



WATER for ALL

INITIAL RESPONSE OF THE ASIAN DEVELOPMENT BANK TO THE REPORT OF THE REVIEW PANEL ON ADB'S WATER POLICY IMPLEMENTATION

The Asian Development Bank (ADB) commissioned an independent panel in 2005 to lead a review of the implementation of its *Water for All* policy that was adopted in 2001. The comprehensive review aimed to give insights into the implementation of the policy and to equip ADB and its clients, partners, and stakeholders with a good understanding of progress to date, challenges to be addressed, and investment requirements to be pursued.

The six-member panel was chaired by Erna Witoelar, Special UN Special Ambassador for Millennium Development Goals in Asia and the Pacific, and former Indonesian Minister of Human Settlements and Regional Development. The review was undertaken in a participatory, consultative, and transparent process over a one-year period. It comprised a series of five in-country and two regional consultations with clients, partners, and stakeholders as well as a survey, and studies contributed by civil society. The process also involved extensive internal consultations including staff workshops and an informal seminar with ADB's Board of Directors. The panel's report was received in April 2006 and was circulated to the Board of Directors as an information paper. The report is also posted on ADB's water website <http://www.adb.org/water>, together with detailed information on the review process, the panel, and reports of all review activities.

In its report, the panel endorses the important distinction that ADB's *Water for All* policy makes between the management of water resources and the delivery of water services, and the framework it creates for national water polices and water sector reforms in ADB's developing member countries. ADB supports the general thrust of the panel's report. In particular, ADB's vision in the water sector is line with the three key messages of the panel. First, that water as a resource and as a service is a key driver to change and development in the Asia-Pacific region. Second, that ADB in its water investments should continuously balance its dual roles as a development institution and as a bank. And third, that a significant increase is needed in the commitments of ADB and its developing member countries to invest in water as a service and as a resource.

ADB accepts the challenges given by the panel, and is committed to continue advancing the core principles underlying its *Water for All* policy in its work to increase investments, catalyze reforms, and support capacity development. ADB's Water Committee is preparing a detailed response and action plan taking into account the suggestions made in the panel's report, and to discuss these with clients, partners, and stakeholders in a consultation to be organized in 2006. Meanwhile, the following points summarize ADB's initial thoughts with respect to the five recommendations of the review panel.

- *Increasing commitments and developing capacities.* Drawing on the panel's work, ADB has announced at the 4th World Water Forum in March 2006 in Mexico that it will prioritize water as a core business area under its new medium-term strategy through the ADB Water Financing Program 2006-2010 (WFP), which is expected to result in a doubling of ADB's water investments to well over \$2 billion annually. Investments will focus on expanding long-term rural, urban, and basin water programs.
- *Developing long-term partnerships with clients, partners, and stakeholders.* ADB has made good progress in this area in several countries through water sector assessments conducted with guidance of the *Water for All* policy, and with support of the Cooperation Fund for the Water Sector provided by the governments of the Netherlands and Norway. We recognize the need to do more and will pursue this under WFP.
- *Focusing the implementation of IWRM on stakeholder needs and ownership.* The water policy fosters IWRM at the river basin level, and ADB recognizes that the foundation for this lies in developing capable river basin organizations and inclusive and efficient processes for stakeholder participation at all stages of basin planning and project preparation and implementation. Under WFP, ADB will help introduce IWRM in river basins with the participation of stakeholders.
- *Promoting 'business unusual' in water services.* The water policy targets to improve and expand the delivery of water services, in water supply and sanitation, and in irrigation and drainage. ADB welcomes the panel's emphasis on 'business unusual' to increase access, affordability, efficiency, and cost effectiveness of water services. ADB will use innovative products and services such as multitranches financing and subsovereign lending, and continue work to develop effective public-private partnerships in urban water services.
- *Improving processes to ensure effective policy implementation.* WFP will drive the further implementation of the water policy. ADB will enhance its collaboration with civil society organizations, including knowledge partners and NGOs, and initiate dialogue with parliamentarians to help create a stronger enabling environment for partnerships to implement water reforms and investments. Improving donor harmonization and development effectiveness is already on ADB's corporate agenda, and further opportunities for cofinancing will be explored both in-country and at regional level.

We commend the panel for its tireless dedication to the year-long process of review and dialogue with ADB and its clients, partners, and stakeholders in many countries, and for producing a critical and independent assessment of the implementation of ADB's water policy with a roadmap for action to help achieve the vision of *Water for All*.