





# **The Political Economy of Water Policy**

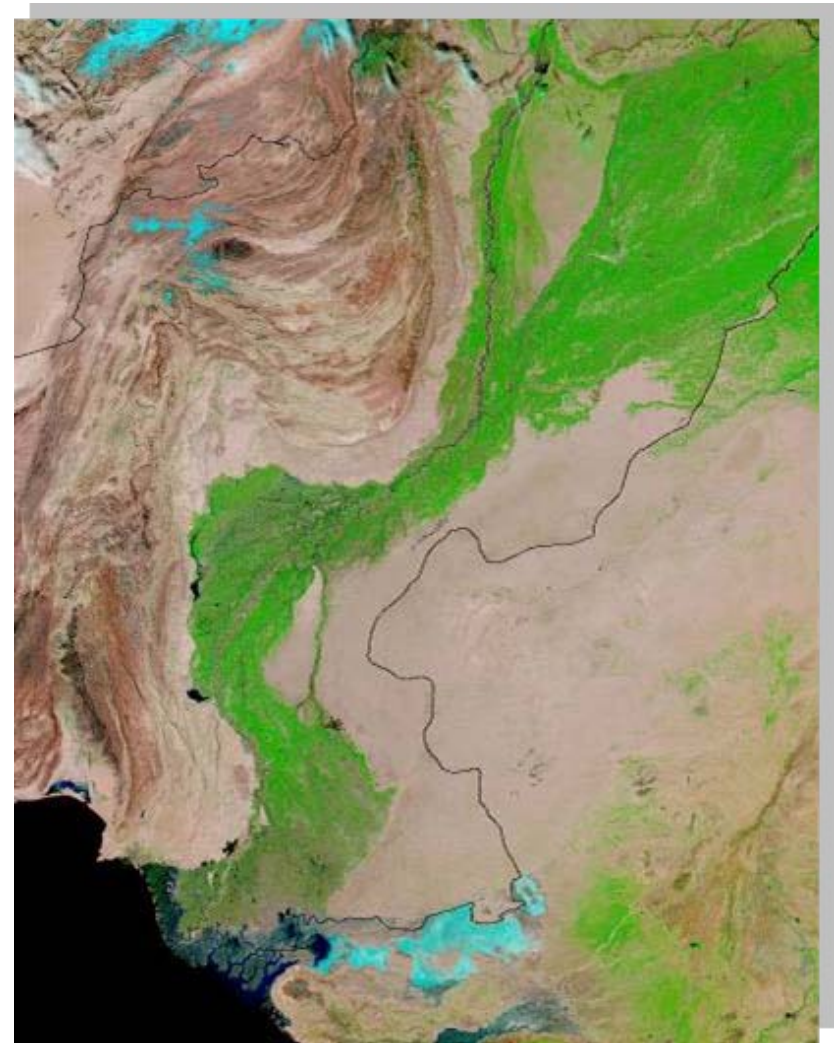
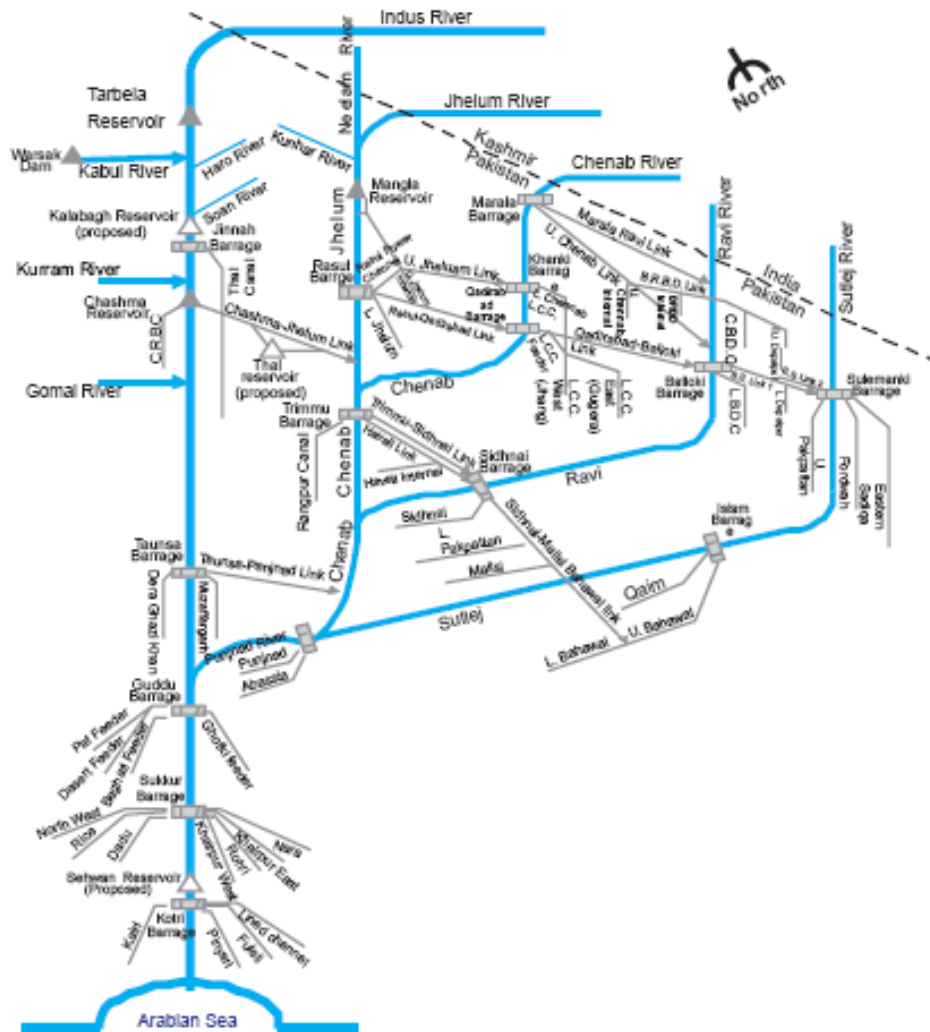
Some Observations from almost 40 years  
(ouch!) of engagement  
in developing countries

John Briscoe  
Zaragoza  
June 2008

# Part 1 – Some lessons I have learned from my personal journey...

# Pakistan in the 1960s (through 2005)

Fig. 2.3: Indus Basin irrigation system



Source: Hasan, 2005.

- The world's largest integrated irrigation system of 22 million hectares in Pakistan alone...

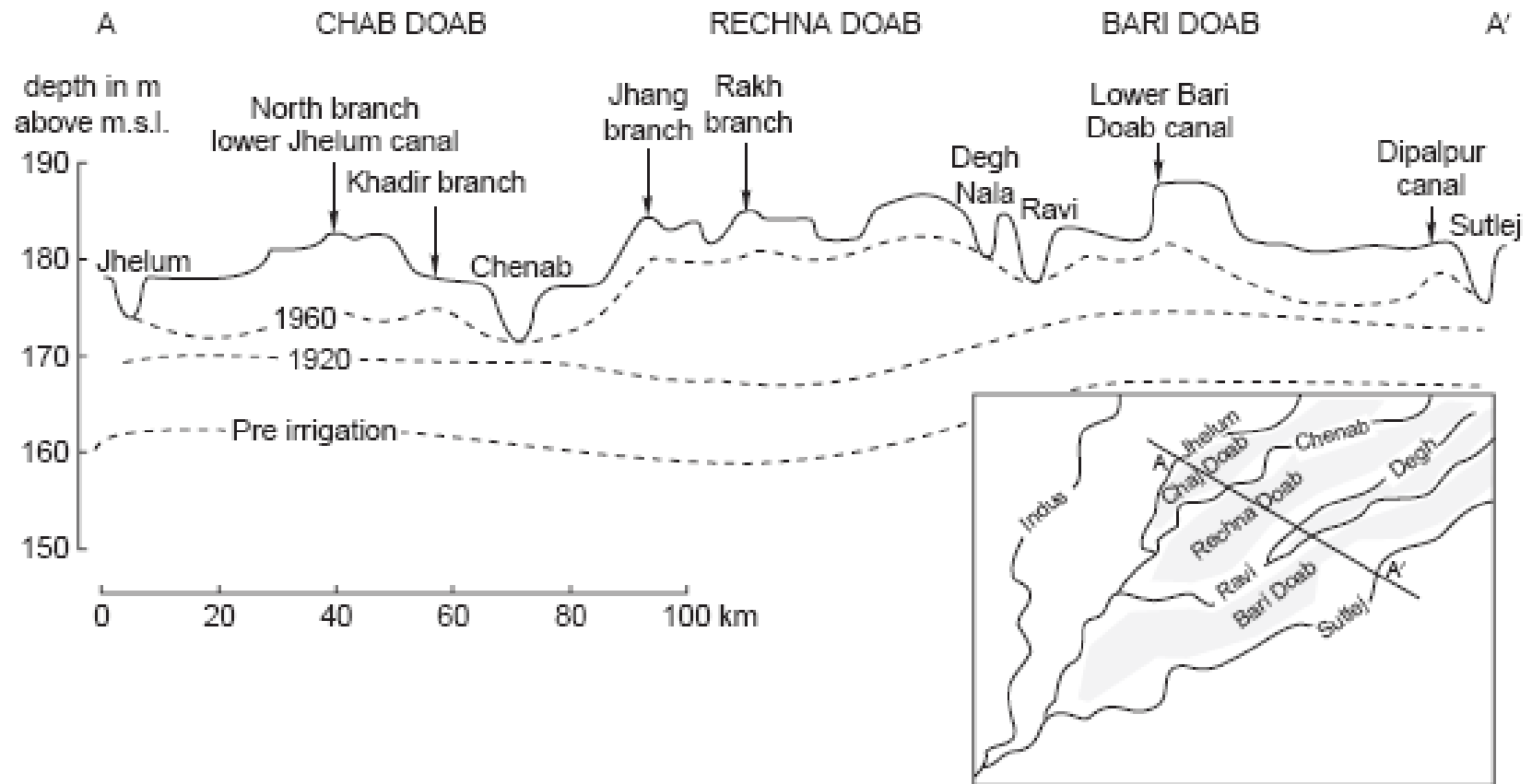
1961 Ayub Khan came to Washington...



