

# The Facility in a Nutshell

## Where do the Facility's resources come from?

Development partners—both bilateral and multilateral—contribute to the Facility. An initial target of \$100 million was set in 2006. As of December 2008, the Facility has already received more than \$43 million in confirmed commitments from the governments of Australia, Austria, the Netherlands, Norway, and Spain.

## Where do the Facility's resources go?

The Facility focuses on activities that

- **increase water investments**, i.e., water sector assessments and the preparation of fundable investment proposals in rural water, urban water, and basin water.
- **accelerate policy and institutional reforms**, i.e., initiatives that enhance policy and regulations, strengthen coordination mechanisms, promote regional cooperation, and engage civil society.
- **build institutions and expand the knowledge base**, i.e., short-term innovative pilot projects, capacity building interventions for key water sector organizations, knowledge products, regional cooperation, and partnerships and networking.

## How are the Facility's resources administered?

Two trust funds provide resources for the wide range of activities supported by the Facility.

**Multi-Donor Trust Fund** contains resources from the governments of Australia, Austria, Norway, and Spain. To date, committed resources from these countries have reached approximately \$23.3 million. As of December 2008, ADB has received \$21.9 million and allocated \$18.7 million to 33 projects and initiatives.

**Netherlands Trust Fund** contains contributions from the Government of the Netherlands. Their commitment to date is \$19.75 million, spread between 2006 and 2010. As of December 2008, ADB has received \$8.6 million and committed \$8.1 million to 21 projects.

ADB is also developing further initiatives to boost knowledge networking and regional cooperation.

## Who can benefit from the Facility?

The Facility benefits central and local governments, government agencies, and other entities, including nongovernment organizations, in all of ADB's developing member countries.

To avail of the Facility's resources, stakeholders can consult ADB's country and regional department staff. All proposals for funding by the Facility are submitted by ADB's project officers and subjected to a thorough screening process involving ADB's Water Committee.

To find out which ADB department or country office can help you, visit <http://adb.org/About/management-staffing.asp>

### Contact Us

**WooChong Um**  
Director, Sustainable Infrastructure Division  
[wcum@adb.org](mailto:wcum@adb.org)

**Karen Decker**  
Senior Financing Partnerships Specialist  
[kdecker@adb.org](mailto:kdecker@adb.org)

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

# Partnership for Better Results

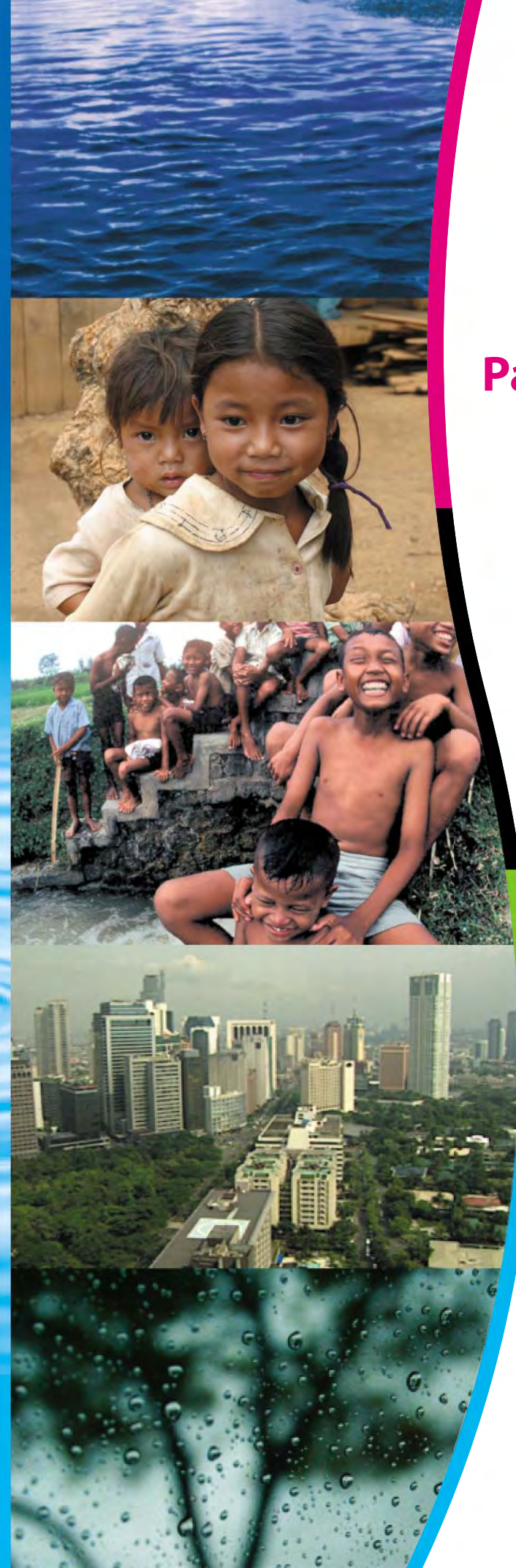
## ADB's Water Financing Partnership Facility

