



WATER for ALL

ADB's Comprehensive Water Policy Implementation Review

**REPORT FROM THE SECOND WORK SESSION OF THE REVIEW PANEL
JAKARTA and BALI, INDONESIA
25-31 AUGUST 2005**

September 2005

TABLE OF CONTENTS

I. INTRODUCTION

II. BACKGROUND ON ADB'S WATER POLICY AND REVIEW PROCESSES

- A. ADB'S Water Policy and Review Process
- B. ADB's Expert Review Panel
- C. Comprehensive Review Design and Key Components

III. SUMMARY FROM SECOND WORK SESSION OF REVIEW PANEL

- A. Objectives
- B. Process
- C. Key Issues Discussed
- D. Timeline and Expected Outputs

APPENDICES

- APPENDIX 1: Agenda for Review Panel's Second Work Session
- APPENDIX 2: Outline for Final Panel Report
- APPENDIX 3: Short Biographies for Review Panel
- APPENDIX 4: Revised Summary Timeline of Major Activities
- APPENDIX 5: Summary of Assessments to Date

I. INTRODUCTION

The Review Panel's Second Work Session for ADB's water policy implementation review took place in Jakarta and Bali, Indonesia, 25-31 August. Meetings were planned in Jakarta and Bali to allow Review Panel members to also participate in the in-country consultation taking place on 25 August in Jakarta and the Southeast Asia Water Forum (SEAWF) scheduled for Bali 29 August through 2 September 2005. During the second work session, panel members were briefed by staff on preliminary survey results collected at regional water conferences and in-country consultations since the last panel meeting. Special Advisers also made presentations on key issues relevant to the review. The Review Panel also finalized the outline of the Panel Report, which will be presented for discussion at the regional consultation and final staff workshops planned for November. The week-long agenda is included in Appendix 1. This report recaps the issues discussed and understandings reached during the second work session, and provides background information on ADB's water policy, review processes, and assessments to date. Both reports from the first and second work sessions are posted on ADB's website.

II. BACKGROUND ON ADB'S WATER POLICY AND REVIEW PROCESSES

A. ADB'S Water Policy and Review Process

In 2001, the Asian Development Bank (ADB) outlined its vision for integrated water management in the region in its "Water for All" water policy. The policy recognizes the Asia and Pacific region's need to formulate and implement integrated, cross-sectoral approaches to water management and development.

The principal elements of the water policy are as follows:

- Promote a national focus on water sector reform
- Foster the integrated management of water resources
- Improve and expand the delivery of water services
- Foster the conservation of water and increase system efficiencies
- Promote regional cooperation and increase the mutually beneficial use of shared water resources within and between countries
- Facilitate the exchange of water sector information and experience through partnerships
- Improve governance and capacity building

As stipulated in ADB's water policy, an in-house review of policy implementation was undertaken in the third year in 2003 and a more extensive comprehensive review led by an external expert review panel has been launched in 2005, five years after the policy was approved.

The purpose of the interim review was to assess how well the water policy has been integrated into ADB operations and to provide a progress report in advance of the comprehensive review.¹

The comprehensive review will build on the findings from the interim review and recent updates to the interim analysis to provide ADB and its various stakeholders with an assessment of progress to date to implement ADB's water policy and recommendations to improve ADB's water investments and operations in the future.

The comprehensive review has four core objectives:

- To assess performance or progress in the 7 key areas of the water policy

¹ A summary of key findings and recommendations from the interim review is included in Appendix 4.

- To identify challenges, investment requirements, and opportunities
- To determine capacities and constraints in ADB and the DMCs (institutional, financial, human)
- To advise ADB's management if the policy needs to be revised or supplemented

As outlined in the final objective, the comprehensive review may result in recommendations to revise or supplement ADB's water policy. However, the focus of this review is to assess policy implementation. If recommendations are made to revise the policy itself, they will be taken up under a separate exercise.

B. Expert Review Panel

In accordance with ADB's water policy, ADB has commissioned an expert review panel to guide the comprehensive review of its water policy implementation. In the selection of the leading experts from the DMCs, ADB sought candidates with policy and decision-making experience in the water sector. Selection of panel members also considered a desirable range of expertise and experience across regional perspectives, gender, and key areas targeted in ADB's water policy: water sector reforms, water resources management, water service delivery, conservation, regional cooperation and communication, and governance.

The review panel consists of three leading experts from ADB's developing member countries (DMCs), and senior representatives from international NGO, private sector, and bilateral donor communities. The Special UN Ambassador for Millennium Development Goals in Asia and the Pacific, Ms. Erna Witoelar, has been appointed to serve as the Review Panel Chair. A list of the panel members and their home countries is provided below and a summary of their short biographies is attached in Appendix 3.

Review Panel Members

Erna Witoelar, Indonesia (Panel Chair)
 Li Yuanyuan, People's Republic of China
 Gilberto Llanto, Philippines
 Ravi Narayanan, India/UK
 Pradeep Singh, India
 Annelie Hubach, Netherlands

C. Comprehensive Review Design and Key Components

The review will be conducted in a manner that ensures broad stakeholder participation, transparent proceedings and reporting, and wide dissemination of the policy and the results and recommendations of the review. Leading the review, ADB's review panel will be informed by feedback gathered at in-country consultations, regional workshops, water-related conferences, ADB staff workshops and surveys, and comments gathered on ADB's water website. Additional modalities may include interviews, case studies, desk study of loan, project and agreement documents, and involvement in external research studies relevant to the review.²

The review process will also be informed by experts from policy, practitioner and academic networks enlisted to inform the work of the panel and participate in the in-country consultations, and regional workshops where appropriate. Two Special Advisors will provide technical inputs, preparing papers and presentations to share during the second Review Panel meeting in August 2005. The Review

² A timeline for major activities for the review is provided in Appendix 4 and an update of progress to date for each review modality is provided in Appendix 5. Regular updates are posted on ADB's website at <http://www.adb.org/water>.

