

## Priorities

ADB will continue to use WFP to help clients adapt to changing needs in the region, including the food price crisis, climate change, risk management, governance, and knowledge management. To ensure that the program continues to respond to the current needs of the region, the WFP will bring several areas into stronger focus from 2008–2010.

The recent global strains on increasing demand and diminishing supply of food produce highlighted the urgent need for greater investments in rural water. In May 2008, ADB committed \$500 million in immediate budgetary support and, in 2009, ADB will double its investments to \$2 billion to alleviate the food price crisis in the region. WFP can be used to provide investments for rural infrastructure and services for safe drinking water, sanitation, irrigation, and drainage.

Climate change, with its multitude of adverse impacts, is another threat gaining momentum. Measures are needed to protect the most vulnerable from the worst of these impacts, which include rising sea levels, melting glaciers, more frequent and intense storms, and greater variability in rainfall. WFP will help improve climate change projections, impact assessments, and adaptation strategies, including investments to increase water security and conservation, risk management, more energy-efficient water services, flexible infrastructure, and capacity development.

A concerted effort to improve governance is also on WFP's agenda. Poor governance continues to cause bottlenecks, such as weak institutions, low levels of public sector revenue mobilization, misguided public spending priorities, and insufficient regulation. WFP will expand assistance for ADB and its clients to improve governance through reforms and capacity building.

In support of WFP, ADB will continue to publish guidelines, studies, briefs, and knowledge products on a wide range of topics. These will help to document good practice, track trends and innovations, and test new approaches for replication.

## Background: ADB's Water Financing Program 2006–2010

The WFP focuses on the delivery of substantial investment, reforms, and capacity development in three key areas:

- **Rural Water**—to improve health and livelihoods in rural communities, including those for water supply and sanitation, and irrigation, and drainage.
- **Urban Water**—for economic growth in cities through investments in water supply, sanitation, wastewater management, and environmental improvement.
- **Basin Water**—to promote integrated water resources management and healthy rivers through investments in infrastructure and management of multifunctional water regulation and hydropower facilities, flood management, watershed and wetlands conservation, and more.

Through WFP, ADB's Management decided to make water a core business area of its operations and to increase its water investments to \$2 billion annually. Governments may choose from a range of new financing options that carry reduced commitment fees or offer more flexibility in managing long-term investment partnerships. They are also suitable for governments undergoing decentralization, and appeal to local governments. These include:

- subsovereign and nonsovereign public sector lending,
- multitranches financing,
- local currency financing for the public sector,
- refinancing,
- financing syndications, and
- risk sharing.

To assist WFP with additional financial resources and technical support, ADB established the Water Financing Partnership Facility in December 2006. This is a strategic, long-term platform for pooling grants, loans, guarantees, and knowledge from various development partners. ADB intends to mobilize \$100 million for WFPF. To date, it has received \$65 million in commitments from the governments of Australia, Austria, the Netherlands, Norway, and Spain.

For further information, contact:

WooChong Um  
Director, Sustainable Infrastructure Division  
Regional and Sustainable Development Department  
wcum@adb.org

Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines

ADB

# Midway Milestones for ADB's Water Financing Program 2006–2010

WATER for ALL

[www.adb.org/water](http://www.adb.org/water)

In 2006, the Asian Development Bank (ADB) committed to double its water investments to boost development results. Through the Water Financing Program 2006–2010 (WFP), ADB is poised to deliver new water investments totaling over \$10 billion, and leverage about the same amount from partners to improve water security for more than 300 million people in Asia and the Pacific.

Three years onward, ADB is taking stock of WFP's outcomes and activities. As of March 2009, \$4.1 billion had been posted in new investments, with another \$4.3 billion programmed through 2010. WFP will also cover more ground in areas increasingly important to ADB and its clients—rural water services, sanitation, climate change adaptation, disaster management, governance, and knowledge management.

## Progress Achieved

At midway, WFP shows encouraging progress with good potential for further expansion.

### Cofinancing Increased

For every dollar approved recently for new water projects, ADB was able to catalyze almost a dollar in additional investments from either government, private sector, or other cofinancing sources.

From January 2006 to March 2009, ADB approved 69 new water-related loans amounting to \$4.1 billion. An additional \$3.6 billion was leveraged from ADB's development partners. This sets the stage for much-needed further increases in the coming years.

An ADB-administered, multidonor facility—the Water Financing Partnership Facility (WFPF)—has also generated \$43 million in grants committed by strategic partners who share ADB's vision for the region's water sector. These grants are also working to leverage further investments.

Note:  
In this flyer, "\$" refers to US dollars.

### Water's Share in ADB Portfolio Boosted

A series of regional and in-country water financing dialogues helped boost ADB's programmed water investments for 2009–2010 to \$4.3 billion.

