



Regional Technical Assistance Report

Project Number: 42384
Regional Capacity Development Technical Assistance (R-CDTA)
November 2008

Knowledge and Innovation Support for ADB's Water Financing Program

(Financed by the Multi-Donor Trust Fund under the Water Financing Partnership Facility and the Netherlands Trust Fund under the Water Financing Partnership Facility)

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
IWRM	–	integrated water resources management
PDA	–	pilot and demonstration activity
RSDD	–	Regional and Sustainable Development Department
RSID	–	Energy, Transport, and Water Division
TA	–	technical assistance
WFP	–	Water Financing Program
WFPP	–	Water Financing Partnership Facility

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Regional capacity development technical assistance (R-CDTA)
Targeting Classification	–	General intervention
Sector	–	Multisector (Agriculture and natural resources; water supply, sanitation, and waste management)
Subsectors	–	Water resource management, irrigation and drainage, water supply and sanitation
Themes	–	Sustainable economic growth, environmental sustainability
Subthemes	–	Developing urban areas, developing rural areas, natural resources conservation

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. In response to international calls for a doubling of water investments, the Asian Development Bank (ADB) Management decided to make water a core business area and double its water investments through the Water Financing Program (WFP), which was launched in March 2006 at the 4th World Water Forum in Mexico City. The WFP seeks to increase ADB's investments to more than \$10 billion over the period 2006–2010, supported by reforms, capacity development, and regional cooperation, to respond to the Asia and Pacific region's critical water investment needs.¹

2. Consistent with ADB's emphasis on results-based management and accountability, the WFP has set an example by publicly announcing the following specific targeted outcomes: (i) 200 million people with access to safe drinking water supply and improved sanitation; (ii) 100 million people with reduced risk to floods; (iii) 40 million people with more productive and efficient irrigation and drainage services; (iv) integrated water resources management (IWRM) introduced in 25 river basins; and (v) improved water governance through national water reforms and capacity development, for which a pioneering set of indicators are under development.

3. Now at its midway point, the WFP has registered a total programmed pipeline of \$10.7 billion from 2006 to 2010, of which \$2.3 billion was approved during 2006 and 2007. During the same period, the WFP leveraged \$2.0 billion from ADB's clients and partners. Encouraging results were achieved toward the targeted outcomes. These are shown in Appendix 1.

4. Water as a crosscutting core business area of ADB's operations is supported in its long-term strategic framework 2008-2020 (Strategy 2020)² under infrastructure and environment. At the Water Leaders Summit of the inaugural Singapore International Water Week in June 2008, ADB outlined a seven-point agenda for countries to prioritize water investment in the region, including (i) increasing investments in rural water services, both rural water supply and sanitation, as well as irrigation and drainage; (ii) developing more bankable urban projects through innovative government-corporate-society partnerships; (iii) collaborating with stakeholders to foster integrated water resources management (IWRM) in river basins and introduce comprehensive sanitation from toilet to river; (iv) adapting to climate change; (v) reducing communities' vulnerability to water-related disasters and strengthening their resilience; (vi) improving water governance, performance, and knowledge management; and (vii) using the WFP as a platform for working in partnership.

5. To support the implementation of the WFP, the Water Financing Partnership Facility (WFPF) was established in December 2006 to provide additional financial and knowledge resources from development partners. The WFPF has two windows: project support and program quality support. About 70% of WFPF resources are directed to in-country project support, and the remaining 30% are allocated to program quality support, including regional cooperation.

6. The project support window provides resources for demonstration projects in the three key areas of the WFP—rural, urban, and basin water—through in-country work for project

¹ The technical assistance first appeared in the business opportunities section of ADB's website on 16 September 2008.

² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

preparation, implementation, reform, and capacity development. Rural water services projects aim to improve health and livelihoods in rural communities and include investments in water supply and sanitation, irrigation and drainage, and multiple uses of water in rural communities. Urban water services seek to support sustained economic growth in cities and cover investments in water supply, sanitation and wastewater management, and environmental improvement. Basin water management projects support IWRM and healthy rivers and include investments in infrastructure and the management of multifunctional water regulation and hydropower facilities developed in a basin context, flood management, conservation and improvement of watersheds, wetlands and ecosystems, and climate change adaptation.