Panel and its Special Advisors report to ADB Management through the Director General of ADB's Regional and Sustainable Development Department (RSDD)

III. SUMMARY FROM SECOND WORK SESSION OF REVIEW PANEL

A. Objectives

The main objectives of the panel's second work session were to:

- brief the panel on preliminary survey results and in-country consultations to date
- connect panel with Special Advisors to present papers on key topics relevant to the review
- provide the opportunity for review panel members to attend the Southeast Asia Water Forum (SEAWF)
- provide the opportunity for review panel members to attend an in-country consultation and conduct a project site visit to interact directly with key stakeholders in that country (Indonesia)
- determine the panel's remaining resource and information needs
- finalize expectations for participation in in-country consultations and next assignments
- discuss the outline for the draft Panel Report and map the process to deliver the final Panel Report.

B. Process

The Review Panel's second work session began in Jakarta with the in-country consultation for Indonesia and ended with the Southeast Asia Water Forum (SEAWF) in Bali. The formal meeting of the Review Panel involved four days of briefings and presentations from ADB staff and Special Advisors on critical issues relevant to the review and updates on the various review modalities, including preliminary survey results and in-country consultations to date.

While in Jakarta, the panel also had the opportunity to conduct a project site visit to the West Java Urban Development Project. The site visit included a meeting with the water sanitation and supply staff in the Mayor's Office of Bekasi, a tour of the wastewater treatment plant, and a meeting with project beneficiaries in the Bekasi area. Panel members were also given time to work individually to review materials and meet one-on-one with other panel members and SEAWF conference participants, while in Bali.

During the last two days of the work session, the panel finalized the draft outline for the final Panel Report and identified next assignments. The panel also reconfirmed their commitments to attend the in-country consultations and made recommendations regarding issues and resources persons to be included in the consultation process.

C. Key Issues Discussed

Methodology of the Review

During the first work session, panel members acknowledged the findings from the 2003 interim review, which provides a solid "progress report" and a basis for the 2005 comprehensive review. The panel outlined its plans to strengthen and expand the methodology used in the interim review and incorporate its recommendations into the framework for the 2005 comprehensive review. Since the first work session, the panel provided guidelines for developing different indicators to assess performance of loans versus technical assistance (TA) grants, which involved reassessing the water policy's 40 policy action statements, differentiating between aspirational and operational statements.³

Special Adviser to the Review Panel, Mr. Akira Seki⁴, was tasked to examine the current methodology and set of indicators used to assess water policy implementation. Mr. Seki produced a draft report for discussion during the second work session. The main recommendations of Mr. Seki's report are: (i) reduce the coverage of indicators from 40 to 18, (ii) assign weighted values to the indicators with total weight of 80%, under three groups (a) Principal =50%, (b) Complementing = 30% and (c) subsector-specific=20%, (iii) add a new category to the assessment matrix to reflect "qualitative" aspects and with a weight of 20%, and (iv) adopt a reclassified subsector⁵ grouping of (i) basin water, (ii) rural water, and (iii) urban water.

ADB prepared two background papers based on updated analyses for discussion during the second work session: 1) *Quantitative Assessment of Implementation for ADB Projects Through 2004: An Update to the 2003 Interim Review*, (24 June 2005), and 2) *Quantitative Assessment of Implementation for ADB Projects Through 2004: Strengthening the Methodology and Updating the Indicators--Reducing the Policy Actions from 40 to 18* (18 August 2005), the latter which takes into consideration the recommendations from Mr. Seki's report.

Scope of the Review

As determined during the first work session of the review panel, the comprehensive review will focus on 26 key focal areas. First and foremost, the review will assess progress in the seven key areas outlined in ADB's water policy (the three key areas: water sector reforms, water resource management, and water service delivery, and the four cross-cutting issues: resource conservation, regional cooperation, partnerships, and governance). In addition to the seven key areas outlined in ADB's water policy, the comprehensive review will also consider a number of key internal and external issues and drivers relevant to implementing ADB's water policy and strengthening efforts to address the region's water sector needs. During the first work session, panel members agreed on the following 26 focal areas:

Internal Drivers and Issues at ADB

- Investment partnerships with DMCs
- Innovation and Efficiency Initiative
- Internal water policy actions (development of skills mix, resources, use of available knowledge)
- Managing for Development Results Initiative
- Capacity Development Program
- Gender and Development Program
- Poverty Reduction Strategy (pro-poor sustainable growth, social development, good governance)
- NGO Framework: empowerment of and interactions with civil society
- Cooperation Fund for the Water Sector
- ADB's Financing Water Program
- Agenda for Change (from ADB Water Week 2004)

Broader Drivers and Issues

- Millennium Development Goals (MDGs)
- harmonization with MDBs and other donors
- dams and development (what is possible)

³ The 2003 interim review identified 40 statements in the water policy which were translated into 40 "policy actions." Progress was assessed in the 7 key areas of the water policy across these 40 actions. Updated analyses completed in 2005 recommended reducing the number of policy actions from 40 to 18 to strengthen the methodology for the comprehensive review.

