

The views expressed in this presentation are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. Terminology used may not necessarily be consistent with ADB official terms.

ADB's 'Water for All' Policy Implementation Review

The Review Panel's Key Findings and Recommendations:

Half Full and Half Empty



**Review Panel Report Launch
ADB's Annual Meeting
Hyderabad, India
4 May 2006**



REVIEW PROCESS



Key Dates

2001: 'Water for All' Policy approved

2003: Interim review of water policy implementation

2005: Comprehensive review of water policy implementation

2005 Review Objectives

- **Assess policy implementation performance**
- **Identify challenges, investment requirements, and new business opportunities for ADB in the sector**
- **Determine capacities and constraints: institutional, financial, and human**
- **Advise if policy needs to be revised or supplemented**

Scope of the Review: 26 Key Areas

- **7 Key Areas of ADB's Water Policy**
- **11 Internal Drivers and Issues at ADB**
- **8 Broader Drivers and External Issues**

(A complete list is included in Appendix 2 in the Panel's Report)



Review Components

- **Expert Review Panel**
- **Consultations and Site Visits**
(in-country, private sector, and civil society)
- **Water-related Conferences**
- **Staff Workshops**
- **Surveys and Interviews**
- **Case Studies and Relevant Research**



PROGRESS OF POLICY IMPLEMENTATION



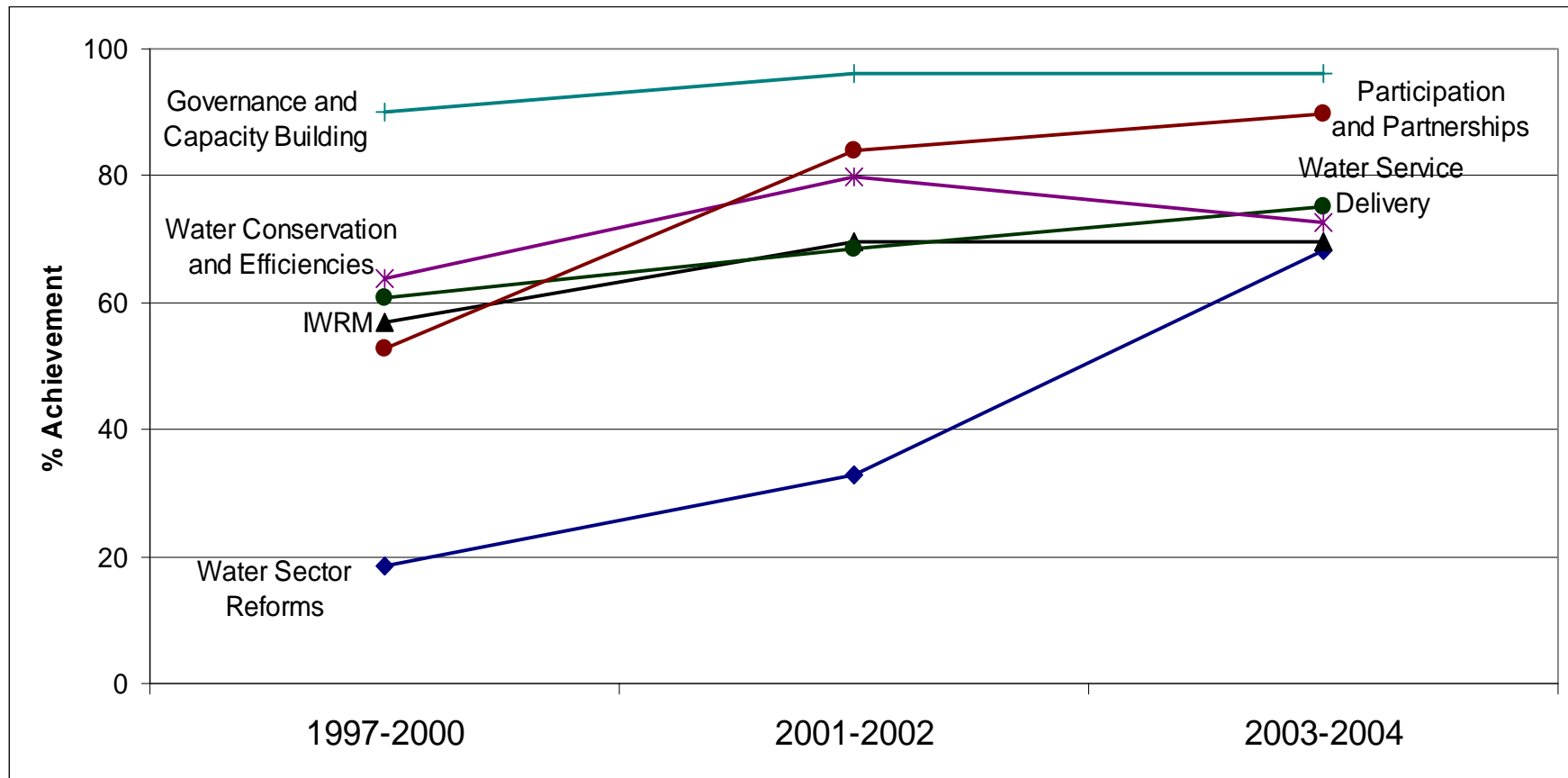
Progress of Water Policy Implementation

7 KEY POLICY ELEMENTS:

- **National Policy, Institutional, and Sectoral Reforms**
- **Integrated Water Resources Management**
- **Water Service Delivery: (Water Supply & Sanitation and Irrigation & Drainage)**
- **Water Conservation and Efficiencies**
- **Regional Cooperation**
- **Participation and Partnerships**
- **Governance and Capacity Building**

