

**ASIAN DEVELOPMENT BANK
REGIONAL AND SUSTAINABLE DEVELOPMENT DEPARTMENT
Energy, Transport and Water Division**

COOPERATION FUND FOR THE WATER SECTOR

SIX-MONTHLY PROGRESS REPORT

January - June 2005

October 2005

I. BACKGROUND

1. The Cooperation Fund for the Water Sector (the Fund) is a multi-donor umbrella facility established on 10 December 2001 to help the Asian Development Bank (ADB) promote effective water management policies and practices at the regional, sub-regional, and country levels; and thereby catalyze the implementation of ADB's water policy in the Asia and Pacific region.
2. The Fund finances activities under the following six programs: (i) Promotion and Public Awareness; (ii) Knowledge Base and Capacity Building; (iii) Pilot and Demonstration Activities; (iv) Water Partnerships; (v) Regional Events and Initiatives; and (vi) Coordination, Monitoring and Evaluation. The activities are designed to add value to the water projects carried out by ADB's regional departments and increase the synergy in ADB's water sector operations. (Details on the Fund are in Appendix 4)
3. This report provides the achievements and progress of implementation for the period January-June 2005¹ under the six programs of the Fund; and is structured as follows: Background (Chapter I); Achievements and Progress (Chapter II); Financial Report (Chapter III); Conclusions (Chapter IV); and Outlook (Chapter V).

II. ACHIEVEMENTS AND PROGRESS

4. Following were the significant activities for the current reporting period: (i) initiated a follow-up activity to the comparative analysis of water sector reforms in 2004 that assesses the usefulness of water sector policies and laws as instrument of reforms and investments; (ii) started the development of ADB's Water Financing Program 2006-2010 to expand and improve ADB's water operations; and (iii) started the comprehensive review of the implementation of ADB's water policy. Detailed achievements and progress under the six programs of the Fund are reflected in paragraphs 5 to 34.

Promotion and Public Awareness

5. The Promotion and Public Awareness program (i) disseminated ADB's water policy and key development messages in the water sector; (ii) increased public awareness; (iii) improved the capacity of journalists to write on water issues; and (iv) supported community-level water education pilot projects. The Water Awareness Program (WAP) was a key element under this program which worked towards the changing of attitudes and mindsets on water issues and concerns. WAP products continue to be disseminated through the ADB water web site and are also widely distributed at regional events supported and/or organized by ADB.
6. **ADB water web site.** The ADB water web site (<http://www.adb.org/water>) continues to be updated and expanded. The monthly hits during the reporting period ranged between 70,000 to almost 100,000, averaging at approximately 81,000 hits. This figure represents a 25% increase from the 60,000 to 70,000 monthly hits in the last reporting period.
7. **ADB E-newsletter Water for All News.** The number of subscribers for the monthly electronic newsletter Water for All News has increased to 12,415, up by 4% from the last

¹ The six-monthly progress reports on the Fund activities for the periods January-June 2003, July-December 2003, January-June 2004, and July-December 2004 can be found on ADB's water web site.

reporting period. E-newsletter issues for the months of January, February, April and June 2005 were circulated with respective themes (i) Clean Water Essential in Rebuilding Lives after the Tsunami Disaster; (ii) Saving Wetlands for the Future; (iii) ADB's Water for All Policy - Making a Difference?; and (iv) National Water Sector Apex Bodies: Taking Water Governance to a Higher Level?. The e-newsletter continued to feature water champions and stories on successful water initiatives in ADB's developing member countries (DMCs); as well as articles on water actions on the ground. The total number of e-newsletters circulated since its launch last November 2003 is 15.

8. **National Water Journalist Workshops.** ADB continued to organize media workshops to (i) increase the understanding of media representatives towards water issues; (ii) promote greater media coverage; and (iii) improve standard of writing on water topics. The participants of these workshops have formed an informal network of journalists who write informed and compelling water stories for a larger audience. The total number of Asian journalists that have attended these workshops is now more than 300. For the reporting period, ADB organized and supported two national water media workshops in the South Asia region: (i) Islamabad, Pakistan 17-19 April; and (ii) Gazipur, Bangladesh 5-8 June. Five media workshops were held in 2004, and three in 2003, bringing the total number of such workshops to 10.

9. **Water Wire.** ADB entered into a Letter of Agreement with Interpress Services, Asia-Pacific (IPS) last 24 February 2005 that will help to (i) provide a news and features outlet dedicated to water issues that will pave for journalists' water articles to be read by a much wider range of audiences than the readership of their own newspapers or periodicals; and (ii) help consolidate and add value to ADB's media network.

