

**Opening Remarks by  
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Advancing the National Water Agenda Theme**

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Excellencies, Colleagues, Ladies and Gentlemen:

1. It is a great pleasure for me, on behalf of the Asian Development Bank, to take part in this opening plenary of the Advancing the National Water Agenda Theme. My ADB colleagues and I are very pleased to facilitate discussions in this theme's sessions.

2. Asia is home to more than half of the world's population, and its per-capita freshwater resources are among the lowest in the world and fast declining. Today, majority of Asia's farmers do not have access to reliable irrigation. One in three Asians does not have access to a safe drinking water source within 200 meters of home. One in two Asians does not have adequate sanitation facilities. Of those without access to water or sanitation, almost 90 percent live in rural areas. Two-thirds of the world's poor live in Asia, and water scarcity, pollution, drought and flooding increase their vulnerability further.

3. As you are all aware, nearly five years have passed since world leaders adopted the Millennium Declaration, and the Millennium Development Goals or MDGs as part of their pledge to eradicate extreme poverty and hunger. Water plays a key role in generating economic growth, reducing poverty, achieving food security, improving health conditions and protecting ecosystems, and hence central in achieving the MDGs. The achievement of these goals requires substantial progress in sustainable water management.

4. Asia has made a good start towards achieving the MDGs but maintaining the momentum will require concerted efforts in sustainable development and the management of water resources and services. Just to meet the MDG of halving the proportion of people without access to clean water and sanitation services by 2015 would require a sustained investment of about \$8 billion per year.

5. The needs for investment in water are enormous. The United Nation's Millennium Summit in 2000, Johannesburg Summit in 2002, and the "Camdessus Report" of the World Water Forum in Kyoto in 2003, have helped to raise the profile of the water sector. Many countries have made significant progress in formulation of their national water agendas. Eleven countries (Bangladesh, Cambodia, India, Indonesia, Lao PDR, Malaysia, Pakistan, Philippines, PRC, Sri Lanka and Timor Leste) have comprehensive national water policies. These policies recognize the need for water reforms and integrated water resource management that are

critical in meeting increasing challenges of water scarcity, pollution and degradation of watersheds and ecosystems.

6. Despite these developments, other global economic trends have worked in the opposite direction. Continued low national incomes have inhibited many developing countries in the region from increasing investment in the water sector. The share of Official Development Assistance in the water sector has continued to decline, and is now at its lowest level in recent years. Commercial lending and private investment have also declined significantly.

7. The reality is that internationally agreed water targets will not be met unless there is concerted action, backed by real political support. Even though achieving the targets could be difficult, much more can be done to mobilize and allocate financial resources which can lead to real progress on the ground. To reach internationally agreed water targets it will be necessary to broaden partnerships between all stakeholders, including civil society and the private sector.

8. National water agendas are essential in bridging the huge financing gap in achieving effective management of water resources and provision of adequate water services. Strong political support is needed to create an environment conducive for successful public and private investment. The problems of the water sector can be traced to weaknesses in governance. To achieve national water reform goals, good governance with transparent government policies and sound regulatory arrangements are needed, that take into account the views and interests of governments, the private sector, and civil society.

9. A key aspect of governance is a sound legal framework and regulation. Regulation is often seen as a precondition to private sector participation. This is because weak regulation increases the risk exposure of investors and lenders, and hence, can increase the cost of water to consumers. Regulation also has an essential role in the public sector. It is needed to ensure autonomy of public providers, while making them accountable for their performance. Regulation needs effective enforcement. Regulators should be independent and accountable, and possess the professional capacity to make objective decisions based on established rules.

10. Another critical issue to be addressed in national water agendas with respect to water utilities is the problem of water pricing. Most water utilities do not cover their full cost but rely on public subsidies. Although a sensitive issue in most countries, most of the public funding in water utilities should come from tariffs, which would enforce fiscal discipline, introduce greater transparency and accountability.

11. ADB actively supports governments in the effective implementation of their national water agendas and we look forward to applying the results of the discussions here in Bali to ADB's water development work. The water sector has traditionally played an important role in ADB's operations. ADB's cumulative financing for the water sector to-date exceeds \$16 billion and support water supply and sanitation, irrigation and drainage, flood control and management, hydropower, watershed management, and inland fisheries and transport. Currently, the water sector represents about 16 percent of our ongoing loans.

12. ADB's "Water for All" policy recognizes the Asia and Pacific region's need to formulate and implement integrated, cross-sectoral approaches to water management and development. It guides ADB assistance to the important challenges in the water sector of our developing member countries and supports their national water agendas. ADB's water policy focuses on

improvement and expansion of the delivery of water services and promoting regional cooperation, facilitating knowledge sharing and good governance.

13. The ADB has been actively supporting stakeholders across the region in a variety of ways by providing investment funds, and supporting capacity building activities, reform efforts, local participation and partnerships. Here in Indonesia the ADB has supported over 50 investment projects in the water sector with over \$2.5 billion dollars of funding. Recent projects include:

- **the ongoing community water supply and health project** providing clean water and sanitation facilities to over 1,500 communities in rural Indonesia;
- **the ongoing participatory irrigation sector project** targeting 600,000 ha of sustainable irrigation activities with over 1.5 million beneficiaries; and
- **the capacity building in water resources project.** a recent project closing in 2002 that provided key support to:
  - (i) improving the national institutional framework for water resources development and management; and
  - (ii) strengthening the organizational and financial framework for river basin management

This latter project supported the preparation of the Gol's 2001 National Water Resources Policy and the 2004 Water Law. Both highly significant water reform legislation here in Indonesia.

14. Ladies and gentlemen, I have highlighted several key issues, including governance and financing. ADB is committed to supporting our member countries in improving water governance. ADB will continue to finance investment projects in the water sector that benefit the poor and promote sound regulatory frameworks for the water sector. We will also continue to support regional exchanges of experience among policy and decision-makers, practitioners, and development partners.

15. I am pleased to hear that the Network of Asian River Basin Organizations will launch the Performance Benchmarking System and Peer Review Process for river basin organizations in few days here in Bali. The launching of a performance benchmarking system for 11 pilot river basin organizations from 6 countries in the region is a positive step towards our common goal of achieving and promoting integrated water resources management in the region. Finally, I look forward to a productive day and to further dialogue on important water policy and sector reform topics. I am especially looking forward to hearing from your experiences and hearing examples of good practices in financing, water governance and integrated water resource management in the region.

16. Ladies and Gentleman, the challenges are many but together, we can achieve our common goal of delivering water to the poor.

Thank you all.