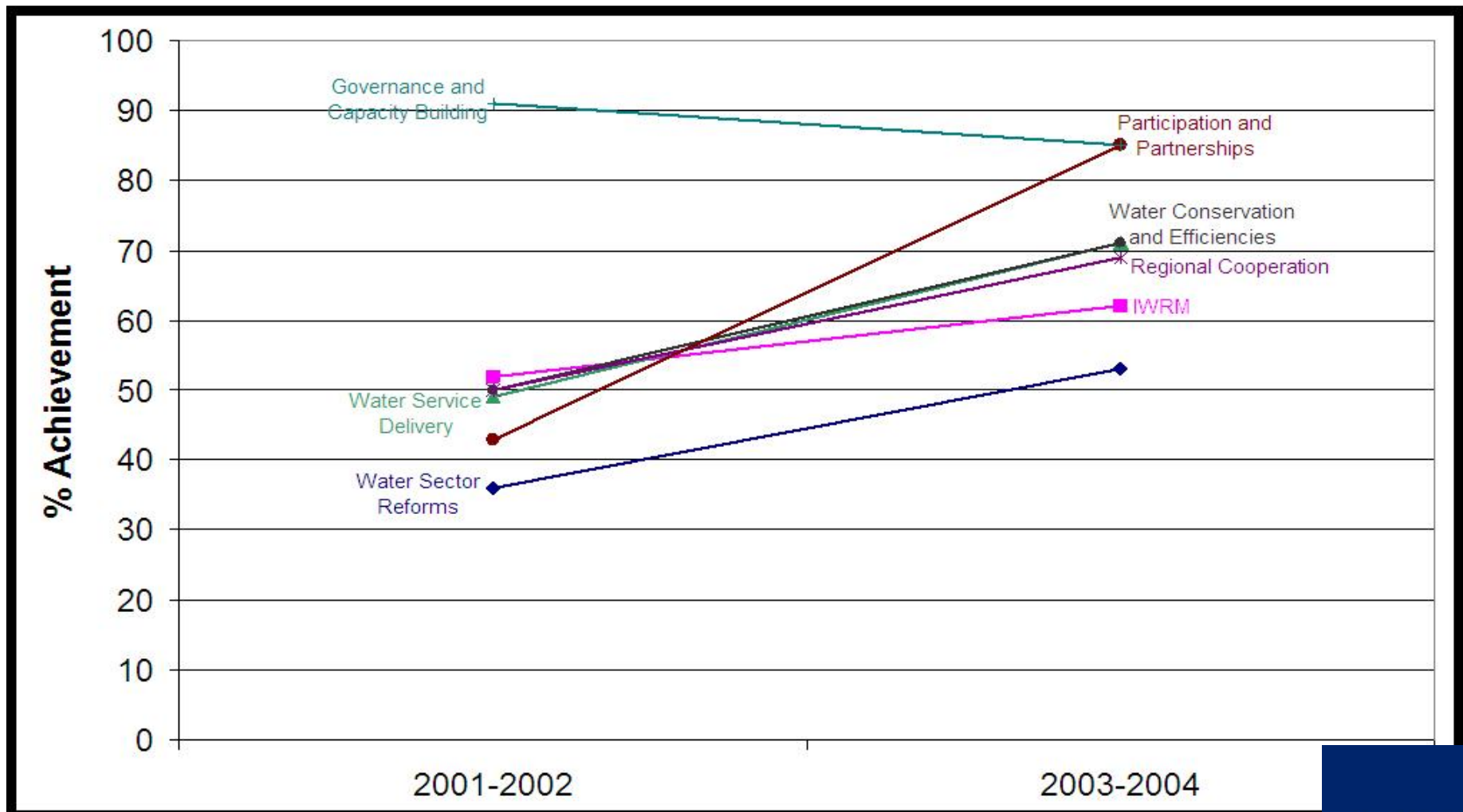


Incorporating Main Policy Elements into ADB's Project Design (Loans)



Source: ADB (June 2005). Quantitative Assessment of Implementation