⁴ Mr. Seki served as Director General for ADB's Regional and Sustainable Development Department before retiring from ADB in 2002.

⁵ Rural Water includes Rural Water Supply and Sanitation and Irrigation and Drainage subsectors; while Urban Water Supply and Sanitation and Wastewater Management subsectors composed the Urban Water, and Basin Water is comprised of Flood Management, Hydropower, and Integrated Water Resources Management subsectors.

- public awareness and information
- knowledge management and partnerships
- private sector participation
- urban & rural linkages (balancing urban & rural development through water sector investments)
- disaster management with a pro-poor focus

During the second work session, Special Advisers presented papers on key topics covered under the scope of the review. Special Adviser, Peter Rogers⁶ presented a paper focused on critical issues from a global perspective relevant to ADB's water operations and the comprehensive review. His presentation highlighted three "key issue clusters:" governance, establishing value and knowledge development. Special Advisers Rogers and Seki also conducted a session on increasing water investments in the DMCs and made recommendations to the panel regarding ADB's Water Financing Program.

Draft Outline and Content for the Final Panel Report

During the review panel's first work session, panel members formed subcommittees to address the core issues under review and identified individual assignments for each panel member. An internal draft report was prepared for discussion during the panel's second work session. The report provides 1) background on the scope of the review and the panel's assignments, 2) a synthesis of key questions raised and preliminary recommendations made in panel member comments and 3) a compilation of panel members' initial comments submitted on their individually assigned areas.

The panel used this synthesis report to finalize the draft outline for the final report and made assignments to map the process to the final report. Next assignments will focus on synthesizing the panel's assessment of progress, challenges, and required actions in the key areas outlined in ADB's water policy: national water sector policies and sector reforms, water resource management, and water service delivery. The panel's preliminary recommendations are expected to outline next steps in four key areas focused on: a) enabling environment, b) capacity development, c) investment and d) process to ensure implementation. A copy of the draft outline for the final report is included in Appendix 2. The panel aims to complete a draft in time for discussion during the regional consultation scheduled for mid-November.

D. Timeline and Expected Outputs

The Review Panel is meeting three times over the course of the review to examine various inputs, discuss stakeholder feedback, and prepare the Panel Report. The first meeting took place at ADB HQ 9-13 May 2005. During the first work session panel members were briefed by staff on ADB's water operations, key priorities, and issues relevant to the review. The third and final meeting of the review panel is expected to take place in early December back at ADB HQ to finalize the panel report and recommendations to ADB Management.

The main text of the final Panel Report is expected to be no more than 15 to 20 pages. At the end of the final work session, the Panel Chair will submit this report to the Director General of ADB's Regional and Sustainable Development Department (DG RSDD) who is responsible for the review. In December 2005 the DG is expected to circulate the report to regional directors to collect interdepartmental comments. In January 2006 the Panel Chair would discuss these comments with DG RSDD and finalize the report. As stipulated in the policy, DG RSDD will submit the final report to Management for circulation to ADB's Board of Directors as a Board Information Paper. At this time, RSDD will also post the Panel Report on ADB's website.

⁶ Peter Rogers is Professor of Environmental Engineering and City Planning at Harvard University in the US. He also serves as Technical Adviser to the Global Water Partnership.

In February 2006, ADB is expected to initiate follow up actions in response to the Panel Report. As outlined earlier, the review process may result in recommendations to revise or supplement ADB's water policy. However, the focus of this review is to assess policy implementation. If recommendations are made to revise the policy itself, they will be taken up under a separate exercise.

Throughout the review process, regular updates will be posted on ADB's website for comment: <http://www.adb.org/water>.

FOR MORE INFORMATION ABOUT THE REVIEW PANEL OR THIS REPORT:

Throughout the course of the Review Panel's engagement, regular communication with the Lead Facilitator, ADB Water Policy Implementation Review, will be maintained to monitor progress and to ensure that the review is completed on schedule. Her contact information is as follows:

Kathryn E. Nelson

Lead Facilitator, ADB Water Policy Implementation Review

Asian Development Bank (Regional and Sustainable Development Department)

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Visit our website at <http://www.adb.org/water>

Appendix 1: Agenda

**ADB WATER POLICY IMPLEMENTATION REVIEW
REVIEW PANEL WORK SESSION**
Shagri-la Hotel in Jakarta/The Melia Hotel in Bali, Indonesia
25-31 August 2005

Schedule at a Glance:

JAKARTA

Thursday 25 August	IN-COUNTRY CONSULTATION FOR INDONESIA (see separate agenda: includes viewing of film)
Friday 26 August	REVIEW PANEL MEETING: introductions, briefings on surveys, in-country consultations to date, Special Adviser presentations, and external studies (WaterAid update).
Saturday 27 August	REVIEW PANEL MEETING: Special Adviser presentations continue, panel discussion of outline of Panel Report, ADB Project site visit: West Java Urban Development Project, Dinner at local Indonesian restaurant in Bogor.
Sunday 28 August	FLY TO BALI
Monday 29 August	SEAWF: Southeast Asia Water Forum Review Panel members' presentations (Erna and Ravi)
Tuesday 30 August	REVIEW PANEL MEETING RESUMES: panel discussion of Final Panel Report continues, review of second work session report draft, and individual work time.
Wednesday 31 August	REVIEW PANEL MEETING CONCLUDES: wrap up and final discussions on: next assignments, agenda for December Meeting, upcoming in-country consultations and the regional workshop, and second session final outputs.
Thursday 1 September	SEAWF
Friday 2 September	SEAWF