7. The program quality support window facilitates reforms and capacity development and helps ensure quality, synergy, and innovation in the implementation of the WFP. The component for knowledge, capacity, and innovation services comprises knowledge products and services, expert services, pilot and demonstration activities (PDAs), and capacity development in sector agencies. The component for regional cooperation supports activities that increase water financing, catalyze reforms, share knowledge and experience, and build capacity in critical water sector organizations, including the introduction of performance benchmarking services and peer review processes. The component for engaging civil society provides three ways for civil society organizations to support ADB-financed water projects, through (i) project preparation support, (ii) independent monitoring of project progress and results by civil society organizations where appropriate, and (iii) capacity development to improve collaboration between ADB and civil society organizations.

8. This regional technical assistance (TA) was designed by the Regional and Sustainable Development Department (RSDD) in consultation with ADB's Water Community of Practice to make available WFPF resources to regional departments for implementing two important elements of the program quality support window: (i) PDAs, and (ii) knowledge products and services, as described in para. 7 above.

II. ISSUES

9. With the setting of substantially higher investment targets under the WFP, regional departments need access to WFPF resources that will allow them to (i) develop, test, and demonstrate innovative approaches in designing, financing, and implementing water projects that will help meet the WFP objective of increasing water investments and achieve the targeted outcomes presented in para. 2 above, (ii) further enhance the knowledge products and tools needed to ensure more informed dialogues with developing member countries (DMCs), and (iii) strengthen upstream work such as pre-investment knowledge and communication support to address sensitive and potentially contentious stakeholder issues.

10. While the importance of water issues is widely recognized in the region, the challenge remains to prioritize water in national development plans and provide the economic rationale to increase investments in water-related infrastructure, along with the required reforms and capacity-development interventions. This has proved particularly challenging for investments in rural water supply, rural and urban sanitation, environmental improvement, disaster preparedness, and climate change adaptation. Armed with up-to-date knowledge, sector assessments, and demonstration projects, regional departments will be better equipped for their dialogue with DMCs—including oversight agencies such as ministries of finance and planning, as well as sector agencies—to (i) identify additional investment opportunities, along with

required support for capacity development and reform efforts; (ii) develop new pipeline of projects; and (iii) undertake the required project preparation.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The impact of the TA will be to contribute to achieving the WFP targeted outcomes of (i) increasing the number of people with access to safe water supply, improved sanitation, and more productive and efficient irrigation and drainage services; (ii) reducing the number of people exposed to flood-related risks; (iii) introducing IWRM in river basins in the region; and (iv) improving governance through reforms and capacity development.

12. The outcome of the TA will be higher demand from DMCs for ADB investment products and services.

13. The TA will produce the following outputs, which will allow the outcome to be achieved:

- (i) more innovative models, methodologies, and approaches distilled from PDAs and fed back into ongoing and programmed projects for replication and subsequent scaling up in ADB investment projects, including field-based research findings that support the formulation of policy recommendations and a reform agenda;
- (ii) communication strategies and plans in direct support of regional departments on specific projects; and
- (iii) knowledge products and services that meet the needs of regional departments and DMCs who look upon ADB as a key knowledge source, including awareness tools to support advocacy work in priority areas such as sanitation, climate change, and water-related disasters.

B. Methodology and Key Activities

14. The TA comprises the following components and key activities.

15. **Pilot and Demonstration Activities.** PDAs are small grant projects designed to provide valuable direct assistance on demand to regional departments and clients in DMCs to enable the testing of new ideas and the validation of innovative development approaches that are highly replicable and can contribute to achieving WFP targeted outcomes. PDAs help water project teams in regional departments to strengthen core operations, including policy dialogue and reform agenda formulation, country programming, and project preparation and implementation. Support will be given to applied research in the field. The PDA program has experienced high demand from regional departments since its start in 2001, and the proposed TA will replenish resources to extend the program with more activities to be financed. About 40 PDAs have been supported to date under various regional TA funded from the Cooperation Fund for the Water Sector. Examples of preferred topics or areas proposed for further testing and demonstration under this TA are expanding services to the poor; innovative financing for rural water services; expanding sanitation coverage; appropriate alternative low-cost technology for accelerating water and sanitation services, particularly in water-scarce areas; mainstreaming climate change adaptation in disaster management policy and strategy; enhancing partnership with civil society; implementing IWRM in river basins; and innovative public-private partnership models. PDA results are expected to guide and encourage positive change among water sector stakeholders in ADB and DMCs and inform policy dialogue.