And Kennedy asked "How can the US help Pakistan?"

# The inexorable (it seemed) rise of groundwater...

Fig. 2.14: The rise in groundwater levels (1860–1960)



Source: Bhutta and Smedema, 2005.

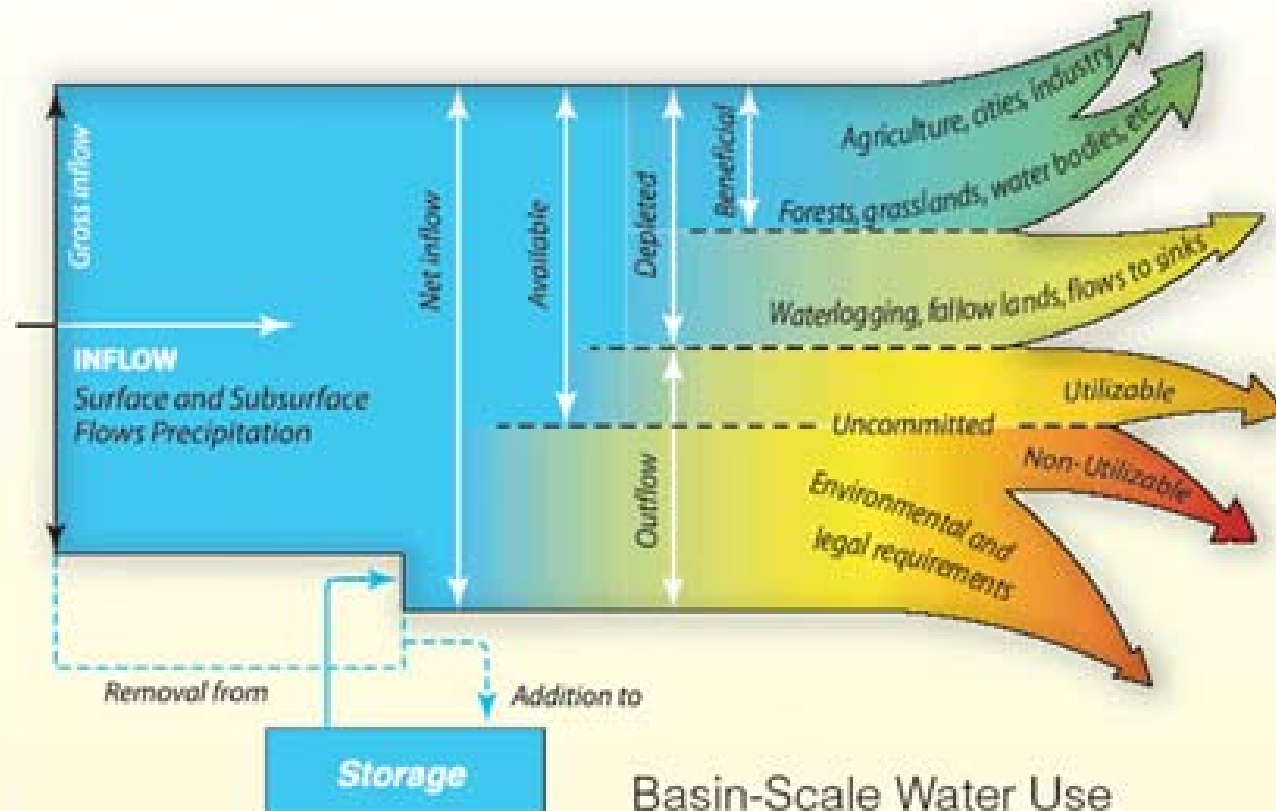






This was the start of the Harvard Water Program work on waterlogging and salinity in Pakistan...

- Dealt with the **resource** (and got it right) – water balances and groundwater models



– Dealt with the **technology**  
(and got it right):

- Canals were understood to be both water delivery structures, but, more importantly, groundwater recharge structures



- counterintuitively, leaky was shown to be good...
- The deep tubewell as key to vertical drainage

– Dealt with the **institutions** (and got it largely wrong)

- Solution was thought to be big government-operated tubewells
- But it turned out to be farmer-owned, small tubewells which were the key...

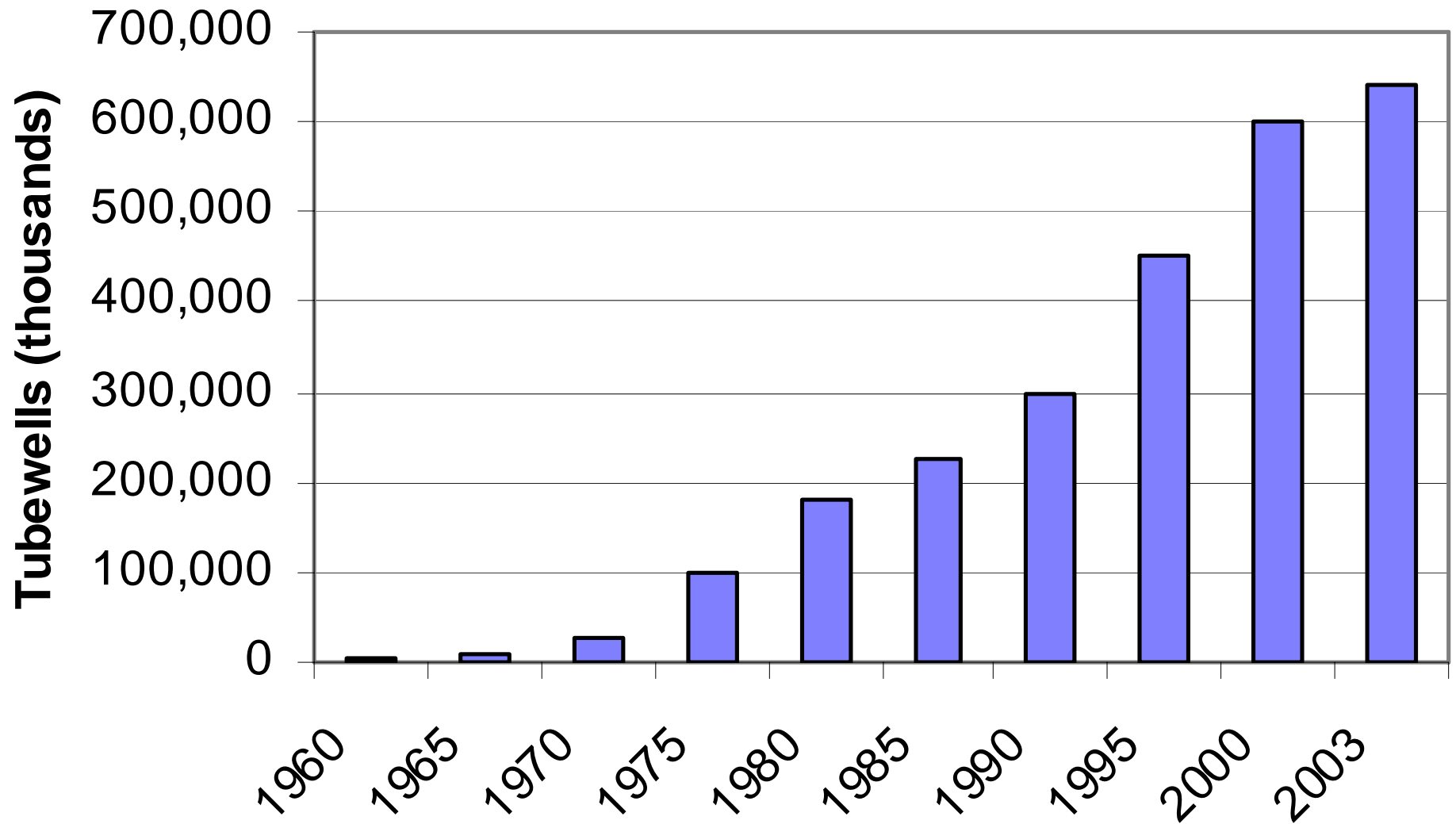
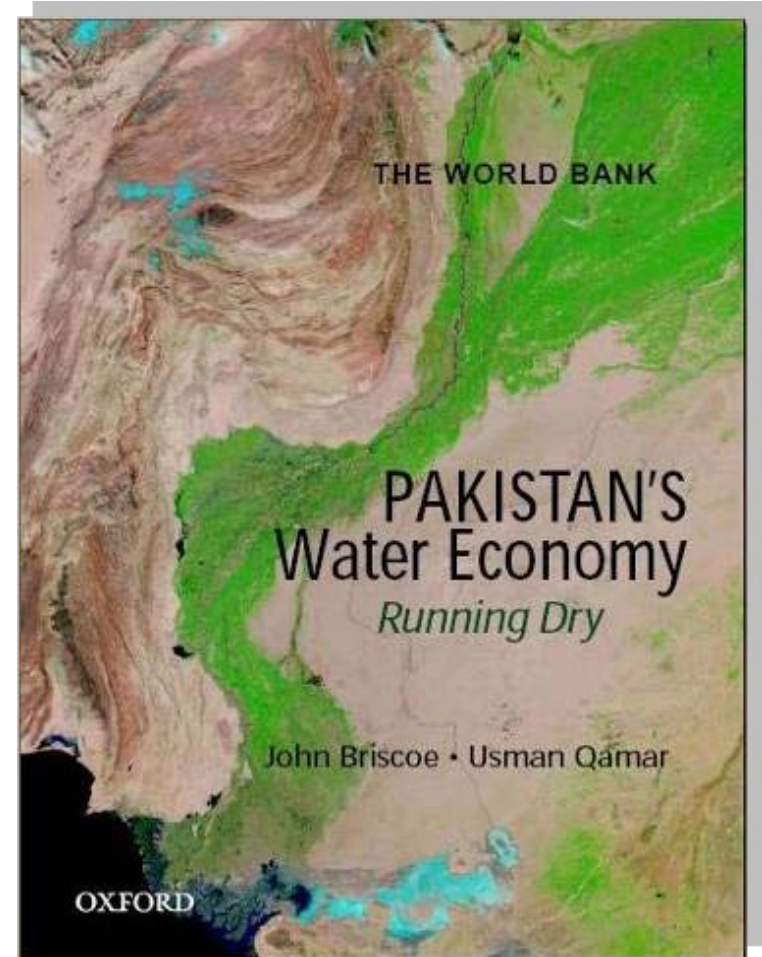


