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Water Allocation Without Institutions, Markets or Policies: Observations from Projects in East Africa and Asia

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ABSTRACT

These comments are based on experience from several large single-purpose hydropower projects located in East Africa and Asia which have had clear water allocation conflicts in conditions with weak or nonexistent institutions, markets or government policies for water management.

Each project has had an Environmental Impact Assessment carried out (prior to initiation of construction activities) which identified at least one major adverse impact directly related to the flows diverted for hydropower production. The significance of the impacts was accepted, prior to construction, by all parties involved in the decision-making process. In each case, however, the projects have operated (either with explicit permission or by informal agreement) so that the adverse impacts have been neither appropriately mitigated nor adequately compensated. In the case of one project in Tanzania, operation of the hydropower facility took place in explicit violation of the conditional water right, despite the simultaneous implementation of a project to improve water management effectiveness funded by the same multilateral development bank and advised by the same consultants.

How do such situations arise – and how could they be avoided? Clearly the major cause of the situations described above is institutional inability to allocate and manage water on a systematic and coherent basis. In the long term, this should be addressed by strengthening the water management institutions - but development of the necessary institutional capabilities typically requires years - and project decisions often cannot be delayed while institutional strengthening takes place.

The ability of weak resource management agencies to address such situations is further limited by the practice of relying upon the project promoter to manage and coordinate project

studies, formulation and design. This often results in a situation in which the project design has progressed to an advanced level (and therefore difficult and expensive to make alterations) before issues such as environmental, cultural and socioeconomic impact and mitigation are seriously considered by the relevant decision makers.

It is suggested that, in situations with weak resource management institutions, objective consideration of relevant project aspects may be enhanced by the assignment of initial project studies and permitting support activities to an agency other than the project promoter.