Friday, 26 August:

- 9:00 – 9:15 Welcome and Opening Remarks
*Wouter Lincklaen Arriens, Lead Water Resources Specialist
Regional and Sustainable Development Department, RSDD*
- 9:15 – 9:30 Introduction of Review Panel and Special Advisers
Erna Witoelar, Review Panel Chair
- 9:30 – 9:45 Background Materials, Overview of Agenda, Revised Summary Timeline
*Kathryn E. Nelson, Lead Facilitator, Water Policy Implementation Review,
RSDD*
- 9:45 – 10:00 Global Perspective on Critical Issues for ADB's Water Policy Implementation
*Peter Rogers, Professor of Environmental Engineering and City Planning,
Harvard University and Technical Advisor to the Global Water Partnership*
- 10:00 – 10:30 Questions and Discussion
- 10:30 – 10:45 TEA BREAK
- 10:45 – 11:30 Briefing on Preliminary Survey Results and In-country Consultations
Kathryn E. Nelson
- Review Panel Members' Reflections on In-country Consultations
*Annelie Hubach, Review Panel Member (Cambodia consultation)
Li Yuanyuan, Review Panel Member (Fiji consultation)*
- 11:30 – 12:00 Questions and Discussion
- 12:00 – 1:30 LUNCH
- 1:30 – 1:45 Update on WaterAid Study on Donor Effectiveness and ADB's Water Policy
Implementation: NGO Involvement to Inform the Review
Ravi Narayanan, CEO, WaterAid
- 1:45 – 2:15 Questions and Discussion
- 2:15 – 3:15 Panel Discussion on Synthesis of Assignments
Erna Witoelar, Panel Chair
- 3:15 – 3:30 TEA BREAK
- 3:30 – 4:30 Panel Discussion on Synthesis of Assignments
Continues
Erna Witoelar, Panel Chair
- 4:30 – 4:45 Outline of Next Day's Agenda and Adjourn Meeting
Kathryn E. Nelson

Saturday 27 August

- 9:00 – 9:15 Overview of Day's Agenda
Kathryn E. Nelson
- 9:15 – 9:30 Revisiting Indicators to Assess Progress in Water Policy Implementation
Akira Seki, Former Director General RSDD, ADB
- 9:30 – 10:00 Questions and Discussion
- 10:00 – 10:15 TEA BREAK
- 10:15 – 12:00 Panel Discussion on Draft Outline for Panel Report
Erna Witoelar, Panel Chair
- 12:00 – 1:00 LUNCH

(Please be ready to leave the hotel directly from lunch at 1 pm sharp for site visit)

- 1:00 – 5:00 Project Site Visit in Bogor: West Java Urban Development Project

Tuesday 30 August: **REVIEW PANEL MEETING RESUMES**

- 9:00 – 9:15 Announcements and Overview of Day's Agenda
Kathryn E. Nelson
- 9:15 – 10:15 Increasing Water Investments & ADB's Water Financing Program
- The Link Between Increasing Water Investments and Developing Member Countries' Economic Growth (macro perspective)
Peter Rogers, Professor of Environmental Engineering and City Planning, Harvard University and Technical Advisor to the Global Water Partnership
- Recommendations for ADB's Water Financing Program
Akira Seki, Former Director General RSDD, ADB (micro perspective)
- 10:15 – 10:30 TEA BREAK
- 10:30 – 12:00 Panel Discussion on Key Messages and Themes for Final Report
Erna Witoelar, Review Panel Chair
- 12:00 – 12:15 Outline of Last Day's Agenda and Adjourn Meeting
Kathryn E. Nelson
- 12:15 – 1:30 Lunch
- 1:30 – 5:30 Individual Work Time: *(Panel Members and Special Advisers review draft of second session report and draft outline of final Panel Report. No set plans for dinner).*

Wednesday 31 August:

WRAP UP AND NEXT STEPS

- 9:00 -- 9:15 Overview of Morning's Agenda
Kathryn E. Nelson
- 9:15 – 10:45 Morning Panel Discussion: Session Outputs
- Finalize Outline for Panel Report
 - Review and Finalize Report for Second Work Session
- Erna Witoelar, Review Panel Chair*
- 10:45 – 11:00 TEA BREAK
- 11:00 – 12:00 Morning Panel Discussion Continues
- 12:00 – 1:30 Lunch
- 1:30 – 3:00 Afternoon Panel Discussion: Next Steps
Panel Discussion on Preparations for December Meeting and Final Outputs
- Individual Assignments
 - Special Advisers' Assignments
 - Agenda for December Work Session
 - Upcoming In-country Consultations and Regional Workshop
(review panel role and presentation of Panel Report outline, feedback on participants for regional workshop)
- 3:00– 3:15 TEA BREAK
- 3:15 – 4:45 Afternoon Panel Discussion Continues
- 4:45 – 5:00 Wrap Up, Next Steps, and Adjourn Meeting
Kathryn E. Nelson
- (Panel Members and Special Advisers complete evaluation)*