Figure 17: The growth in use of tubewells

Source: Steenbergen and Gohar 2005

# Moral of the story

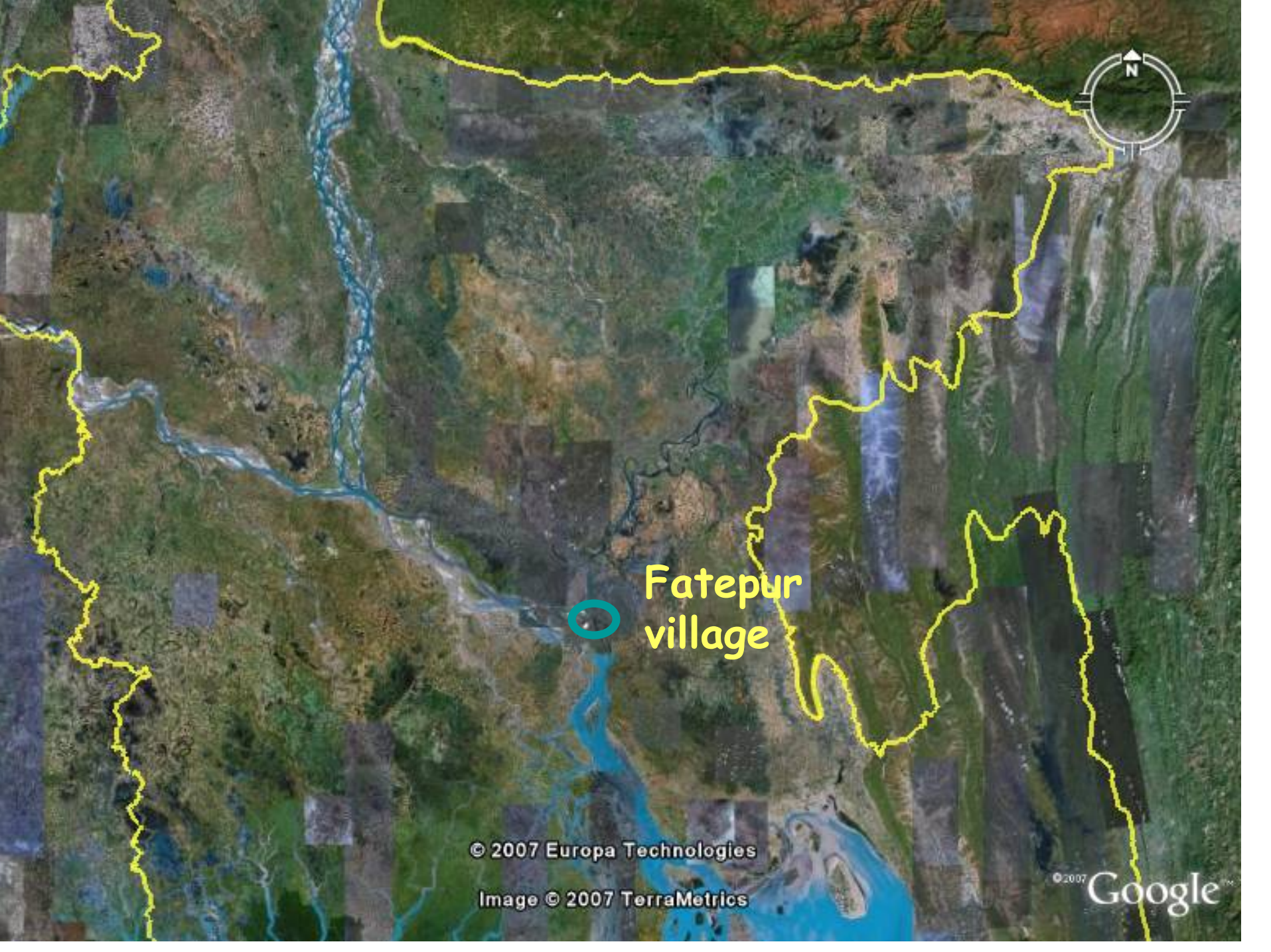
- Seemingly-intractable problems can often be solved...
- (And then give rise to others....)





# Bangladesh in mid-1970s

1971-72



Fatepur  
village

© 2007 Europa Technologies  
Image © 2007 TerraMetrics

© 2007 Google™



**Fatepur 1978:**

**No protection from the annual floods...**





# Fatepur, Bangladesh, 1976: Lives of utter misery...





# Fatepur 1998



Fatepur  
village



# Fatepur, 1998



# Changes!

- Agricultural production had risen by a factor of 3
- Life expectancy of women had risen from 47 to 67 years
- There was now a market where there was none before....

# Moral of the story

## HOW OUTSIDERS SAW BANGLADESH

- A major World Bank report on poverty in Bangladesh spoke of the role of micro-credit and NGOs dozens of times.
- It spoke of infrastructure ONCE

## HOW LOCAL PEOPLE SAW THEIR PROGRESS

- They ascribed virtually all of their improvements to the embankment and roads...



# Inhambane, Mozambique in the late 1970s



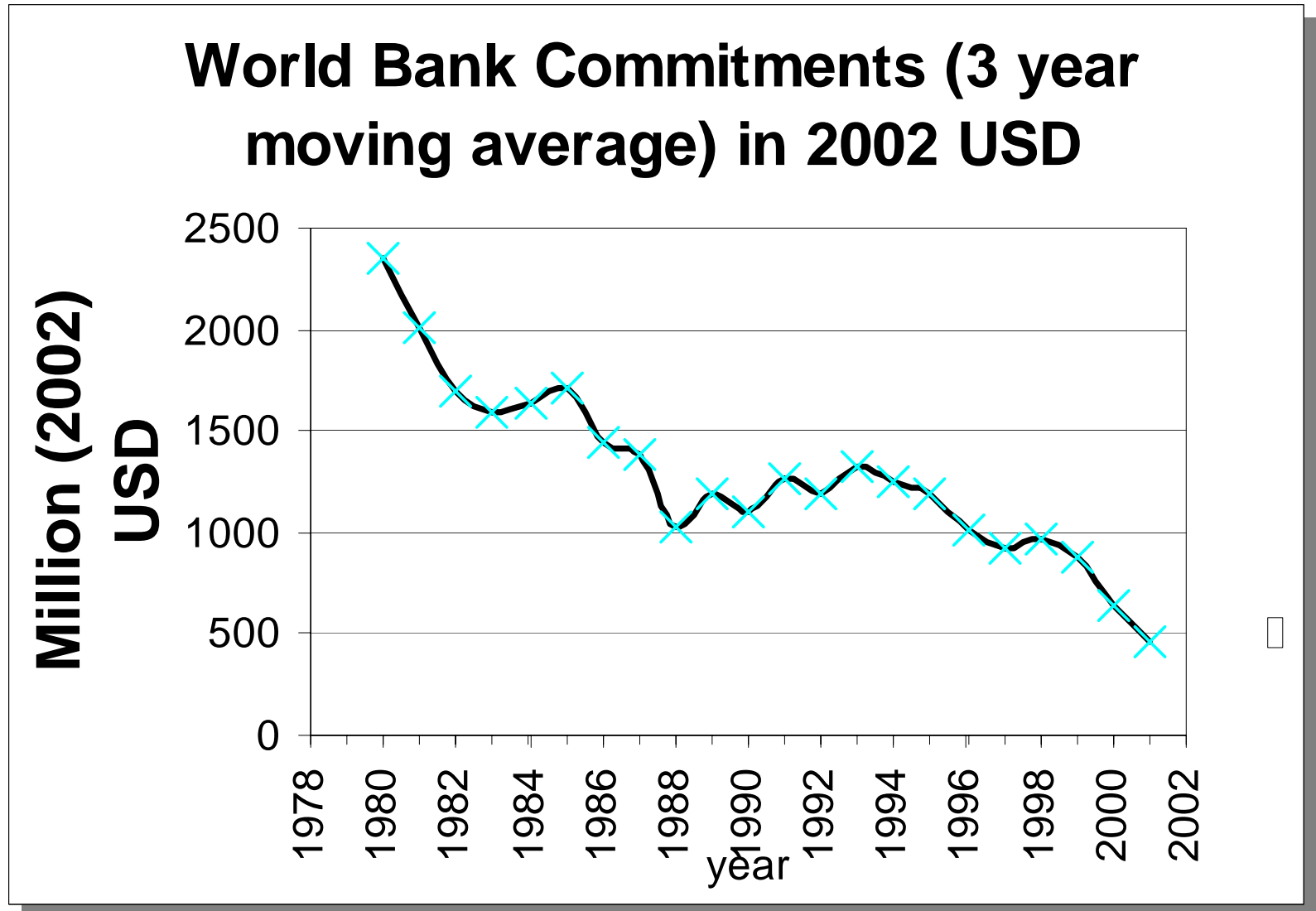
## Moral of the story?

- Legitimacy in solving peoples' actual problems are key
- Development assistance is a “show-me” business...