By the end of 2008, water-related projects accounted for 24% of ADB's ongoing project portfolio, and this is expected to rise to 25% by 2010. As of 2008, the breakdown of ADB's portfolio of ongoing water projects was 54% for urban water, 25% for rural water, and 21% for basin water.

## ADB President's 7-Point Water Agenda for the Region

Marking the midway point of WFP at the Water Leaders' Summit in Singapore in June 2008, ADB President Haruhiko Kuroda outlined seven priority areas for water investments in the region in the coming years:

**1 Rural Water Services.** Much more must be done to help the rural poor escape poverty; enjoy safe drinking water; benefit from improved sanitation; and build vibrant, water-secure communities. Increasing investments in rural water services is particularly urgent to increase agricultural productivity and ease escalating food prices.

**2 Urban Utility Performance.** Countries in the region need to develop more bankable urban projects that improve water utility performance. Business as usual will not benefit the urban poor. Cities and towns need to develop innovative partnerships among governments, corporations, and civil society to provide affordable, 24/7 water service to paying customers.

**3 Integrated Water Resources Management in River Basins.** All stakeholders must collaborate to develop functioning, integrated water resource management systems across entire river basins; to conserve water for the sake of sustainability; and to clean up the environment with approaches that affect households and, in turn, rivers and seas. This will also require significantly higher investments in comprehensive sanitation systems all the way "from toilet to river."

**4 Climate Change Adaptation.** While mitigation is largely "in the air," adaptation is mostly about water. Governments need to invest in strategies, tools, and capacity to prepare for increased floods, droughts, and storms as a result of climate change. This includes better predictive capacity, modern design standards, and climate proofing of development projects.

**5 Disaster Preparedness.** Water-related disasters cause more losses of lives and destruction in Asia and the Pacific than anywhere else in the world. All sectors should invest more in reducing vulnerability, and increasing resilience of communities by improving preparedness. This is as much an institutional challenge as it is about building infrastructure, and both need more attention in the future.

**6 Inspired Leadership.** Now is the time for inspired leadership to improve water governance, performance, and knowledge management. With strong and inclusive leadership, and knowledge networking to draw better on the region's rich experience, reforms can be accelerated through effective policies, appropriate legislation, and stronger organizations, especially at the local level.

**7 Partnerships.** Investing in partnerships will be the key to delivering results. In such a connected world, water management affects almost all sectors. Partnerships pay huge dividends. ADB's resources and the WFP are platforms for working with clients and partners. These partnerships can catalyze and leverage investments and pool the region's knowledge in these priority areas to raise the standard of living for hundreds of millions of poor people in the region and increase water security for all.

*"Not only is water essential for life, it also provides an enabling environment to achieve higher levels of health, income, education, and food security."*

—Haruhiko Kuroda, ADB President

## How ADB Delivered on Calls to Increased Investments

Water projects in 2006 to 2009 were designed and approved for impact on the ground. ADB was counting on this when it committed to specific WFP targets. Table 1 illustrates the expected impact of projects approved from 2006 to March 2009 towards the WFP targets.

The WFP targets support the Millennium Development Goals (MDGs), which call on governments to halve by 2015 the proportion of people without sustainable access to safe drinking water and improved sanitation. For Asia and the Pacific, with the 1990 figures as take-off point for the MDG race, this meant providing access to 855 million people without safe drinking water and 2.1 billion people without improved sanitation. The WFP is targeted to benefit over 300 million people in the region.

The WFP is one of the first international programs with clear outcome targets for meeting the MDGs. Through these targets, WFP recognizes that giving the poor access to safe drinking water improves their health and saves them time that they can use to study, earn a living, and generally live better lives. WFP also recognizes that improved sanitation protects the poor from health risks and translates to major economic gains, mainly from tourism revenues and health care savings. Proper management of water resources also reduces vulnerabilities to floods or water pollution, and preserves sources of livelihood, be they wetlands, farmlands, or rivers. The WFP targets show that reducing poverty continues to drive ADB's investments, and that improving rural and urban water services and water resources in river basins is key to reducing poverty.

Table 1. Delivery by the ADB Water Projects under the Water Financing Program\*

Expected Outcomes	Target	Expected Outcomes from WFP Projects Approved through the 1 <sup>st</sup> quarter of 2009
Sustainable access to safe drinking water and improved sanitation	200 million people	95.7 million people
More productive and efficient irrigation and drainage services affecting the livelihoods of people	40 million people	8.1 million people
Reduced risk of flooding affecting people and reduced recurring damage to vital infrastructure	100 million people	35.1 million people
Introduction of integrated water resources management in river basins	25 river basins	24 river basins

\*Based on project approvals from January 2006 to March 2009.