10. **Documentary films.** ADB's Water Voices documentary series was launched in January 2004 with seven powerful 20-minute films. In the reporting period, filming of the 8th documentary 'Saving Cambodia's Great Lake' on the Tonle Sap Lake in Cambodia about living with floods was completed. DVD copies of the film have been reproduced for broadcast and educational use. A 9th film on ADB's water policy 'Water for All' has also been completed. Forthcoming documentary will be on experiences in the water sector of the People's Republic of China (PRC) where a fact-finding mission to PRC identified stories and established co-production arrangements with PRC's Ministry of Water Resources. Activities on distribution of the Water Voices video documentary series continued. Agreements have been signed with TV networks in 17 countries throughout the region for the broadcast distribution of the Water Voices. For this purpose, the films were translated in four local languages: Tetum (Timor Leste), Gujarati (India), Mongolian and Chinese. Over 4,000 DVD copies of the documentary films have been distributed, and a database of recipients has been created.

11. **Publication Series.** A total of 15 volumes of ADB's *Water for All* Publication Series have been completed to date, further details of which can be downloaded from the water web site. These publications provide invaluable background and guidance to ADB staff in their water operations work, including on the challenge of sharpening the poverty reduction focus of ADB investments.

12. **Other Water Awareness Products.** Four public service announcements (PSAs) for television have been completed. Four one-page water briefs were prepared: (i) Should the Poor Pay?; (ii) Water and the Millenium Development Goals; (iii) Integrated Water Resources Management; and (iv) Apex Bodies. An article on Water and the MDGs was prepared and featured in the ADB Review, an internal magazine which reports on development news from Asia and the Pacific, and on activities of ADB.

Knowledge Base and Capacity Building

13. The Knowledge Base and Capacity Building program supported the development of ADB's knowledge management work in the water sector.

14. **Water Sector Assessments and Reforms.** ADB initiated in June 2005 an assessment of the usefulness of water sector policies and laws as instrument of reforms and investments; particularly to determine the contribution of national water policies and laws in facilitating institutional reform, and their role in encouraging equitable, efficient and sustainable investment in the water sector. This activity is a follow-up to the first phase of the comparative analysis of water sector reforms that was undertaken in 2004.

15. **Water Financing Program.** The development of ADB's Water Financing Program 2006-2010, which was launched following the 2004 ADB Water Week as a flagship program to help expand and improve ADB's investments in the water sector, was further discussed at interdepartmental meetings in May this year. It was discussed that the Program will have the following objectives: (i) advocate and promote sound water financing policies and practices through ADB's water operations; (ii) expand ADB's financing of water projects where opportunities exist; and (iii) disseminate lessons learned and thereby help catalyze water financing in the region. The Program will include the delivery of water services and the management of water resources, and is grouped in three main areas of investment: (i) Rural Water: including rural water supply and sanitation services, and irrigation and drainage services, (ii) Urban Water: including urban water services, wastewater management, and environmental improvement, and (iii) Basin Water: including infrastructure and management of water resources in an integrated approach in river basins, involving multi-purpose water facilities, hydropower, flood management, and disaster mitigation, and environmental conservation and improvement of watersheds, wetlands, and ecosystems.

16. **Water in Metros Program.** The Water in Metros program was initiated to be another flagship program with the purpose of accelerating water and sanitation coverage in metropolitan areas towards achieving water-related MDGs in selected DMCs. To move this initiative forward, a Roundtable Discussion on Private Sector Participation in Urban Water Supply in India was conducted on 15-16 June 2005 to raise awareness among decision makers in State Governments on the potential for enlisting the participation of private sector, in its various forms, in water service delivery.

17. **Dams and Development Activities.** Work in the area of Dams and Development was led by ADB's Mekong Department acting as focal point, whereby an electronic knowledge paper was prepared for the community of practice on dams and development work.

18. **ADB Water Statistics.** Monitoring of water statistics on ADB projects continues and is reflected on the water web site. The 2004 Water Statistics and those for pipeline water projects (2005-2007) were prepared.

19. **ADB WaterNet.** The Knowledge Management Applications (KMApps) – WaterNet continues to be developed with the following activities: (i) tagged loans and technical assistance (TA) projects with water component; (ii) inputted sector, theme and date of completion on tagged loans; (iii) drafted inputting guidelines for the water sector network members; and (iv) updated the loans and TA database. WaterNet is expected to facilitate

Water Sector Network members' exchange of information and experiences on project design and implementation in connection with ADB's water operations.

