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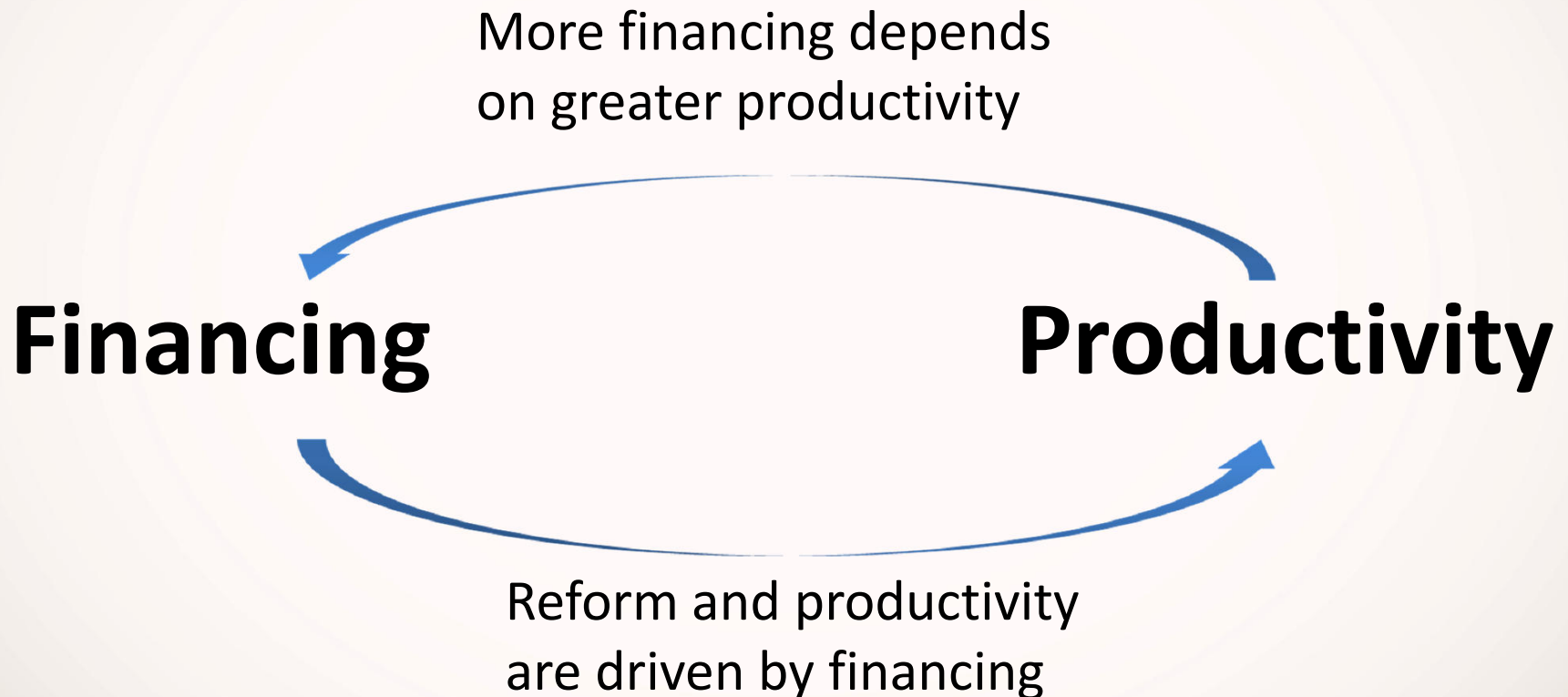
Delivering Results: Improved Irrigation Financing in Asia

Martin Burton (on behalf of James Winpenny)
Independent Economic Consultant, ADB

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Can Improved Financing Deliver Results?



Visible Financing Challenges

- Insufficient funds provided for management, operations and maintenance, (especially maintenance)
- Governments worried about size of annual subsidies for energy and water
- Scale of funds needed for future capital investment in rehabilitation/new systems (US\$ 10-15 billion needed annually)



Deeper Malaise



- Governance and status of Irrigation Agencies (IAs)
- Bias towards investment
- Low productivity and poor service delivery
- Low cost recovery from farmers

Finding the money

- Governments: performance contracts, rationalising budgeting for I&D, better estimation of needs
- IFIs: bigger lending envelopes, RBL, fiscal support, policy and programmatic lending, funds for capacity building; new IFIs (AIIB)
- PPP: yes for expertise - doubtful for finance
- Commercial: finance highly unlikely- (Cash is King)
- New sources: climate finance, green funds



