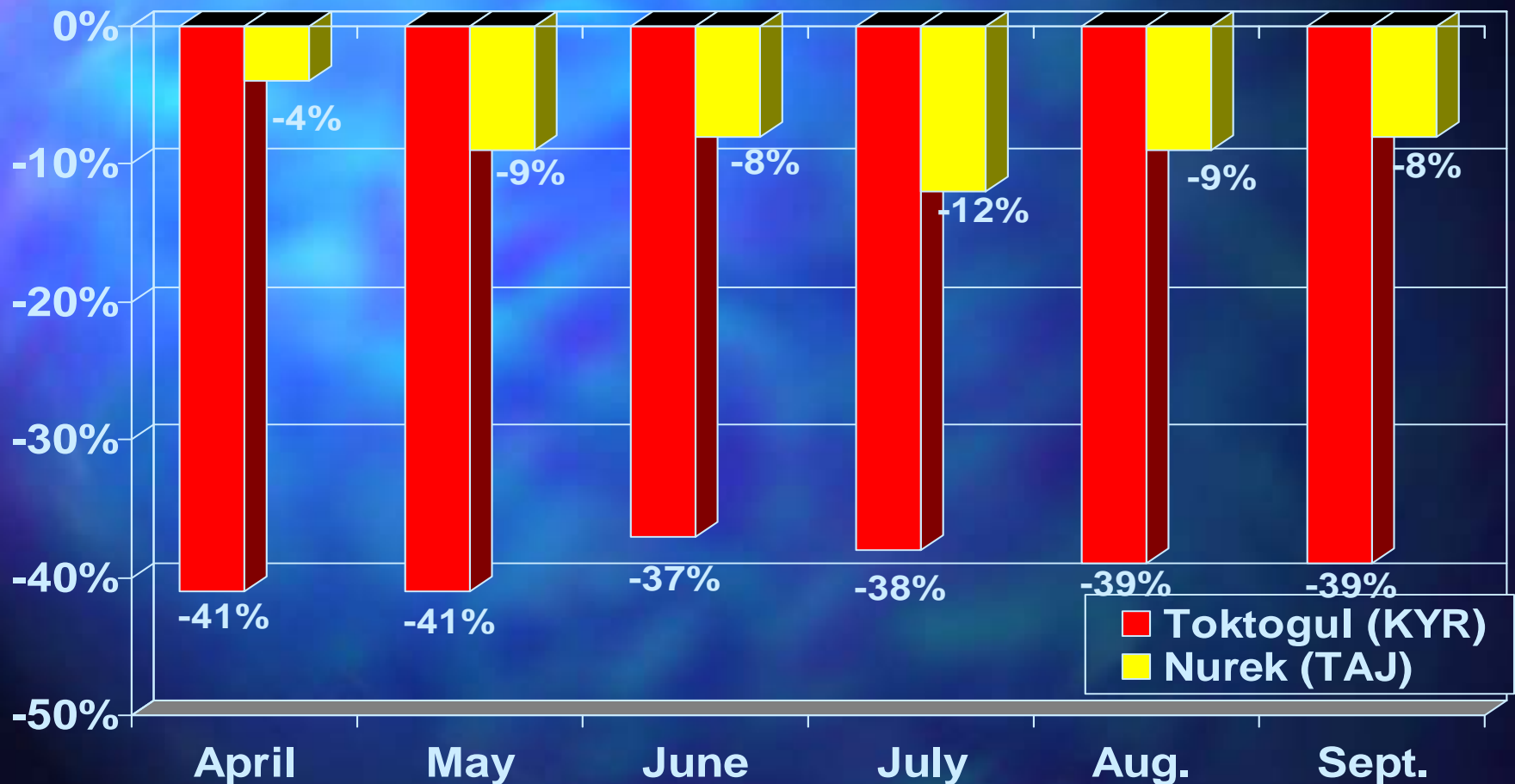


- Sustainable water, energy, land use issues
- Poverty reduction, improving welfare of millions of vulnerable individuals
- Energy, water, food insecurities underscored, especially in Tajikistan, by:
  - Harsh winter of 2007-08
  - Spring, summer drought, global food price increases
- “Compound crisis”

