

Design of Appropriate Institutional System for River Basin Organization: Finance and Water Quality

Group-III

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Financial Plan of RBO

SOURCE	Investors/Operators	Income Raising
Hydro electric power stations	To be established by the private sector organization	By selling power to the industries and domestic supply, etc
Irrigation Projects	Govt/ External agencies /ADB/ WB & Others	Quantum of water used by the operator for agriculture and Non-Agri-industry (as per agreed unit charge)
Industries	Govt. / Private	Quantum of water used by the operator (as per agreed unit charge)
Domestic/ Ind. Water Supply	Local Govt/ NGOs/CBOs	Quantum of water used by the operator (as per agreed unit charge)

Financial Plan of RBO (cont...)

SOURCE	Investors/Operators	Income Raising
Eco-Tourism	NGO/Private and Govt.	Issuing permits and Collecting the entertainment charges
Ground Water / Bore wells	NGO/Govt/Local Bodies	By issuing permits for dug wells as per unit of capacity

Financial Policies

- **RBO have power for collection of fees/taxes for water use/pollution fees**
- **RBO must have power for issuing licenses of industries unit**
- **Mandatory water treatment plants- can be made common treatment plants by sharing of expenses by industries and coordinated by RBO**
- **Water users organizations must cover operation and maintenance cost of the projects**

Financial Policies (cont...)

- Groundwater fees have to be collected based on actual abstraction to prevent over exploitation
- Power tariff for pumping of groundwater need to match the cost recovery
- Major share of RBO operation cost need to be met from the part of revenue of hydropower

Principles of Taxing

- Less tax from the poor and more tax from the well off
- Less tax from farming community and more from industries
- Less tax for drinking water and more for other uses

Legal Measures for Environment Protection

- Apply "polluters pay" principle under the environmental unit of RBO
- RBO should have the power to cancel the license if the environmental standards are not met
- RBO should be the final authority in respect of all the environment related decision making
- RBO should have power to monitor environmental standard in the basin eg. water quality, solid waste disposal

