**Panel discussion:** **From integrated water resources management on the Syrdarya and Amudarya to a smart regional investment concept**

*Input from Dr. Iskandar Abdullaev- Deputy Director 2 of CAREC Institute*

**Introductory statement on work by the Institute on regional investment opportunities**

CAREC Institute is knowledge hand of CAREC Programme and conducted research, capacity building and knowledge management for 11 member countries.

* **CAREC Water Pillar**. ADB have commissioned recently Scoping study on water, and it will be soon released. The scope of CAREC Programme Water will pillar will utilize both ADB’s and CAREC Programme’s honest broker role to promote dialogue on water management issues. CAREC Water Pillar may focus on following important area:
* Climate Change-Knowledge and capacity building activities, and (ii) Technical assistance and preparation of investment projects
* Realizing the Economic Value of Water in Central Asian countries- roll-out of ***Economic Water Productivity*** as a performance metric and assessment tool for irrigation, development of ***water demand management*** as a feasible policy agenda
* Legal and Institutional interventions
* CAREC Institute **Research and Capacity Building** activities on water:
* **Climate vulnerability** **analysis** - adaptive capacities of CAREC countries at present time are largely restrained by the state of their economic performance, the development finance will be needed to strengthen their climate resilience towards exacerbating water stress. Yet, the resource mobilization alone will likely not be sufficient for successful adaptation. CAREC countries should continue making efforts to improve their capacities to design and implement effective policies
* **Water Infrastructure Investment analysis** - Estimates suggest that a minimum of $20–$25 billion is required to upgrade water infrastructure in Central Asia. The increasing water consumption implied by economic and population growth, and augmenting impact of climate change, water management policies and practices, both at national and regional levels, need to be optimized. The role of governments in setting up production quotas, land distribution and agriculture pricing are still strong. Consequently, private sector financing is obstructed, and infrastructure continues decaying, low productivity of water uses is commonplace due to the high inefficiency in delivery and distribution
* **Financing and Economic incentives for water sector in Central Asia**. In CAREC countries oriented, with policies that may generate private sector interest in investing in water services and infrastructure. The introduction of private or semi-private water supply companies operating and maintaining irrigation infrastructure may be a solution to water sector financing.

Increasing returns to private investors through integrating technologies can unlock upfront capital for water infrastructure. Lack of private capital in infrastructure is often explained by poor governance, failed institutions, and limited understanding of investors’ needs. A deep understanding of investors’ expectations, **behavior and motives is therefore a precondition for private investment. The level of commercial appeal of infrastructure projects to private investors is a key element for successful PPPs**. The mobilization of private investment can happen provided both governments and private investors increase their focus on infrastructure, while the former securing investment environment by providing reasonably respected property rights and predictable factors affecting return on infrastructure

However, ill-coordinated water sector planning and investment in CAREC countries will not aid infrastructure financing. Rather, economic frameworks that promote cooperation and integrated planning among sectors could be a solution. The approach should help to **leverage possible synergies for decreasing costs, assessing trade-offs, demand-side interventions, and decentralized services to ensure sustainability of infrastructure**. In this context, the state could play a role of social regulator, ensuring that each water user receives a fair share of water resources

At the regional level, a major focus should be given to renewed discussions on setting up a water-energy consortium for the Syr Darya and Amu Darya projects. **Joint operation of transboundary infrastructure, benefit-sharing schemes, joint operation and maintenance of the water infrastructure could be the focus areas of the projects**. In current small basins, PPP schemes for operating small and medium infrastructure could be tested. At the national level, the focus could be on provision of both legal basis and financial instruments for financing from private sources

* **Water, Sanitation and Hygiene (WASH) project**- high political will of the governments in study countries on improving the access to water supply, sanitation, and hygiene services of their populations. The countries have series of on-going WASH projects, supported by both governments and international partners. The differing national level WASH policies, institutions are established, the standards are in place in all four study countries. However, study countries have not reached provision of the 100% access to WASH services. Especially, lower levels of WASH access have been registered in the rural areas. Other major issues discovered during the research was outdated infrastructure. For example, substantial part of water supply and sanitation systems were constructed during the Soviet times therefore are outdated, dilapidated
* CAREC Institute **E-Learning Platform** target partner countries experts on CAREC Institute, CAREC Programme’s water related activities, programmes and relevant tools, methodologies
* **Focus area** for future research, capacity building
* **Water Reforms**: governance, management type, land, and water linkages
* **Water Sector Financing**: budgetary, service fees, role of private players, FDI’s to water sector
* **Water Infrastructure:** maintenance and development, priorities, long-term planning, privatization, and responsibilities
* **Water Sector Research**: role, integration, financing, setting focus