

OPENING REMARKS

by
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I. Welcome

Dr. Basuki Hadimuljono, Chair of the Network of Asian River Basin Organizations (NARBO); Director-General Ivan de Silva, Vice Chair of NARBO; Director Michio Ota of Japan Water Agency (JWA), and Vice-Secretary General of NARBO; Director Donny Azdan of Indonesia's BAPPENAS; Executive Director Ramon Alikpala of the Philippines' National Water Resources Board (NWRB); Asst. General Manager Dolora Nepomuceno of the Philippines' Laguna Lake Development Authority (LLDA); friends and colleagues; ladies and gentlemen,

Good morning, and welcome to the Asian Development Bank.

At the outset, allow me to thank the co-organizers of this event: (i) the Japan Water Agency, (ii) the National Water Resources Board, and (iii) the Laguna Lake Development Authority for bringing us together today for this initiative on the important, interesting, and challenging topic of water rights.

II. Water Challenges – A Case for Water Rights

Water scarcity and deteriorating water quality are critical concerns in many Asian countries. Today, more than 600 million people in Asia still do not have a safe and reliable supply of drinking water. The region's fresh water resources – our river basins, watersheds, wetlands and ecosystems – are in peril from pollution and inadequate management. By 2025, it is estimated that 2 out of 3 people in the world will face water shortages. With increased water demand and occurrence of water use conflicts, water allocation and water rights are paid more attention to. As allocation of water among competing uses is rapidly becoming more challenging in ADB's developing member countries (DMCs), the poor who are insufficiently empowered to claim water rights get mostly affected. But while there has been extensive interest on the topic of water rights, there have been relatively few successful experiences so far in most Asian countries.

I thus commend NARBO for spearheading a series of workshops on the theme of water rights and water allocation starting from year 2005 up to 2007; and involving participants from six countries. The workshops resulted to (i) draft action plans to address water allocation challenges in each participating country; (ii) cross-learning from shared experiences and practices; and (iii) increased interest and better understanding of water

allocation. In addition the workshop participants considered the challenges and issues that are involved in the principles of water rights.

III. Water Rights is ADB's Business

Ladies and gentlemen: You may wonder why ADB is interested in water rights and water allocation.

Let me explain the reasons.

First, addressing the challenges on water rights and water allocation is consistent with ADB's water policy. Adopted in 2001, ADB's water policy addresses the need for an integrated approach to water resources management and development. ADB regards water as a resource - the *sustainable and integrated management of water resources* (which includes, among others, water rights and allocation, droughts, pollution, watersheds, etc.) and as a service - the *efficient delivery of water services* (i.e. drinking water supply and sanitation, and irrigation and drainage).

Particular to water rights and water allocation, ADB's water policy:

- (i) encourages developing member countries to adopt participatory and negotiated approaches for water allocation.
- (ii) supports the evolution of water allocation through markets of transferable water rights once the necessary policy, legal and institutional framework for IWRM in a river basin context have been put in place.
- (iii) commits to helping regulatory agencies to develop water rights in a manner that protects the rights of the poor to equitable water services.
- (iv) supports the introduction of systems of water entitlements, or usage rights, until such time as transferable water rights are properly developed.

Second, water rights and water allocation are widely accepted to be important in introducing integrated water resources management or IWRM in river basins. IWRM is a cornerstone of ADB's water policy "Water for All".

Third, ADB recognizes that river basin organizations (RBOs) are essential instruments to help plan and implement IWRM; and to help address or minimize conflicts among water users over scarce water resources. Many of ADB's water projects are now undertaken in a river basin context and involve capacity building of existing or new RBOs, for example in Viet Nam, Laos, and Cambodia, among others. We have the Red River Basin Sector project in Viet Nam, which is designed to improve agricultural performance of poorer communities through sustainable improvements in irrigation, better drainage, watershed protection and flood protection. We also have the Nam Ngum River Basin Sector project in Laos, which introduces the IWRM approach in the Nam Ngum River Basin by, among others, institutionalizing a river basin resources assessment and action agenda in consultation with stakeholders. In the Tonle Sap basin in Cambodia, ADB has a series of projects dealing with watershed management, lowland stabilization and establishment of basin management organization. These projects generally involve capacity building of existing or new RBOs.

The draft technical paper which you will discuss in this workshop suggests three basic questions to keep in mind when considering RBO roles in water rights and allocation:

- (i) how can RBOs help to solve problems in the basin;
- (ii) how can RBOs help avoid problems in the basin; and
- (iii) how can RBOs help to build the enabling environment for IWRM in the basin.

Fourth, ADB is in the business of change in development. We are promoting and catalyzing good examples of how water can be managed better than in the past.

IV. ADB Assistance on Water Rights

ADB has provided loans and technical assistance on water rights and water allocation to many of its DMCs.

To name a few:

In the Republic of Indonesia, ADB assisted in clarifying the legal status of water rights in strategic river basins in Java, Sulawesi and Sumatra; in developing appropriate coordination mechanisms in catchment areas; and in analyzing the social dimensions to enhance the recognition of traditional rights to water resources. (3793-INO: Participatory Irrigation Sector Project, 2001)

In Lao People's Democratic Republic, ADB assisted in preparing the draft National Water Policy; and in developing the implementing decree for the Water and Water Resources Law which cover issues such as water allocation and licensing of water use, among others. (1788-LAO: Decentralized Irrigation Development and Management Sector Project, 2000). ADB also assisted in the river basin management and river basin modeling component of the Nam Ngum River Basin Development Sector Project which provided bulk sharing of the water resources in the Nam Ngum River Basin consistent with the Water Law. (1933-LAO: Nam Ngum River Basin Development Sector Project, 2002).

