

COMMENTS ON NATIONAL WATER POLICY¹

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First of all thank you for providing this opportunity to share my views about the National Water Policy. I would like first to commend the Prime Minister and Chief Ministers for bringing to fruition an exercise which has been going on and pending for 16 years. I remember when I was in the government in 2002 we started this process of formulating a National Water Policy but it never saw the light of day so this government and the chief ministers deserve our commendation for bringing this to a point where we can have a policy on which we can debate, discuss, propose suggestions and carry forward.

The second feature of this policy which strikes me as positive is the agreement among all the provinces on the need for storage. This has been a very contentious issue in Pakistan so for the first time there is a consensus on the need for establishing water storage reservoirs which will regulate the flows to regulate intra-year variations in the water availability. That is something which I feel is very much desired as it will provide the necessary impetus for accelerating the work on storage dams. These don't have to be large dams. The World Bank experts have suggested that we can have run-of-the-river dams also which are not really storage dams but they are trying to regulate and calibrate the flows during the heavy season and lower season. So I won't go into that because I'm not an expert.

What I would do next is to raise a few reservations which I think need to be taken into consideration for what I call as the operationalization of this policy. My first reservation is that this policy has 37 objectives. In public policy literature and practice, each objective requires a policy instrument; otherwise these objectives remain hanging too much up in the air without any anchors. The document does not spell out the specific instrument which maps out against each objective. And that work has to be carried forward to make this policy more operationally relevant. The document chooses the right jargon, pays lip service to integrated water resource management and it flags the priorities and the planning processes. But we all know that integrated management can not take place unless the challenges of segmentation and allocation of water at the transboundary level, between the upper and riparian provinces, and at the individual consumer level are explicitly addressed and consensus reached to adjudicate the competing claims of the various contending parties at each stage.

There are many tradeoffs and choices which have to be exercised in order to reach this integrated management system and particularly when there is scarcity of the water resources in relation to the growing demand arising from expanding population. How much do we allocate for food, energy security, how much for industrial purposes, how much water goes for drinking supplies, for preserving our habitat and ecosystems and biodiversity and how much to prevent intrusion of the sea. Both from eco system as well as livelihood perspectives there is a lot of concern about the decline in the water flows to the sea. The issue is not settled as there is a vigorous debate on the right quantum of optimum flows beyond Kotri Barrage as some people think that too much scarce water is flowing into the sea, while others justify that on basis of ecology, biodiversity and mangroves, that the water downstream is too

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little in relation to the requirements of the habitat. These are tough issues which need to be really debated as there cannot be an Integrated Water Management system without making these tradeoffs and the choices. We must be aware that there would be winners and losers from each policy decision made and one of the big difficulties we have in this country is that we shy away from making hard choices. We don't want to slip this issue under the rug; we should consult, discuss and debate and then boldly come forward and say this is what the allocations for different purposes are going to be.

My other problem is do we optimize financial or economic returns per cubic meter of water at an aggregate level, or first we decide that the proportion or the portion which is required for drinking purposes of the population should be hived off from the top without any consideration of returns and then we move to the second level for public consumptive uses of water. Drinking water is becoming a right-based issue in many countries and I think it will become a right-based issue in Pakistan also. Now to think that we would have a two-tiered structure where the first tier you take care of the drinking water requirements of the future 250 million population of this country and then say the residual is for agricultural, industrial, energy and ecological purposes. We are confronted with the issues of food security, energy security and industrial sector consumption and the rate of return on the residual water is going to be much lower as compared to the situation when there was no tiering involved. So I wanted to emphasize that the National Policy, to be meaningful and effective, cannot escape making these difficult determinations and face their consequences.

The third point is that we are relying too much on extraction of groundwater to augment our surface water – and one of the provinces really has benefited a great deal from this augmentation. If the underground water is also becoming non-usable and saline by over mining and pollution of aquifers, how would the loss in this availability of groundwater be made up. If this is not likely to become available in the quantities that have been extracted in the past, Punjab would have serious difficulty in meeting its recurring requirements for agriculture and food purposes. How will we make up that shortfall? Now I'm just raising these questions because any policy to have teeth should not be left at the higher level of generalizations but should go beyond those in order to come to terms with these problems.

My next reservation arises from absence of a comprehensive review of past water resource management practices in Pakistan and thereby identifying the factors which were responsible for such poor outcomes in terms of efficiency, productivity and optimal utilization. We can then discern whether the new policy has taken concrete and specific measures to address those factors so that we can be comfortable and confident that the proposed policy will be able to mitigate and overcome these constraining factors. I don't find that analysis of the past included in this report. So there is a need for building our future policy on what we had done in the past; where we had succeeded and where we failed. In the latter case why did we fail and what lessons have we learnt. Those lessons should be a part of this new policy for the future.

The last point I would like to make is the lack of detailed statistical information or the projections for the future. Yes there are targets and the document does say that 33 percent of the river flows of 46 MAF that are lost in conveyance are to be reduced. Increases in the efficiency of water use by producing

“ more crop per drop” are laudable and no body can disagree. We do not know how and why this number has sprung up. We have no idea as to why this target has been chosen and how will it be achieved. What will be different this time when the political economy compulsions have not allowed this to happen in the past. What are the changes that we think would enable it to happen this time around. Would the permissions allowed to the big and influential landlords to establish direct outlets from the canals be rescinded ?

So those are some of my reservations and suggestions for refining this policy further and there are opportunities for us because there will be need for an action plan to implement this policy and there will be sub regional plans and strategies which can incorporate some of these short comings of the present policy. But as I said earlier , this is a very good move and we should all work together to help them out for refining and making this policy operational.