16. **Knowledge Products and Services.** This component will provide resources to regional departments for direct knowledge and communication support to projects, knowledge product development, and knowledge and networking events. Direct knowledge and communication support to projects seeks to help regional departments address sensitive and potentially contentious stakeholder issues that may affect investment plans and project implementation. This may include preparing communication strategies and/or plans and corresponding tools for engaging stakeholders early in the process, up to actual project preparation and implementation.

17. Support for knowledge product development will assist regional departments in translating their sector knowledge into written knowledge products such as issues papers, good practice papers, technical notes, management briefs, and others that can be shared and disseminated within and outside ADB and can be used to inform ADB-DMC policy and investment dialogues, accelerate reforms in major sector organizations, and strengthen advocacy work on priority topics like sanitation and climate change adaptation. Among the priority knowledge products are case studies and good practice papers on expanding sanitation services, implementing tariff reforms, and workable public–private partnership models; issues papers on willingness to pay, improving regulation, improving the efficiency of water service providers, enhancing the sustainability and accountability of water users' associations, accelerating irrigation reforms, and private sector interventions; and technical notes on such environmental topics as ecological compensation for environmental services and wetlands protection and management. This will support knowledge products commissioned to regional water knowledge hubs and other partners on priority issues such as climate change adaptation, food security, and the like. To facilitate the wider and more targeted dissemination of knowledge products, the preparation of a dissemination plan and actual dissemination of knowledge products will be supported under the regional TA. The water website will be sustained by the TA and further developed to enhance its client focus. The site receives an average of 285,000 visits per month.

18. Support for knowledge networking will allow ADB to raise its profile as a water sector leader in the Asia-Pacific region at such events as the Stockholm World Water Week, Singapore International Water Week, and World Water Forum. This component will support regional departments in building in-country and subregional knowledge cooperation that will help improve the coordination of in-country work with development partners and, at the same time, support staff development. It will also support the organization of study visits for ADB staff and DMC counterparts to facilitate face-to-face knowledge sharing and information exchange within and across countries.

19. Detailed activities and outputs are presented in the design and monitoring framework in Appendix 2.

C. Cost and Financing

20. The total cost of the TA is \$2.0 million, with \$1.2 million to be financed from the Multi-Donor Trust Fund under the Water Financing Partnership Facility and \$0.8 million from the Netherlands Trust Fund under the Water Financing Partnership Facility. It is a grant to be administered by ADB. The cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

21. ADB will be the Executing Agency of the TA. The Energy, Transport and Water Division (RSID) in RSDD will be responsible for coordinating TA activities in collaboration with regional departments and with support from dedicated consultants in the areas of fund administration, web management, sector data and statistics, event organization, and administrative support. TA progress will be monitored by the Water Committee and the Water Community of Practice.

22. Approximately 20 person-months of international consultancy and 90 person-months of national will be needed to implement the activities of the TA. The major areas of expertise required are expected to include the policy, institutional, social, environmental, technical, economic and financial disciplines related to water investments, reforms, and capacity development. Further, international and national consultants may be recruited to fill the skills gaps in ADB. The consultants will mostly be recruited as individuals, although there may be cases in which a consultancy firm may be engaged, such as for some of the PDAs. ADB and the implementing agencies of PDAs will recruit consultants in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Outline terms of reference for consultants are in Appendix 4.

23. PDAs may be proposed by ADB staff; government agencies in DMCs in national, subregional, and local governments; international and national nongovernment organizations; academic institutions; and research organizations. Any of these PDA proponents may be selected by ADB to serve as an implementing agency. A letter of agreement between ADB and each PDA implementing agency will stipulate compliance with ADB's policies and procedures, including applicable safeguard policies.

24. Equipment and materials to be financed by the TA will be procured by the consultants, ADB, or, in the case of PDAs, the implementing agencies in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). Ownership of the equipment and materials purchased for specific activities, such as under a PDA or for training, will normally be transferred to the implementing agency and beneficiaries. This will be clearly spelled out case by case in the letters of agreement and consulting contracts, in accordance with ADB's normal procedures for TA. Disbursements under the TA will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (2008, as amended from time to time).