for ADB Projects Through 2004: An Update to the 2003 Interim Review.

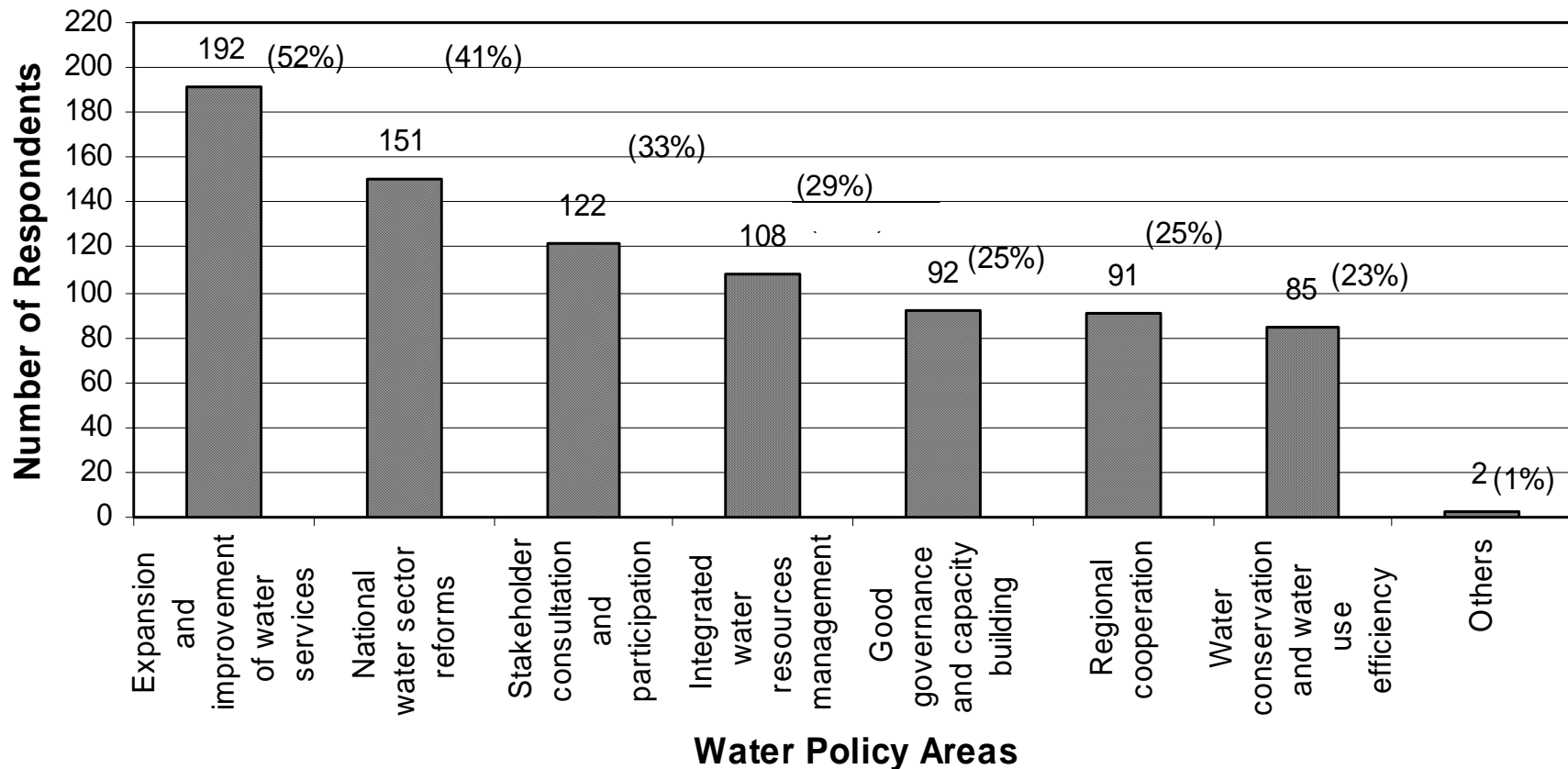
Incorporating Main Policy Elements into ADB's Project Design (TAs)