# Global Water Policy (by the World Bank) in 1990s onwards

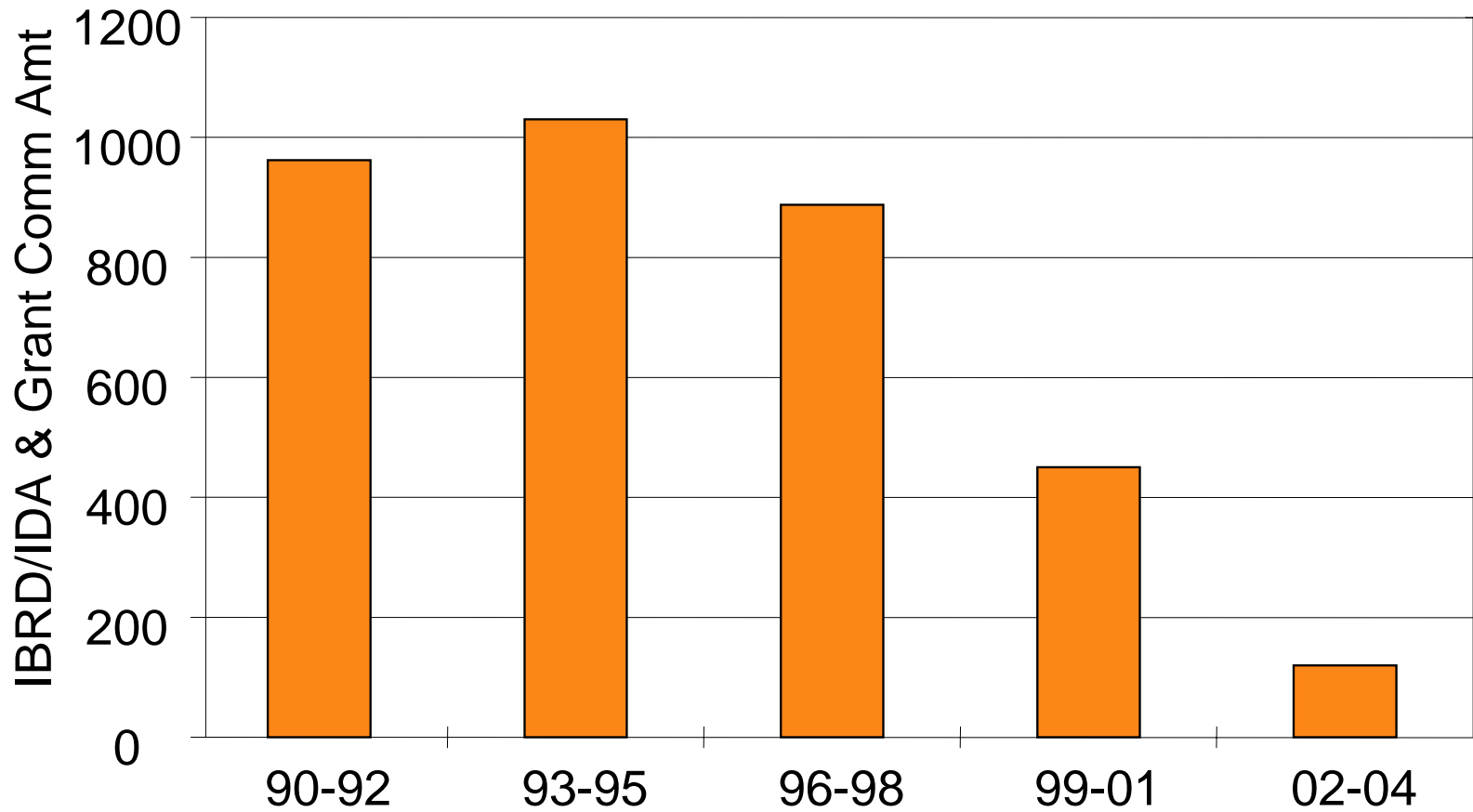
- Wisdom of rich countries as embodied in Millenium Development Goals:
  - Social services (education, health, gender....)
  - No mention of infrastructure (energy, transport, water) or agriculture
  - Dramatic declines in infrastructure and agriculture lending

# Irrigation lending has declined sharply



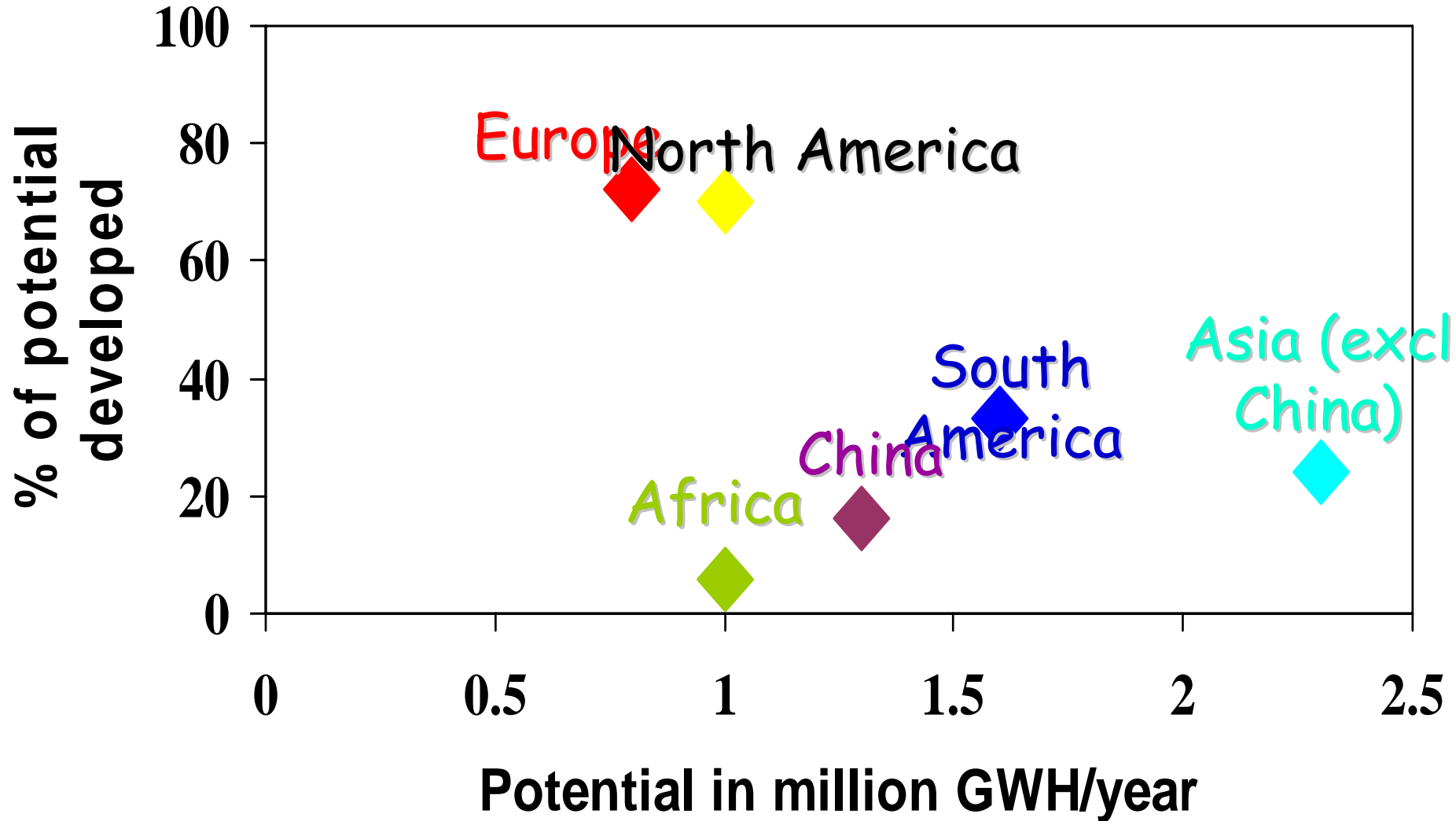


# And similar for hydropower



But what did developing countries  
think of this?

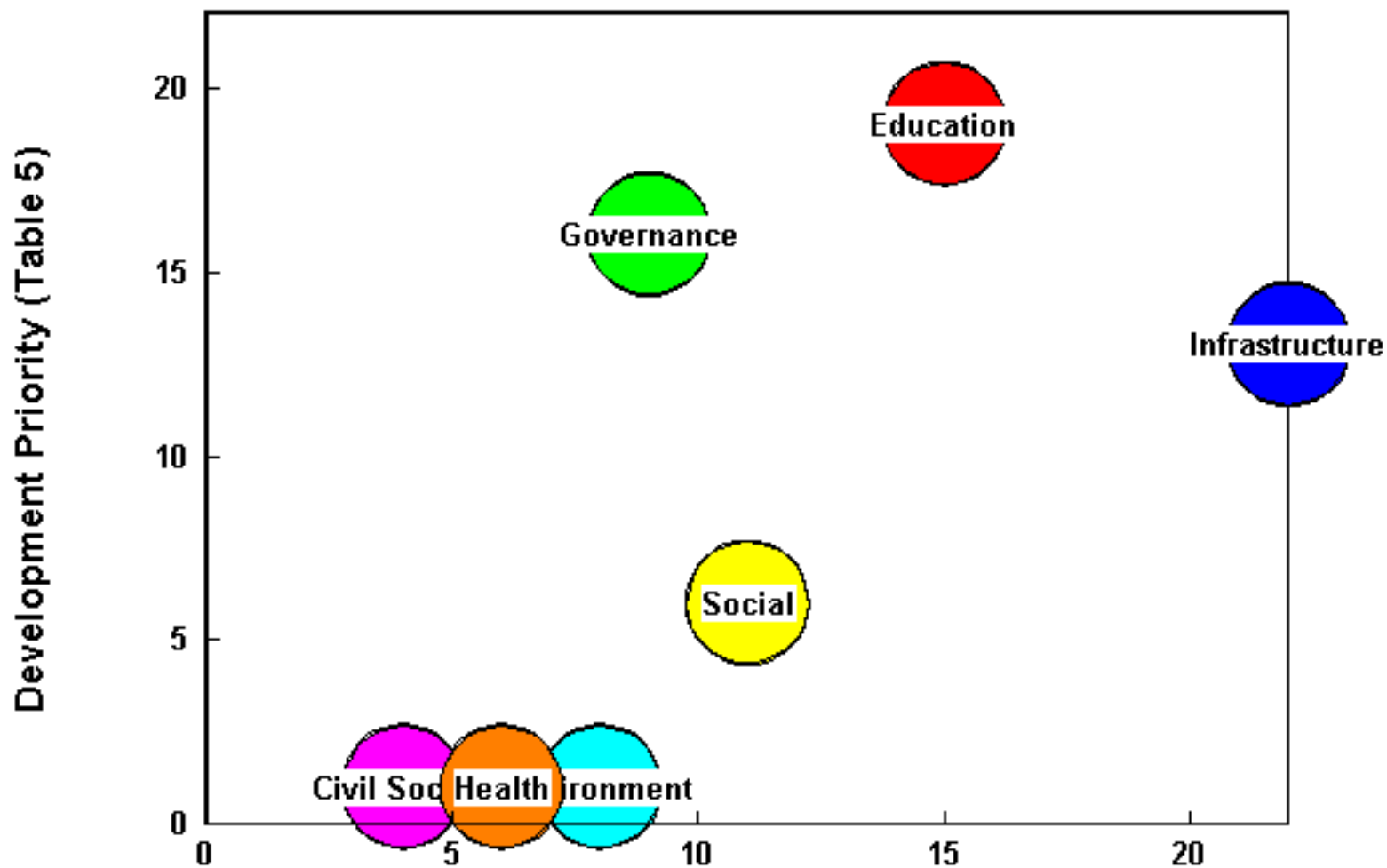
# Development of economically-feasible hydropower potential in different regions



