

# ADB's Water Policy and the Need for National Water Sector Apex Bodies<sup>1</sup>

## Introduction

ADB is pleased to support the first Regional Meeting of National Water Sector Apex Bodies in Asia, organized in collaboration with the Office of the National Water Resources Council in the Ministry of Natural Resources and Environment, Viet Nam.

Asia is home to nearly two-thirds of the world's poor, and its freshwater supplies are among the lowest in the world. The stark realities in our region are that one in three Asians does not have safe drinking water, and one in two does not have adequate sanitation facilities. The poor are hardest hit by water scarcity, pollution and floods. Ineffective water governance, and inadequate financing are keeping the poor from having access to safe water.

Of those without access to water or sanitation, almost 90 percent live in rural areas. Investment needs in the water sector are high, both in infrastructure and services, and in conservation and capacity building. Investments in the water sector are critical for sustainable economic development in the region and for countries to achieve the Millennium Development Goals.

This paper sets out how national water sector apex bodies can demonstrate leadership in water governance, how this ties in with ADB's water policy and operations, how leadership and change are important to water sector reforms and to reducing poverty, and how ADB can support the work of national water sector apex bodies through networking.

## A Water Governance Crisis

International conferences have recognized that the water crisis in the region is essentially a crisis of water governance, of how water is managed. To achieve the vision of "Water for All" in all countries across the region, and in particular to meet the needs of the poor, water sector governance needs to improve.

Unlike other sectors, the water sector typically has a very large number of government as well as nongovernment stakeholders in each country. A special effort in sector coordination is therefore needed to ensure that governments can exercise leadership and decision-making and move forward with developing, adopting, and sustaining effective water policies, reforms, and investments. To meet this coordination challenge, a number of countries in the region have established a national water sector apex body, while several others are considering similar steps.

Good governance means sound development management. ADB promotes stakeholder participation, transparency, predictability, and accountability as pillars of good governance. The Global Water Partnership states that water governance refers to the range of political, social, economic, and administrative systems that are in place to regulate the development and management of water resources and the provision of water services at different levels of society. Good governance and capacity building are like two sides of the same coin. Making the right decisions lies at the heart of good governance.

The need for better water governance in the region is critical, and it lies at the heart of ADB's water policy "Water for All".

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## ADB's Policy 'Water for All'

Water governance is a challenge in each country, and there is no standard approach that fits all needs. ADB's policy is therefore to support its member countries in the process of national water sector reforms, in the management of water resources, and to improve and expand the delivery of water services.

"Water for All" is ADB's vision and policy for the water sector. ADB regards water as a resource and as a service. The *sustainable management of water resources* should go hand in hand with the *efficient delivery of water services*, including drinking water supply and sanitation, and irrigation and drainage. The needs of the poor require special focus in all water projects, in both resource management and in water services.

ADB's water policy is premised on the Asian and Pacific Region's urgent need to formulate and implement integrated, cross-sectoral approaches to water management and development. It seeks to promote the concept of water as a socially vital economic good that needs increasingly careful management to sustain equitable economic growth and to reduce poverty. The conservation and protection of water resources in the region through a participatory approach are at the heart of the policy.

ADB's water policy has the following principal elements:

- (i) **Promote a national focus on water sector reform.** ADB's developing member countries (DMCs) will be supported to adopt effective national water policies, water laws, and sector coordination arrangements; improve institutional capacities and information management; and develop a national action agenda for the water sector. Throughout, the needs of the poor will be specifically factored into legal, institutional, and administrative frameworks.
- (ii) **Foster the integrated management of water resources.** Integrated management will be based on conducting comprehensive water resource assessments, and concentrating interlinked water investments in river basins.
- (iii) **Improve and expand the delivery of water services.** Focusing on water supply and sanitation (both rural and urban), irrigation and drainage, and other subsectors, support will be provided for autonomous and accountable service providers, private sector participation, and public-private partnerships, emphasizing equity in access to water for the poor and underserved.
- (iv) **Foster the conservation of water and increase system efficiencies.** Packages that combine water use and resource management charges to recover costs, improved regulation and increased public awareness, and provisions to ensure that the poor are not excluded will be supported.
- (v) **Promote regional cooperation and increase the mutually beneficial use of shared water resources within and between countries.** The primary focus will be on the exchange of information and experiences in water sector reform. Support will be provided to enhance awareness of the benefits of shared water resources, create sound hydrologic and socio-environmental databases relevant to the management of transboundary water resources, and implement joint projects between riparian countries.
- (vi) **Facilitate the exchange of water sector information and experience.** Socially inclusive development principles will be supported to promote stakeholder consultation and participation at all levels, increase access to basic water

services by poor consumers, and enhance water investments in the DMCs through public-private-community-NGO partnerships.

