

Barriers to Water Investment

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Myths about Water Financing

Myth

- Progress in achieving water outcomes is hampered by lack of funds

Reality

- Progress is hampered by many barriers – legal, political, institutional, organizational – it is these barriers that need to be tackled and funding will follow

Water Cuts Across Sectors

Rural Water

- Water supply and sanitation services
- Irrigation and drainage services

Urban Water

- Water supply, sanitation and wastewater services

Basin Water

- Integrated water resources management, hydro, flood management, water quality, ecosystems

National Water Reforms

- Leadership in governance and enabling environment of country water policies, legislation, coordination

Common Barriers in Rural, Urban and Basin Water

Enabling Environment

- Clear policies, fair and transparent performance standards and regulations and empowerment of organizations to perform mandated functions

Community Involvement

- Local governments and communities are central to good water services and water resources management

Financial and Organizational Capacity

- Water service providers and river basin organizations need autonomy and accountability to their clients and stakeholders, and to be perceived by their peers as efficient professional organizations

Roadmap: Overcoming Barriers and Improving Performance

Worst-case Scenario / Minimal Achievement (example)

- Lack of clear and effective national water policy
- Lack of coordination mechanism among water agencies
- Lack of clear tariff policy

Improving Scenario / Moderate Achievement

- There is a water policy but little implementation
- There is coordination but no accountability
- There is tariff policy but little implementation

Getting Results Scenario / Significant Achievement

- Water policy in place and being implemented
- Coordination works with clear agency accountabilities
- Tariff policy is working and enforced

Focusing on outcomes helps choosing solution strategies and priorities

Important Barriers

Enabling Environment

- Problems in coordination among water-related agencies resulting in fragmentation and lack of accountability
- **Implications**
 - Under and overlapping of efforts, difficult to champion reforms, slow to get results, unsatisfactory to attract external investment

Community Involvement

- Insufficient meaningful engagement by local governments and communities during project preparation and implementation
- **Implications**
 - Lack of local government and community support for solution so projects are not sustainable.

Financial and Organizational Capacity

- Lack of autonomy and accountability and insufficient capacity in professional management (can apply to water utilities, irrigation providers, and river basin organizations)
- **Implications**
 - Poor performance, lack of maintenance, investment, cannot attract good staff, public have little respect which reinforces their reluctance to pay for services

Some Unique Barriers

Rural Water

- Some communities expect government to provide water supply and irrigation as free basic goods

Urban Water

- Significant non-revenue water (NRW) hampers the financial capacity of utilities

Basin Water

- Insufficient coordination among agencies makes integrated management of water quantity (allocation) and quality (pollution) issues difficult

Conclusion

- Many barriers are hampering investments
- Systematic look at identifying and prioritizing barriers can start by determining desired outcomes / achievement
- Prioritizing major barriers can lead to consideration of solution strategies that are practical and appropriate for local circumstances
- First country dialogue session today to explore each country's barriers and scenarios for rural, urban and basin water