# Storage capacity

- 900 days of storage capacity on the Colorado and Murray Darling may be too much
- But is 35 days enough for India and Pakistan?
- And 20 days enough for Ethiopia and Kenya?

## 5. South Asia



Priority that should be given by the Bank (Table 6)



Middle-income countries "with choices"  
found the Bank's business processes rigid  
and unrealistic

# GOOD GOVERNMENT in the TROPICS

Judith Tendler



**Governor Tasso Iversatti of  
Ceará, Brazil:**

"When I build a 10 meter  
high dam in the middle of  
the semi-arid, the Bank  
requires due diligence as  
though I were building  
Itaipu!"

# A bigger problem for poor countries "without choices"

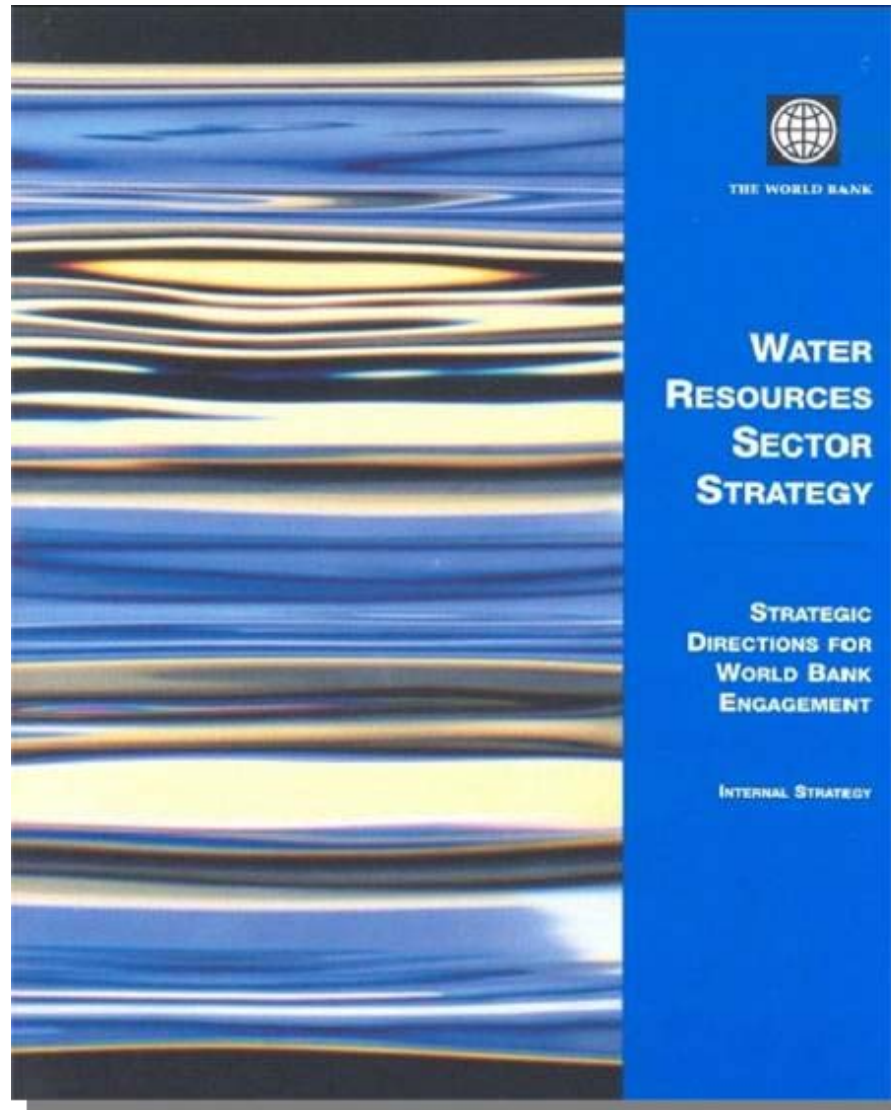


## PEEVED MUSEVENI LAUNCHES US\$550 MILLION UGANDA DAM.

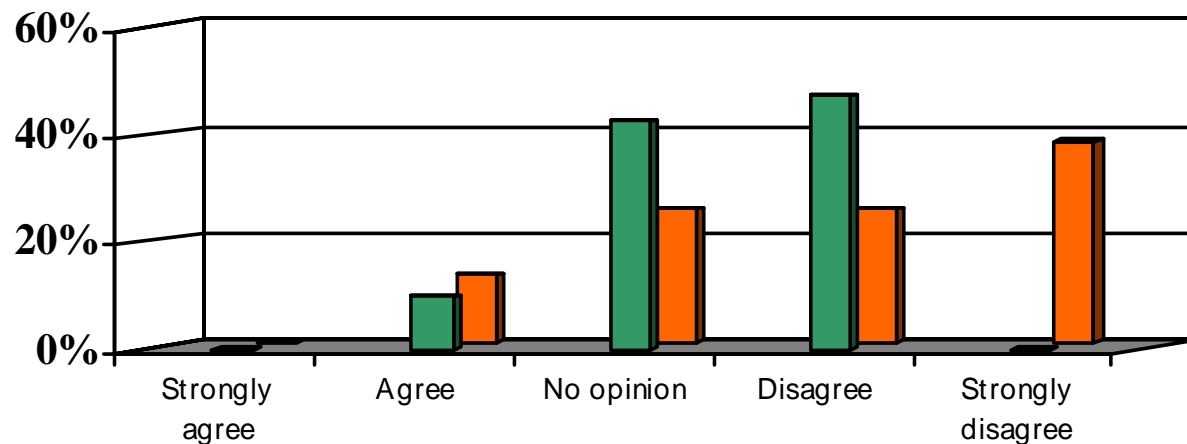
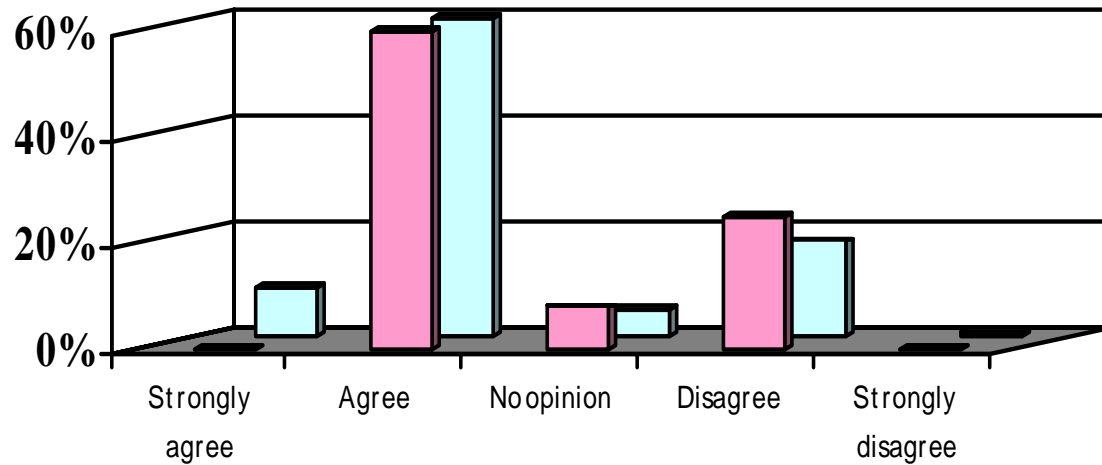
Reuters, Jan 24, 2002

Ugandan President Yoweri Museveni yesterday launched the construction of a US\$550 million dam on the river Nile but lashed out at his countrymen and donors for unduly delaying the project, reports Reuters. "I am ashamed to even come here," Museveni said at Bujagali, some 80 kilometers (50 miles) east of Kampala, where the dam is to be built to power electricity generation. "I am not happy because a project which should have taken two years has taken seven years to start. All this hullabaloo has been a waste of time and a lack of seriousness ... this was a circus," he said.

# Feb 2003: New World Bank Water Strategy



# Reaction of different groups to the proposed approach to Bank re-engagement with major water infrastructure?



# Unprecedented leadership by developing countries on the Board in support of re-engagement with major infrastructure.....



CONFIDENTIAL  
DRAFT

Statement by Chander Mohan Vasudev and Guangyao Zhu  
Date of Meeting: February 13, 2003

## Infrastructure Business : Key Trends and Issues

We welcome the Bank's renewed recognition of the importance of infrastructure investment, especially in the context of its commitment to poverty reduction, sustained international economic uncertainty and the prospects of a majority of poor countries not achieving the Millennium Development Goals.