# Winter of 2007-2008

- Underscored need for better:
  - Winter contingency planning
  - Coordination among international community
  - Integration of development, humanitarian programming
- Have we learned last winter's lessons?
  - Yes—Much has been accomplished
  - But—"Compound crisis" risks to be managed:
    - Water-energy nexus: Electricity shortages
    - Food security: Effects of food price inflation
    - Still to come: Impact of the global financial crisis

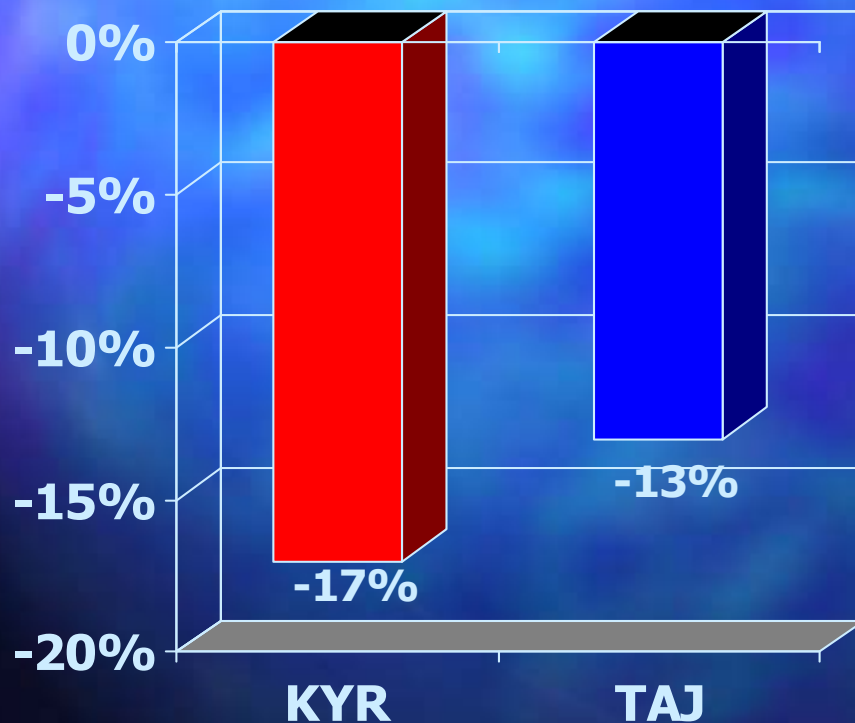
# Hydro power water volumes: Well below normal



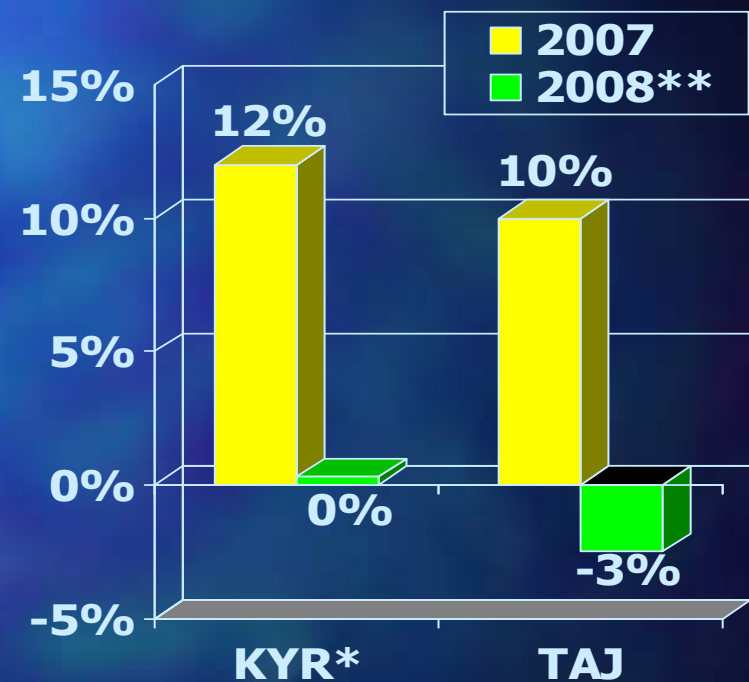
2008 data, relative to monthly averages from 1991-2007. Source: SIC-ICWC, provided by Water Agency of Japan; UNDP calculations

