

CORPORATIZING RIVER BASIN ORGANIZATIONS



**NARBO International Seminar on
Corporate RBOs in Asia**
22-24 June 2011; Malang, Indonesia

Experts Discuss Corporate River Basin Organizations in Asia

Wider choice of RBO models in Asia

Wider Choice

Across Asia, a variety of small and large river basin organizations (RBOs) are now helping governments and stakeholders to implement integrated water resources management (IWRM) in river basins and thereby increase water security. Most of the RBOs operate within the structures of regular government departments. However, a growing number of governments has opted for a corporate or quasi-corporate model to provide RBOs greater autonomy in their management, capacity development, and revenue generation. Decision-makers who are considering how to establish new RBOs or to strengthen existing ones now have a wider choice of models and examples to determine effective solutions that suit the local conditions.

The Seminar

The Network of Asian River Basin Organizations (NARBO) convened the first International Seminar on Corporate River Basin Organizations in Asia, in Malang, Indonesia on 22-24 June 2011. The objective was to explore the benefits that corporate RBOs can deliver to governments and basin stakeholders in Asia, and the necessary conditions for corporate RBOs to function effectively. The Seminar was organized by the NARBO Secretariat and Jasa Tirta 1 Public Corporation (PJT1, a leading corporate RBO in Indonesia), and hosted by the Centre for River Basin Organizations and Management (CRBOM) and PJT1.



H.E. Mr. Djoko Kirmanto
Minister of Public Works, Indonesia

“Indonesia may share its experience in dealing with the two types of river basin organization. We are embarking on a process to move the public type of river basin organizations into quasi-corporate river basin organizations. If in the future, the financial aspect of the quasi-corporate river basin organizations improve, they will be transformed into corporate-type of river basin organizations.”

Keynote opening address for IWRM Executive Retreat on Leadership in River Basins and the seminar, 20 June 2011.

What are strengths and weaknesses of RBO types?

Unpacking the Models

The two-day discussions were informed by a background paper (Isnugroho and Nielsen) presenting existing cases and a proposed analytical framework for decision-makers, which centered on: (i) strengths and weaknesses of existing types of RBOs in Asia; (ii) application and performance of corporate and quasi-corporate RBOs; and (iii) how governments can determine an appropriate RBO model. The program included presentations, panel discussions, and plenary discussions.

Cross-Sectoral Cooperation

The seminar provided participants with the opportunity to learn about the work and performance of corporate and quasi-corporate RBOs in Asia, and participants expressed interest in applying lessons learned in their respective countries and basins. In particular, the example demonstrated by PJT1 in managing IWRM at the basin level and sustaining its operations from user revenues provided an eye-opener for many of the participants. Participants shared the general view that the choice of an RBO model depends on the situation in the basin, including political and social-economic conditions. The value of having a multi-stakeholder council in the river basin was also widely appreciated. Several RBOs proposed follow-up activities including training to facilitate cross-sectoral cooperation, and requests for advice from NARBO on how best to arrange financing and revenue generation.

Who Participated?



Some 70 participants from Asia and beyond: RBO champions, decision-makers, academics, discussion leaders and resource persons from Bangladesh, People's Republic of China, India, Indonesia, Japan, Lao PDR, Malaysia, Philippines, Spain, Sri Lanka, Thailand, Uzbekistan and Viet Nam, with experts from Asian Development Bank (ADB), Asian Development Bank Institute (ADBI), United Nations Economic and Social Commission for Asia (UNESCAP), Japan International Corporation Agency (JICA), and Japan Water Agency (JWA).

How to determine an appropriate model?



Existing RBO Types in Asia: Strengths and Weaknesses

Corporate RBOs can adapt fast to basin needs



Three Types of RBOs

As a starting point, a distinction was offered between three types of RBOs in the region:

- **The Council (or committee)**, providing guidance, for example on water-sharing and water-related development. Secretariat functions are provided externally (for example by a public RBO);
- **The Government RBO**, with the status of a government body, often placed under a ministry, and managed and staffed by government employees; and
- **The Corporate RBO**, owned by the state, and operating as an independent legal entity with revenues and good governance.

Strengths and Weaknesses

Tue Kell Nielsen, CRBOM adviser, presented strengths and weakness of each type. Councils are strong in inter-agency coordination and stakeholder collaboration. Government RBOs, as an integrated part of the government system, are strong in liaison with senior officials and in promoting investments through the public investment procedure.

Corporate RBOs are strong in revenue generation and financial autonomy, attracting highly proficient staff, and responding fast to new needs and opportunities.