- (vii) **Improve governance.** This will be accomplished by promoting decentralization, building capacity, and strengthening monitoring, evaluation, research, and learning at all levels, particularly in public sector institutions.

### **Why does ADB support National Water Sector Apex Bodies?**

ADB advocates that national water sector apex bodies are needed in the developing countries of Asia to bring together government, civil society and nongovernment stakeholders to promote effective water policies and guide national water sector reforms to achieve sustainable water management. The water sector typically has many stakeholders in each country, both in and outside government. National water sector apex bodies are needed to ensure that coherent and effective water management policies and action agendas are adopted and implemented with the support of government agencies concerned and civil society.

ADB regards National Water Sector Apex Bodies as critical institutions to improve decision-making for better water governance. In support of its water policy, ADB actively promotes and supports the development of national water sector apex bodies in its DMCs to:

- (i) **promote a national focus on water sector reform**, through the formulation and adoption of effective national water policies, water laws, improved institutional capacities, information management, and a national action agenda for the water sector;
- (ii) **guide a water sector reform process** in which the relevant stakeholders in the country collaborate to achieve agreed water sector outcomes; and
- (iii) **facilitate policy dialogue and investment partnerships** in the water sector with development partners, including ADB.

National water sector apex bodies have already been established in several countries in Asia to guide national water sector reforms to achieve sustainable water management. The regional meeting will provide inputs to elaborate on the purpose of the national water sector apex bodies. While several developing countries in the region have established such bodies, systematic and comparative analysis has yet to be undertaken to assess their effectiveness and learn from their experience and success factors.

### **What is Water Sector Reform?**

The water sector reform refers to the whole of a country's policies, planning, implementation, and supporting activities to develop and manage its water resources and deliver water services to all users in its society. It includes activities for river basin and groundwater development and management, water supply and sanitation, wastewater management and pollution control, irrigation and drainage, hydropower development, flood control and management, watershed and wetlands protection and management, fisheries and aquatic resource management, water-borne transport, and other water-related activities.

National Water Sector Apex Bodies refer to national organizations that guide the water sector, such as national water (resources) councils, committees, commissions, boards, or authorities, together with their supporting offices.

The development, adoption, and implementation of water policies as part of the water sector reform process involve a period of transition. Moving away from “business as usual” in which water sector planning and project implementation were undertaken in a highly fragmented manner by a host of agencies and organizations will take time. The period of transition needs arrangements, time, effort, and leadership. Adopting a shared vision, and of the Changes needed, are critically important to move forward. Sector reform outcomes will need to be agreed, principles of good governance adopted and translated into better working procedures and regulations.

### **Apex Bodies as Part of the Reform Process**

National Water Sector Apex Bodies are themselves a part of the water sector reform process, to help manage the process of change and transition. The functions and structure of the apex bodies can evolve in accordance to the stage and needs of the reform process. Initially, the apex bodies may serve as a multi-stakeholder forum at the highest level to advise government on water sector vision, policy, and legislative reform. Water sector issues will need to be understood and prioritized, and a national action agenda for the water sector developed.

Once the agenda for change is developed, the apex body can assist government to oversee the process of reform, with specific responsibilities to see that the right decisions are made and that milestones and objectives are achieved. A role in conflict resolution over urgent water issues can help the apex body to be “grounded” in reality during this phase.

As the water sector reform process results in better decisions and revised legislation, the apex body’s mandate and organization may further evolve to take on specific regulatory responsibilities, e.g. in water rights administration, policies on cost recovery through water user charges, and supervision of other bodies like river basin organizations.

In countries that receive external assistance to the water sector, the apex body can play a key role in facilitating policy dialogue and negotiating investment partnerships in the water sector with development partners, including ADB.

As the mandate and tasks of the apex body evolves during the water sector reform process, the tasks, capacity, and resources of its supporting office will also need continuous review and capacity building.

### **How does ADB Support Water Reforms?**

The water policy states that ADB will support its DMCs in ensuring that water projects are guided by effective national water policies that link water to national development goals and protection of the environment. While no single, common policy can serve as a model for all, it is clear that national water policies should address both resource management and service delivery aspects. ADB will help develop comprehensive water policies in the DMCs. Where necessary, ADB will help the DMCs review existing policies and bring them in line with good international practice. Assistance for undertaking water sector assessments will be provided to ensure that policy formulation and sector reforms are well grounded.