Appendix 2: DRAFT OUTLINE FOR FINAL PANEL REPORT OF THE REVIEW PANEL*
[REVISED DRAFT]
August 2005

TABLE OF CONTENTS

EXECUTIVE SUMMARY *(short synopsis of process and key recommendations to ADB)*

I. INTRODUCTION *(key points listed below)*

- Water as a Resource and a Service
- Water as a Social and an Economic Good
- Integrated Water Resource Management (IWRM)
- Internal and External Development Drivers: Poverty Reduction Strategy and MDGs

II. ASSESSMENT OF WATER POLICY IMPLEMENTATION

(include progress, challenges and opportunities, and required actions in each of the sections below)

A. National Water Policies and Water Sector and Sub-Sector Reforms

(Key Elements to Discuss: Apex Bodies, Technical Assistance, Policy Dialogue, and Sector Assessment)

B. Integrated Water Resources Management (IWRM)

(Key Elements to Discuss: RBOs, Technical Assistance, and Participation)

C. Water Service Delivery (Both Water Supply and Sanitation and Irrigation and Drainage)

(Key Elements to Discuss: Project Design, CSP, and Project Loan)

III. RECOMMENDATIONS TO ADB'S MANAGEMENT

A. Enabling Environment for Effective Water Policy Implementation

B. Capacity Development

C. Investment

D. Process to Ensure Implementation

APPENDICES

APPENDIX 1: Background on ADB Water Policy and Review Processes

APPENDIX 2: Short Biographies for Review Panel

APPENDIX 3: Summary Timeline of Major Activities

APPENDIX 4: Summary of Assessments to Date -- Synthesis of key inputs from review modalities:

- *Update to 2003 Interim Review*
- *In-country Consultations: Stakeholder Inputs*
- *Regional Workshop and Water-related Conferences*
- *ADB Staff Workshops*
- *Web Survey and Comments Submitted on Website*
- *Interviews, External Studies (Water Aid, NGO Forum etc), and Desk Study*

***Final paper is expected to be no more than 15-20 pages main text**

Appendix 3: Short Biographies for Review Panel Members

Panel Chair

Ms. Erna Witoelar is the UN Special Ambassador for Millennium Development Goals in Asia and the Pacific. Before this post, she served as the Indonesian Minister of Human Settlements and Regional Development, responsible for the portfolio on housing & human settlements, public works, water resource management, and spatial planning. Ms. Witoelar also serves as the chairperson of the Indonesia Biodiversity Foundation (KEHATI) and is an Earth Charter Commissioner. She initiated several partnerships and organizations focused on governance and environmental reforms including the Partnership for Governance Reform in Indonesia and the Indonesian Forum for the Environment (WALHI) and provided leadership to others, serving as president of Consumers International and the Indonesian Consumer Foundation (YLKI). Ms. Witoelar received a masters degree in Chemical Engineering from the Bandung Institute of Technology, and completed post-graduate study in Human Ecology from the University of Indonesia.

Panel Members

Mr. Li Yuanyuan is the Deputy Chief Engineer and Professor of the Water Resources and Hydropower Planning and Design General Institute of the Ministry of Water Resources. In this capacity, he is spearheading several long-term water resource planning initiatives in the PRC focused on flood mitigation, infrastructure and land use, and national water sector development. Mr. Li also serves as the Secretary-General of the National Committee of International Water Resources Association and National Water Resources Planning Study Commission, Vice-Chairman of China Water Resources Association, China Natural Resources Association and is a Member of the International Collaborative Council of Water and Sanitation. Mr. Li obtained his B.S. in Hydrology and Water Resources from Chengdu Science and Technology University, PRC.

Mr. Gilberto Llanto is the Vice-President of the Philippine Institute for Development Studies (PIDS). Prior to this post, he has held various executive and technical (research) positions as a professional economist most recently with the National Economic and Development Authority (NEDA) as Deputy Director General [Under Secretary]. He currently serves as a Research Fellow with the Rural Development Research Consortium at the University of California, Berkeley, and is a member of the National Research Council of the Philippines and the International Association of Survey Statisticians. He is also a member of the Editorial Board of the Journal of Philippine Development. Mr. Llanto has chaired and served on the Board of Directors of several organizations including the Center for Training and Research in Agricultural Banking (CENTRAB), the Philippine Economic Zone Authority and the Philippine Economic Society. Mr. Llanto has conducted extensive economic research and policy work focused on financial markets, fiscal and monetary policy, agricultural finance, and public economics.

Mr. Ravi Narayanan is the Chief Executive of WaterAid, an international NGO focusing on the delivery of water and sanitation services and working on pro poor policy and advocacy issues worldwide. Prior to joining WaterAid, Mr. Narayanan was the Head of International Operations and Asia Director at ActionAid, where he previously directed programs for Africa, Asia and Latin America. He currently serves as a Trustee of Action on Disability and Development and is a member of the Water Supply and Sanitation Collaborative Council. Mr. Narayanan is also engaged as a Senior Associate with the National Institute of Advanced Studies. In addition to earning bachelors and masters degrees from Delhi and Cambridge Universities in Physics and Engineering, Mr. Narayanan has nearly two decades experience in engineering design, production, sales and general management in the UK and India.