Discussion Leaders



Keizrul Bin Abdullah
Chairperson,
NARBO



Ravi Narayanan
Vice-Chair, APWF
Governing Council



Salmah Zakaria
UNESCAP



Slamet Budi Prayitno
Founding Basin Council
Chairman, Solo River Basin



Xiaoliu Yang
Professor, Peking
University

Sustainability depends on legal, social and political aspects and revenue generation

Isnugroho, CRBOM Executive Director, emphasized the need for integrated management, particularly in operation and maintenance of basin facilities which needs adequate budget.

Capacity and Sustainability

Joaquin Andreu of Valencia's Polytechnic University highlighted that RBO strengths and weaknesses are related to their membership and procedures for establishment. He also mentioned the importance of preparing for future sustainability in the basin, including groundwater management.

Satoshi Ojima of JICA said that the capacity development of RBO staff is important for each type of RBO to achieve its objectives.

Koichi Takano of ADB pointed to combinations of RBO types existing in several of the region's river basins.

The sustainability of an RBO depends on its legal, social, and political aspects, and its capacity to generate revenue from users.



Dharanipragada Satyamurty, Principal Secretary for Water Resources, Karnataka, India, pointed to 10-15 years of experience with 3 corporate water service companies and highlighted the need to apply IWRM principles with coordination of legal, social, and political dimensions for sustainability. He suggested a combination of corporate and council RBO types drawing on the strength of a corporate model for planning and management, and of the council model to involve environmental stakeholders and NGOs.



Mr. Keizrul Bin Abdullah
NARBO Chairperson

“For RBO’s sustainability, the fittest model can survive. If the RBO is not fit for the purpose, it will die. At the same time, you need to look at financial side. Without money, nothing can move. And, it depends on national policies. There is ‘no one size fits all’. Don’t think that there is one solution for you. Ultimately, each RBO is unique. You have to learn from others but you have to come up with your own model. Hopefully, you will share your experience with NARBO so that our members can have more models to choose from.”

Corporate and Quasi-Corporate RBOs

Corporate RBOs to implement a basin roadmap to increase water security

What are corporate and quasi-corporate RBOs?

Corporate RBO:

- Status of a corporation
- Owned by the state
- Accountable to the state for its activities
- Operating as an independent (and financially autonomous) legal entity

Quasi-corporate RBO:

A public RBO with some features of a corporate RBO, such as

- Autonomous decision-making
- Staff employment
- Direct revenue stream

RBO is a structure and a culture

The discussion of application and performance of corporate and quasi-corporate RBO types was opened with a reflection on a stepwise evolution of RBOs by Wouter Lincklaen Arriens, ADB Lead Water Resources Specialist and Vice-Secretary General of NARBO. Marisha Wojciechowska-Shibuya of Maxims News Network shared her views that the choice of RBO type be guided by its desired outcome and impact on users, who are the RBO's constituency.

Tadashige Kawasaki of JWA, saw a link between RBO type and their financing, and recommended that corporate and quasi-corporate RBOs also explore opportunities to raise funds through bonds. Basuki Hadimoeljono, Inspector General of Indonesia's Ministry of Public Works and NARBO Senior Adviser saw infrastructure and political support as key factors for government RBOs to corporatize.

Ravi Narayanan, Vice-Chair of the Asia-Pacific Water Forum's Governing Council, wrapped up the discussion saying that each RBO type has advantages in different circumstances. "I have come around to the view of 'Horses for Courses' for RBOs. What is key is that the organizations have adequate capacity to generate good, accurate, and easily transmittable information. An organization is only a skeleton. It's going to be populated by the sword – and that is leadership. It is not just a matter of structure, but it's also about culture. Inspiration of the organizations is a key to success."



Corporate RBOs to explore bond financing

The coordination 'game' can be played better

Secrets for Success from RBO champions

On request of the participants, RBO champions from Indonesia, Japan, the Philippines and Sri Lanka shared some of their secrets for success. These typically revolved around confidence and respect, building of good relations among water users, decision-makers and other stakeholders, support for revenue generation, and the ability to provide effective solutions during crises.

Xiaoliu Yang of Peking University reflected that water tariffs need not be the only source of revenue for RBOs. When ministries request RBOs for assistance, this should come with additional financing. RBOs can also learn to play the game of coordination among ministries and local governments better and smarter. He mentioned that several RBO champions, including JWA, had already demonstrated their effectiveness.



