

Submission to the Asian Development Bank
Implementation Review of Its Water Policy “Water for All”

RUNNING DRY

Does the ADB Stand for
“Water for All”?



NGO Forum on ADB &
Jubilee South Asia Pacific Movement
for Debt and Development

December 2005

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**Synthesis Report of the Civil Society Organizations
to the Implementation Review of the
Asian Development Bank Water Policy**

18th November 2005
Quezon City, Philippines

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Hemantha Withanage
NGO Forum on ADB

FOREWORD

Asian Development Bank's Water Policy" Water for all" set the ADB agenda in the water sector in the Asian Region. This policy has been criticized by the public for its approach which promote water as a commodity. The tradable water rights, full cost recovery, private sector participation have set the process for converting water as a common good to an economic good. This policy does no recognize the notion "water is a human right", instead, it takes the approach of water as a human need.

ADB Water policy is playing the role of model policy among Asian developing member countries. Sri Lanka, Indonesia, Philippines, India and many other countries in the region have introduced their national policies based on this policy. ADB provides assistance and conditional loans to bring these local policies. ADB policy has created many negative impacts to the local water sector.

In this context, the implementation review, initiated by the ADB in 2005, was a major interest for the civil society organizations. While the ADB was going through its formal consultation process, NGO Forum on ADB, together with the Jubilee South, Asia Pacific Movement for Debt and Development together with their partner organizations initiated a parallel process to bring the community experience to the Implementation Review. The country case studies prepared by the partner organizations were discussed during a three- day conference and the final synthesis report 'Running Dry' was prepared as a critical analysis to the ADB water policy "water for all".

The reports and the findings were presented to the ADB Civil society consultation held on the 18th November 2005 at the ADB Headquarters in Manila. The participants, who came from different countries in the Asia-Pacific region as well as non-Asian countries, endorsed the recommendations given in this report and asked for a full review of the ADB water policy in order to remove the bad policy provisions and implement policy provisions that are acceptable to the civil society.

We are happy to present these findings and the recommendations as a booklet as we think that we need to continue this dialogue for protection of our water rights and water resources from alien interests.

I thank all the sponsors, writers and other collaborators who helped us in many ways to come up with this booklet. I also thank the staff of the NGO Forum on ADB and the Jubilee South for their hard work.

Hemantha Withanage
Executive Director
NGO Forum on ADB

December 14th 2005,
Quezon City, Philippines

LIST OF ACRONYMS

ADB	Asian Development Bank
APMDD	Asia Pacific Movement on Debt and Development
CSO	Civil Society Organisations
CSP	Country Strategy Programs
CRBIP	Chashma Right Bank Irrigation Project
DMC	Developing Member Country
FACT	Fisheries Action Coalition Team
FCDI	Flood Control and Irrigation
IFI	International Financial Institutions
IWRM	Integrated Water Resource Management
KUDCEMP	Karnataka Urban Development and Coastal Environmental Management Project
KUDECM	Karnataka Urban Development and Coastal Environmental Management
KUIDP	Karnataka Urban Infrastructure Development Project
LBOD	Left Bank Outfall Drainage
MDIP	Meghna Dhnonogonda Irrigation Project
MOWRAM	Ministry of Water Resources and Meteorology
MWSS	Manila Metropolitan Waterworks and Sewerage System
NGO	Non Governmental Organization
PSP	Private Sector Participation
RBO	River Basin Organization
SIDA	Sindh Irrigation and Drainage Authority
TA	Technical Assistance
TOR	Terms of Reference
TSBMO	Tonle Sap Basin Management Organization
TSBR	Tonle Sap Biosphere Reserve
TSEMP	Tonle Sap Environmental Management Project
TSI	Tonle Sap Initiative
UATP	Umiray-Angat Transbasin Project
WAPDA	Pakistan's Water and Power Development Authority
WCD	World Commission on Dams
WRB	Water Resources Board

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EXECUTIVE SUMMARY

The three-day Regional Conference on the ADB Water Policy, held on 13-15 November 2005, in Sulo Hotel, Quezon City, Philippines, produced numerous critiques on ADB 2001 Water Policy (Water for All) from participating civil society organizations coming from different countries. The said conference, organized by NGO Forum on ADB with Jubilee South (APMDD) as co-organizer, was a parallel and alternative review process of the civil society to ADB's implementation review process of the Water Policy. While ADB was conducting in-country consultations with selected countries in Asia, the NGO Forum, on the other hand, was conducting case studies on several ADB-funded water projects. These cases were presented during the Regional Conference. Finally, the synthesis report (Running Dry) was presented during the ADB and Civil Society Consultation on Water on November 18, 2005.

Based from the reported case studies, the forty (40) participants in the regional conference concluded that the ADB 2001 Water Policy is fundamentally flawed and structurally erroneous, and therefore, needs a complete and full review.

The following are the issues arising from the implementation of the ADB 2001 Water Policy.