In the Republic of the Philippines, ADB assisted in providing advice on legal issues relating to water rights from the Wawa dam. (2012-PHI: MWSS New Water Source Development Project, 2003); and in the master planning activities for the Agusan River Basin, particularly in assessing the effectiveness or shortcomings of existing policies, laws, decrees, regulations, and circulars that govern allocation of available water resources, water rights and water pricing. (4552-PHI: Master Plan for the Agusan River Basin, 2004)

In the Democratic Socialist Republic of Sri Lanka, ADB assisted in building the government's capacity to implement water reforms in line with the National Water Resources Act. The priority aspects introduced under the policy reforms include: (i) establishment of water rights whereby water is allocated on the basis of agreed-upon priorities and/or in accordance with principles of economic efficiency; and (ii) demand

management – which allowed water entitlements to be transferable. (1757-SRI: Water Resources Management Project, 2000)

In Viet Nam, ADB provided assistance in the water resources planning, including a system of water abstraction rights for large rivers in Viet Nam, such as Red, Mekong and Dong Nai. ADB also assisted in mass media and school education programs to increase public awareness and education regarding water allocation, water rights, and water permits. ADB assisted in the pilot surface water exploitation licensing system for the Cau River subbasin, including (i) formulating the administrative and organizational arrangements for a licensing scheme for assigning and modifying rights to use surface water (via pumps or by gravity); (ii) developing functioning sub-systems such as computer-based licensing and permit registers, a financial accounting system, standard operations manual for the licensing and permit schemes; (iii) implementing the pilot schemes in the subbasin; and (iv) developing a performance assessment system for the pilot schemes. (1855-VIE: Second Red River Basin Sector Project; and 2025-VIE: Phuoc Hoa Water Resources Project, 2003)

V. ADB's Water Financing Program 2006-2010

Ladies and gentlemen, allow me to introduce ADB's Water Financing Program 2006-2010.

ADB realizes the need to invest more. After several challenging years, we are seeing an upward trend in our water sector investments. In anticipation of further growth, we announced a new initiative at the 4th World Water Forum in Mexico City -- the Water Financing Program 2006-2010 (WFP). Under the WFP, ADB intends to target water as a core investment area in its operations; to expand its water operations building on the momentum and accomplishments in the first five years of implementing its water policy; and to respond to the variety of water needs of its DMCs. The program continues our comprehensive approach of financing, reforms, and capacity building; and focuses it in three key areas:

- **Rural water** services to improve health and livelihoods in rural communities, through investments in water supply and sanitation, irrigation, and drainage
- **Urban water** services to support sustained economic growth in cities, through investments in water supply, sanitation and wastewater management, and environmental improvement, and
- **Basin water** management to promote IWRM and healthy rivers, through investments in multifunctional water regulation and hydropower facilities, flood management, and the conservation and improvement of watersheds, wetlands, and ecosystems.

We are aiming to increase our support for water investments to 25% of our overall business. In dollar terms, our Water Financing Program for 2006-2010 will be expanded to well over \$2 billion a year over the next five years for water projects, institutional reforms and improvements to water governance in the above three key areas. The program will initially focus on 5 countries—Peoples Republic of China, India, Indonesia, Pakistan and Viet Nam – countries which together account for approximately 80% of

ADB's water investments. We will, however, continue our water operations in 12 other developing member countries in Asia and the Pacific. The program will employ the full range of ADB's new financing products, which include sub-sovereign and non-sovereign public sector lending, multi-tranche financing, local currency financing, refinancing, financing syndications, and risk-sharing arrangements.

As part of ADB's Water Financing Program 2006-2010, ADB has committed to help introduce IWRM in 25 river basins, out of which 20 have been agreed already with governments, and has developed a key elements guide and a generic roadmap. ADB's pipeline for basin water investments currently amounts to \$2.5 billion over 2007-2009 and is expected to increase further as countries in the region have recognized the need to develop further water resources infrastructure in the framework of IWRM.

VI. Closing

From this workshop, ADB plans to produce a knowledge product for NARBO and its DMCs that will help RBOs in introducing or implementing effective and efficient water rights system. The seminar over the next 3 days will discuss several approaches in this regard. The sharing of the knowledge from RBOs and key government agencies will greatly facilitate a better understanding of the challenges that lie ahead.

We again thank the JWA; IWMI; NWRB, LLDA, DENR of the Philippines; WRCC; MASL; Viet Nam's Red RBO and MoNRE; and Indonesia's Ministry of Public Works and PJT2 for their continued strong partnership with the ADB for NARBO. Most importantly we thank all our partners from river basin organizations and key government agencies working in river basins, who joined us to share ideas and recommendations to guide us on the way forward.

In moving forward, on behalf of the ADB, we wish to reiterate our continued support to NARBO. We at ADB highly value opportunities such as these to share with you our insights and experiences, and learn lessons from you as well, specifically from your actions on the ground.

I wish you all success in your deliberations.

I thank you for your time and inputs, and I hope we can all share new insights in this workshop.