Effective water policy will involve several reforms. Because project planning and implementation are commonly fragmented among many institutions, ADB will support the optimization of agency functions for planning and implementation. It will also focus on the development of effective cross-sectoral coordination mechanisms, such as a neutral sector apex body that can oversee the policy formulation and sector reform process. The structure and tasks of the apex body will evolve with the reform process. Regulatory capacities will be developed over time. Support will be provided for the review and revision of water legislation

particularly in the areas of water rights and allocation among competing uses, water quality standards, groundwater use, demand management, resource conservation, private participation, and institutional responsibilities for water sector functions at national, regional or basin, local, and community levels.

Given the vital relationship of water to several development challenges, targets have often been set at international fora or by individual DMCs, including the Millennium Development Goals. Water is a critical part of many of the MDGs, not only in the target to reduce the proportion of people without access to safe drinking water and adequate sanitation by half by 2015. Freshwater quality standards are also important for drinking water purposes, and to ensure the health of freshwater ecosystems.

Whether in the public or private sector, reform processes can benefit significantly from benchmarking, and the water sector is no exception. However, benchmarking efforts have so far been limited to water supply utilities, and are not yet widespread.

ADB's policy is to assist the DMCs in developing and adopting water action agendas that have clearly defined objectives and milestones linked to resources, and ADB is also keen to support the development of benchmarking to catalyze water sector reforms in critical institutions, including national water sector apex bodies, river basin organizations, water utilities, irrigation service providers, and water regulatory bodies. Promoting better decision-making is what water reforms are all about.

### **Support for Water Governance**

ADB's water policy states that the finite nature of water requires ADB to promote the governance of its conservation and management to the highest possible standards. Legal and regulatory systems in the DMCs need to ensure that water service providers and resource managers are held accountable by law for their performance relative to prescribed standards. The allocation of water to high-value uses is a matter of economic accountability and ADB will support the DMCs in developing appropriate methodologies for improved allocative efficiencies.

Externalities, especially social and environmental, will be taken into account in the allocation. The promotion of participation involving public, private, community, and NGO stakeholders is a key element of this policy. The quality of predictability will depend on the existence of laws, regulations, and policies to regulate water sector activities, and their fair and consistent application.

Likewise, transparency will be most effective when governments ensure the timely availability of information about water policies and projects to the general public, and provide clarity about government rules, regulations, and decisions in the sector. ADB will work to establish appropriate standards of predictability and transparency in line with its anticorruption policy. It will dialogue with governments to modify their roles and increasingly adopt functions of a regulatory nature.

### **Capacity Building Needs**

Water sector capacities require strengthening in a variety of ways. The policy environment, the sector institutions, and the development of human resources working in the sector, all need upgrading. Public, private, NGO, and community organizations active in the sector need help with institutional development and analysis, water policy formulation, legislation, water resource planning, real-time management of basin operations, data management and interpretation, simulation modeling and other analytical techniques, socioeconomic analysis and skills, community skills, and monitoring and evaluation.

ADB will help determine priorities in capacity building and selectively assist its partners through a process of monitoring, training, research, and feedback. Good practices will be cross-fertilized and agencies will be encouraged to adopt systems of incentives that create the demand for improved capacity.

Capacities in the private sector to manage water services efficiently are relatively stronger than in the public sector. Much of the required capacity-building effort will be focused on the national approach and the need for integrated water resource management. Resources will need to be invested cost effectively in the public sector.

ADB will promote the development of sustainable plans for capacity building; these will include the establishment of indigenous institutional arrangements for skills development at basic and advanced levels. The plans will incorporate processes that allow the sharing of subregional or regional experiences.

### **Support for Knowledge Management and Networking**

ADB's water policy states that to develop synergies, knowledge and skills are essential to improved governance and the water sector is no exception. And to optimize the work of knowledge and skills development institutions, and to promote regional self-help, a regional research and capacity-building network among these institutions provides a cost-effective approach.

Networks can offer a comprehensive program of short- and long-term courses in member institutions throughout the region, combined with case study research, on-the-job training scholarships in resource management agencies and service providers, and short executive seminars for high-level decision makers.