Mr. Pradeep Singh is the President and CEO of IL&FS Infrastructure Development Corporation, which has established partnerships with the Federal Government and more than ten state governments in India for developing infrastructure projects in Public Private Partnership formats. Mr. Singh is a former member of the Indian Administrative Service and held several positions in state and central government before joining the IL&FS in 1997. He was also engaged in policy formulation and implementation of development programs that focused on the poor. Mr. Singh received a Masters of Public Administration degree from Harvard University and a MBA and M.Sc in Physics from Punjab University, India. He was also a Rotary International Graduate Fellow at Stanford University in the Department of Engineering Economic Systems.

Ms. Annelie Hubach is consultant to the Division for Environment and Water Resources Management of the Ministry of Foreign Affairs of the Netherlands. Ms. Hubach's work focuses on integrated water resources management and water and sanitation with respect to poverty and gender mainstreaming and institutional change. She is also engaged as advisor to the Netherlands' Council of Women assisting with policy and strategy development for the Women for Water Partnership. Prior to these engagements, she also served as an adviser with the Water Unit and Social Policy Division of the Ministry of Foreign Affairs of the Netherlands. Ms. Hubach obtained a Masters in Social Geography and Teaching Training College diploma from Vrije Universiteit van Amsterdam, with qualifications in Geography and History.

**Appendix 4: Revised Summary Timeline of Key Events
SEPTEMBER 2005**

Month	Major Activities (dates)
<i>2005</i>	
January-March	PLANNING AND INCEPTION PHASE: <ul style="list-style-type: none"> ▪ Interview ADB operations directors and staff to secure initial feedback on the review design and Review Panel selection process ▪ Finalize Review Panel and Special Advisors recruitment and schedule ▪ Finalize schedule for in-country consultations and regional meetings ▪ Finalize communications strategy & schedule: coordinate with Water Awareness Program (WAP) ▪ Finalize design of review process and submit inception report presenting work plan
April	<ul style="list-style-type: none"> ▪ ADB Staff Workshop: Water Sector Network (WSN) and ADB water operations staff (12) ▪ Training Workshop for National River Basin Management Organizations (NARBO) Colombo, Sri Lanka (24-29) ▪ 2nd Regional Meeting of Apex Bodies in Bangkok, Thailand (27-29)
May	<ul style="list-style-type: none"> ▪ Review Panel Work Session #1: ADB HQ (9-13)
June	<ul style="list-style-type: none"> ▪ SEAWUN Convention on Water and Wastewater in Southeast Asia in Hanoi, Vietnam (7-9) ▪ Roundtable on Private Sector Participation in Urban Water Supply, Bangalore, India (15-16) ▪ In-country Consultation #1: Phnom Penh, CAMBODIA (23-24)
July	
August	<ul style="list-style-type: none"> ▪ In-country Consultation #2: Suva, FIJI (9-10) ▪ Review Panel Work Session #2: Jakarta/Nusa Dua, Indonesia (4 days) (26, 27, 30-31) ▪ In-country Consultation #3: Jakarta, INDONESIA (25/27) ▪ 2nd Southeast Asia Water Forum in Nusa Dua, Indonesia (29-2)
September	<ul style="list-style-type: none"> ▪ In-country Consultation #4: Almaty, KAZAKHSTAN (15-16) ▪ In-country Consultation #5: New Delhi, INDIA (28-29)
October	<ul style="list-style-type: none"> ▪ ADB-PRC Water Week and 2nd International Yellow River Forum, Zhengzhou, PRC (17-21) ▪ In-country Consultation #6: Zhengzhou, PRC (21)
November	<ul style="list-style-type: none"> ▪ Regional Consultation at ADB HQ (2-day) (18-19) ▪ ADB Staff Workshop #2 at ADB HQ (one-day) (25 TBD)
December	<ul style="list-style-type: none"> ▪ FINAL Review Panel Work Session #3: ADB HQ (1-6)
<i>2006</i>	
January	FINAL STEPS OF REVIEW PROCESS: <ul style="list-style-type: none"> ▪ DG RSDD and Panel Chair discuss interdepartmental comments and finalize the Panel Report ▪ DG RSDD submits report to ADB's Management for endorsement to circulate to ADB's Board of Directors as a Board Information Paper (as stipulated in the policy) ▪ RSDD posts Panel Report on ADB website
February	<ul style="list-style-type: none"> ▪ ADB initiates follow up actions in response to the Panel Report

Appendix 5: Summary of Assessments and Review Processes to Date

A. 2003 Interim Review

In 2003, ADB conducted an interim review to assess the implementation of ADB's water policy approved in 2001. This review identified 40 policy actions in the seven policy areas and examined how these had been integrated into the 117 ADB loans and TAs.

Scope

The scope of the review encompassed the following:

- water assessments and policy dialogue in DMCs
- design of loan and technical assistance projects
- response to ADB's poverty reduction strategy
- progress of regional cooperation
- internal ADB actions
- impact of ADB's 2002 reorganization on policy implementation
- impact of the Cooperation Fund for the Water Sector on operations

Methodology

The interim review was an in-house exercise relying on information gathered through desktop analyses of project documents, completion of checklists for policy actions, and surveys of regional directors. While the process was internal, the report was posted on the website to secure comments from DMCs and NGOs.