# Electricity generation falls, stopping industrial growth

*Electric power generation,  
January-September 2008*



*Volume of industrial output*

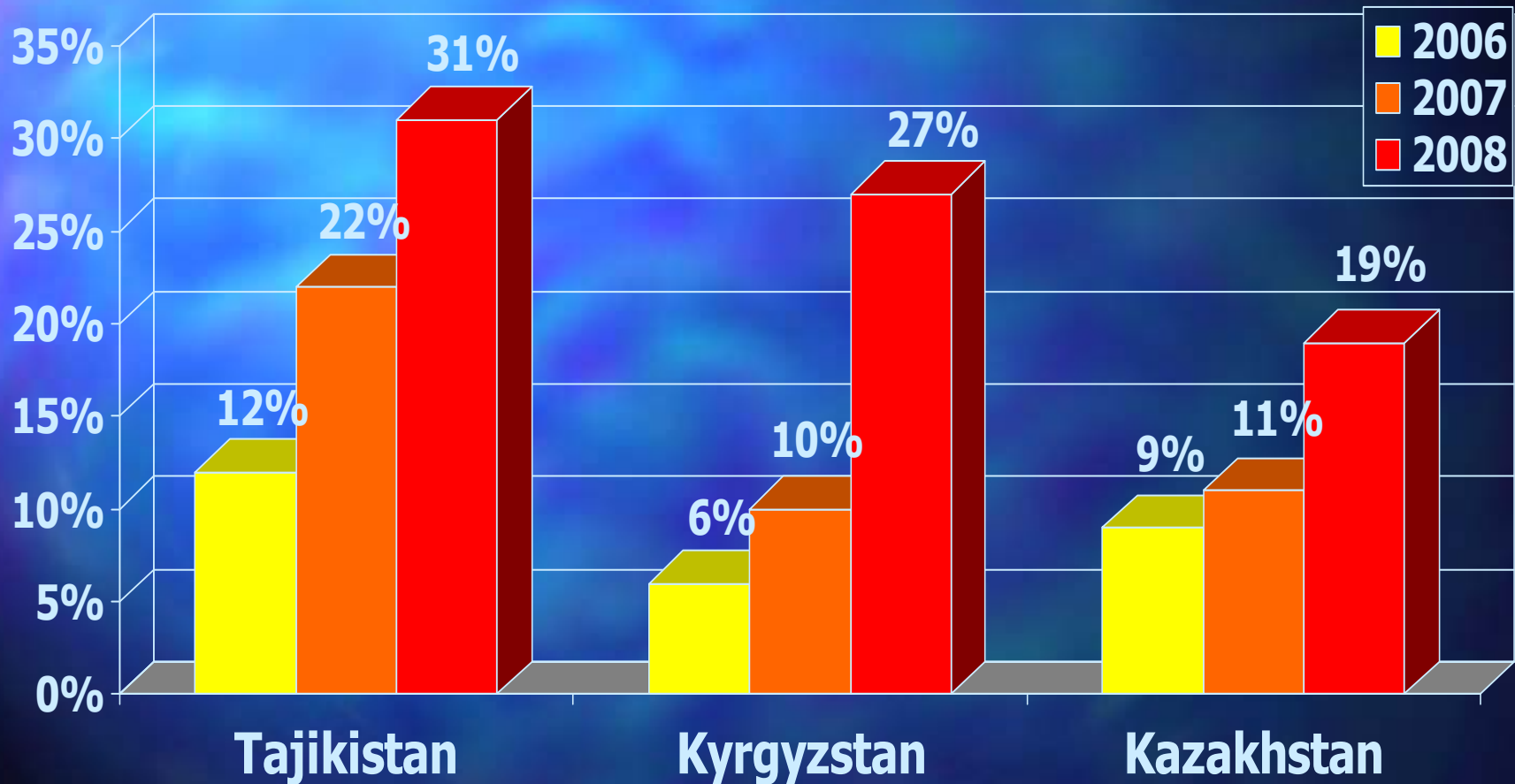


\* Kuntor production not included

\*\* January – September 2008 data

*Source: National statistical offices*

# Bad news: Inflation accelerates

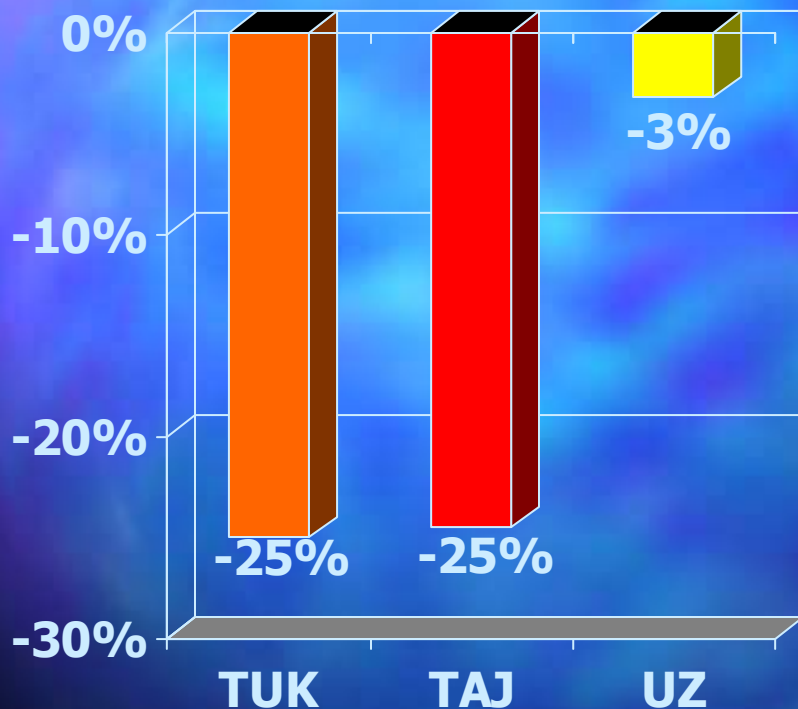


*Average annual consumer price inflation rates (2008 data are for first eight months). Source: CIS Statistical Office*

# Bad news: Food insecurity is growing

- Tajikistan: 2.2 million food insecure
  - 34% of rural population
  - 37% of urban population
  - 800,000 severely food insecure, requiring immediate support
- Kyrgyzstan: Nearly 1 million vulnerable
- Sources:
  - Tajikistan: WFP, FAO, UNICEF *Joint Food Security Assessment* (May, July 2008)
  - Kyrgyzstan: UN *Winter Preparedness Response Plan* (October 2008)

# . . . With declines in 2008-09 wheat crop predicted



USDA forecasts for 2008-09 wheat crops, over 2007-2008. Source: <http://www.pecad.fas.usda.gov>

- What happens if drought continues?
- Tajikistan is particularly vulnerable
- Some good news here:
  - Turkmenistan, Uzbekistan:
    - Strong external positions
    - Can import as much as needed
  - Global wheat prices now falling
    - 2008 harvests in Russia, Ukraine better than in 2007
- **Food prices are still high in Central Asia, however!**