In practical terms, regional networks will enable (i) improved and dedicated research on key water management subjects, (ii) sharing of research capacities and research results, (iii) broadening of the pool of skilled personnel in the region, (iv) opportunities for the region to relate with the experiences and skills in other regions, and (v) promotion of a stronger sense of awareness of water management problems and prospects in the region.

ADB is already supporting regional networks for water utilities (the Southeast Asia Water Utilities Network), river basin organizations (the Network of Asian River Basin Organizations), and is interested to explore support for networking among national water sector apex bodies, and water regulators. Support for developing benchmarking systems can be considered as part of effective networking, and could be extended to other organizations like irrigation service providers, through benchmarking within countries.

### **Implementing ADB's Water Policy**

ADB's water policy is closely linked to its operations through loans, guarantees, technical assistance, knowledge products, and regional cooperation. The policy states that implementation will follow a sequenced approach that will initially concentrate on policy dialogue and water sector assessments to reach agreements with development partners on appropriate national water sector reforms in selected DMCs. These reforms will include the adoption or revision of a national water policy, law, institutional arrangements, information management, and other reforms to expedite an integrated approach to water service delivery and to water resource management in line with an action agenda.

Thereafter, plans to invest in a new generation of integrated investment packages will be established and linked to resources. The plans will be based on the country water action agenda, and will be guided by ADB's country strategies. ADB will selectively support programs based on the individual water action agendas that embody principles of integrated water resource management. Country capacity to undertake sustainable reform will be continuously assessed and factored into individual water action agenda. Sequenced capacity building will be a key element of the agendas. Projects in existing pipelines that are not based on such agendas will be reviewed and supported selectively if they conform to the broad principles contained in this policy and add value to the objectives of water conservation and efficiency in management.

According to the policy, ADB will ask the DMCs concerned to establish oversight of sector reforms and ongoing and planned water projects through a national water sector apex body. This apex body, modeled on the lines of a national water council, commission, or authority, will promote an integrated water sector approach and package new projects as an integral part of the action agenda. The apex body will facilitate policy dialogue with ADB and be responsible for the action agenda; it will also establish the basis for a longer-term investment partnership with ADB and other funding agencies. Once integrated water resources management has taken root in a country, the apex body may undertake functions that are more regulatory in nature.

The challenges of ensuring that water is conserved and managed wisely are huge and no single agency can hope to address them in isolation. Strengthening partnerships will be crucial for policy implementation. ADB will seek closer cooperation principally with governments, other international and bilateral agencies, the private sector, research institutes, and NGOs. Such cooperation will be factored into the action agendas and partnership agreements established to foster a sense of accountability. Partnerships with the development community will be especially sought to develop synergies in assistance to the sector; this will help maximize the impact of external resources. The partnership approach will clearly identify responsibilities in terms of legislative change, policy reform, institutional change, capacity building, and financing of high priority investments. This coordination will be at country, regional, and global levels and will cover operational, sector, and awareness creation work. Simultaneously, cofinancing, both official and private, will be pursued to provide technical assistance and to help finance priority projects with high efficiency and conservation returns.

### **Lessons Learned in ADB's Water Policy Implementation**

The 3<sup>rd</sup> World Water Forum in Kyoto in 2003 offered an excellent opportunity to demonstrate and discuss progress in water reforms in the region, and ADB played an active role in the Forum. ADB Water Week has also provided good opportunities for debate and review of critical issues in water policy implementation.

At the 3<sup>rd</sup> World Water Forum, ADB led a group of collaborating organizations in placing Water and Poverty on the main agenda of the Forum. Through the Water and Poverty Initiative in Kyoto, a host of organizations contributed valuable lessons from actions on ground, and also made recommendations how to catalyze further action and better partnerships. ADB and partners in the Initiative also launched a set of follow-up initiatives in Kyoto, and these are now being implemented to pursue pro-poor water investments in rural areas and in cities.

### **A Focus on Poverty Reduction**

Participants of the 3<sup>rd</sup> World Water Forum concluded that the Millennium Development Goals are important in defining a clear international agenda for focusing poverty reduction. One of the goals to halve by 2015 the proportion of people who cannot access or afford safe drinking water clearly reflects the need to improve the role of water in poverty reduction. Achieving these goals

will bring immediate and lasting benefits through improved health, productivity, local economy, social status and dignity for poor people.

The participants recognized that water projects could be tremendously effective in reducing poverty, but that we cannot take these impacts for granted. The needs of the poor must be targeted specifically through policies, strategies, and project design, to ensure optimal benefits to the poor.