25. The TA will be implemented over 24 months from November 2008 to November 2010. RSID will prepare required progress reports as inputs to WFPF semi-annual and annual reports to financing partners and will monitor TA activities and make reports available through the ADB water website.

IV. THE PRESIDENT'S DECISION

26. The President, acting under the authority delegated by the Board, has approved (i) ADB administering technical assistance not exceeding the equivalent of \$1,200,000 to be financed on a grant basis by the Multi-Donor Trust Fund under the Water Financing Partnership Facility; and (ii) ADB administering technical assistance not exceeding the equivalent of \$800,000 to be financed on a grant basis from the Netherlands Trust Fund under the Water Financing Partnership Facility for Knowledge and Innovation Support for ADB's Water Financing Program, and hereby reports this action to the Board.

WATER FINANCING PROGRAM 2006–2010
Status of Achievements as of 30 June 2008

Table A1.1: Achievement of Water Financing Program Target Investments

WFP Financing	Target (end 2010)	Programmed (2006–2010)
Investments	>\$10 billion	\$10.7 billion
Water Lending Share	25%	18% ^a
Leveraged Financing	\$8.0 billion	\$2.0 billion ^a
Water Financing Partnership Facility	\$100 million	\$65 million ^b

^a As of 31 December 2007

^b Confirmed and expected contributors so far are the Australia, Austria, Netherlands, Norway, and Spain.
 Source: Asian Development Bank estimates.

Table A1.2: Achievement of Water Financing Program Targeted Outcomes

Expected Outcome	Target (end 2010)	Anticipated Outcome from Projects Approved (as of 30 June 2008)
Number of people with safe drinking water and improved sanitation	200.0 million	64.9 million
Number of people with reduced flood risk	100.0 million	34.8 million
Number of people with more productive and efficient irrigation and drainage services	40.0 million	5.6 million
Number of river basins with integrated water resources management introduced	25	14

Source: Asian Development Bank estimates.

Table A1.3: Approved and Programmed Lending 2006–2010 by Sector

Sector	Approved (2006 to 30 June 2008)	Programmed (1 July 2008 to 2010)	Total
Rural Water	564.0	1,209.5	1,773.5
Rural water supply and sanitation	60.0	127.0	187.0
Irrigation and drainage	504.0	1,082.5	1,586.5
Urban Water	1,484.0	4,595.9	6,079.9
Urban water supply and sanitation	1,024.0	4,045.9	5,069.9
Waste water management	460.0	550.0	1,010.0
Basin Water	751.8	2,126.3	2,878.1
Flood management	322.5	208.0	530.5
Hydropower	329.3	1,176.3	1,505.6
Water resources management	100.0	570.0	670.0
Watershed management	0.0	172.0	172.0
Total	2,799.8	7,931.7	10,731.5

Source: Asian Development Bank estimates.

Table A1.4: Approved and Programmed Lending 2006–2010 by Region

Region	Approved (2006 to 30 June 2008)	Programmed (1 July 2008 to 2010)	Total
Central and West Asia	642.9	2,175.1	2,818.0
East Asia	1,040.6	1,246.0	2,286.6
Pacific	0.0	101.9	101.9
South Asia	596.9	2,633.9	3,230.8
Southeast Asia	469.4	1,774.7	2,244.1
Private sector^a	50.0	0.0	50.0
Total	2,799.8	7,931.6	10,731.5

Notes: 2008 approval as of 30 June 2008. Programmed lending based on project processing information system as of 11 July 2008. Discrepancies in totals are due to rounding.

^a Private Sector Operations Department pipeline documents are still subject to the conclusion of negotiations with borrowers.