1. Fostering Participation and Improving Governance

What is common among the case studies is that: "all failures and disasters sprung from the absence and lack of meaningful people's participation."

In the case of **Karnataka Urban Infrastructure Development Project** (India), the project's **implementation excluded the poor**, planning was highly technical, non-participatory, non-inclusive and removed from the realities of the citizens. The project **ignores local knowledge**, failing to check the adequacy of the water source at Nethravathi River.

In the case of **Left Bank Outfall Drainage Project (LBOD)** (Pakistan), the failure of Sindh Irrigation and Drainage Authority to consider concerns raised by local indigenous communities on wrong discharge design of the project resulted in damages of irrigation, groundwater quality and ecosystem.

In the case of **Chashma Right Bank Irrigation Project (CRBIP)** (Pakistan), the consultations were carried out **just to fulfil project obligations** and did not really mean to take note of what the people had to suggest. **Displacement** due to flood could have been prevented had there been meaningful peoples' participation in the project (CRBIP) taking into account local knowledge and expertise.

The **Tonle Sap Environmental Management** (Cambodia), the project fails to achieve IWRM due to River Basin Organisations (RBO's) **failure to get communities' support and cooperation** in project implementation and management. The **limited civil society consultations** was the primary reason.

In **Khulna Jessore Drainage Rehabilitation (KJDR)** Project (Bangladesh), the **consultations were limited** (cities and rural) to the later phases of the project for fine-tuning of project design. Petition to allow the natural tidal river flow to enter the wetland area to keep the natural sedimentation and soil enrichment process was **ignored**.

2. Integrated Management of Water Resources

The participants have observed the failure of ADB and governments to include, recognize and respect existing **indigenous water management** and **irrigation systems** that led to devastating impacts on the local communities who have traditionally relied on management systems to access water.

In the case of **Flood Control, Drainage and Irrigation Project** (Bangladesh), the project's failure was due to **oversimplifications** of the multiple uses of water and the role of

(natural) flooding as necessary to the livelihoods of the communities.

The **Chashma Right Bank Irrigation Project** (CRBIP) (Pakistan) destroys important traditional irrigation systems – *rowd-kobi* (hill torrent) — and fails to achieve its goals due to changing of designs **without considering communities indigenous knowledge**. The **structure brought massive flooding** threatening human life, livelihoods and properties.

The IWRM objective of **Tonle Sap Environmental Management** (Cambodia) was not achieved due to RBO's failure to gain communities' support and cooperation in project for implementing and managing. The local people (provincial level) have little understanding of the project, functions and purposes due RBO's failure to relate with the needs of the people.

3. Improving Water Services

The conference observed that ADB is **undermining** and **pushing away** governments from its role as **provider to regulator** and transferring this to private sector (for profit). ADB's assumption that private sector is more efficient than the public sector is a **fallacy**.

The **promise of** Manila Metropolitan Waterworks and Sewerage System (MWSS) (**Philippines**) **privatization** of lowered tariffs, good quality water and uninterrupted water supply **did not happen**. Worst, **additional costs** were unfairly passed on to consumers and taxpayers. Other issues are the continuous **rising of water rates, additional debt burdens, water service and quality** have **not significantly improved**, and posing **threats to public health**, among others. Because of these, ADB's loan to Umiray-Angat Transbasin Project aiming to assist the MWSS in **introducing PSP** in the operation and management of MWSS sector activities is an issue.

4. Conservation of Water

The conference pointed out that full cost recovery principles would only burden the urban and rural poor (low-value users). A person's right to water **should not be determined by their ability to pay**.

In the **Left Bank Outfall Drain (LBOD)** (Pakistan), ADB and the Government of Sindh, through "Covenants and Conditions" agreed to **raise the irrigation fees** by 100% to finance O&M, and **phase out subsidies to fully recover the project cost**. The amount was raised further by enacting Sindh Irrigation and Drainage Authority Act (1997).

5. Implementation of National Water Sector Reforms

The conference saw how ADB is **pushing for changing DMC's water sector** along with their development paradigm, Private Sector Participation (PSP) agenda thru Country Strategy Programs (CSP's) and using Technical Assistance (TA's) and Project lending. The participant's viewed the **imposition of conditionalities** as against national sovereignty and constitutional agreements and further the **debt burden**.

In Sri Lanka, ADB funded thru technical assistance (TA 1918) the 2000 National Water Policy that establishes: water as **commodity** and **providing investment** opportunity for the **private sector**; water is **owned by the state**; **tradable water right** thought water entitlements; and **full cost recovery** and the **privatization and/or PSP**. The result of New Water Policy is the transfer of water rights thru new water projects (Secondary Towns and Rural Community-Based Water Supply and Sanitation and Kadupity Oya Water Supply Projects).

The conference pointed out the continuing **disregard for meaningful and genuine people's participation**, as ADB continues to impose a top-down planning approach and discounts people's alternatives. This has led to **ecological harm, displacement of people**, and **non-achievement of project objectives**.