ADB launched the Water for the Poor – Partnerships for Action initiative to catalyze actions at country level to put Kyoto's recommendations in practice. The initiative is now being implemented in Viet Nam, with opportunities being discussed for replication in several other countries. Six areas of intervention are important.

First, to strengthen pro-poor water governance through water policies, laws, action agendas, and better information management. Better governance includes mainstreaming gender and development in all water activities.

Second, to increase the access of the poor to water services such as drinking water supply (with hygiene and sanitation) and irrigation and drainage.

Third, to increase investments in agriculture, rural development, and other water-using sectors that generate direct income for poor communities.

Fourth, to invest in capacity building in poor communities to help them improve the management of their water resources, negotiate better access to water services, and improve their livelihoods through income-generating activities.

Fifth, to improve the resilience of the poor to water-related disasters through better forecasting, as well as relief and recovery systems, including both structural and non-structural investments in prevention, adaptation, and mitigation interventions.

And sixth, to produce sustainable natural resource management arrangements with the participation of the poor, particularly in the upper watersheds, wetlands, and other common property resources.

National water sector apex bodies are well placed to catalyze change and strengthen country partnerships that increase financing for rural water projects to reduce poverty, and improve the effectiveness of these projects to ensure that the poor benefit optimally.

During ADB's Water Week in January 2004, water and poverty issues were further discussed under the theme of Water for the Poor - Setting the Rules and Finding the Money. The participants examined how achieving the goal of improving the water security of the poor will need changes to the ways in which water resources are managed and water services are delivered. The keyword was Change. Change is in our paradigms and business processes are necessary, as the "business as usual" approach will not be adequate to reach the MDGs. The discussion resulted in an action agenda for change in ADB's water operations.

### **An Agenda for Change in the Water Sector**

ADB Water Week 2004 resulted in a change agenda to be pursued as part of overall water sector reforms in the DMCs and in ADB's water operations. These changes are highly relevant to the mandate of national water sector apex bodies to provide leadership in water governance, which boils down to ensuring decision-making to ensure that change happens in the right direction.

The **first change** concerns selection criteria for investments, to work with the right information, organizations and leaders.

Too often in the past, water investments have been wasted by being directed to governments that promise a lot but fail to measure up with sustainable results. Change is urgently needed. For better project design to benefit the poor, it is critical to get better information about the social, physical and institutional circumstances, including on existing informal water markets, incentives, and vested interests. This can be obtained through water audits prior to designing water projects. Such analysis can reveal the factors needed to improve services for the poor. Incentives are also needed to encourage reforms to be sustained and completed, and these should be the basis for investment decisions. Investments should be focused on capable organizations with good leadership.

The **second change** is for incentives and advocacy to empower civil society as a catalyst of water sector reforms.

Research shows that civil society is often poorly informed about water service provider's performance and reform strategies, and that water legislation and policies are often experienced as confusing and non-transparent. Civil society seldom appreciates that cost recovery tariffs put consumers in control whilst subsidies leave politicians in control. When civil society becomes empowered with better information, resources, and influence, they can exercise their influence to catalyze reforms, even against entrenched and powerful vested interests.

Civil society also needs to become more active in advocacy and public awareness, based on a sound understanding of sector issues and solutions, and should be given opportunities to help in designing and implementing projects, as well as in setting up "watch dogs" or other monitoring arrangements. Specific roles should be created for NGOs, academics, and journalists to help catalyze reforms and work in partnership with, rather than against government.

The **third change** is for regulation, in a paradigm shift from independent to credible regulators.

Unregulated water markets typically discriminate against the poor. Effective regulation can help the poor by ensuring that service provision is not captured by vested interests - often politicians - and that they meet the needs of customers at affordable prices, especially for the poor.

Although independence is desirable for regulators, our experience is that there is strong resistance against establishing independent regulators from public sector agencies who are concerned about the loss of accountability and control. Independence is therefore difficult to achieve, and ADB argues that pursuing credible regulators may be the next best objective. In any case, an independent regulator is not a sufficient condition for effectiveness. A regulatory office needs adequate skills, resources and authority. Neutrality, efficiency, accountability, and transparency are all needed to make regulators more credible.

The **fourth change** is to reward efficiency in informal markets and link formal and informal water providers.