Key Findings

The review determined that ADB had made encouraging progress to help its clients expand the delivery of water services, conserve water, foster participation, and improve governance. ADB made modest progress in fostering integrated water resource management (IWRM) and in promoting regional cooperation. Key findings include the following:

- 54% of ADB's water loans approved after the water policy's adoption are consistent with the policy
- 20% of water TA projects examined were consistent with the policy
- 29% of DMCs with ADB water financing operations conducted comprehensive water assessments (5 in 17)
- 53% of DMCs have national water policies in place (9 in 17)
- 59% of DMCs are conducting national water sector reforms (10 in 17)

Significant gains were also made by DMCs to involve more stakeholders in their efforts to adopt reforms and improve governance in the water sector. ADB also achieved positive gains in improving information dissemination, capacity building, monitoring and coordination for the operations departments. Moreover, the Cooperation Fund for the Water Sector provided much-needed additional resources to catalyze policy implementation while also providing a strategic framework and creating synergy among ADB's water operations. Additionally, ADB's reorganization in January 2002 provided considerable additional support to operational departments through the Water Sector Committee and Network, supported by the water focal point (Water Team) in the Regional and Sustainable Development Department.

Key Recommendations

The interim review resulted in recommendations for internal ADB actions as well as external actions in the DMCs. Key recommendations are as follows:

In the DMCs: Pursue national water sector reforms, develop capacity, & address financing issues.

1. *Conduct comprehensive water sector assessments* to guide sector-level policy dialogues and develop national policies. Only 5 in 17 DMCs with water operations completed comprehensive national water sector assessments. While 9 of these DMCs had national water policies in place and 10 are engaging in water sector reforms, no sector-level policy dialogues had taken place at the time of the interim review.
2. *Increase investments* in institutional development at sector and sub-sector levels.
3. *Adopt new financing methods*, particularly with the private sector, and for cost recovery.

Within ADB: Embed the water sector and the water policy better in CSP processes and in the project cycle, and strengthen water staffing.

1. *Operations departments to improve project design* to be more consistent with the water policy, in particular in TAs. Only 20 percent of the TAs were consistent with the water policy.
2. *ADB to adopt water management as a thematic classification*, including both the delivery of water services and the management of water resources, as advocated in the water policy.
3. *ADB to improve staff strength in water specialists*, particularly in policy and institutional development, water quality and wastewater management, social sciences and resource economics, and private sector participation.

Overall, the review resulted in three key overarching recommendations focused on policy dialogue and sector reforms, development priorities and investments, and measurable indicators and best practices. Key points for each recommendation are as follows:

Undertake Policy Dialogue and Promote Sector Reforms.

1. Conduct more comprehensive national water sector assessments:
2. Develop and refine water sector roadmaps as the critical foundation for CSP/U preparation.
3. Provide advice in developing and testing policy dialogue with DMCs and replicating the results.

Review Development Priorities in DMCs and Align Investments

1. Examine development priorities in preparation of CSP/Us to increase water sector investments.
2. Prioritize ADB resources to support comprehensive water sector assessments, reforms and development needs in the DMCs so that the most urgent needs can be met within the budget constraints and TA and lending ceilings.
3. Consider modalities to conduct sector assessments and support sector reforms beyond PPTA.

Develop Guidelines for Project Design, Establish Measurable Indicators, and Disseminate Best Practices

1. Establish guidelines, checklists and generic terms of reference for water project designs and projects with significant water components.
2. Align guidelines and checklists with the 40 actions outlined in the water policy, incorporating key elements of the poverty reduction strategy (pro-poor sustainable growth, social development, and good governance), and targeting harmonization with other aid organizations' efforts and global benchmarks e.g. the MDGs and the World Bank Water Resources Strategy.
3. Disseminate examples of well-designed projects and project frameworks with measurable indicators linked to water policy requirements.

ADB's Response to Interim Review Recommendations

ADB has responded to nearly every recommendation with some measure of follow-up action since the interim review concluded. Key initiatives underway are summarized in the table below.

Priority Area	Initiatives Underway
Water Sector Reforms, DMC Priorities and CSP Process	Starting with the 4 th Phase RETA under the water fund approved in 2004, support was offered to operations divisions on a pilot basis for water sector assessments and policy dialogue in DMCs, and CSP preparation.
Capacity Development and Knowledge Management	The Water Sector Committee approved a capacity development program for DMC and ADB water staff focused on knowledge management (KM) for water reforms. KM applications were developed for launch in 2005 to improve information and experience sharing.
Financing Issues	In 2004, RSDD launched a Financing Water program to address critical water financing issues. Specific initiatives to date included: advocacy package on tariff reform, pilot implementation of small piped water networks, and financing for small-scale piped networks.

The interim review also highlighted the need to revise the policy provision for large water resources projects that involve dams. The recommendation involved modifying the impractical requirement for all stakeholders to agree on the justification of large water resources projects with the provision that, "...stakeholders must be provided the opportunity to comment regarding the justification with their views considered. The ADB will promote the participation of government, civil society and other stakeholders in the country towards this end."

The review noted that while ADB should continue to pursue a cautious approach to projects involving dams, it is impractical to expect all stakeholders to agree on the justification for such projects. The Water Sector Committee recommended to revise the policy provision in the context of ADB's new accountability mechanism, and to reflect how ADB can promote the participation of stakeholders in project preparation. Water agencies, NGOs, and other interested stakeholders were invited to send their comments in 2004. The comments received were reviewed, and a revised proposal was submitted and approved by ADB's Management and Board of Directors in January 2005.