# Bad news: Kazakhstan's outgoing remittances down



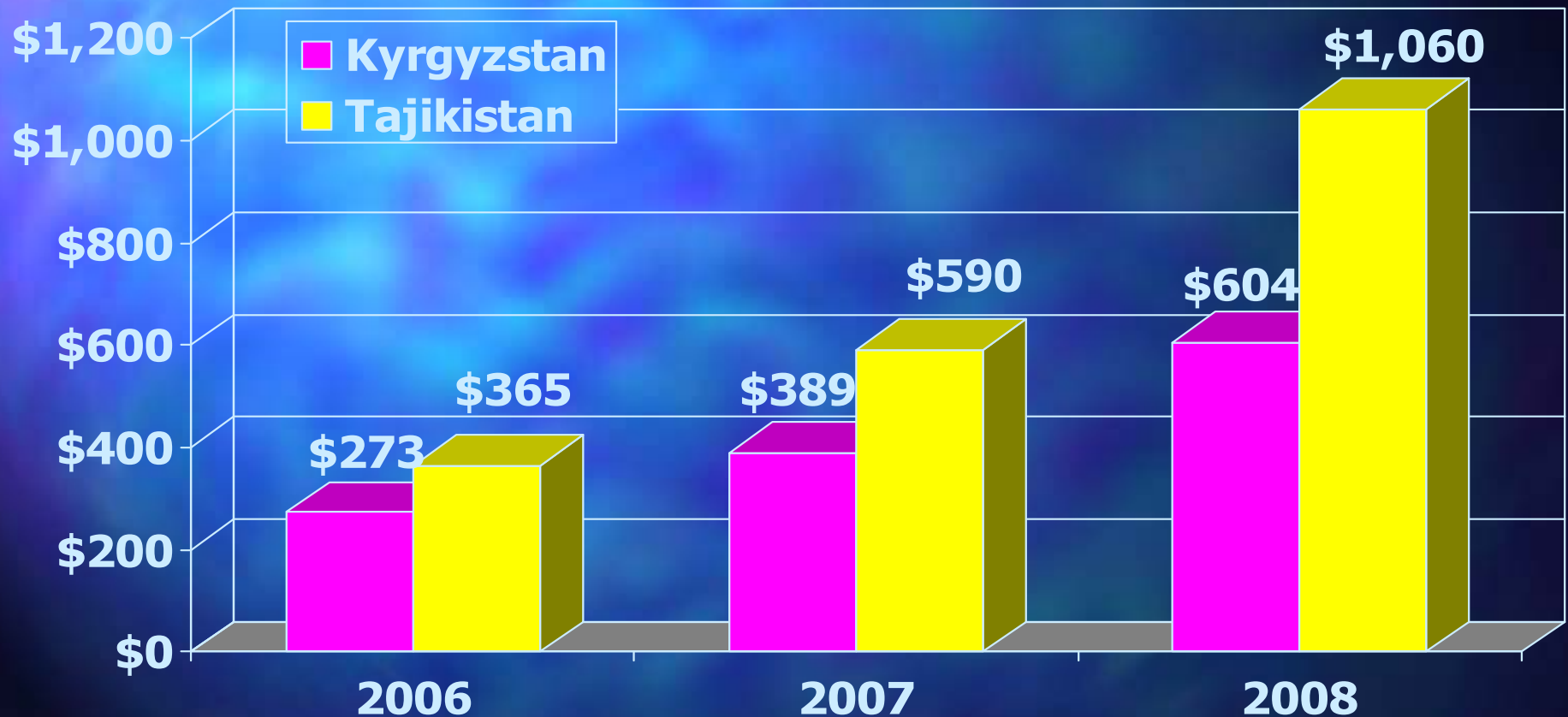
*Wages and transfers paid out to other CIS countries, in millions, first-half data. Sources: National Bank of Kazakhstan, UNDP estimates.*