“The process of Integrated Water Resources Management has phases. The first phase objective is to convene players. Having a multi-stakeholder platform to discuss together is key. Government and council type RBOs are typically helpful to spearhead this process. Building on the multi-stakeholder approach, adopting strategic roadmaps will then engage a coalition of partners to work together. This can be considered as a second phase, where it is important to involve universities, research centers and corporate RBOs to undertake proper quantitative analysis as a basis for recommending decisions. The private and corporate sector will be part of these coalitions for change in river basins, as well as user associations and local government organizations. The third phase is to implement the basin roadmap. The selection of corporate, quasi-corporate and government type RBOs is critical for success in this implementing phase. The stakeholders will be looking for leadership by capable and well-resourced RBOs that demonstrate excellence to serve their basin clients. To implement basin roadmaps and increase water security in the basin, a capable RBO needs to take the lead.”



Wouter Lincklaen Arriens
Asian Development Bank

Learning from RBO Champions: Secrets of Success



Katsuaki Kawano
Japan Water Agency

“Credibility from stakeholders is indispensable for RBOs to improve water resources management, supported by financial revenue, human resources, and technology. JWA combines benefits of both public and private sectors in supporting public welfare with strong management skills, cost efficiency, and customer-orientation.”

<http://www.water.go.jp/honsya/honsya/english/index.html>

“We have active community participation in all aspects of project planning and implementation. We have commitment of local government units in implementation of the various laws and regulations. We are working hand-in-hand with local government units. That’s why they are financially supportive to our environmental projects.”



Catherine L. Buena
Laguna Lake Development Authority, Philippines

<http://www.ilda.gov.ph/>

Laguna Lake Development Authority, Philippines



Sudharma Elakanda
Mahaweli Authority of Sri Lanka

“We are dealing with five ministries involved with water. Two are sharing a major part of water activities, and both of them like to take lead. We formed a steering committee and asked the secretaries of both ministries to lead as co-chairs. And, we go to the chief secretary when they cannot come to an agreement.”

<http://www.mahaweli.gov.lk/>

“Our success factor is that we are supported by ISO 9001-2008. We can achieve the best level of service through a virtuous cycle. Focusing on customers and stakeholders leads to customers satisfaction, which raises willingness to pay water service fees, which ensures revenue for financial sustainability of the RBO, and results in sustainable management of water resources in the river basin.”



Harianto
Jasa Tirta 1 Public Corporation, Indonesia

<http://www.jasatirta1.co.id/>



Herman Idrus
Jasa Tirta 2 Public Corporation, Indonesia

“PJT2 has three secrets for success. First, our governance system covering regulation, internal business, and relationships with customers and other agencies. Second, our capacity development and technology. And third, how we raise financing from revenues.”

<http://www.jasatirta2.co.id/>

Choosing an appropriate RBO model

What should be considered?

Basuki Hadimoeljono shared that RBO leadership is needed to cross sectors and administrative boundaries and to ensure timely decision-making after consulting stakeholders. Local government preferences and the social economic development in the basin will influence the choice of RBO type.

Monowar Hossain, Executive Director of the Institute of Water Modeling in Bangladesh, said that leadership is critical for a knowledge-driven IWRM process in river basins. Leaders should use knowledge to catalyze results.

Marisha Wojciechowska-Shibuya underlined the importance of using the media to promote collaboration, and influence public opinion and policy makers.

Kenji Someya, Director, JWA and NARBO Vice-Secretary General mentioned the importance of building on historical experience in river basin cooperation and for RBOs to avoid duplicating mandates with other organizations in the basin.

Sudharma Elakanda emphasized that RBOs are expected to promote holistic development with social, environmental, and economic outcomes. He mentioned that RBOs should demonstrate added value from the IWRM process, ensure they have commitment from government, and

Capacity development is key to maturity

be clear on the kinds of reforms needed. For mature RBOs, capacity development programs for strategic planning, leadership, management, economics and social dimensions, and computer modeling, are critical.

How can academia and development agencies support?

Wasan Jompakdee, Professor at Chiang Mai University in Thailand and Agus Suharyanto, Professor at Brawijaya University in Malang, Indonesia explained that universities can train RBO staff and involve students in collaborative research. Joaquin Andreu added that universities can help RBOs in planning and decision-support systems that increase transparency and trust among stakeholders in the basin.

Wouter Lincklaen Arriens emphasized that development agencies like ADB have three roles: project financing; helping the region in knowledge sharing; and supporting leaders.

Helena Lawira from ADB in Jakarta and Tal'at Nasirov from ADB in Tashkent explained how their clients in Indonesia and Uzbekistan want to share knowledge through NARBO to find better solutions in basin management.