Source: ADB (June 2005). Quantitative Assessment of Implementation for ADB Projects Through 2004: An Update to the 2003 Interim Review.

Progress of Water Policy Implementation: Client and Stakeholder Views

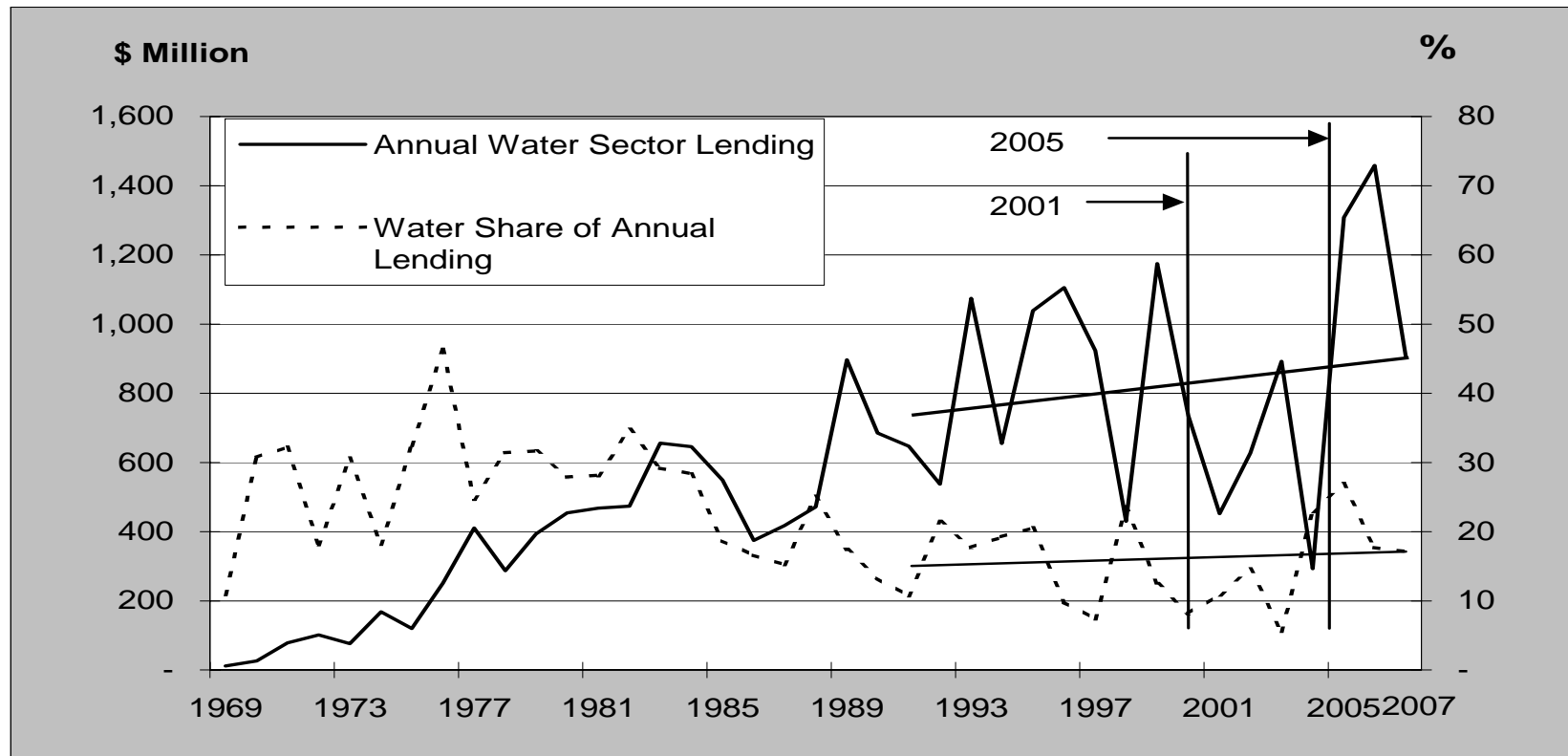
Chart 4. ADB's Water Policy Areas with Most Progress



