

Paper 8

Comments on the Paper *Institutional Adaptation and Institutional Change*

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LET ME, FIRST of all, congratulate the authors, Drs. Murray-Rust and Merrey, for a well-written paper. From the standpoint of somebody like myself who has limited knowledge of or is not too familiar with the workings of irrigation agencies, I think that the paper gives a fairly comprehensive dissertation on the institutional issues facing irrigated agriculture today. At first, I was not sure if many or all of them are issues that are common to or shared by the four Southeast Asian countries; they are certainly some of the main issues confronting irrigated agriculture in the Philippines. After hearing the other country reports, yesterday, I could say that indeed many of them are common to the four countries. I think the insight of the authors was drawn heavily from their familiarity with past actual experiences in irrigation development and management in these countries.

I fully agree that institutional changes in irrigated agriculture are inevitable. The authors, I guess, were polite in calling them institutional changes rather than "institutional reforms" from the very start. One might still ask: If the institutions have worked well during the past decades and contributed substantially to the country's irrigation development, why do they have to undergo changes or reform? The reasons or factors prompting such changes were pointed out in the paper. A major observation is that the present institutions or institutional arrangements are no longer adequate, appropriate or responsive to meet the new challenges and needs of agricultural development.

The authors distinguished two types of changes: The first refers to internal modification in organizations, procedures and operational performance and the second is concerned with fundamental reforms or changes in the nature of institutions.

The first type of changes, for the most part, basically involves the key aspects of management of irrigation agencies. When one talks about performance responsiveness, performance assessment, adapting operational and maintenance procedures and human resources development then he is actually referring to the basic concerns of management. Any shortcomings in these aspects could be interpreted as management not doing well.

The authors, I believe, gave a fairly accurate presentation of the common inadequacies of irrigation agencies. I will not repeat them here. I would just like to comment on a couple of options that they suggest for internal modification. The first one is on performance responsiveness and the need to break away from the administrative mode. The lack of responsiveness to performance was pointed out as characteristic of agencies that are administrative or bureaucratic in nature—a typical reality in any government. The contrast with private business was pointed out. This was,

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of course, long recognized, i.e., perhaps from the very beginning. At least, it was in the Philippines where the defunct Farming System Development Corporation (FSDC) which had a great deal to do also with irrigation system development, and the National Irrigation Administration (NIA) have a corporate character and enjoy some prerogatives that are supposed to enable them to perform vital tasks with dispatch—i.e., precisely to enable them to be more performance responsive. There is of course a limit also to what can be done even given a wide latitude of corporate powers. As long as public funds (generated internally or sourced as loans from outside but guaranteed by governments) are used, then the agencies concerned will have to abide by certain government administrative or bureaucratic rules.

The other option which I would like to comment on is the need to reorganize to meet new priorities and effectively pursue new priorities and new thrusts. This sounds quite logical. The authors cited a few situations where some changes in organizational structure might be warranted. The decision to reorganize is certainly a major decision. In our case, it is something that is not the sole prerogative of the chief executive. Oftentimes, it requires a specific legal basis, i.e., a legislation, especially where the organization was created by law and governed by a specific charter. It is, therefore, at least in our case not a simple matter to tinker with the organizational structure. I am not, however, saying that it cannot and should not be undertaken. Wherever and whenever it is justified, I think it has to be done. It should however be kept in mind that in not a few cases, it is not the organization or its structure that is the problem. There are other causes of the problem.

This brings us to another set of institutional changes which fundamentally affect the nature of irrigation organizations or agencies. These changes were described by the authors in a sequence that proceeds from the least to the most radical type (use of the word radical is in relation to what is existing), and I believe that based on what have been presented specially in yesterday's session, some of these changes or institutional reforms are happening already in some countries. At least, in the case of the Philippines, I can say that decentralization and turnover of operational responsibility are currently happening. Our new local government code provides for devolution of certain functions and responsibilities of national agencies to the local government units. Our Department of Agriculture for instance, is developing the entire agricultural extension service. Extension workers will now be supervised by the local government officials. The irrigation services are to a certain extent also affected. The small-scale system will now be operated by the local government.

The turnover of operational responsibility to the water users of farmers' organizations is another step beyond the decentralization as applied in government operations. This, I believe, is happening with varying initial results in the Philippines and in a number of other countries as well. The limited experiences, however, I think point out a basis for intensifying efforts at institutionalizing the operations and maintenance of irrigation systems. The basic idea is to transfer gradually such O&M responsibilities to the water users' groups.

The issue of privatization of irrigation systems and commercialization of irrigation agencies rests much on the question of whether or not provision of irrigation services would be profitable. To a limited extent, private-sector participation in irrigation development is happening but in forms different from the usually thought mode of privatization, i.e., private companies or corporations taking over the operation of big irrigation systems. This has not happened in the Philippines. I guess, the overall thinking is that we are not ready for it yet. However, I believe that such an option should not be totally excluded in planning for irrigation development. The subject is of course complex and an in-depth discussion would probably require a full-day seminar or even a separate workshop.