

Water Policy and Related Operations

This special evaluation study assesses the implementation of ADB's water policy and the performance of related operations, identifies lessons and issues, and makes recommendations to inform future decision making on water sector operations in ADB's developing member countries. Key evaluation questions focus on relevance, consistency, and adequacy of the water policy; ADB's responsiveness or how it implemented the policy; and results so far, including effectiveness in achieving outputs and outcomes, process and project efficiency in resource use, and likelihood of the sustainability of net benefits.

Water remains one of the greatest global challenges. Significant improvements are needed in water management policies and practices to sustain lives and food production, support larger urban populations, and improve environmental sustainability in the Asia and Pacific region and in the world.

While the pressures on the world's water resources are great, progress was made in several areas over the past decade. Many multilateral and bilateral aid agencies have provided assistance for improving water and sanitation in developing countries. ADB, on its part, has established its water policy in response to water crisis which is closely linked to poverty and potential regional disputes.

The water policy treats water as both a social and economic good and acknowledges the fundamental distinction between "water as a resource" and "water as a service". These principles help efforts to improve suboptimal national policies and practices in the water sector. The policy supports ADB's strategy for poverty reduction by promoting participation of the poor in water management, supports ADB's strategy for public-private participation, and aims to catalyze a national focus on water sector reform in its developing member countries (DMCs).



Many residents in the southern Philippine island of Mindanao do not have easy access to potable water in their homes. The Mindanao Agrarian Reform Communities Project - funded by ADB - is helping change that.

Key Findings

Consistency and Adequacy of ADB's Water Policy and Related Operations

- The policy is rated *relevant*.
- In general, ADB's lending operations have reflected the policy well.
- The ADB water policy is largely consistent with that of other multilateral development banks.

ADB's Response to Water Sector Issues and Water Policy Implementation

- ADB's response to water sector issues has been sound, but in some cases slow or limited.
- In the area of private sector investment in the water sector, ADB has lagged behind other multilateral lenders.
- The ability or willingness of governments to implement covenants has been variable.
- Both public and private operations can be efficient.
- A driving force behind the policy and its implementation has been the water-related Millennium Development Goals.
- Sanitation objectives are far from attainment.
- Irrigation and drainage projects have proved to be among the more difficult water subsectors, with a success rate of 54.5% overall.
- A cautious approach is necessary in assisting DMCs in subregional cooperation to increase awareness and share international good practices in water resource management.

Achievements of ADB Assistance under the Policy

- ADB assistance has contributed to water policy development in Asia in areas such as water sector governance including institutional capacity development, tariff reforms, regulatory framework, and water conservation.

QUICK LINKS

Water Policy and Related Operations
www.adb.org/Documents/SES/REG/SES-OTH-2010-47/default.asp

ADB Management Response
www.adb.org/Documents/Evaluation/Management-Response/SES/MR-SES-Water.pdf

Chair's Summary of the Development Effectiveness Committee (DEC)
www.adb.org/BOD/dec/DEC-ChairSum-16Nov-Water.pdf

- A problem appears to be a gap between policy development and promotion on the one hand and operations on the other.
- While much has been achieved since approval of the policy, more remains to be done, particularly in such areas as integrated water resources management.
- Targets need to be carefully thought out, realistic, and achievable.

Lessons

- At the strategic level, an effective policy has to be firmly grounded in the core business of an enterprise. Successful policies have to be accompanied with clearly defined targets, required approach and resources, and a reliable monitoring mechanism with result indicators.
- To improve overall success rate in water sector operations, both design and implementation of ADB-funded projects have to improve, requiring change in the institutional mind-set and adoption of good practices and appropriate techniques / technology.
- There is a substantial gap between what was planned and actually implemented in integrated water resources management, which shows difficulties in implementation and at the same time indicates that past experience and lessons did not influence the design of subsequent projects.
- Capacity development, government commitment, strong leadership, community participation, monitoring, and good coordination are important requisites of successful projects.
- Real benefit to impoverished populations is realized when the water issues that affect them are resolved—when access to clean drinking water is secured, when floods are controlled, and when crops can be reliably irrigated.
- Some countries have made good progress in forming basin organizations, expanding urban water and sewerage systems, and rehabilitating irrigation systems. Many countries have had less success largely because of poor governance and the weak financial sustainability of implemented projects.
- Water resources management is intensely political and requires the articulation of prioritized, sequenced, practical, and patient interventions.
- Support to regional cooperation has proved a difficult area, although ADB has had some success in Central and Southeast Asia. Multiplicity of competing or conflicting interests, and political sensitivities make integrated management and rational resource allocation difficult.
- The private sector plays a pivotal role in developing water supply and sanitation systems in the Asia and Pacific region. However, this role is limited to construction contracts or concessions, with relatively low levels of direct investment in the sector, either foreign or local. To bridge the investment gap, ways need to be found to make investment in the sector more attractive to private businesses.
- Government-owned and commercially run water agencies can be highly efficient in delivering services in the water sector; however, champions are needed in both managerial and political areas.

Feedback

ADB Management appreciated the study and noted its timeliness considering that ADB is currently preparing a new framework to guide its water operations during 2011-2020. Management supported the findings and recommendations of the study.

The Chair's Summary of the Development Effectiveness Committee (DEC) recognized that water is going to be a major resource requirement and service for the region. DEC members also noted that the level of compliance with covenants has increased greatly after the issuance of the policy in 2005. Going forward, DEC members expect the success rate as well as sustainability ratings of water-related projects to improve once the water operational framework became available.

Recommendations

- *Develop and implement an operational framework and implementation plans for further implementation of the water policy*
- *Build on success and assist DMCs to achieve their water-related national and international targets*
- *Address more effectively the thematic and cross-cutting issues of the water policy by reorienting assistance operations*

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