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# Financing Operation and Maintenance of Irrigation and drainage services in Asia

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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



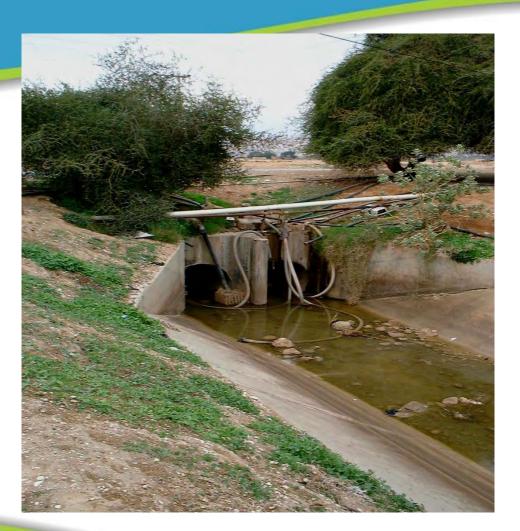
## Where have we been?

- 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!

