

Asia-Pacific Water Forum's 7th Governing Council Meeting in Singapore, 2 July 2010

PROGRESS UPDATE BY THE ASIAN DEVELOPMENT BANK

Priority Theme: Financing and Capacity Development

Key Result Area 3: Improving Public Outreach

INTRODUCTION

Water Financing Program: Responding to global calls for increased water financing by the Camdessus and Gurria panels in 2003 and 2006, the Water Financing Program was launched in 2006 to catalyze some \$20 billion in new water investments from ADB and interested partners to improve the quality of life for more than 300 million people in the Asia-Pacific region. ADB President Haruhiko Kuroda's approval of the Program confirmed water as a core investment area in the ADB. The year 2006 also saw the establishment of the Asia-Pacific Water Forum, which was launched by former Prime Minister of Japan Yoshiro Mori in Manila with support of the ADB.

Progress and Outcomes: Programmed water lending increased to \$19.5 billion, of which ADB has approved \$9.3 billion to date, with partners agreeing to invest \$4.7 billion. A total of 157 million people are expected to benefit from the projects approved since 2006, and this number will further increase as more projects are completing the approval process. A summary of progress to date is shown in the Appendix.

Water Financing Partnership Facility: To support the Program, this Facility was established in 2006 as a strategic and long-term platform for pooling grants, loans, guarantees, and knowledge from various development partners. To date, the Facility has received \$37 million from the governments of Australia, Austria, Netherlands, Norway, and Spain. While further contributions are required to support the Program, the world financial crisis caused a reduction in contributions to the Facility since 2008. ADB has continued to pursue more financing and knowledge partnerships, including with Asian countries such as Japan, Korea, the People's Republic of China, and Singapore.

Capacity Development and Knowledge Networking: The Water Financing Program supports projects that demonstrate innovative approaches to deliver solutions in rural and urban water services and integrated water resources management in river basins, supported by reforms, capacity development, knowledge networking, and regional cooperation. Since capacity and knowledge are two sides of the same coin, ADB has worked proactively since 2007 to improve knowledge networking in the region in collaboration with PUB Singapore, UNESCO, and UNESCO-IHE Institute for Water Education. The Asia-Pacific Water Forum's *KnowledgeHubs* initiative grew out of this collaboration and was launched in 2008 at the inaugural Singapore International Water Week. Several regional knowledge hubs have already started to provide services to benefit clients of ADB-financed water project in the region. More than 600 clients have attended launch workshops of regional knowledge hubs to explore collaboration for developing and implementing project solutions, including more than 300 clients from ADB-financed projects.

RECENT PROGRESS

Asian Water Development Outlook: The AWDO 2010 team comprising ADB, APWF and 10 partner organizations had further meetings in Manila and Beijing and is finalizing the draft report for peer review. AWDO 2010 will show how water security can be measured through 5 indexes and supporting indicators, and how water governance can be improved by ministers of finance and planning to improve water security.

Sanitation: ADB supported the high-level meeting in Japan in January 2010 to promote follow-up actions after the International Year of Sanitation, including the half-decade for sanitation, and supported the regional knowledge hub on sanitation (Japan Sanitation Consortium) in study visits to Indonesia and India.

Climate Change: ADB convened an international workshop in March 2010 to bring together scientists and practitioners to explore strategies and opportunities for climate change adaptation. Following the workshop, the APWF Steering Group on Water and Climate Change held its first meeting and produced a statement of 5 principles and 10 recommended actions for presentation to the Asia-Pacific Water Ministers Forum in Singapore. The Chair of the Steering Group had earlier made a presentation on water and climate change at COP15 in Copenhagen. The Group will meet again on 10-11 October in Manila to finalize the preparation of the Framework Document on Water and Climate Change for leaders. It is expected that the draft Framework Document will be finalized on 10 October and circulated for review during the ADB water week event and posted for comments on the APWF website, and that the endorsement of the APWF Governing Council will be sought on the final Framework Document in its 8th meeting at the end of November or early December.