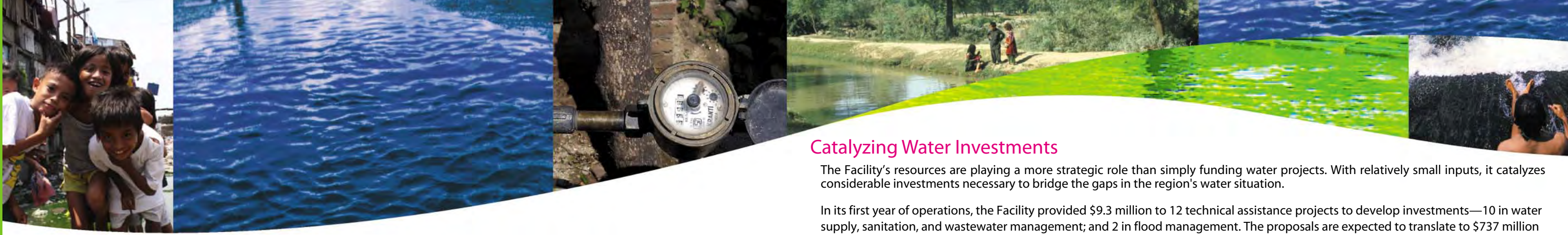
In 2006, the Asian Development Bank (ADB) responded to increasing demand for investments in the water sector through its landmark Water Financing Program (WFP) 2006–2010. Through the WFP, ADB committed to doubling its water investments to improve the lives of 340 million people, help to introduce integrated water resources management (IWRM) in 25 river basins, and improve water governance.

Three years onward, almost 140 million people are already expected to benefit from approved WFP projects. These achievements would not have been possible without the Water Financing Partnership Facility (the Facility).

The Facility is a long-term grant facility for pooling and coordinating financial and knowledge resources from development partners. Established in November 2006, the Facility supports ADB's water operations directly and brings additional resources from partners to help deliver the WFP's targeted outcomes.

Asian Development Bank





## Outputs and Outcomes

### Catalyzing the Gains

The Facility aims to help 50 million people or 15% of the 340 million target beneficiaries of the WFP.

By focusing investments strategically, the Facility will catalyze the delivery of WFP results.

To date, the Facility's approved 64 project applications totaling \$30 million are expected to benefit some 27 million people. The benefits will come mainly from the Facility's support for preparing investment projects.

Indicators	Water Financing Program Targets	Expected Outcomes from WFP Approved Projects in 2006–2009*	Expected Contributions from Approved Facility Applications
Number of people with access to safe drinking water and improved sanitation	200 million	95.7 million	15 million
Number of people with reduced risk to floods	100 million	35.1 million	10 million
Number of people with improved and efficient irrigation and drainage services	40 million	8.1 million	2 million
<b>Total</b>	<b>340 million</b>	<b>138.9 million</b>	<b>27 million</b>
Introduction of integrated water resources management in river basins	25 river basins	24 river basins	7 river basins

\*1st quarter of 2009

### Catalyzing Water Investments

The Facility's resources are playing a more strategic role than simply funding water projects. With relatively small inputs, it catalyzes considerable investments necessary to bridge the gaps in the region's water situation.