## Infrastructure and the Millennium Development Goals

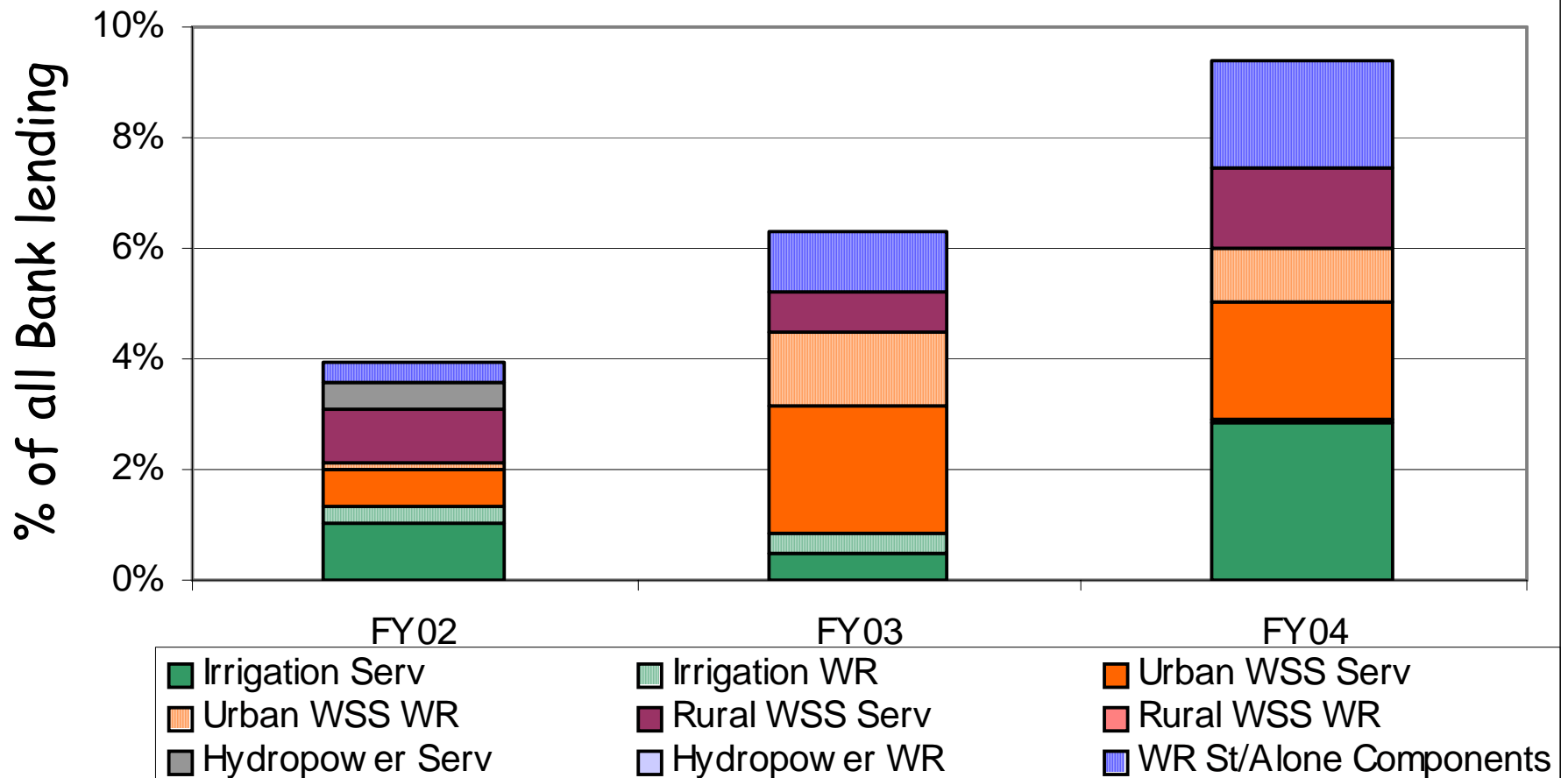
2 The presentation makes a good case for the enormous pro-poor impact of investment in infrastructure. The linkage between infrastructure and poverty reduction is too well-documented to bear any repetition. The Bank's recent Water Sector Strategy also brought out the close linkages between infrastructure and poverty reduction.

... We are firmly of the view that infrastructure investment is central to the Bank's mission of poverty reduction....

....We would like senior management commitment to at least two high risk - high benefit projects per region...



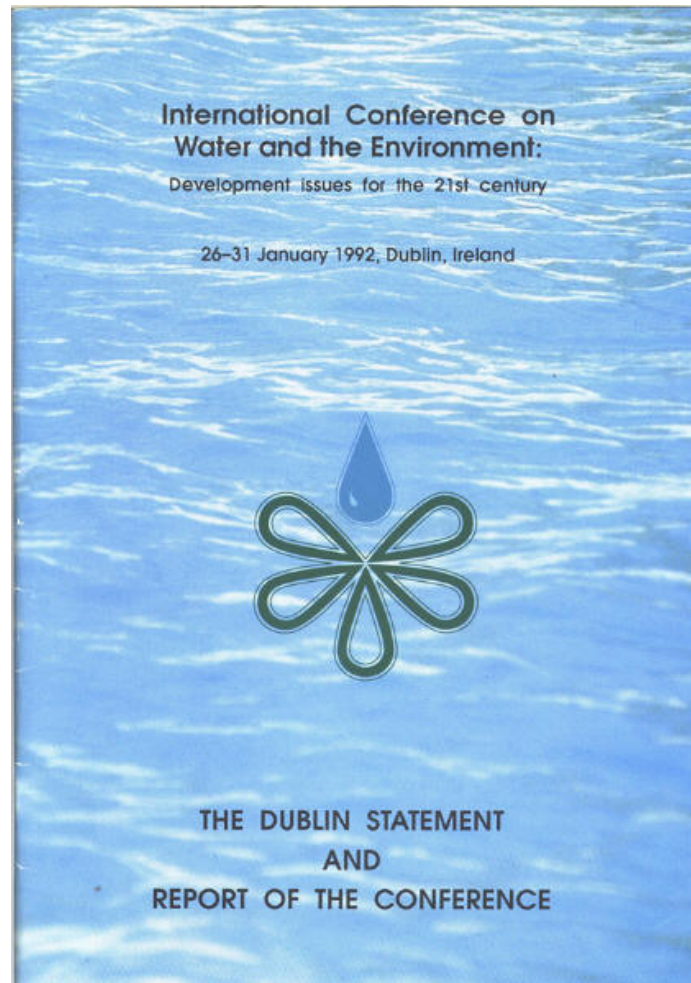
# World Bank Lending for Water over Past Three Years



## Part 2:

How do changes actually come about – some “Rules for Water Reformers”

# There is a global consensus on the principles which govern sound water management...



# The Dublin Principles

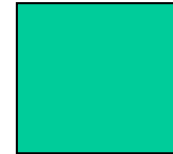
- **The “ecological” principle:**
  - holistic (including environment), comprehensive, inter-sectoral...
- **The “institutional” principle:**
  - stakeholder participation
  - subsidiarity (federal, state, municipality, users...)
  - greater role for private sector, NGOs and women
- **The “instrument” principle:**
  - greater attention to economic value of alternative uses
  - greater use of economic instruments (water rights, user charges...)



# How has Country X done in Water Resource Management?

## Comprehensive:

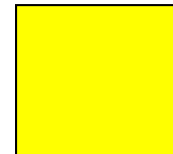
- Some state and basin plans, national plan beginning
- Ecological and hydropower not integrated into plans
- Weak stakeholder participation
- Lack of financing to implement plans



Green

## Institutional:

- State and national water laws—weak implementation
- Laws for bulk water charges not yet approved
- State and federal water councils, river basin committees—limited policy and planning influence
- Fledgling water resource management agencies at state and national level



Yellow

## Economic:

- Heavily subsidized water resource infrastructure without explicit justification
- Very limited bulk water charging
- State Water Funds undercapitalized



Red



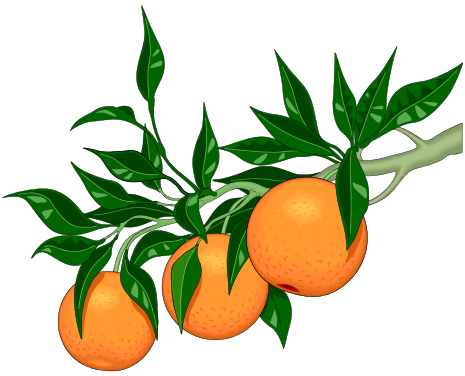
So what are the lessons on the crucial issue of implementation?

Initiate reform where  
there is a powerful need, and  
demonstrated demand, for change

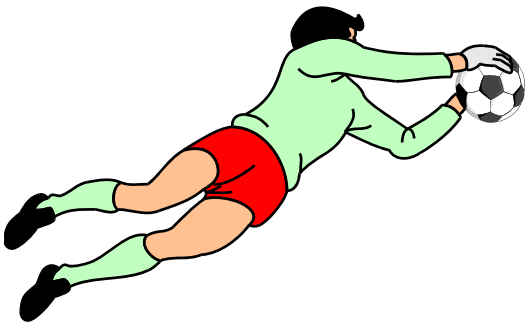


Develop a sequenced,  
prioritized list of reforms...



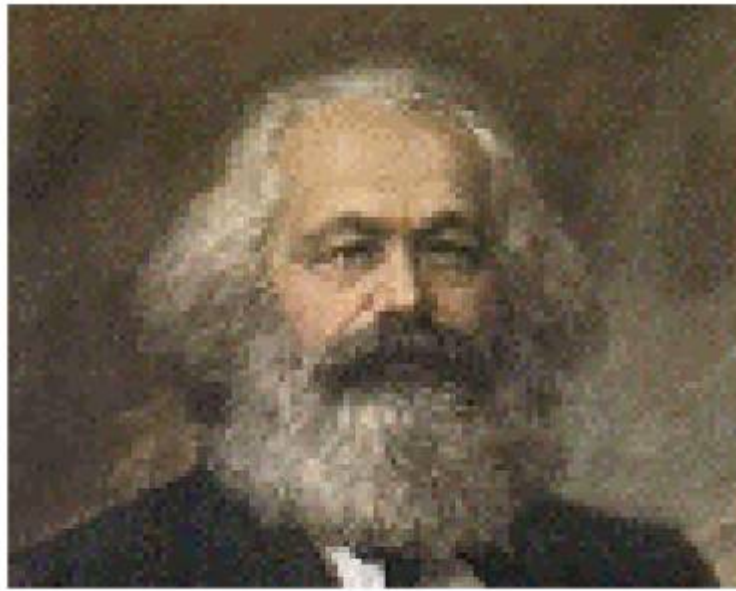


Pick the low-hanging fruit first --  
nothing succeeds like success!