Knowledge Hubs: ADB supported the launch of the K-water hub in Daejeon in August 2009, the IWC hub in Brisbane in November 2009, the TERI hub in Delhi in February 2010. The ICIMOD hub in Kathmandu will launch on 4 July 2010 followed by IGES hub in Kanagawa. To complement the direct hub advisory services by UNESCO-IHE, the *KnowledgeHubs* Secretariat hosted by ADB became fully operational in November 2009, and a study visit to UNESCO-IHE was made in early 2010. The first Knowledge Hubs Learning Week was held in Manila in March 2010, which involved hub staff practicing how to explore contacts with projects clients. Letters of intent and agreement were signed with the K-water hub for \$6 million technical assistance to improve water quality and decision-support services in the Citarum river basin in Indonesia. ADB also arranged for the ICHARM hub to visit and hold workshops with project clients in Indonesia and India on the Integrated Flood Analysis System, and for the NAHRIM hub to visit project clients in India on climate change adaptation.

Urban Water Management: ADB continued its activities to support Water Operator Partnerships through twinning between strong and recipient water utilities, and expanded partnerships with IWA and the WaterLinks program to support WOPs. ADB also convened an international workshop on public-private partnerships in Manila in March 2010, and explored how to catalyze support for wastewater management.

IWRM and Water Security in River Basins: ADB continued to support project clients through NARBO in the introduction of IWRM processes in river basins. The UNESCO guidelines for IWRM at the river basin level, launched at the 5th World Water Forum in

Istanbul in 2009, were used in the 6th NARBO International IWRM Training Program in December 2009, and a follow-up workshop on applying the spiral model of the guidelines to selected basins was organized in Bangkok in January 2010. ADB and IUCN agreed in January 2010 to jointly produce a book on the progress of managing water in Asia's river basins. Under ADB regional technical assistance, 5 river basins in Indonesia, Philippines, Viet Nam, Cambodia and India are piloting a peer advisory service to develop IWRM investment roadmaps in their respective basins through participatory processes using the IWRM spiral model. In May 2010, ADB, ADB Institute, NARBO and Spain's Ministry of Economy and Finance organized a river basin study visit in Spain to compare how RBOs in Asia and Spain are preparing to improve legal, institutional and financial arrangements for water security. In June 2010, a delegation of Tsinghua University and Peking University visited ADB for consultations on research on water security in the Asia-Pacific region. Also in June 2010, ADB approved a new regional TA project for \$2 million to demonstrate how IWRM processes can improve water security in Uzbekistan, the Bagmati river basin in Nepal, and the Solo river basin in Indonesia.

Water-related Disaster Management: ADB and the ICHARM knowledge hub signed a cooperation agreement as part of a \$2 million regional TA to improve the preparation of water-related disaster management projects in the Solo basin in Indonesia, the lower Mekong countries, Bangladesh, and Orissa State in India. ADB also started preparing a technical paper on risk and resilience for presentation at ADB water week in October. ADB has also conducted fact-finding and is preparing an agreement with the Japan Space Agency JAXA for a technical assistance project to help countries in the region gain access and use of space technology to support river basin management.

Collaboration with GWP: ADB's lead professional for water resources management was appointed to GWP's Technical Committee, and a dialogue was planned between GWP and regional development banks, including ADB, during the GWP Consultative Partners Meeting in Stockholm in September 2010.

MOVING FORWARD

Using APWF: ADB looks forward to working with partners to further unlock APWF's potential by making better use of the "space" it provides for networking and collaboration among government agencies, civil society and the private sector. Anchoring APWF collaboration initiatives as much as possible to ODA-financed projects "on the ground" (including those financed by ADB) will create more opportunities for APWF lead organizations, knowledge hubs and partners to add value to project solutions and tap into the human and financial resources of these projects. ADB also looks forward to participate in further dialogues under the *Ministers for Water Security* initiative.