Source: (December 2005). ADB's Water Policy Implementation Review: Client and Stakeholder Survey Results Final Report.

Progress of Water Policy Implementation

Water Sector Lending and Share (1968-2007)



Source: ADB (June 2005). Quantitative Assessment of Implementation for ADB Projects Through 2004: An Update to the 2003 Interim Review.



***CHALLENGES,
OPPORTUNITIES AND
KEY FINDINGS***

Challenges and Opportunities

- 1) Status of water in DMCs and ADB**
- 2) Governance and institutional constraints**
- 3) Donor harmonization to optimize investments**
- 4) Social and environmental impacts**

Challenges and Opportunities

- 5) **Capacity constraints in ADB**
- 6) **Gap between CSP & DMCs water sector roadmaps and ADB's Water Policy**
- 7) **Access, affordability and equity in water service delivery**
- 8) **Efficiency and cost-effectiveness in water service delivery**

Key Findings in Key Policy Areas

- **National Policy, Institutional, and Sectoral Reforms**
- **Integrated Water Resources Management**
- **Water Service Delivery in Water & Sanitation and Irrigation & Drainage**



Key Findings

National Policy, Institutional, & Sector Reforms

- **ADB has provided support to conduct water sector assessments and reforms:**
 - * 5 countries have conducted comprehensive water assessments (three since the policy was approved).
 - * 9 countries have national water policies in place
 - * 8 countries are conducting national water sector reforms with ADB assistance.

- **Water sector assessments, and policy, legal, and institutional reforms still lag behind in many countries.**



Key Findings

Integrated Water Resources Management

- **ADB lending for basin projects has fluctuated, while targeted lending for IWRM has been steadily increasing.**
- **Implementation of DMCs' IWRM plans is severely hampered by institutional and organizational constraints in the DMCs.**
- **Establishment of River Basin Organizations (RBOs) and Water Users Associations (WUAs) is still lagging behind.**
- **ADB's support to establish the Network of Asian River Basin Organizations (NARBO) is helping to build IWRM capacity in DMCs.**
- **Social and environmental issues are acknowledged in ADB policies and project design. However more must be done to mitigate project impacts to ensure environmental sustainability, gender equity, and pro-poor and participatory practices.**



Key Findings

Water Service Delivery

- ADB has made progress to incorporate the water policy into its project designs to improve water service delivery, including PPP, elimination of subsidies.
- Link is unclear between efforts to improve efficiency, and water quality, increased access and affordability of services, especially for the poor.
- O & M has been severely hampered by lack of resources and capacities in DMCs



