

Improvement in water fees collection through canal contracting in Jinghuiqu Irrigation District in China

Background: In the late 1900s, the Jinghuiqu irrigation bureau initiated a number of institutional reforms including reforms of lateral canal management – lateral canals were contracted to private parties (individual or consortium). As on 2000, 428 of the 538 lateral canals were contracted. Some of the key features of the contracting mechanism are highlighted below:

- The using rights of the lateral canals were auctioned with minimum bid price of 2,000 yuan per km
- The terms of validity ranged from 10-15 years for irrigation staff to 15-20 years for other contractors
- Each contractor was entitled to minimum water diversions based on the past five years data with an annual increase of 3% in future
- Development of right of land along the lateral canals was entrusted to the contractor
- A performance linked salary mechanism was introduced for the administrative staff in each irrigation bureau

Impact: In general, as noted in the article ‘Irrigation reform in Asia: A review of 108 cases of irrigation management transfer’ by Aditi Mukherjee et al. (2010), the model of lateral canal contracting to private contractors yielded ‘better results’ compared to Participatory Irrigation Management PIM in China. In the Jinghuiqu irrigation district, the contracting reforms facilitated a substantial reduction in number of staff in the irrigation stations which led to savings to the tune of 1.4 million yuan for the irrigation bureau.

Sustainability: To sustain the irrigation facility management and avoid potential issues in relation to water allocation, water volume metering and fee collection, the irrigation bureau released standardized rules for invoicing, metering, construction cost for lateral canal improvement projects and water fee for the reformed canals. To ensure transparency, the methods of water charging and amount charged need to be publicly disclosed.

(Reference: Yongsong Liao et al., International Water Management Institute, “China’s Water Pricing Reforms for Irrigation: Effectiveness and Impact”, 2008)