Advancing Priority Agendas: ADB also looks forward to continue working with partners to advance priority water agendas in the region, such as the 2nd Hashimoto Action Plan of UNSGAB, follow-up actions to the International Year of Sanitation, GWP's Strategy, the Asia-Pacific action plan of the G8 Water Experts Meeting, and the nascent initiative to significantly boost investments in wastewater management.

Water Security: ADB encourages its partners to work synergetically to improve water security at the level of households, productive economies, vibrant and livable cities,

healthy rivers, and resilient communities that can adapt to change, which is the guiding vision developed by the AWDO 2010 team.

Water Crisis and Choices: ADB invites clients and partners to join its water week event on 11-15 October 2010 in Manila. In June 2010 at SIWW, ADB launched consultations on its strategic directions for water investments and partnerships over the period 2011-2020. Clients and partners gave constructive comments on ADB's draft water operations framework paper, which will be further developed before the October event. Strategic directions that are being explored in the draft paper include, amongst others: managing water demand and boosting efficiencies and conservation; starting a wastewater management "revolution" in the region; embedding IWRM in river basin management with urbanization, industrialization, energy and food security; and establishing an Asian Water Information System.

Appendix – Water Financing Program Summary

Approved and Programmed Water Investments	Water Lending (in USD billion, incl. multi-tranche financing)			
	Rural Water	Urban Water	Basin Water	Total
Approved ADB water lending from 1968 to 2009	7.5	10.0	7.5	25
2010 Programmed Lending	0.31	2.36	0.51	3.18
2011 Pipeline	0.16	2.26	1.63	4.05
2012 Pipeline	0.53	1.42	0.38	2.32

Note: Updated to 16 June 2010

Investment. Under the Water Financing Program, total water investments from January 2006 to June 2010 increased to \$9.3 billion, including projects financed through a multi-tranche financing facility. Programmed investments have already increased to more than double this amount. The Program is on track to meet its target, and ADB continues to pursue opportunities with partners to further boost water investments supported by reforms, capacity development, knowledge networking, and regional cooperation.

Water Financing Program Investments	Water Lending (in USD billion, incl. multi-tranche financing)					
	2006	2007	2008	2009	2010	Total
Target						>10
Programmed	3.8	4.4	5.8	2.3	3.2	19.5
Approved	2.7	1.0	3.3	2.1	0.24*	9.3

* Approved as of 16 June 2010

Investments Leveraged from Partners	Water Lending (in USD billion)					
	2006	2007	2008	2009	2010	Total
Target						>8
Approved	1.15	0.91	1.57	1.04	*	4.67
% Share of total project cost	39%	50%	41%	48%	*	45%

* Cofinancing data yet to be received

Technical Assistance	Technical Assistance Grants (in USD million)					
	2006	2007	2008	2009	2010*	Total
Project preparatory	17.7	12.3	25.4	19.5	16.9	91.8
Advisory	7.7	15.0	21.1	19.9	30.5	94.2
Regional	5.3	5.6	12.1	0.5	5.0	28.5
Total	30.7	32.9	58.6	39.9	52.4	214.5

* Programmed as of 31 March 2010

Private Sector Investments	Water Lending (in USD million)					
	2006	2007	2008	2009	2010	Total
Water Supply, Sanitation and Wastewater Management	0	54.0	0		46.6	100.6
Hydropower	0	0	0	203.6	0	203.6
Total	0	54.0	0	203.6	46.6	304.2

Note: These are included in the Water Financing Program investments shown above

Outcomes. To date, the Program's investments approved between January 2006 and June 2010 are expected to benefit a total of 157 million people during project implementation.

Outcomes of the Water Financing Program	Target	Expected from Loans Approved since 2006	% of Target
Number of people with access to safe drinking water and improved sanitation	200 million	109 million	54%
Number of people with reduced risk to floods	100 million	39 million	39%
Number of people with improved and efficient irrigation and drainage services	40 million	9 million	23%
Integrated water resources management process introduced in river basins	25 river basins	25 rivers basins	100%