

Minutes of the Third meeting of the
TASK FORCE ON FINANCING WATER FOR AGRICULTURE (TF-FIN)
 New Delhi, India
 07 December 2009: 14:15-18.00 hours

Year of Establishment: 2007

Mandate: The focus of the TF will be to get a better understanding and insight (assessment) of: (i) the demand for financing, (ii) for whom are those investments in agriculture water, (iii) the present financing mechanisms, constraints met from the demand side, and (iv) the changes and innovations for more appropriate mechanisms to enable better access to finance.

Members Present: (i) Dr. Gerhard Backeberg (South Africa), Chairman; and (ii) Dr. Vijay K. Labhsetwar, ICID Central Office.

Members Honoraire Present: (i) VPH Dr. Henri Tardieu (France); and (ii) VPH Prof. Hector Malano (Australia).

Observers : (i) Mr. V.K. Chawla (India); (ii) Prof. Kazumi Yamaoka (Japan); (iii) (iv) Mr. Bashir Ahmed Sial (Pakistan); (iv) Mr. Sylvain-Roger Perret (France); (v) Mr. E. Farhadi (Iran); and (vi) Dr. Brian Davidson (Australia).

Note: In the absence of the Chair and Vice-Chair of the Taskforce, Dr. Vijay K. Labhsetwar (ICID) introduced and requested Dr. Gerhard Backeberg (South Africa) to Chair the meeting. Dr. Backeberg requested Dr. Brian Davidson (Australia) to assist in taking the minutes. It was agreed to review membership of the taskforce and elect new office bearers. The agenda of the meeting was changed to conduct the workshop before undertaking the business at hand.

Workshop on “Development and financing of irrigation schemes” (Item 7)

Three papers were presented on the central theme of the workshop “Development and Financing of Irrigation Schemes”.

Dr. Gerhard Backeberg (South Africa) first informed the members on the history and evolution of the workshop. He then presented the opening paper. He argued that the development and operation of a publicly funded irrigation scheme involves many actors, with the Government as a key driver in the process. As such a number of social, economic and political objectives need to be achieved. In meeting these objectives a number of assessments need to be carried out, many of which are well known in the literature, but are not necessarily undertaken. It was suggested that Gittinger provided an excellent basis upon which to make the required assessments. In undertaking these assessments it is necessary to identify the beneficiaries, the types of expenditure needed, the source of funds, the revenues and taxes derived. Ultimately it becomes a question of setting user charges and an assessment should be made of the ideal way of doing this.

Dr. Brian Davidson (Australia) argued that many assessments of engineering projects do not take account of the basic principles of economics. He outlined the fundamental principles of markets that need to be understood and a number of simple extensions that should be incorporated into any future assessments. An example of how these principles could be used was presented.

Dr. Sylvain Perret (France) presented an assessment of an irrigation scheme in South Africa. He outlined the difficulties in obtaining data and on monitoring the economic health of the scheme. In addition, problems existed in how to evaluate the data that was obtained. They used a discounted cash flow approach that ‘back-casted’ the life of the project. The work led to questions of how water should be charged for that accounts for the social circumstances in which they find themselves.

In the discussion that followed, the following issues were raised:

- Financing water needs to be split between the costs of establishment and the operations and maintenance. Each requires a different approach.
- One needs to ask who would be interested in investing and what security would they get for their investment?
- Should publicly funded schemes be measured by the same tools that are used to evaluate a private investment?
- Perhaps a balance among beneficiaries should be assessed? It is not only farmers who pay for irrigation. This takes us to the national benefits of irrigation. So what needs to be done about the 'value added' issues?

How the user charges system works in Iran and Pakistan were presented and discussed.

It was concluded that the ICID, as a well grounded organisation, needs to develop and take positions on these issues. The future discussions should be narrowly focussed on user charges and the associated financial issues. In some ways this needs to be done for existing schemes and the ones that are being proposed.

Other selected Agenda items

It was agreed that items 1 and 2.1 should be addressed. Item 3, 4, 5 and 6 were deferred in view of the new focus of the taskforce.

Item 1 : Confirmation of the minutes of the previous meeting

The last meeting of the taskforce was held 2 years ago. As no one from that meeting was present at the current meeting, a motion to accept the minutes as an accurate reflection of the meeting was not resolved.

Item 2.1 : Election of a New Chair and Secretary and Membership

The following proposed members were accepted into the taskforce:

- Vice President Hon. Dr. Henri Tardieu (France)
- Mr. E. Farhadi (Iran)
- Dr. K. Yamaoka (Japan)
- Dr. G. Backeberg (South Africa)
- Mr. V.K. Chawla (India) was proposed as a replacement for Mr C.S. Mathur (India)

It was also proposed that Dr. Sylvain Perret (France) and Dr. Brian Davidson (Australia) should approach their national committees and become proposed members of the Taskforce.

Given a change in direction and new work commitments, the Chair of the Taskforce Ir. Paul van Hofwegen (The Netherlands) has resigned. Dr Gerhard Backeberg (South Africa) was elected as the new Chair of the Taskforce. Dr. Sylvain Perret (France) was elected to be the Secretary of the Taskforce (subject to nomination from French National Committee as an observer since only one person per National Committee is acceptable).

Item 8 : Work Plan of the TF

A set of workshops at annual ICID meetings will be planned to cover the issues raised in New Delhi workshop in 2009.

Item 9 : Any other business

Dr. Gerhard Backeberg (South Africa) agreed to enter into discussions with the Central Office on refining the aims of the Taskforce such that they are more in line with those presented in the background paper. It was stressed that this Taskforce is not interested in rewriting existing literature on the economic evaluation of publicly funded irrigation and drainage systems.

Rather, it was agreed that the Taskforce should very narrowly focus on what is an extensive area of user charges and its associated economic influences. Broad issues, such as water, social, economic and agricultural policy, while needing to be accounted for, are considered to be beyond the scope of this Taskforce. It was agreed that the aim of this Taskforce is to get the ground work and conceptual framework for the financial evaluation of irrigation correct.

It was agreed that the output of the Taskforce would consist of a set of workshops at annual ICID meetings and a set of briefing papers emanating from these workshops.

Initially, an evaluation of the existing user charges in different countries would be presented. Participants agreed to present a short briefing paper on the methods of imposing user charges in their country and to present these at the next meeting of the Taskforce. In the meantime, Dr. Gerhard Backeberg, Dr. Brian Davidson, and Dr. Sylvain Perret will prepare guidelines for case studies to be presented on “principles and practices of water charging systems in irrigation: cross-country experiences”, so that the resulting compilation yields comparable materials, leading to fruitful outputs, debates and cross-learning.