Source: Asian Development Bank estimates.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators and/or Targets	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Developing member countries (DMCs) implement water policy reform, increase capacity development, and invest more in water.</p>	<p>The Asian Development Bank's (ADB) Water Financing Program (WFP) investment and outcome targets are met for 2006–2010.</p> <p>Reform measures are implemented.</p>	<p>Project processing information system</p> <p>Policy reform survey</p>	<p>Assumption</p> <p>DMCs regard water as a national priority for policy and investment.</p>
<p>Outcome</p> <p>Increased demand for ADB investment products and services</p>	<p>At least 6 DMCs initially targeted under the WFP have additional requests for investment over and above their 2007–2009 pipelines</p>	<p>Country partnership strategy; pipeline of projects</p>	<p>Assumption</p> <p>ADB has the financing products that meet the needs of DMCs.</p>
<p>Outputs</p> <p>Component 1: Pilot and Demonstration Activities (PDAs)</p> <p>Replicable, up-scalable models and/or methodologies from completed PDAs</p>	<p>At least 7 (50%) of PDA results replicated or up-scaled in ADB loans and technical assistance (TA)</p>	<p>Regional technical assistance (RETA) tracking system</p> <p>Inception, midterm and final reports submitted by executing agencies</p>	<p>Risk</p> <p>TA or loans to which PDAs or applied research are attached get delayed, risking completion within 12 month maximum implementation period.</p>
<p>Component 2: Knowledge Products and Services</p> <p>Communication plans or strategies for specific TA or loans</p> <p>Priority knowledge products packaged in</p>	<ul style="list-style-type: none"> • At least 3 projects of regional departments provided communication support • Knowledge products are prepared for at least half 	<p>Project documents</p> <p>RETA reports</p>	<p>Assumptions</p> <p>Sufficient demand from regional departments exists</p> <p>ADB staff have enough time to lead writing to</p>

Design Summary	Performance Indicators and/or Targets	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>relevant formats for application by ADB staff and DMC counterparts</p> <p>Internal water communication network sustained</p> <p>External networking and knowledge exchange</p> <p>Follow-up in-country conferences on Water Financing Program resulting in additional ADB-DMC investment opportunities</p>	<p>of the priority topics identified by ADB staff and DMCs</p> <ul style="list-style-type: none"> • Sanitation toolkit for ADB staff prepared by early 2009 • At least 1 flagship knowledge product on priority issues like sanitation or climate change adaptation, or food scarcity and water • Water Community of Practice Catchment Series and blue bag seminars organized at least every month • Water website upgraded regularly and average monthly hits sustained at no fewer than 200,000 • ADB presentations supported in at least 3 major international events (Stockholm World Water Week, Singapore International Water Week, and World Water Forum) • 4 events held for remaining WFP priority countries (Philippines, Pakistan, People's Republic of China , and India) 	<p>Sanitation Action Group report</p> <p>RETA reports</p> <p>Event-related reports</p> <p>Report on web statistics, Department of External Relations report</p> <p>Event-related reports, back-to-office reports (BTORs)</p> <p>Event-related reports, BTORs</p>	<p>prepare of knowledge products.</p> <p>Sufficient support for expanding sanitation exists</p> <p>Risk</p> <p>ADB staff not available to speak</p> <p>Assumptions</p> <p>Demand from DMCs exists.</p>

Design Summary	Performance Indicators and/or Targets	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
ADB-country dialogue on sanitation	<ul style="list-style-type: none"> At least 2 country dialogues on sanitation are completed before the end of 2009 	Event-related reports, BTORs	Demand from DMCs exists.
Activities with milestones 1.1 Evaluate proposals for PDA and applied research (November 2008 to December 2009). 1.2 Process and prioritize regional department requests for communication support to projects (November 2008 to June 2010). 1.3 Evaluate and assess level of ADB participation in major water events for 2009 and 2010 (November 2008 to June 2010). 1.4 Prioritize, together with the Water Committee, topics and identify committee focal point for knowledge products development (January 2009). 1.5 Invite proposals from regional departments for knowledge product development (January 2009 and January 2010). 2.1 Implement approved PDAs and applied research. 2.2 Commission one or more knowledge hubs for major knowledge products (January 2009 to January 2010). 2.3 Prepare priority knowledge products, including commissioning to knowledge hubs (January 2009 to June 2010). 2.4 Organize or co-organize major water events (2009 and 2010). 2.5 Organize WFP in-country follow-up conferences (2009). 2.6 Organize ADB-country dialogues on sanitation (2009).			Inputs: Multi-Donor Trust Fund under the Water Financing Partnership Facility (WFPF): \$1.2 million Netherlands Trust Fund under the WFPF: \$0.8 million National consultants: 90 person-months International consultants: 20 person-months Purchased services for PDA projects, knowledge partnerships, and workshop events Government Staff time

Approved by:

 WooChong Um
 Director, RSID

 Xianbin Yao
 Director General, RSDD

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Multi-Donor Trust Fund under the Water Financing Partnership Facility^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	360.0
II. National Consultants	315.0
b. International and Local Travel	80.0
c. Reports and Communications	5.0
2. Trainings, Seminars, and Conferences ^b	100.0
3. Miscellaneous Administration and Support Costs	
a. Services Purchased by Pilot and Demonstration Activities ^c	150.0
b. Knowledge Product Development and Dissemination	50.0
c. Services Purchased by, and Contributions to, Knowledge Partnerships ^d	80.0
4. Contingencies	60.0
Subtotal A	1,200.0
B. Netherlands Trust Fund under the Water Financing Partnership Facility^a	
1. Training, Seminars, and Conferences ^b	50.0
2. Miscellaneous Administration and Support Costs	
a. Services Purchased by Pilot and Demonstration Activities ^c	550.0
b. Knowledge Product Development and Dissemination	50.0
c. Services Purchased by, and Contributions to, Knowledge Partnerships ^d	80.0
3. Equipment ^e	20.0
4. Contingencies	50.0
Subtotal B	800.0
Total	2,000.0

^a Administered by the Asian Development Bank (ADB). The use of funds sourced from the Netherlands Trust Fund under the Water Financing Partnership Facility will be guided by the provision of the channel financing agreement, which stipulates that the use of funds for water supply and sanitation-related projects and activities will be limited to countries eligible for Asian Development Fund funding.

^b Costs cover resource persons, facilitators, speakers, participants' travel costs, per diem, venue rental, food, printing, and other conference-related costs. They also include the travel costs of ADB staff as resource persons or speakers for conferences and workshops.

^c Amounts payable to international and national nongovernment organizations, academic institutions, research organizations, consultancy firms, and others to implement pilot demonstration activities.

^d Includes knowledge product development commissioned from knowledge hub(s) and contributions for knowledge partnerships and alliances.

^e Equipment is limited to that required for implementing regional technical assistance activities, such as computers, projectors, and related office equipment. Equipment to be purchased under pilot and demonstration activities will be financed from their budgets, and not from this budget item.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The outline terms of reference for consultants describe the main tasks under this regional technical assistance (TA). The two components of the regional TA are used in this section to describe the specific tasks to be undertaken under the TA. The Energy, Transport, and Water Division (RSID) of the Regional and Sustainable Development Department of the Asian Development Bank (ADB) will coordinate the program of activities in close consultation with regional departments, the Water Committee, and the Water Community of Practice.

A. Pilot and Demonstration Activities

2. ADB staff, government agencies in developing member country (DMC) national, subregional, and local governments; international and national nongovernment organizations; academic institutions; and research organizations may propose pilot and demonstration activities (PDAs). Each of these proponents, except ADB staff, may act as a PDA implementing agency through a letter of agreement executed with ADB, except in cases where consulting services by international and national organizations will be required, in which case they will be directly selected by ADB using its *Guidelines on the Use of Consultants* (2007, as amended from time to time).

3. PDAs will, for the most part, complement ADB water operations and should be driven by the needs of regional departments and project officers. Regional department endorsement is required for PDA proposals submitted by external proponents. PDA proposals are submitted to RSID for initial technical evaluation and, if found eligible, endorsed to an interdepartmental PDA advisory panel for approval.

4. The PDAs constitute a small-grant program to help ADB project teams test and/or demonstrate new and innovative approaches, confirm their efficacy, and then implement or plan a replication program during project preparation and implementation or through advisory TA and other sector work. Activities can include applied research in the field.

5. In prioritizing requests for PDAs, the following criteria will be used: (i) originality of concept, (ii) replicability, (iii) pro-poor focus, (iv) participatory development and gender inclusion, (v) operations support, (vi) collaborative approach using partnerships, (vii) technically strong design, and (viii) consistency with ADB's water policy. Examples of preferred topics or areas for demonstration and further research include expanding services to the poor; innovative financing for rural water services; expanding sanitation coverage; appropriate alternative low-cost technology for accelerating water and sanitation services, particularly in water-scarce areas; mainstreaming climate change adaptation in disaster management policy and strategy; enhancing partnership with civil society; implementing integrated water resources management in river basins; and innovative public-private partnership models.

6. A PDA is expected to be implemented over 6 months, on average, and 12 months at most. PDAs should not duplicate or substitute for ongoing or pipelined activities in the DMCs but should be directly relevant to the sector outcomes cited in the country partnership strategy.