Pilot and Demonstration Activities

20. The Pilot and Demonstration Activities (PDA) program supported the introduction and validation of new or innovative, highly replicable development approaches that add value to ADB's water operations. Selection of PDA proposals follows the normal procedure as stipulated in the PDA Guidelines on Selection of Proposals. The Water Sector Committee (WSC) continued to screen and approve these proposals. A total of 25 PDAs have been approved by WSC to date, of which 4 were approved this year (See Appendix 2 for the list of WSC- approved PDAs). Of the 25 approved PDAs: 10 are completed, 6 are under implementation, 6 are under processing and 3 were withdrawn. Another 11 new proposals received in the first half of 2005 are still for further review. The results and lessons learned from the ten completed PDAs are summarized in Appendix 3. Figures 1 to 3 show the cumulative distribution of WSC-approved PDAs by subregion, subsector, and type.

Figure 1. Regional Distribution of PDAs

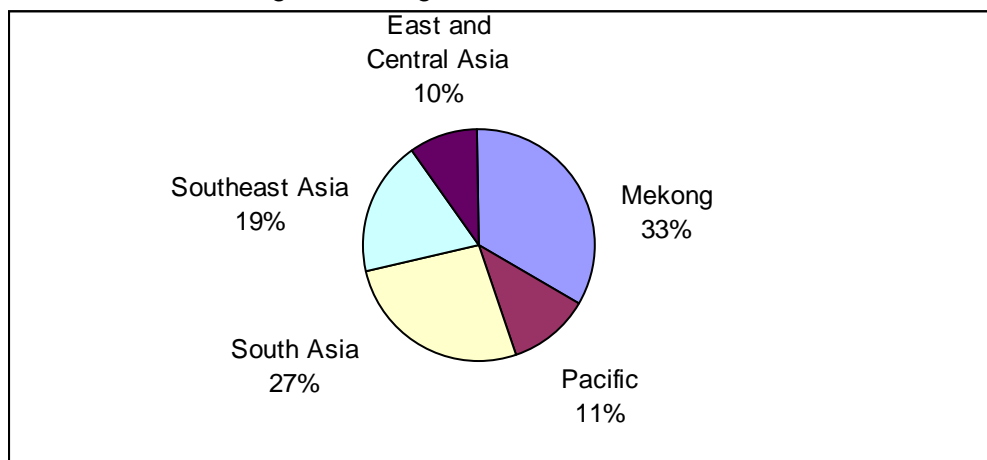


Figure 2. Sub-sector Distribution of PDAs

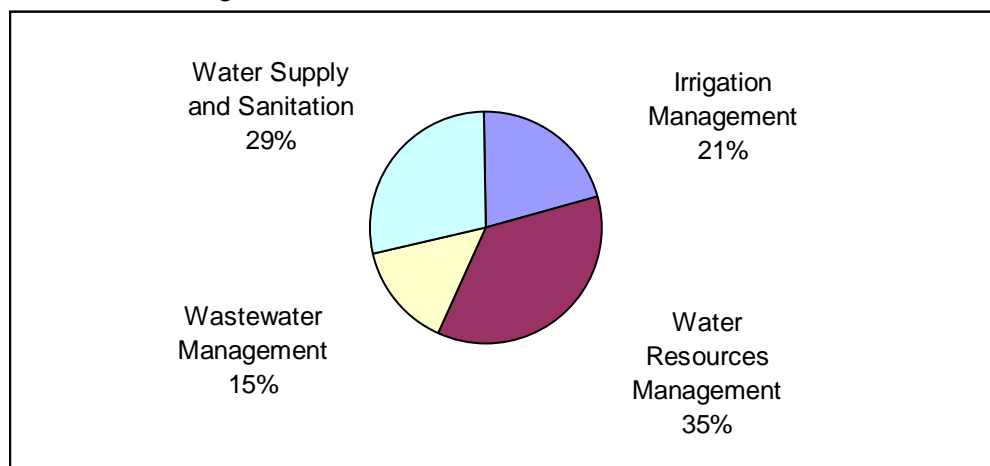
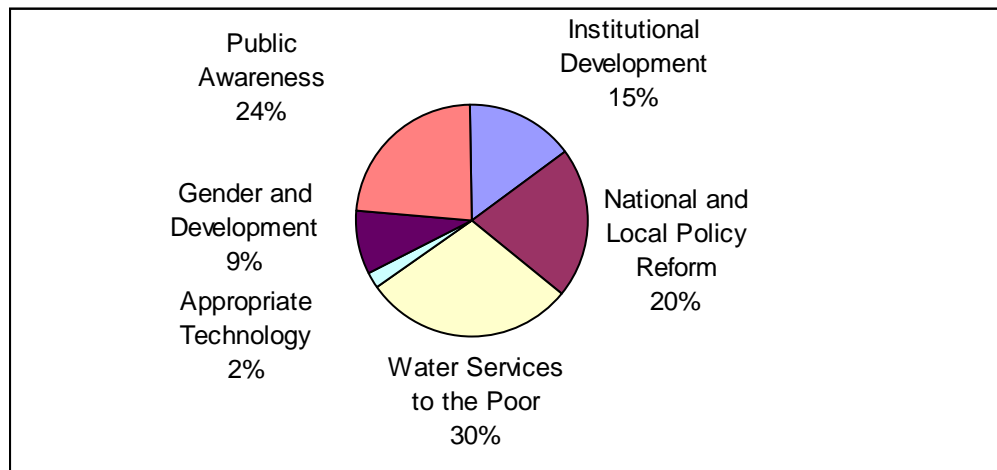