B. 2004-2005 Updated Analyses

ADB is conducting an update to the interim review analysis to include projects through 2004. The expanded study attempts to quantify outputs achieved under each of the seven key elements and 40 policy actions of the water policy. How many river basin organizations (RBOs) and national apex bodies have been formed? How many national water policies have been enacted? The study also includes efforts to strengthen the methodology and indicators used to assess policy implementation. ADB has produced two draft papers for the Review Panel's consideration.

C. Progress to Date on Comprehensive Review Modalities

▪ In-country Consultations:

ADB expects to conduct seven in-country consultations for the comprehensive review. The schedule listed below has been coordinated with the Resident Missions, related regional events, and other ADB policy reviews planned for 2005. The consultations will be scheduled in countries

representing the five regions ADB serves and involve stakeholders from national and sub-national levels of government, elected representatives, civil society including NGOs and academe, private sector, the media, and other institutions involved in water sector related work. In selecting participants and outlining the agenda, ADB will strive for a balanced representation across geography, ethnicity, gender, and the main subsector and thematic areas outlined in ADB's work.

The consultations are expected to take place during the months of June to November 2005. The in-country consultations are designed to generate feedback on policy implementation and other inputs to improve water operations, considering:

- experience in implementing the water policy
- achievements and lessons learned
- challenges and investment requirements
- opportunities and areas for improvement
- issues specific to the country and region that require attention

Review Panel members plan to participate in in-country consultations, interacting with various stakeholder groups across the region.

- Regional Events and Workshops

Throughout the review process, ADB expects to participate in several regional events to secure feedback through surveys circulated to stakeholders and conference participants and to share progress reports on the review. In addition to attending regional events, ADB is working with PRC to organize Water Week 2005, tentatively scheduled for 17-21 October 2005. ADB also expects to organize a regional workshop at ADB HQ in Manila in November to learn from the in-country consultations and get further advice on key topics and themes.

The schedule to date for the regional and in-country consultations is listed below.

Table 1: Tentative Schedule for Regional and In-country Consultations

Country	Regional Department	Proposed Dates
<i>In-country</i>		
Cambodia (Phnom Penh)	Mekong	23-24 June 2005
Fiji (Suva)	Pacific	9 August 2005
Indonesia (Jakarta)	SERD	25 August 2005
Kazakhstan (Almaty)	ECRD	15-16 September 2005
India (New Delhi)	SARD	28-29 September 2005
PRC (Zhengzhou)	ECRD	21 October 2005
<i>Regional Events</i>		
PRC	Proposed Water Week	17-21 October 2005
Philippines	Regional Workshop	18-19 November 2005

- ADB Staff Workshops

ADB will organize in-house staff workshops and circulate surveys to elicit feedback from ADB's water operations directors and Water Sector Committee and Network staff members and consultants. ADB staff workshops and surveys aim to:

- review and respond to key findings and recommendations from the 2003 interim review
- outline the expanded scope of the 2005 comprehensive review
- secure feedback on ADB's performance and progress to address key water sector priorities

- identify benchmarks and criteria to measure ADB's progress in implementing the water policy
- identify key constraints facing water operations staff and ADB clients
- identify necessary resources or technical inputs to improve implementation of ADB's water policy
- identify priority investments and business opportunities that ADB should pursue in the next year.

In April 2005, more than 30 staff (WSN and water operations colleagues) attended the first ADB staff workshop to help launch the comprehensive review and address key issues raised during the 2003 interim review. A very short survey targeting the members of the Water Sector Network (WSN) and other water project staff has also been circulated and initial responses from approximately 30 staff members have been tabulated. This "5-Minute Pulse Check" was designed to gauge perceptions on performance, constraints, and lending that could boost ADB's water operations in the next year.

Among respondents, there is a general consensus that ADB is making modest gains to promote national water sector reforms, implement IWRM, foster regional cooperation, conservation, and governance. However, several respondents stressed the need to improve efforts to promote national water sector reforms and water conservation. Perceptions were somewhat aligned regarding key constraints facing water policy implementation as capacity development, water sector reforms, and financing issues all ranked high. Capacity development in the DMC's was identified as the greatest constraint facing ADB staff and clients in implementing the water policy.

- Client and Stakeholder Survey and Website

As mentioned earlier, ADB expects to participate in several regional events to secure feedback through surveys circulated to stakeholders and conference participants and to share progress reports on the review. A client and stakeholder survey is also available on line at <http://www.adb.org/Water/Policy/review-draft-paper.asp>. Throughout the review process this website will serve as a clearinghouse for information about the comprehensive review and feedback from ADB stakeholders.

D. External Studies Relevant to the Review

WaterAid is conducting a donor effectiveness study and preparing its NGO partners for constructive engagement in ADB's review process through discussion of the findings of their study. The review process could benefit in many ways from this partnership. As WaterAid outlines in its own concept papers, their effectiveness study should underscore the fact that ADB's policy implementation review is acknowledging independent evidence-based reviews and employing participatory approaches to NGO involvement in the Review process. WaterAid will present preliminary findings during the India in-country consultation in September 2005, as well as during the regional consultation taking place in November 2005.

ADB staff will also monitor and take part in relevant regional activities such as critical research studies or evaluations to inform and improve the review process. Importantly, ADB is preparing the second progress report on MDGs in Asia in coordination with UNDP and UNESCAP. ADB has also taken the lead in preparing a technical background paper specifically on water and the MDGs.