Mr. Tjoek Walujo Subijanto

President Director, PJT1 and NARBO Vice-Chair for Knowledge Management

“We can mutually benefit from collaboration with universities. We have opportunities to upgrade our staff. Brawijaya University and PJT1 prepared an education curriculum for high schools and built a water quality monitoring network together. Participation by high schools has grown from 6 to 72 schools in 10 years.”



IWRM is now embedded in investments in Asia's basins



Masakazu Sugi, JICA Expert, mentioned that capacity development needs continuous education interweaved with practice. He emphasized the need for more capacity development of middle management in RBOs.

How are RBOs embedding IWRM in basins?

Vicente Paragas, Executive Director of the National Water Resources Board of the Philippines, shared how an ongoing amendment of the water security act includes chapters on strategy for water resources management and RBOs. He recommended to give RBOs a national discussion forum to exchange experiences.

Siti Haida binti Ramli of the Selangor Water Management Authority in Malaysia reported on discussions to establish quasi-corporate RBOs and introduce payment for ecosystem services.

Marissa Salvador-Abella, Chair of the HELP Davao Network, reported finding win-win solutions for ecology and economy through localized IWRM guidelines for the Davao basin.

Alexsander Loktionov, Deputy Chief of the Syr Darya Corporate RBO in Uzbekistan, shared how countries in Central Asia work together to manage this transboundary river.

Subrat Rath, Deputy Director for Basin Planning in the Water Resources Department of Orissa, India, shared about awareness raising activities that are facilitating the setting up of a new RBO.

Chanthanet Boualapha, Director General of the Nam Ngum RBO in Lao PDR, shared that two new RBOs established 2009 in Lao PDR are coordinating with private investors in the basins.



“We already have three corporations in water resources sector. For the last 10-12 years, they have been functioning quite effectively. Therefore corporate is an appropriate, effective and working model. When we are talking about river basin planning, decision and policy making, it has to be more civil-society-wise. The corporate RBO model is efficient, effective, professional and 100% people centered and we can apply it in combination with the council model. I think that will give Asian governments the best model for river basin management.”

Mr. Dharanipragada Satyamurty

Principal Secretary for Water Resources, Government of Karnataka, India

“The seminar provided information to policy-makers, water executives and professionals to further explore the application of corporate type river basin organizations, even through a quasi-corporate stage, and how to implement integrated water resources management at the lowest appropriate level.”



Mr. Basuki Hadimoeljono

Inspector General of Ministry of Public Works, Indonesia,
NARBO Founding Chair and now Senior Adviser

Xiaoliu Yang summarized that the added value of RBOs is being recognized by decision makers, and that dialogues between decision makers and practitioners are crucial.

Conclusions

Participants provided ample examples of RBO work and shared opinions on a variety of issues and opportunities in their basins:

- NARBO members can advise governments on determining a suitable RBO model for basin management in each situation.
- The IWRM process has been adopted by RBOs to pursue balanced economic, social and environmental benefits in the basin.
- RBOs are tapping into opportunities through NARBO to share knowledge on preparing their river basins for the future.
- The value of the corporate RBO model combined with a basin council resonated with participants, drawing on Indonesia’s demonstrated practice and policy.
- Leadership, culture, and human resources management are keys to success.
- RBOs can grow through a quasi-corporate stage to arrange financing from revenues.
- Good governance is key, with oversight from a river basin council with members from government, private and civil society.
- Roadmaps help RBOs to map out IWRM investments with buy-in from stakeholders.
- More investment is needed in transparent data, information, and decision-support systems for RBOs and stakeholders.
- Existing and new challenges to river basin prosperity and health.

Members to use NARBO for further knowledge sharing

- RBO leadership, corporate culture and human resources development.
- Universities can collaborate with RBOs in research, education, and training.

Participants issued a call for action for RBOs in Asia to benefit from working together through NARBO in sharing knowledge and good practices, performance benchmarking, twinning, capacity development activities, leadership programs, proficiency certification, and by setting up a NARBO branch network in their country.



Study visit participants learned how the infrastructure facilities in the Brantas river basin are operated and maintained by PJT1, a corporate type RBO.



Network of Asian River Basin Organizations

NARBO's mission is to strengthen the capacity and effectiveness of river basin organizations (RBOs) in promoting IWRM and improving water governance, through training and exchange of information and experiences among RBOs and their associated water sector agencies and knowledge partner organizations. Japan Water Agency (JWA), Asian Development Bank (ADB), Asian Development Bank Institute (ADBI) and Centre for River Basin Organizations and Management (CRBOM) jointly serve as NARBO secretariat.

<http://www.narbo.jp>

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