# Fortunately, there's also some good news

- GDP, agriculture growth seems to be holding
  - Remittance inflows from Russia continue
- Global food spike has passed
- Governments are responding
  - Fuel procurement, stockpiling
  - Energy sector rehabilitation
  - Focus on vulnerable groups
- Donors are responding
  - Funds
  - Coordination



# Good news: Remittance inflows continue

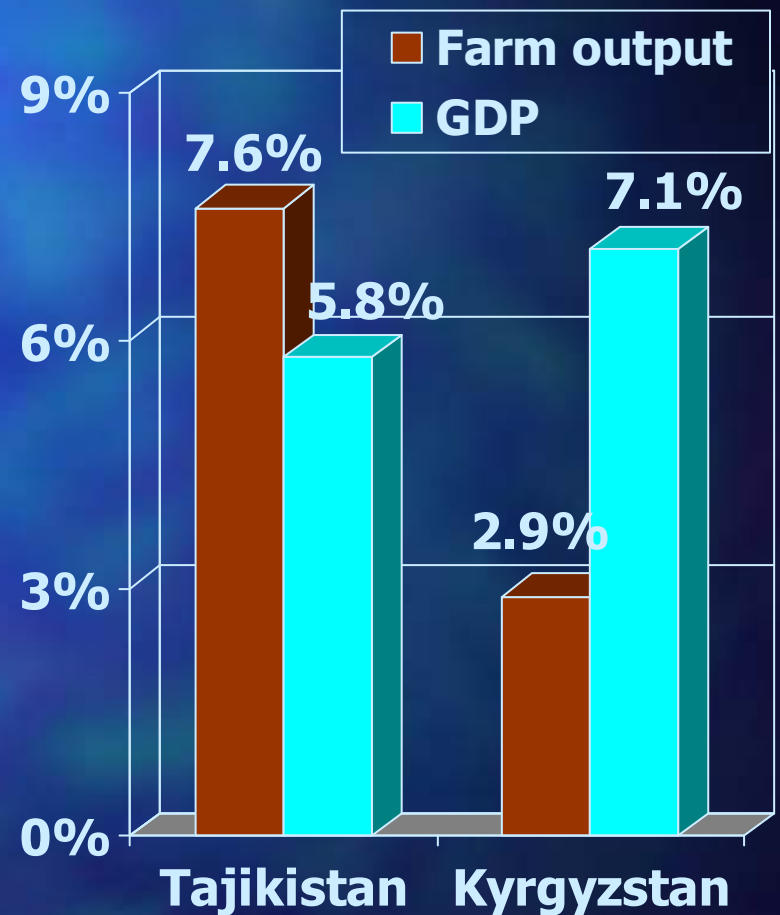


*Wages and transfers received, in millions, first-half data.*

*Sources: National Bank of Kyrgyzstan; IMF.*

# Good news: Output growth holds in 2008:HI . . .

- GDP in 2008:HI grows
  - Expansion of acreage planted boosts agricultural production
  - Increasing remittances raise incomes, spending, construction
- Will this continue?
  - Do Russian, Kazakhstani financial crises threaten remittances?
  - Will drought affect 2008-09 harvest?



Source: CIS Statistical Office

# Initial conclusions: Threats

- “Compound crisis” phenomena are affecting Kyrgyzstan as well as Tajikistan
- Macroeconomic stability, growth in both countries largely supported by remittances
  - Remittances from Kazakhstan have already dropped
  - What will happen with global financial crisis?
    - Remittances, bank financing from Russia, Kazakhstan?
    - Exports to Russia, Kazakhstan?
- Higher food prices have made millions of Central Asians food insecure

# Good news from Bishkek Summit (10 October)

- Central Asian heads of state meet at CIS October summit:

*"Parties reach consensus on all issues raised at the meeting, which covered hydro-energy support, fuel resources supply, water accumulation in the Toktogul and Nurek reservoir"*

