The fundamental lesson that emerges from this survey of water utilities in developing countries is that sector regulation has to be embedded in an adequate and consistent institutional framework in order to have a positive impact on performance. Sector regulation, by itself, is no guarantee of performance improvements in the drinking water supply and sanitation sector. Case studies and empirical analyses suggest that without significant changes in the supporting institutions, the standard tools of regulation will not be effective. The study’s conclusions also apply to Florida, where water management districts, the Department of Environmental Protection, the Florida Public Service Commission, municipal governments and local Boards of Directors provide oversight—which can be overlapping or conflicting. The problem boils down to getting a broader set of institutions to support regulatory and managerial actions that promote good sector performance. This means getting the governance structures right (rules of the game) and the substantive actions right (play of the game). Conflicts usually arise in the politically-sensitive water services sector, so the regulator also needs to develop tools for conflict resolution. Thus, the conclusion that the institutional environment matters also provides a rationale for establishing a comprehensive set of governance reforms. These reforms may go beyond the jurisdiction or immediate responsibility of the regulatory agency itself. The regulatory system goes beyond the regulatory agency and the water utility to include stakeholders that are in a position to support, block, or blunt reforms that would improve performance. Without broad institutional support, even a technically competent agency will find itself marginalized by political forces that are far stronger. Ultimately, a sound regulatory system requires coherence, creativity, real-time communication, collaboration, consultation, and credibility. The study is based on a report for the Economic Commission for Latin America and the Caribbean (UN), 2013: http://www.eclac.org/publicaciones/xml/1/49891/Bestpracticesinregulating.pdf