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National Water Reforms For Investment

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Asia Water Facts and Figures:

- 1. 3.9 billion people in Asia**
- 2. 700 million do not have access to safe drinking water**
- 3. 2 billion without adequate sanitation**
- 4. USD 8 billion required yearly for Asia Pacific to meet MDG Target 10 for water supply and sanitation: halve the population without access by 2015**

Conclusion: need to increase investments in the sector



Reforms Needed (1)



- **Institutional Reforms**
 - Improve sector coordination
 - Promote decentralization
 - Foster participation
 - Build capacities and understanding



Reforms Needed (2)



- **Regulatory Reforms**
 - Establish clear rules on allocation and prioritization of use
 - Establish standards for service delivery
 - Formulate clear policies on tariffs, fees, and subsidies
 - Create credible regulators

*Reforms reduce risks translating in increased investments



Strategies for Institutional Reforms

- **Creation of apex bodies and RBOs to improve sector coordination**
- **Foster participation of local governments, civil society and communities**
- **Build capacities of local governments, regulators and service providers through continuous training and HRD**
- **Advocate reforms to decision makers through high-level dialogue**

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Strategies for Regulatory Reforms

- **Develop regulations to establish rules on allocation and prioritization of water use**
- **Establish standards for service delivery through policies, contracts, etc.**
- **Formulate recovery-based tariff/service fees policies**
- **Rationalize subsidies**



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Response of Countries and ADB Assistance (1)

- **Benchmarking of National Water Sector Apex Bodies (NWSAB) through peer review**
 - Two regional meetings of NWSAB's
 - Agreed performance indicators
 - Peer Review Training
 - Pilot countries: Philippines, Thailand and Malaysia
 - Benchmarking and peer review within the year



Response of Countries and ADB Assistance (2)

Laos : established apex body, WRCC

Vietnam : reorganized water bureaucracy; established MoNRE and NWRC

Philippines : strengthening of NWRB's tariff setting function; strengthening of MWSS' regulatory capacities

Thailand : in process of legislating a modern water law; creation of 27 RBOs



Response of Countries and ADB Assistance (3)

Indonesia : participatory irrigation projects covered by new Water Law

Cambodia : vested PPWSA with autonomy and authority for improved service;

Malaysia : reorganized water bureaucracy; established MoNRE for improved water management



ADB's Financing Program (1)

Increase in sector lending concentrating in the ff areas of investments:

- rural water services for health and livelihood
- urban water services for sustained economic growth
- basin water for integrated water resources management



ADB's Financing Program (2)

Competitive financing products to be introduced:

- **local currency bonds**
- **lending to subsovereign (municipal) governments**
- **multitranche financing facility**
- **flexibility in commitment charges**
- **refinancing facility**



Conclusion

- **Substantial capital is required to improve access to water and sanitation**
- **Need to encourage more investments into the sector**
- **All finance parties should be welcome including private sector**
- **Implementation of reforms reduce risks**
- **Reduction of risks can translate to increased investments**



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