— Kyrgyzstani Foreign Minister Karabaev

# Tajikistan: Government response

- Electricity supply management:
  - Sangtuda 1 generation plant brought on line
  - Mazut, coal has been stockpiled
  - Electricity, gas imports increased
  - Supply of generators, fuels for hospitals, schools, clinics increased
- Electricity demand management:
  - Reductions in power deliveries to rural areas
  - Planned tariff increases 2008-2010
- Seed stocks (for spring 2009) increased

# Tajikistan: UN support

- Appeals:
  - February-August 2008 flash appeal: \$14 million
  - 25 September food security appeal:
    - Focus on 800,000 most vulnerable persons
    - \$34 million in assessed needs
    - \$9 million received as of 31 October
- Multi-cluster survey tracks vulnerability in schools, clinics, water facilities:
  - Results now being analysed
  - Follow up surveys expected

# Tajikistan: Lessons learned (I)

- Importance of donor coordination:
  - Within frameworks of UNDAF, JCSS, National Development Strategy
    - Preventing “compound crises”: UNDAF pillar
- Stronger UN country teams needed:
  - 15 UN agencies are represented in Tajikistan, but only:
    - 5 have in-country representation
    - 2 have field presence
  - Many agencies are too small to scale up in event of humanitarian crisis

# Tajikistan: Lessons learned (II)

- Importance of monitoring and evaluation of activities funded under appeals
- Donors must strike a balance between:
  - Capacity development to promote more effective responses by government (via REACT); and
  - Rapid engagement in event of humanitarian crisis (via clusters)

# Revisiting the development-humanitarian nexus

<i>Programming area</i>	<i>Development dimension</i>	<i>Humanitarian dimension</i>
Energy efficiency, renewable energy	Promotes environmental sustainability	Reduces energy, water insecurity
Increasing rural household assets	Improves income generation possibilities, promotes poverty reduction, rural development	Reduces food insecurity
Reforestation ( <i>Green Tajikistan</i> )	Promotes rural development, environmental sustainability	Reduces likelihood of natural disasters

# Kyrgyzstan: Government response

- Effort made to study “lessons learned” from Tajikistan
- Response programmes developed within framework of Country Development Strategy
  - Early attempt at aligning humanitarian with development programming
- Social protection: Universal monthly benefit increased
- Food security: Municipal early warning systems

# Kyrgyzstan: Government response—Energy sector

- Energy supply management:
  - Coal imports from Kazakhstan increased
  - Promise of increase gas supplies from Uzbekistan
- Demand management:
  - Reductions in power deliveries (including to Bishkek)
    - Load shedding
  - January-March closures of schools that heat with electricity

# Kyrgyzstan: UN support

- Contingency Plan developed mid-October
  - Estimated \$11 million in needs
- Focus on:
  - Lessons learned from Tajikistan
  - Food security
    - Following FAO-led food security appeal
    - 1.1 million most food insecure
- Contingency Plan presented in:
  - Geneva (21 October)
  - Almaty (18 November)

# Key donor support

Partner	Tajikistan	Kyrgyzstan
World Bank	\$9 million for seeds, farm inputs; infant/maternal nutrition; mazut	\$5 million for mazut; \$5 million for universal monthly benefits top-ups
USAID	\$7 million for food security	\$1.5 million for generators, food aid?
DFID	Considering M&E funding for FS appeal; to be expanded for other sectors	£500,000 for reserve needs

# Next steps

- Kyrgyzstan:
  - July 2008: Contingency planning
  - October 2008: Central Asian Inter-Agency Task Force considers Response
  - November 2008: International launch
  - On-going: Integrating development, humanitarian activities within CDS
- Tajikistan:
  - Analysing multi-cluster survey data
  - Possible expansion of food security appeal
  - Support for government
    - Emergency energy crisis action plan
    - National disaster management plan

# Risks and uncertainties

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- How bad will the winter be?
  - Response measures may not withstand another severe winter
- Will the October Bishkek accord on regional cooperation be adhered to?
  - Signs so far are hopeful—but not unambiguous
- Effects of global financial crisis?
- UN appeals not fully funded