

# OFFICE MEMORANDUM

DATE: December 11, 2001

TO: Edwin C. Lim, Country Director, SACIN, Ridwan Ali, Vincent Gouarne, Richard Ackerman, Bob Thompson, India Water Team, Water Resources Management Group,

FROM: John Briscoe, Senior Water Advisor

EXTENSION: 3-5557

SUBJECT:

Ed, et al.,

As you know, we had the Country Consultation on the Bank's work on water in India in May. In the case of the prior consultations (Brasilia, Yemen and Manila), I wrote up full reports for Regional Management. I had intended to do the same for this consultation. After struggling with it for some time, I have concluded that a more effective (and probably more enjoyable, for the reader) way of transmitting what we learned is to direct you to the relevant PowerPoint presentations.

To access the site go to [www.worldbank.org](http://www.worldbank.org), click on "Topics and Sectors", "Environment",  
(OR <http://wbln0018.worldbank.org/egfar/gfsc.nsf/MainView?OpenView>) .  
Then "water resources management" and "Water Resources Management", "water resources sector strategy" and South Asia.

I would specifically recommend that you look at the following:

*Document #4 -- our assessment of the Bank's contribution, based on field visits and document reviews*

*Document #5 -- Tony Garvey's summary of "what we heard" at the consultation*

*Document #6 -- my summary of "what we heard" at the consultation.*

I would urge that you download and run through the presentations -- it is easy and quick. To whet your appetite, I attach a print out of the powerpoints to the paper copy of this note.

Here let me just summarise some of the broad conclusions:

1. **THE CHALLENGE:** India faces tremendous challenges in managing its water resources and water services. From almost every perspective -- economic, environmental, poverty -- the sector is performing poorly.
2. **THE BANK'S ROLE IN KNOWLEDGE:** The Bank has done a lot of sector work on water in India, including, in recent years, the largest single piece of sector work in the Bank. This work, together with WBI work, has helped raise awareness of the water resource challenges in India and in some cases has helped to

move the focus of debate towards important reform issues and new approaches. But the analytic work has had serious flaws. A first important shortcoming is that there

has been little critical assessment of the Bank's own (considerable) role. The Bank's role is (conveniently) not analysed in any depth, but rather, "new approaches" are proclaimed as solutions (and past shortcomings not assessed). In part it is also because there have been few systematic data collected in Bank projects. Despite this massive sector work, and despite a specific recommendation from QAG on this 18 months ago, there is still no short, coherent statement of the Bank's strategy for water resources management in India.

3. THE BANK'S PROJECTS: The Bank has a large and diverse history and current portfolio in water in India. With some important exceptions, it is hard to trace lasting institutional changes, positive development impact or outcome from many of the Bank's water projects in the irrigation and water supply sectors. In recent years there have been some exciting developments in integrated watershed management, but these projects have mostly been at the micro level, face the classic "enclave project" sustainability questions and are not integrated with broader water projects. From our visits and consultations it is clear that there are a series of central issues which have not been adequately addressed in Bank projects to date. These include: water rights, groundwater, drainage, land-water integration, ecological flows, water quality and pollution control. There has also been relatively little explicit focus on poverty. The single most important cause of this poor performance has been a consistent unwillingness on the part of Bank staff to take on the key governance issues, especially policy and institutional reforms, in ways that result in lasting impact and change in behavior.

4. RAYS OF LIGHT: In recent years the Bank has taken a much more strategic approach to our overall work in India, with an emphasis on supporting reforming states with packages of reforms. This is an enormously positive development with profound implications for our work in water, as outlined below:

5. WHAT MIGHT BE DONE:

- A clear and explicit strategy, nationally and in states where we are engaged: The Bank urgently needs a country water resources strategy which is consistent both with the problems in India and the Bank's Country Strategy. (The recent "World Bank Water and Sanitation Sector Strategy for India" is an excellent example of what is needed for both irrigation and drainage, and overall water resources management.) While the recently published multiple volume Bank India Water Resources Sector Study is a landmark in Bank/GOI collaboration, it is too diffuse to provide either policy or operational guidance. And there is no sector work in our focus states where real reform is most likely to take place. The limited impact of national level "agreements" is exemplified by the recent failure of the central MOWR and the National Water Council to achieve adoption of a new national water policy because of the opposition from the States.

- Supporting innovative pilot projects: There are some important water activities which can be done at a local level without comprehensive reform at the state level. These include projects like the Shivalik Hills Watershed Project, the UP Sodic Lands Project, and the UP Rural Water Supply Project. An overall Bank strategy might consider including such projects wherever there might be champions.
- Getting out of water projects where there is no credible possibility of institutional reform: The major Bank lending in water has been for irrigation projects (until recently known as water resources consolidation projects) and urban water and sanitation projects. In most instances this lending (often with repeater projects) has been to institutions which perform extremely badly, and which face huge, systemic challenges if they are to reform<sup>1</sup>. There is no question that there can be no systemic improvement in development outcome without drastically reformed institutions. And it is equally clear that such institutions cannot be reformed without major political commitment, without a comprehensive approach to civil service reform and a strategy for greater involvement of the private sector and users. Accordingly, the logical approach for the Bank is to engage in water resource projects only where there is both political commitment and an ability of the Bank to link sector reform with comprehensive fiscal and administrative reform in the state (as is being done in AP and proposed in UP). Implementation of such a strategy will require strong leadership and a willingness to “pull the plug”, since there is a long history of Bank work in water in India of continuing long-standing relationships and hoping that the future will be different from the past.

## 6. HOW WE ARE ORGANIZED FOR WATER RESOURCES

**MANAGEMENT**: Until recently we have operated on the familiar, fragmented lines. Water resources management has been the territory of our rural staff, who have had the irrigation departments as their counterparts. With some important exceptions, urban water staff have hardly been engaged (or sought such engagement) despite the fact that water resource problems bedevil most urban utilities. And there has been little joint action with the staff working on the exciting new generation of community-based watershed projects. There are some positive developments – the addition of some excellent water resource professionals, the appointment of a Regional Lead Water Advisor, and a Lead Specialist in Urban Water and Sanitation. These are important steps in the right direction, but there is a long way to go before we act as we should.

7. **PARTNERSHIPS**: One of India's great riches is its sophisticated and deep civil society. In the water resources arena, the Bank has done little to develop

---

<sup>1</sup> The UP Irrigation Dept, to take one example, has 86,000 employees. Its professional staff consists only of engineers. Promotion is by seniority. Thus engineers spend about 25 years of their careers at the lowest grade and then, as they near retirement, they pass rapidly through the higher ranks. The average tenure of the Engineer in Chief (the senior position) is months.

effective and systematic partnerships with NGOs, academia and the private sector, despite the enormous potential of such partnerships in India.

8. AFTERWORD: As we discussed when we met in Delhi, India is at a very exciting point in its development. As said in another context, "the old is dead and the new is not yet born, and in the interregnum anything is possible". This conjuncture offers enormous possibilities for effective engagement for a World Bank which engages with partners, develops a clear, progressive strategy for change in water management, and works with committed reformers in translating ideas into practice.