Keep your eye on the ball --  
Don't let the best become  
the enemy of the good!





Reform is dialectic, not mechanical:

**Don't expect things to work at the first try – and  
don't throw the baby out with the bathwater**



Perceptions about water have a strong cultural component, which cannot be ignored...



river + dyke =

Political  
order





Thus Three Gorges is as much about political symbolism as it is about flood protection and hydropower...

Reforms must provide returns for the politicians who are willing to make the changes....

"Good water management is good politics"

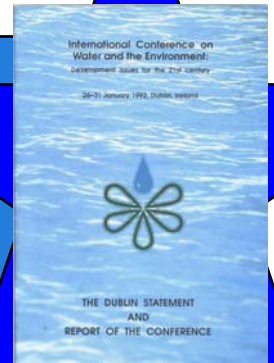
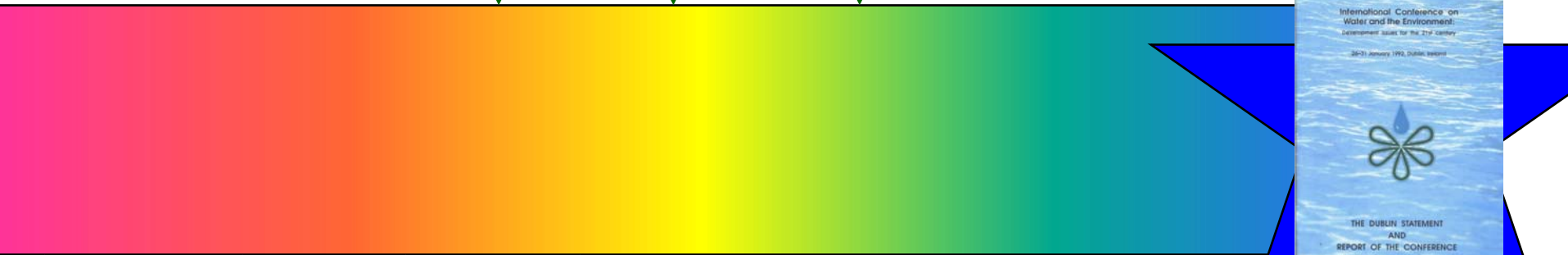




# An overriding lesson: Be realistic, patient and persistent

A typical rich country

1950 1975 2000



2000 2025 2000 2025

A typical  
poor  
country

A typical  
middle-income  
country

Water ideas are  
**VERY** important...



# But the biggest challenge is implementation



Larry Summers:

- major distinction between developing countries which have progressed and those which have not is:
  - Not so much the quality of their policies
  - But their capacity to implement

# Part 3 – The (rapidly) changing nature of development partnerships...

# India and Pakistan mid 2000s

- Govt of India, announcing that it would henceforth accept assistance from only five countries:
  - “the ratio of dollars to sanctimoniousness has reached unreasonable proportions”



# INDIA: You tell us not to invest in large dams???

- What would Norway or the USA be without large dams?
- And look at what we get from them?

**% change of Income of Different Types of Households With and Without Bhakra Dam**



Developing countries are far more concerned with “sins of omission” (opportunities foregone) than sins of commission...



# Similarly for lectures to Brazil on agriculture

World Development Report 2008: Agriculture for Development



**The World Bank, which largely withdrew from agricultural lending in the last 20 years, now has lessons for us, telling us that small is beautiful and the Brazilian model is “misguided”?**

# The Economist

NOVEMBER 5TH-11TH 2005

[www.economist.com](http://www.economist.com)

**Arnie's uphill struggle**

PAGES 24 AND 25-27

**Battle for the Supreme Court**

PAGE 28

**Brazil, agricultural superpower**

PAGES 73-75

**CAPITALISM FOR THE POOR**

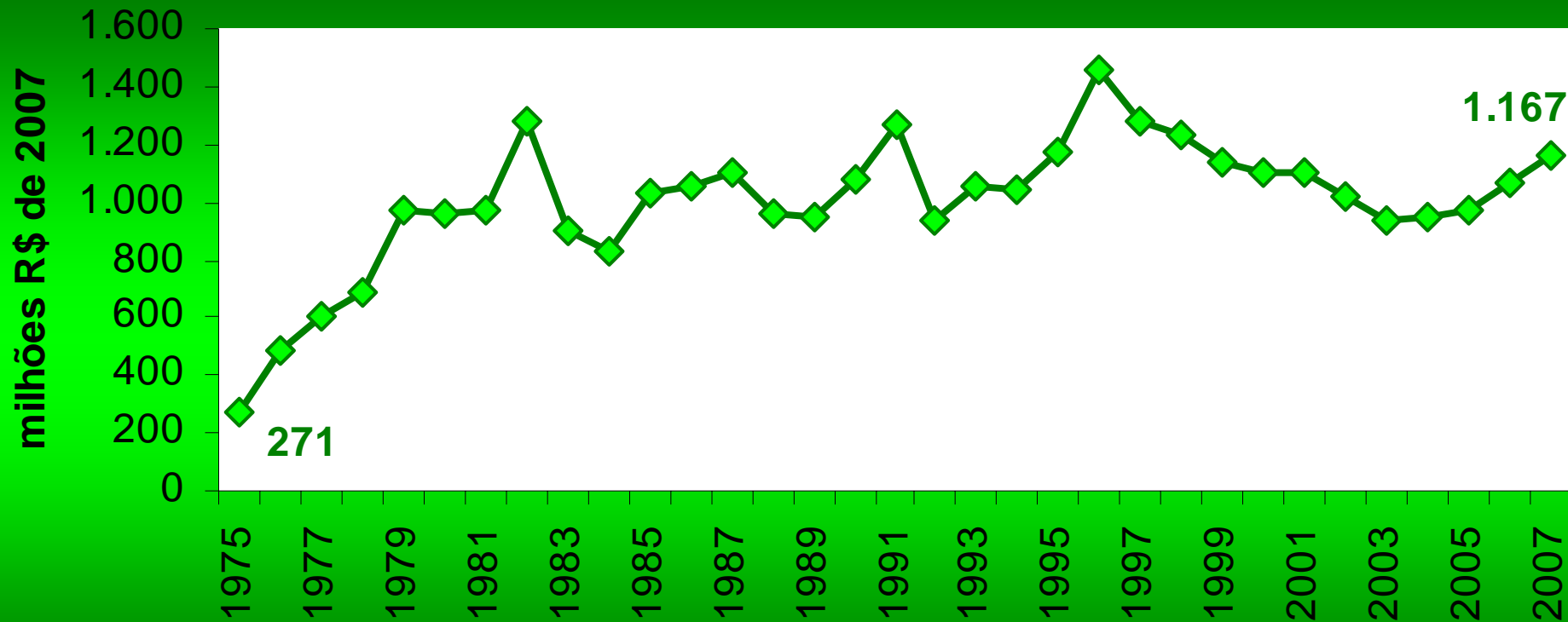
A SURVEY OF MICROFINANCE, AFTER PAGE 58

Getty Images



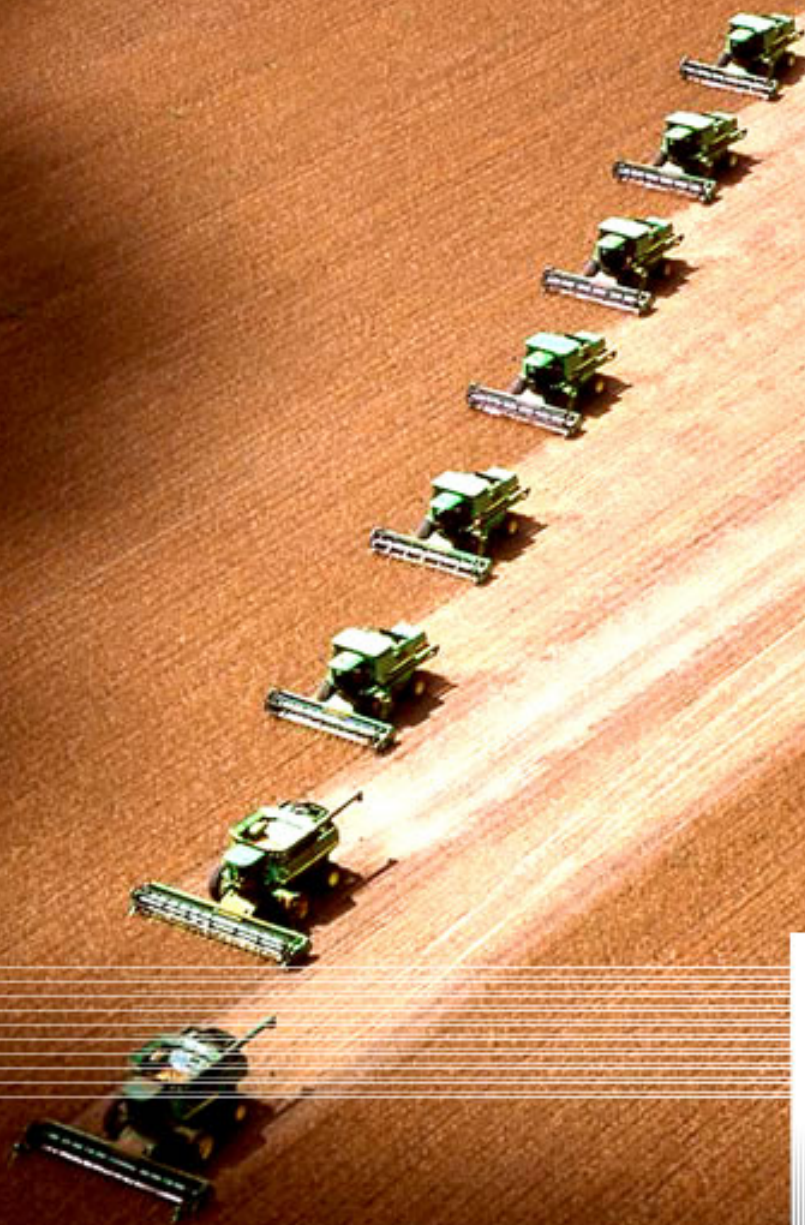
**The inexorable rise of Brazil as an agricultural superpower**