RECOMMENDATIONS



Panel's Recommendations

THINKING OUTSIDE THE BOX

- 1. Increase ADB's commitments and develop ADB's capacities**
- 2. Develop long-term partnerships with donors and stakeholders in the DMCs**
- 3. Focus IWRM implementation on stakeholder needs and ownership**
- 4. Promote 'Business Unusual:' Innovation to increase affordability, efficiency, and cost-effectiveness in providing water services**
- 5. Improve processes to ensure implementation**



Recommendation 1)

Increase ADB's Commitments and Develop ADB's Capacities

- **Increase investment and target sector financing (hard ware and soft ware)**
- **Assess and realign current staffing**
- **Provide leadership in the region to help prioritize water**



Recommendation 2)

Develop Long-Term Partnerships with Donors and Stakeholders in the DMCs

- **Raise the status and visibility of water in the DMCs**
- **Address governance and institutional constraints**
- **Strengthen sectoral capacities and knowledge**
- **Improve donor harmonization and aid effectiveness**

Recommendation 3)

Focus on the Implementation of IWRM on Stakeholder Needs and Ownership

- **Support IWRM planning and implementation in DMCs**
- **Increase knowledge on IWRM in DMCs and at ADB**
- **Develop and improve assessment tools: benchmarking, monitoring and evaluation**



Recommendation 4)

Promote 'Business Unusual':

Innovation to Increase Affordability, Efficiency, Cost Effectiveness

- Provide nuanced guidance on issue of subsidies, cross-subsidies and tariff reform
- Position PPP for greater efficiency and accountability for higher quality and affordable water services
- Move from traditional sovereign guaranteed loans toward risk sharing arrangements and sub-sovereign financing through innovative & flexible instruments
- Promote robust O & M arrangements
- Support and scale up alternative technologies



Recommendation 5)

Improve Processes to Ensure Implementation

- Improve ADB's internal communications and procedures to ensure that ADB's business and project processes effectively incorporate the principles outlined in the water policy:

Policy to Strategy

Strategy to Process

Monitoring and Evaluation

- Improve coordination with DMCs on CSP/U process and national planning
- Improve monitoring and evaluation: efforts to mitigate social and environmental impacts of ADB projects (WCD)



Panel's Recommendations

- 1. Increase ADB's commitments and develop ADB's capacities**
- 2. Develop long-term partnerships with donors and stakeholders in the DMCs**
- 3. Focus IWRM implementation on stakeholder needs and ownership**
- 4. Promote 'Business Unusual:' Innovation to increase affordability, efficiency, and cost-effectiveness in providing water services**
- 5. Improve processes to ensure implementation**



Panel's Key Messages

- 1. Water is a key driver for change: inter-linkages with other sectors and urgency of meeting the MDGs**
- 2. ADB should balance the "B" and "D" (bank role versus development institution role: from AdB to ADB)**
- 3. Significant commitment and resource allocations of ADB and DMC stakeholders is required**



What Next?

- **The Review Panel has completed its work and submitted its report to ADB's Management and Board of Directors.**
- **ADB has posted the report on its web site for public circulation to clients and stakeholders throughout the region.**
- **ADB's Water Committee expects to work with operations colleagues to finalize the draft action plan.**



Review Panel Members

Erna Witoelar: Indonesia (Panel Chair)

Li YuanYuan: Peoples Republic of China

Gilbert Llanto: Philippines

Ravi Narayanan: India/(UK: Water Aid)

Pradeep Singh: India

Annelie Hubach: Netherlands



THANK YOU!
QUESTIONS?



For more information about the 2005 Comprehensive Review:

- **Wouter Lincklaen Arriens, Lead Water Resources Specialist,
RSDD/ADB**
- **K.E. Seetharam, Principal Water Supply & Sanitation Specialist,
RSDD/ADB**
- **Kathryn E. Nelson, Lead Facilitator
ADB's Water Policy Implementation Review**

Contact: knelson@adb.org (local 6744)

www.adb.org/water