Now I come to the task which has been assigned to me on the governance issue of the water sector. The policy does state in Article 2.20 that strengthening and capacity building of water sector institutions is one of the 37 objectives, and paragraph 29.1 states that the real challenge is not just listing what needs to be done because it is well known but how to do it and who will do it with clear timelines. The document claims that the policy has aimed to achieve exactly that and I would again commend them for that statement. The devil lies in the details but those details are missing in this document but should be part of the National plan for the implementation of the policy evolved in consultation with the provinces,.

I also think the formation of the National water council and Steering committee on water is necessary but , as we economists are taught , not sufficient to overcome the coordination failures in the water sector. These bodies should be able to play a useful role in resolving the differences and disputes among the provinces and hopefully build up consensus. But past experience shows that such high level bodies do not meet regularly or at the desired frequency. If they do meet the binding decisions are postponed or left pending or assigned to sub committees. Now all of you know how busy our Prime Ministers and chief ministers are. They head 50 or 60 committees in addition to the Cabinet and other statutory bodies, Parliamentary responsibilities and running day to day administration under a highly centralized system of decision making. It is almost unrealistic to expect them to find adequate time or span of attention to resolve a lot of knotty questions which would come before the Council. We may be lucky if they can spare time to chair one Council meeting in a year. I remember that there is an export promotion board and considering that export is a priority and is on a downward decline for the last 7 years, I had imagined that convening of the export promotion board would be priority number 1. But because the successive PMs have remained very busy there hasn't been a meeting of the Board for a long time. So I don't want the Water Council to fall in the same trap when you have all the good intentions but in fact nothing really happens as far as the performance of this high powered council is concerned. Even the chief ministers are overloaded; they have too many committees and councils and too many other urgent competing demands on their time. So I would hope that these bodies which have been proposed work effectively.

The policy document rightly places the onus on the provincial water authorities but I would submit that there is no discussion or analysis as to why these authorities have not performed well so far. The World Bank that had advised on these institutional reforms, itself is on record in their evaluation that the Provincial Irrigation Development Authorities (PIDAs), area water boards and water user associations have not really done what they were supposed to do. There is now a greater fragmentation in responsibilities and accountabilities of irrigation governance system since establishment of PIDAs. Irrigation departments still remain very powerful because they are the focal point between the government and the people in the assembly and there are turf fights and struggles for resources between PIDAs and the departments. Either energies are dissipated in this turf fighting or we have a situation where irrigation depts. have de facto captured the PIDAs. In my view this has diverted attention from service delivery to into non-productive tensions between the depts. and the PIDAs and the distinction between the two entities has blurred. As these reforms were proposed by World Bank so the Bank should see what can be done in order to create a more conducive environment for service delivery. Farmers' associations, I'm afraid at least in Sindh, have been captured by the same people who are responsible for most of the governance failures of irrigation system and that is something we have to revisit.

Let me give you my personal views about effectiveness of water sector institutions in performing their functions. By now we are quite aware that institutions are a combination of policies and objectives, laws, rules and regulations, organizations, their core values, operational plans and procedures, Incentive mechanisms, accountability mechanisms, and last but not least informal norms, traditions, practices and customs. Now the first few features which I have described to you belong to what we call as the formal aspects of the institutions. And the latter to the informal aspects of the institutions. The formal institutions have the dual responsibility of performing both facilitating the individuals and the groups to track the delivery of the services they are responsible but also constraining them from socially undesirable behavior. That's the domain of the formal institutions. And I also want to emphasize this point which is not very well appreciated that there is a distinction between institutions and organizations. We say WAPDA is an institution but we also say WAPDA is an organization. Institution encompasses much larger picture which I described to you and the organizations are only a very small part of this. If there are no policies, rules, regulations, no incentives and no accountability mechanisms the organizations will not be able to perform. So what is happening is that the organizations which are responsible for efficient delivery and equitable distribution of scarce water resources have been actually captured by small segments of politically influential, economically strong, and socially powerful individuals and groups. These powerful groups and individuals have nullified the other features of the formal institutions for example accountability, rule of law, processes, and created perverse incentives that benefit them and their cronies only. The postings, transfers, promotions and appointments to key positions in the irrigation depts. as well as the PIDAs are made according to the wishes of the patrons with whom the officials have linked themselves and therefore the officials reciprocate the favors which have been bestowed upon them by obliging their benefactors and collecting rents for themselves.

Tampering water courses at the head are blatantly allowed by these officials, over flooding the fields of these big land lords while depriving the poor tail enders of their rightful share under the WARABANDI

system. And there is no mechanism for those who are adversely affected to ventilate their grievances. If they file their complaints to Irrigation department officials no action is taken by them because of their connections and the patronage they enjoy. So what do they do? They even do not make complaints, and the productivity differentials by those who are at the head and those at the tails which are the poor segments of agriculture economy are in the ratio of 3 to 1. And we are creating over flooding and water logging by the suboptimal use of water which is an excess of the requirement of the crops. If we just are able to increase the water availability to the tail enders by factor of 1 to 2 the aggregate productivity levels will go up, the incomes of these poor farmers will increase, and we would have much larger production and the efficiency of the irrigation will also improve. So the formal institutions are now being driven by the informal practices, traditions, customs in which the more powerful parts of the population are actually taking away most of the scarce resource which is breeding inefficiencies, inequities as well as the future problems of food security. So this is the political economy of the governance of water sector in Pakistan and the policy does not come to grips with this particular problem of the political economy. And unless we wake up and try to address this issue I don't think the policy with all its pious hopes will be able to overcome and reach its objectives.