7. The management of the PDA facility will be assisted by (i) a fund or PDA manager who will carry out the technical evaluation of PDA proposals, review reports, analyze and compile

results and lessons learned for scaling up and replication, and prepare the required documents such as the letter of agreement and government concurrence; and (ii) an accounting assistant who will facilitate the review of claims for payment to facilitate the payment process, coordinate financial matters with PDA executing agencies, and prepare accounting and financial reports. Approximately 24 person-months of domestic consultancy will be required. The budget will provide for carrying out independent outcome evaluation of completed PDAs to strengthen the results focus of the regional TA reports, consistent with the result focus adopted for Water Financing Partnership Facility semi-annual progress and annual reports to financing partners. Approximately 2 person-months of international monitoring-and-evaluation consultancy will be required.

B. Knowledge Products and Services

8. International and domestic water specialists will be engaged on an individual intermittent or full-time basis to do the following:

- (i) Provide communication support on demand to regional departments before and during project preparation, as well as during implementation, to help them address sensitive and potentially contentious stakeholder issues that may affect investment plans and project implementation. This may include stakeholder analysis; the preparation of communication strategy and/or plan and corresponding tools for engaging stakeholders early in the process, up to actual project preparation and implementation; and a mechanism for information dissemination and feedback to facilitate sustained communication with key stakeholders, such as through a website, focus group discussions, stakeholder dialogues, and other tools.
- (ii) Promote knowledge generation and knowledge product development and dissemination on priority water topics, such as case studies and good practice papers on expanding sanitation services, implementing tariff reforms, and workable public-private partnership models; issues papers on willingness to pay, improving regulation, improving the efficiency of water service providers, enhancing the sustainability and accountability of water users' associations, accelerating irrigation reforms, and private sector interventions; and technical notes on such environmental topics as ecological compensation for environmental services and wetlands protection and management. This component will support knowledge products commissioned from regional water knowledge hubs and other partners on priority issues such as climate change adaptation, food security, and the like.
- (iii) Assist regional departments in updating water statistics and conducting analysis of water sector data, which will provide useful information for preparing project documents; making presentations, speeches and news releases; and developing knowledge products. This will include enhancing water sector and WFP reporting with a focus on outcomes and results.
- (iv) Assist regional departments in carrying out assessment of critical constraints and factors that inhibit the scaling up of water sector best practices across the region and recommend strategic approaches to ensure the sustainability of water sector investments in a more practical and integrated manner, as required by client countries, based on the success of ADB's assistance across the region
- (v) Facilitate the establishment of knowledge partnerships and alliances to benefit from the wider exchange and cross-fertilization of knowledge and information on lessons learned and good practices.

- (vi) Organize or facilitate ADB participation in major events, notably the Stockholm World Water Week, Singapore International Water Week, and World Water Forum, as well as regional and in-country conferences including study tours designed to facilitate knowledge and information sharing as well as provide venues for policy dialogue and strategic discussions with DMC counterparts.
- (vii) Organize WFP in-country follow-up conferences and country dialogues on sanitation to support the WFP objective of increasing water investment and sanitation coverage.
- (viii) Facilitate the dissemination of ADB knowledge products within and outside ADB through various means such as the water website, Water Community of Practice monthly events, and blue bag seminars, including presentations by ADB staff at external conferences. The water website will be regularly upgraded to respond to the information need of clients within and outside ADB. It will make available water sector statistics from DMCs; national water sector profiles, policies, laws, and sector roadmaps; a compilation of useful practices and local water actions, including the showcasing of water champions; and links to water knowledge centers outside ADB.

9. The knowledge products and services component will require approximately 18 person-months of international consultancy, which will complement ADB's in-house expertise in undertaking policy dialogues, reform advocacy, stakeholder communication, and knowledge product development. The areas of expertise include water policies, laws, and regulations; governance and institutional development; public-private partnership; tariffs and subsidies; utility operations and management; rural water supply and irrigation; sanitation and wastewater management; urban and small town water supply; water resources and their integrated management; climate change adaptation; water-related disasters; development communication; organizational development; and results-based management. It will require approximately 66 person-months of domestic consultancy in the fields of urban, rural, and basin water, as well as on website administration and management; knowledge product dissemination; water knowledge product writing, editing, and packaging; water sector data management; and water event facilitation and management.