Highlighted during the conference is the notion of water in the Policy as “socially vital economic good” which is viewed by participants a departure from the long-held belief that water is a human right as well as a common good. This reflects ADB’s market-oriented paradigm in allocating water resources.

Central to the discussion during the three-day conference are ADB Water Policy’s objectionable elements (tradable water rights, private sector participation, full cost recovery and the elimination of subsidy) that are all analogous and interrelated with ADB’s notion of water as an economic good.

The three-day water conference ended with conclusions and corresponding recommendations. The principal recommendation of the NGO Forum on ADB is that a complete review of the ADB Water Policy must be conducted. The review process must involve meaningful participation of all stakeholders, and be designed to objectively examine the fundamental principles on which the policy is constructed.

The following are specific recommendations of the NGO Forum on ADB to ADB Water Policy.

1. Central Principles of the Water Policy

Water as an inalienable human right, not as an economic good.

ADB Water Policy be reoriented that peoples right of access to water is placed unequivocally foremost, such that all ADB supported Water Sector projects place every persons’ right of access to water central to project design and implementation.

Private Sector Participation

PSP should not be promoted as the only approach to managing water services. Where PSP is found to fail, the burden should not be transferred to the poor in the form of rising tariffs and decreasing quality of service.

Tradable Water Rights

Tradable water rights should not be used as a management tool. Sharing of water resources should be dealt within the existing concepts of water as a common good. Water allocation protocols should be sensitive to economic, social and cultural considerations.

Full Cost Recovery

ADB should, in any way, coerce governments to adhere to cost recovery principle, namely by attaching conditions to loans. Governments should have the space to decide and follow alternative models.

Where regulation is weak, ADB could provide assistance, although conditions should not be attached to technical assistance and support should be culturally and socially sensitive.

2. On National Policies and Reforms

ADB to de-link loans from conditionalities. Financial and technical assistance must not be made contingent on legal and institutional reforms. The Bank must respect the Constitution and laws of each country. Any proposed reform process must be brought into the public domain.

ADB should recognize the diversity of social, economic, and cultural values held by DMCs and that application of the ADB Water Policy should be sensitive to these values.

3. Integrated Water Resource Management (IWRM)

River Basin Planning and Management

ADB to recognize and respect existing indigenous and local water management systems. River basin organizations must be constructed from bottom up.

Water Allocation

The NGO Forum opposes the notion of tradable water rights where they infringe on peoples rights to water to fulfil basic needs including for their own subsistence. Allocation of rights to water use should not be left to market forces.

ADB to adopt fully as a matter of priority the recommendations of the WCD.

Environmental Protection and Social Measures

NGO Forum requires knowing the current status of the forestry policy review, and how any changes will be accounted for in the ADB Water Policy.

ADB should acknowledge that indigenous populations commonly live and derive their livelihoods from watershed and wetland areas, and recognize and respect existing indigenous use of these areas within their watershed conservation plans.

Flood Protection and Control

In the formulation of policies and programs aimed at improved management of floods appropriate consideration should be given to flood dependent communities and, where suitable, alternative project designs considered, based on local experience.

Environmental Damage, Social Impacts, Resettlement and Compensation

ADB should ensure that all environmental and social safeguards are rigorously followed, and be held accountable where they are found to fail. These should include covering the costs of any environmental damage incurred. Compensation should be provided in a timely manner.

4. Improving Water Services

ADB should recognize that Governments have a constitutionally-mandated role to provide services to the people and in no way should ADB pressure governments of DMCs to abdicate this role.

ADB should stop unwarranted promotion of private sector participation. Loans should not be designed to be contingent on PSP. Alternative models of water service management, for example community management, should be promoted.

5. Conservation of Water and Increasing System Efficiencies

ADB should ensure effective implementation of its safeguards on subsidies as they are needed in particular contexts to enable the poor to have water connections, and for providing services in areas that are not financially viable but where there is a real need for water.

ADB should re-examine evidence for peoples' willingness to pay. Instead of using willingness-to-pay, the ADB Water Policy should focus on enabling access and achieving affordability.

6. Improving Governance

To implement a real pro-poor strategy, ADB should ensure meaningful participation from the design stage. Peoples' participation should not be used simply to legitimize projects, instead it should relate to investment in local peoples' development needs and consent, and involve broad participatory local and regional development planning by multi-stakeholder representative platforms.

Participation must be bottom up making clear different development alternatives and their implications for loan conditions and the debt burden. Projects coming from this model will ensure co-responsibility and require participatory monitoring and evaluation schemes.

ADB's Water Policy should acknowledge and promote water governance at the local government level. However, the decentralization process should not exempt national governments from their responsibility for providing water services.

ADB should implement its gender focus from project design, implementation, monitoring and evaluation with clearly disaggregated indicators.

ADB should not support high-risk projects in countries that have a bad track record of human rights violations.

ADB should not promote parallel structures to the local governments.