Millions of people in Asia depend, and will continue to depend for a long time to come, on small-scale water providers for their basic water supplies. But these providers are often overlooked by government policy makers and donors, and seen as a target for cash by corrupt officials, a nuisance by government owned water providers, and exploiters of the poor by the public at large. Ignorance of the essential role they play, their customer base, and the value of the services they provide are probably at the root of the problem.

ADB advocates that governments should recognize the importance of the small-scale water providers in the sector, and that policy and legislation can be changed to recognize the contributions made by these providers in extending services to the poor.

The **fifth change** is about the focus of lending, to catalyzing water investments to the rural poor and small towns.

The vast majority of Asia's poor live in rural areas and they are short-changed with the majority of ODA going to cities. The rural community is being left behind in terms of access to public services like health, education, and safe water provision. To meet the MDGs, we have to refocus our attention on the needs of the rural poor.

To date, it is mostly the cities that have benefited from development lending. Studies demonstrate, however, that cities through their tariffs and commercial borrowing capacity, should be able to finance most if not all their water services and capital needs from revenue, from cost recovery. Where this holds true, government budgets and ODA can increasingly be diverted towards investments in rural areas and small towns, where most of the poor reside.

The **sixth change** is about the nature of water projects, where ADB argues that much more investment is needed in nonstructural interventions.

Most governments and many development agencies still focus their water investments on building new infrastructure. Big infrastructure projects appeal to politicians, they provide opportunity for corruption in the procurement process, and they produce tangible results that justify lending for the donor. Regrettably, well designed but poorly implemented or managed infrastructure projects often don't help the poor. More investment is needed in capacity building of sector organizations and civil society, and in nonstructural interventions that improve water security for the poor.

In support of this agenda for change, ADB is committed to work in partnership for poverty reduction through water management. ADB will continue to advocate improved access of the poor to water through better governance to secure their rights and entitlements, especially for women, through reforms to laws, policies, institutional mandates, and participatory processes for decision-making.

ADB will also promote innovation, synergies, and partnerships in enhancing financial flows to water infrastructure and management. ADB will continue its work to persuade our developing member countries to visibly improve sector efficiencies and adopt effective water policies, with concrete benefits to the poor.

## **On Networking**

Successful networks have to be selective and focus on their strengths. If national water sector apex bodies in Asia wish to strengthen their cooperation through a network, the members will need to identify and group the needs of the apex bodies and match them with available knowledge resources for effective exchange of information and experience through the network. This has to be achieved in a manner that serves the interests of all network members, including the longer established apex bodies and the newly established ones.

Like all forms of collaboration, the success of networking depends on "what's in it for me", the question that all members and interested members should ask themselves. Making contributions to the network and drawing benefits from the network should have a balance.

When starting a new networking initiative, it is as important to consider what should and should not be done. It is generally not advisable for networks to try to develop common policies or

positions on water management, as conditions in the region vary widely, and different solutions will be needed in different countries and situations. These provide opportunities for learning. A network can focus on learning, but should not promote single solutions or prescriptions to water management problems.

A variety of opinions on issues can be expected to be voiced in a network, and if disagreements arise over how water management issues should be handled, this probably reflects the need for a diversity of solutions. Where decisions are needed for the network's functioning, it is advisable that these will be taken on a consensus basis, rather than through a voting mechanism. Split decisions are divisive and will alienate groups of members who are needed to make the network a success. The network should promote a beneficial exchange of experience and put aside for further consideration those issues where agreement is difficult to reach for the time being.

Also, generally it is advisable for networks to keep their organizational rules and procedures to a minimum and promote simplicity, transparency, and flexibility in its organization to effectively serve its members.

## **Summing Up**

The water crisis in the region is essentially a crisis of water governance. ADB's Water Policy is essentially about improving water governance, through national reforms, and in water services and water resource management. National water sector apex bodies can play a leading role in promoting a national focus on water sector reform, to guide the water sector reform process, and to facilitate policy dialogue and investment partnerships with development partners, including ADB. They play a critical role in leading a process of change away from "business as usual". Stimulating and facilitating better decision-making lies at the heart of the change agenda for the water sector.

National water sector apex bodies are themselves part of the water sector reform process, and their mandate and organization will evolve over time as the reforms move from a visionary and advisory to a decision-making and implementation stage. They have a key role to play in ensuring that water sector investments are effective in reducing poverty, and that the agenda for change in the water sector is implemented through good decision-making at all levels. Leadership and change are all about decision-making.

ADB is keen to support national water sector apex bodies through advisory technical assistance, networking support, capacity building, knowledge exchange, and benchmarking.

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