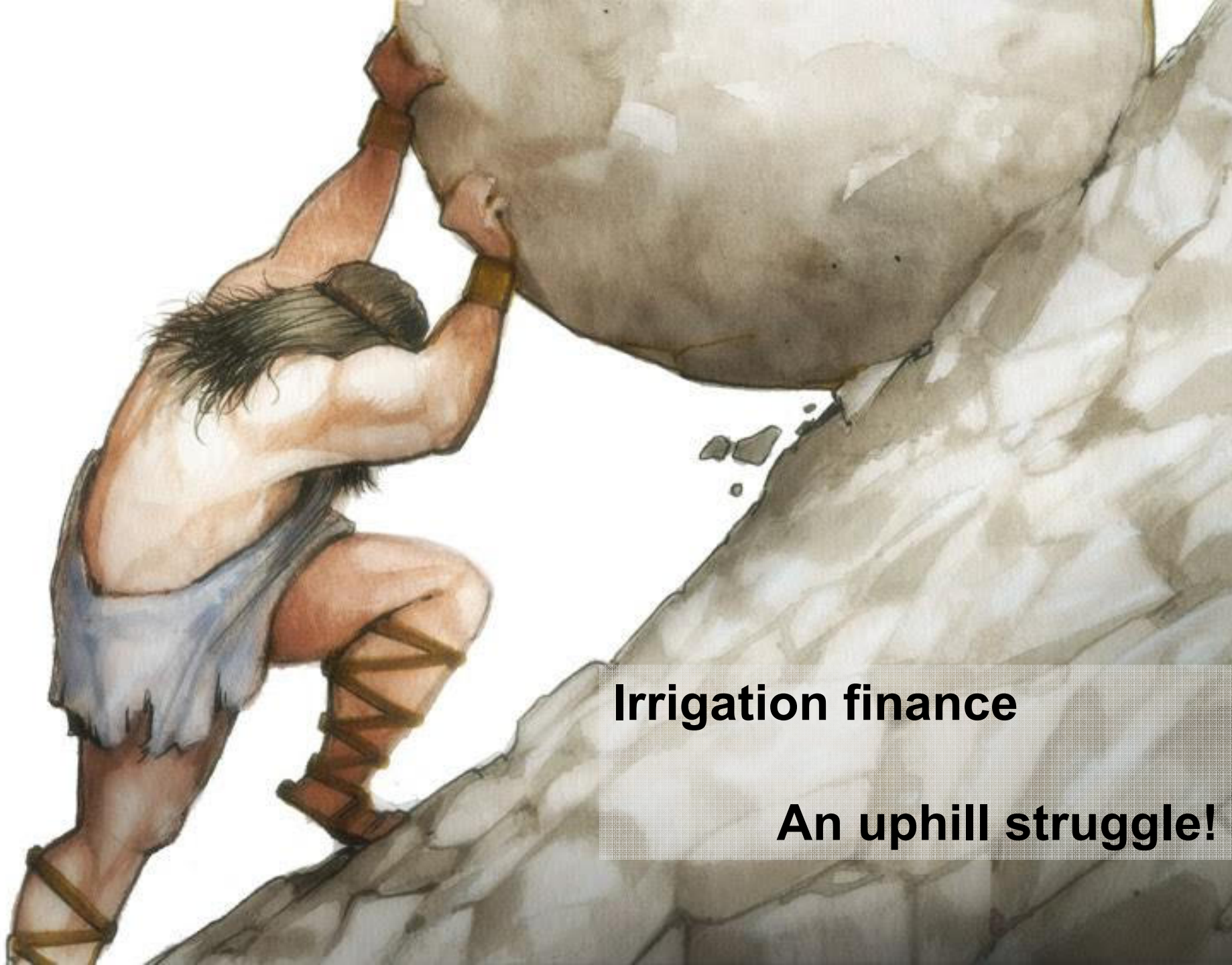
Quick wins?

- Unearthing the true costs: clarifying MOM costs and funding needs
- IAs adoption of modern business practices in key functions
- More “holistic” budgeting for I&D
- Co-option of private expertise for IAs
- More financial delegation to WUAs and retention of revenues for O&M.
- Win-win infrastructure investments with early impact

The Long Haul

- More autonomy and transparency for IAs and separation of roles
- Reform and capacity building for IAs
- Paving the way for PPPs
- Introducing third party operators in I&D
- Better integration of I&D into agricultural value-chain





Irrigation finance

An uphill struggle!