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Financing Operation and Maintenance of Irrigation and drainage services in Asia

Chris Perry ADB Manila April 2012 April 2012 Asian Irrigation Forum

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Where have we been?

- Forty years ago, World Bank Policy on cost recovery in irrigation projects was founded on principles of:
 - economic efficiency
 - income distribution, and
 - public savings



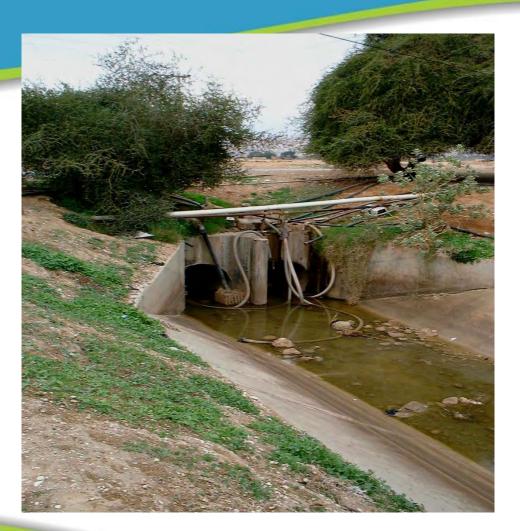
Where have we been?

- Today, World Bank Policy on cost recovery in irrigation projects is founded on principles of:
 - economic efficiency
 - income distribution = "pro-poor", and
 - public savings

- = "water is an economic good"
- = "recover costs from users"



What happened in the meantime?





Where did we go wrong (1)?

Fifteen years spent pursuing the idea of pricing and markets to achieve economic efficiency, optimise allocation and manage demand...

- No country uses pricing to balance supply and demand in agriculture – ALL successful models are based on defined physical entitlements consistent with availability.
- Markets only work when rights have been defined.



Where did we go wrong (2)?

- Don't confuse irrigation with WSS...
 - Irrigation is high volume, low value
 - Irrigation has "traded good" characteristics
 - Irrigation is the residual user with low reliability



Where next?

- Insist that O&M be fully funded and guaranteed by the State
 - This will catch the politicians' attention
 - It will make the extent of subsidies through recurrent "rehabilitation" clear
 - It will ensure that irrigation projects deliver the design service



To sum up...

- Be modest we have failed for forty years to achieve adequate O&M, and we probably don't even know what it should cost
- Avoid "clever" schemes there aren't any, except in the theoretical literature
- Insist that O&M be fully funded and watch the reaction of politicians, agencies and farmers – it will be very interesting!



Thank you for your attention!