In its first year of operations, the Facility provided \$9.3 million to 12 technical assistance projects to develop investments—10 in water supply, sanitation, and wastewater management; and 2 in flood management. The proposals are expected to translate to \$737 million in ADB loans. The Facility also allocated another \$1 million to engage experts supporting the preparation of 11 investment projects that are expected to lead to \$592 million in loans.

The nature of the projects responds to specific needs of the countries. In India, the Facility is promoting integrated flood and river erosion management; 3 million people are expected to benefit. In Uzbekistan, the Facility is supporting policy and institutional reforms that will pave the way for improved water supply and sanitation services; 3 million people are expected to benefit.

### Mainstreaming Innovations

To see how new or innovative ideas, technologies, and methodologies can work under different conditions, be scaled up, or be mainstreamed into larger, longer-term projects, the Facility supports their small-scale testing. Called Pilot and Demonstration Activities (PDAs), these small grants are expected to produce results in 12 months or less.

The Facility now supports eight PDAs in various stages of completion. Among them is the PDA in Indonesia, which supports the testing of a compensation mechanism that will allow users—water utilities, fisherfolk, irrigation user groups, and hydropower companies—to contribute to the cost of environmental services they get from the Citarum river basin. Recommendations from this PDA will be considered in ADB's Integrated Citarum Water Resources Management Project. Another PDA in the Philippines supports the development of financing models that will give small-scale water providers access to much-needed funds to improve their operations.

### Boosting Sanitation Investments

ADB has committed 20% of the Facility to supporting sanitation-related investments and technical assistance.

The Facility currently supports nine initiatives consisting of stand-alone sanitation projects and those with strong sanitation component. Among these are Kyrgyz Republic's Issyk Kul Sustainable Development Project, which focuses on providing improved sanitation to approximately 70% of the population; and Pakistan's preparation of a comprehensive sanitation and wastewater management strategic action and priority investment program for Larkana, Sindh province's fourth largest city.

The Facility also supports sanitation dialogues between ADB and its developing member countries (DMCs). The ADB-DMC Dialogue on Sanitation, held in March 2009, had delegations from 17 DMCs discussing with ADB staff on how to increase coverage and investments in their respective countries. Several requested ADB's help in pursuing the matter after the dialogue. Viet Nam has already conducted its in-country sanitation dialogue in April 2009.

## Marching Onward

The Facility will continue to help improve the lives of 340 million people in the region, help introduce IWRM in 25 river basins, improve water governance, and generally accelerate the achievement of the WFP's targets. But it will also boost investments in various fields to help prepare the region to adapt to its changes, among them the impacts of climate change, water-related disasters, food crises, governance challenges, and more.

The vast majority of Asia's poor still live in rural areas where agriculture is the main source of livelihoods. The Facility will promote investments in irrigation, both to ensure greater food security and tap its potential to elevate families from the quagmire of poverty.

Sanitation will continue to get more support, and the Facility will use the more comprehensive "From Toilet to River" approach for sanitation, highlighting not just household sanitation and wastewater treatment but also environmental sanitation as well.

On the climate change front, ADB will develop projects for downscaling climate change projections to benefit its clients at the national and basin levels; develop training programs on climate change projections, impact assessments, and adaptation strategies; and increase client support in water and climate change adaptation work.

The Facility resources will help ADB support investments to increase water security. A guiding vision was recently adopted for the Asian Water Development Outlook, stating that "Societies can enjoy water security when they successfully manage their water resources and services to:

- 1) satisfy household water and sanitation needs in all communities;
- 2) support productive economies in agriculture and industry;
- 3) develop vibrant, livable cities and towns;
- 4) restore healthy rivers and ecosystems; and
- 5) build resilient communities that can adapt to change.

The Facility shows that small investments can yield big returns if targeted strategically.

As ADB continues to mobilize more resources for the Facility and attain the initial target of \$100 million, it, together with its partners, will take on the challenge not just of raising the standard of living for hundreds of millions of poor people in the region but also of demonstrating the power of strategic decision-making and partnerships in catalyzing and leveraging investments.