# Long-term commitment to agricultural research...



Fonte: Embrapa





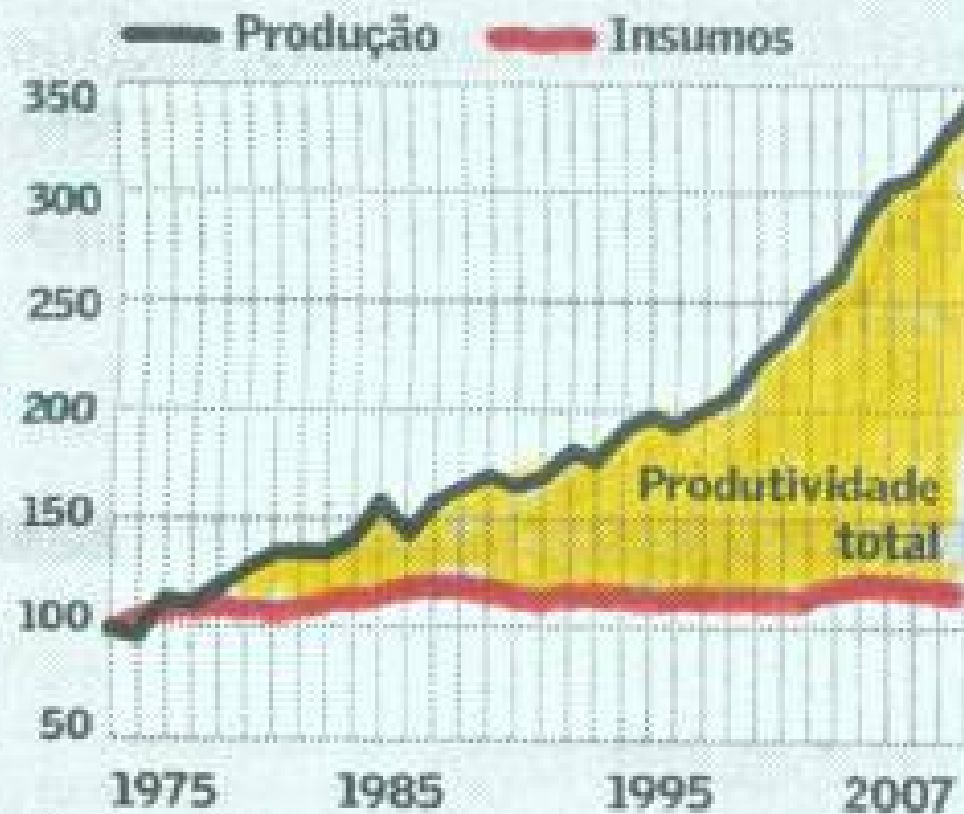
JOHN DEERE

A tecnologia  
que se paga.

# Produção x Insumos

Agricultura - entre 1975 e 2007

1975=100



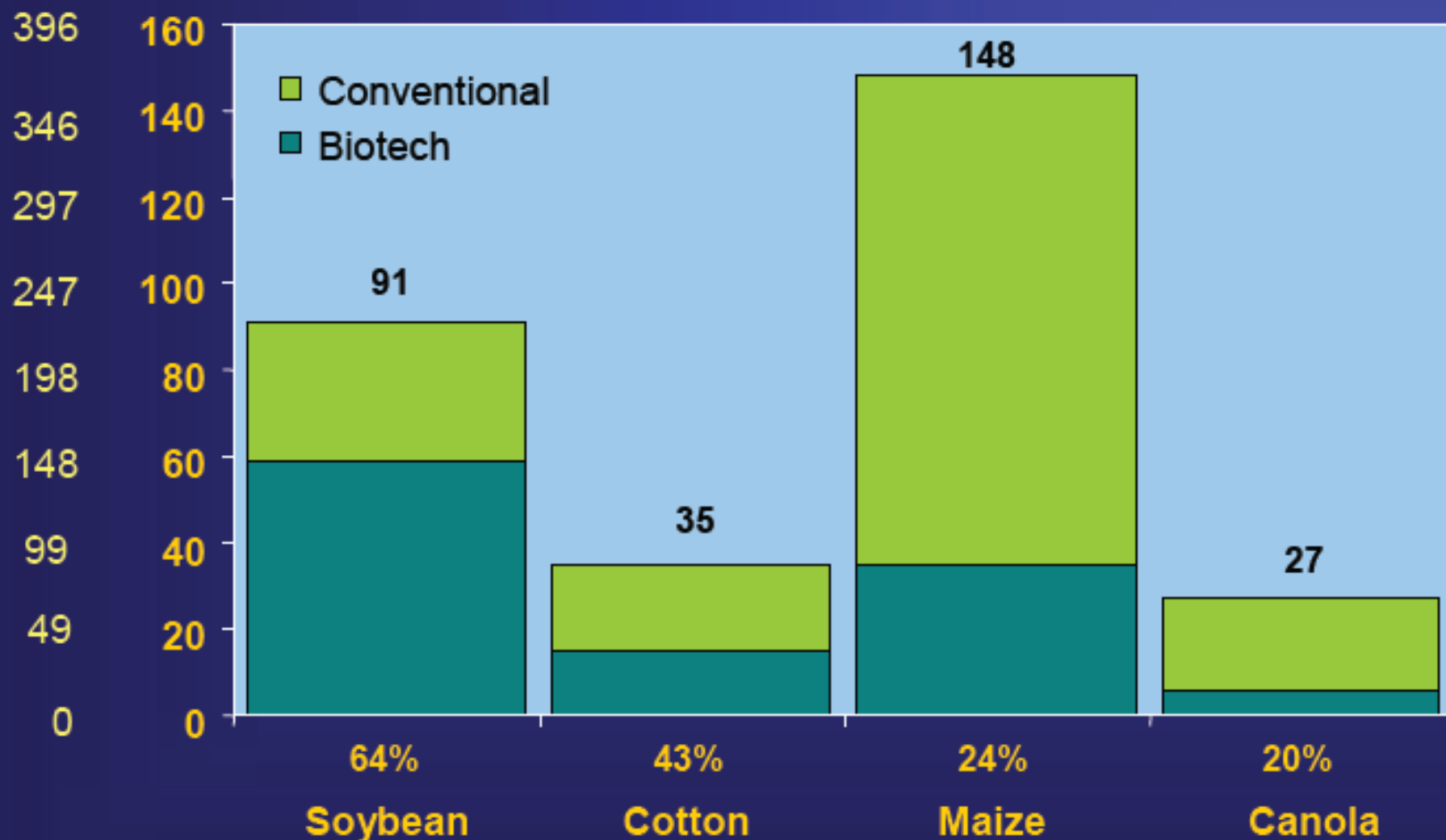
- 4% a year increase in productivity for 30 years
- 10% of this from increases in inputs
- 90% from increased TFP

Fonte: Gasques, I.G. e outros. "Produtividade e Crescimento da Agricultura Brasileira"

# Global Adoption Rates (%) for Principal Biotech Crops (Million Hectares) 2007



M Acres



Source: Clive James, 2008

Closing the circle on my personal  
experience...

Forging a new partnership between  
the World Bank and Brazil





No longer an  
“assistance”  
strategy

An expression of  
the new terms of  
partnership



- "The Bank Group should **not be engaging** in the many areas where Brazil has the knowledge and capacity to manage by itself";
- "The Bank Group cannot act as though it is a **"shadow government"** in Brazil, attempting to respond to every challenge that Brazil faces";
- "The Bank Group should be engaging primarily with the long-run, path-setting **"paradigmatic challenges"** where Brazil has not yet devised solutions and where international experience can be of particular value.
- "Bank analytic work needs to focus less on the **"what,"** more on the **"how"**.

- REACTION OF THE MICs ON THE BOARD?
  - “This is the sort of partnership the Bank shouldbe having with all the MICs”

# BANK ENGAGEMENT WITH THE CONTROVERSIAL 7000mw HYDROPOWER PLANTS ON THE RIO MADEIRA

## MINISTÉRIO DE MINAS E ENERGIA GABINETE DO MINISTRO

5. In this context the unwavering support of the management and staff of the World Bank over the past two years has been of enormous value. It has brought world-class technical expertise and knowledge to both of the questions (environment and competition) in a way that has been highly principled, non-bureaucratic and enormously productive. The fruits of this partnership are manifest in the Rio Madeira project, where the final price of the electricity at the bidding reached almost 25% less than national price for equivalent projects, contributing for lowering the cost of the energy for all future projects. And, I am sure, will be equally important in the Angra III nuclear project.

5. I regard the support you have given as fundamental to setting Brazil on a new and sustainable energy development path. It is this support which makes the World Bank a highly valued partner to Brazil.

Yours truly,



NELSON JOSÉ HUBNER MOREIRA

Ministry of Mines and Energy  
Federative Republic of Brazil

# For the Global Water Community there are major challenges and opportunities

- Leaders in developing countries:
  - are deeply suspicious of “partners from the developed world” who bring “solutions” that have never worked in now-rich countries
  - demand to act as subjects, not as objects
  - have enormous human and financial capital and are hungry for “this-generation” partnerships!