Figure 3. Distribution of PDAs by Type



Water Partnerships

21. The first half of the year saw several activities that further strengthened national and regional water partnerships and cooperation in the region.

22. **Water for the Poor-Partnerships for Action.** Accomplishments to date under this initiative include: (i) a national water and poverty assessment linking the national poverty reduction strategy to the water sector; (ii) a national dialogue process on water and poverty to sharpen the poverty reduction focus in the preparation of the national water resources strategy; (iii) a joint donor review of the water supply and sanitation sector focusing on poverty reduction; and (iv) an NGO collaboration in the Technical Assistance (TA) for Central Region Water Resources Sector Project (CRWRSP). At the project level, the partnership has completed its inputs to the design of the CRWRSP Project, which has now been submitted to ADB's Board of Directors for approval, and has started providing inputs to the design of a new project—the Rural Infrastructure for Livelihoods Improvement Project, where the same approach to province-level planning will be developed as a supplement to the TA. At the national level, the partnership's inputs have been requested by the Ministry of Agriculture and Rural Development for the preparation of their 5-year plan. ADB's lead consultant on water and poverty provided inputs in the Poverty Environment Partnership (PEP) paper on poverty reduction and water management, a final draft of which has been circulated for comments and presented in a session at the 13th meeting of the UN Commission on Sustainable Development. The paper identifies key challenges in moving to action enhancing the contribution of water to poverty reduction. It is now being finalized for printing and circulation at the UN General Assembly in September. During the 28 and 29 March meetings at ADB HQ, the discussion focused on the need to generate a greater sense of ownership among ADB staff for this product that would ensure that staff both use and promote the messages from this paper.

23. **Partnership on the Millennium Development Goals.** ADB entered into a partnership with UNESCAP, UNDP, WHO and UNICEF to produce the MDG II report on progress towards the MDGs in Asia. As input to the MDG II report, a technical background paper (TBP)² on

² ADB's lead consultant on water and poverty coordinates and leads the drafting of this paper.

water supply and sanitation (WSS) has been prepared and is currently being reviewed by the partners. The TBP on WSS traces the progress of DMCs vis-à-vis attainment of WSS targets, defines the financing required to improve much needed WSS services, projects their impacts on health, livelihood, education, and poverty as a whole, and defines what changes key stakeholders need to undertake to reach the MDG targets.

24. **Water for Asian Cities Program.** After a slow start, this initiative made good progress during the reporting period with the following accomplishments:

- Workshop on Pro-poor Urban Water and Sanitation Governance, Bhopal, Madhya Pradesh March 2005. The workshop resulted in Indore and Jabalpur in Madhya Pradesh, India as the pilot project sites for the Small Piped Water Network (SPWN)³ Projects.
- UN-Habitat Technical Adviser. A UN-Habitat Technical Adviser⁴ was engaged starting April 2005 under the supervision of the Water for Asian Cities (WAC) Programme Manager based in Nairobi, and in close coordination with and guidance from ADB's Senior Water Supply and Sanitation Specialist in the Regional and Sustainable Development Department.
- Joint ADB-UN HABITAT Consultation Mission on Small Piped Water Network (SPWN) Pilot Projects, Madhya Pradesh, India, 18-20 May 2005. The Mission held discussions with senior representatives of key NGOs (Sulabh International and WaterAid) who confirmed willingness to facilitate and monitor the implementation of the SPWN pilot projects.
- Development Assistance for Dhaka. ADB has been asked by the Government of Bangladesh to lead the development assistance for Dhaka water supply and sanitation. In March 2005, Dr. K. Azharul Haq, former managing director of Dhaka Water and Sanitation Authority (WASA), visited ADB HQ and discussed suggestions on how ADB can assist in addressing key constraints to expediting implementation of WSS projects in Dhaka. A draft framework for assistance was prepared whose scope of work included: (i) augmentation of source; (ii) water services survey; (iii) immediate optimization improvements in three zones; (iv) preparation of investment plan; and (v) investment loan up-scaling.
- Value-Based Water, Sanitation, and Hygiene Education (VBWSHE). Meetings between UN-HABITAT and ADB were held at ADB HQ, Manila on 4 April 2005 where the results of the VBWSHE component of the Water for African Cities Programme were discussed.
- Gender Strategy for WAC. It was agreed in the February 2005 meeting in Manila that there is a need to develop a gender strategy for WAC with immediate application to the work on small piped water networks. ADB's Social Development Specialist (Gender and Development) will prepare the gender strategy with the assistance of a consultant

³ This proposed ADB RETA is linked to the UN-HABITAT's SPWN Pilot Projects in Madhya Pradesh where lessons learned in all the pilot projects will be discussed in a regional workshop as part of the RETA.

⁴ The purpose of the assignment is to assist in facilitating, planning and implementation of activities under the WAC; and to assist in the coordination of the WAC between ADB and UN-HABITAT.

to be engaged with funding from UN-HABITAT. A draft terms of reference for the consultant has been prepared.

25. **Gender in Water Partnership.** Two major trainings for ADB operations staff were undertaken: (i) gender and water supply and sanitation; and (ii) gender and irrigation. The trainings helped ADB staff to enhance the skills in mainstreaming gender in water supply and sanitation and irrigation projects, specifically (i) to conduct gender analysis; (ii) to design gender features in loans; and (iii) to prepare gender action plans using loans that participants themselves are currently preparing. The partnership also prepared a pilot and demonstration activity proposal on gender and flood management in India, with the aim to scale-up past project experience on how to integrate gender issues into the design and implementation of flood management projects.

26. **Network of Asian River Basin Organizations (NARBO).** The following activities were undertaken to further IWRM work in the region: (i) 2nd NARBO Training Program on IWRM: Training Workshop on River Basin Management and Organizations for Mid-Career Water Professionals from South Asia, Negombo, Sri Lanka, 24-29 April 2005; (ii) 5th Issue (Spring 2005) of the NARBO Newsletter; (iii) proposed revisions to the NARBO Charter; and (iv) NARBO annual report. ADB supported the 2nd NARBO training program which helped water professionals from South Asia to acquire a better understanding of the principles of river basin organization and river basin management. ADB provided valuable comments on the content as well as the general lay-out and design of the NARBO newsletter which will result to an improved medium for better dissemination of information and experiences among RBOs. ADB also provided valuable inputs to the proposed revisions to the NARBO Charter. The revisions pertain to the selection of chairperson and venue for the General Meeting; and on the procedure for the change of officers in the middle of tenure with a view to make the specific provisions of the NARBO Charter more reasonable and adaptable to unexpected situations. ADB also provided comments to the draft NARBO annual report which documented the activities undertaken by NARBO in 2004.

27. **National Water Sector Apex Bodies.** A second regional meeting of national water sector apex bodies was convened by ADB, in collaboration with the Department of Water Resources in the Ministry of Natural Resources and Environment of Thailand on 27-29 April 2005 in Bangkok. The meeting discussed and agreed on the indicators for performance benchmarking of national water sector apex bodies and the arrangements for the peer review process. The meeting also discussed the findings from a WaterAid study commissioned by ADB to assess the involvement of civil society in apex bodies through NGO members. The meeting agreed on a pilot implementation of benchmarking and peer review in Thailand, Philippines and Malaysia. Ateneo de Manila University in the Philippines has been identified as a partner by ADB to be its regional knowledge hub for the training program on peer review. The objective of the training program is to develop capacity of peers from the different apex bodies not only on benchmarking but as well to provide a venue for exchange of experiences and information among apex bodies.

28. **Southeast Asia Water Utilities Network (SEAWUN).** ADB continues to support the network in helping water utilities in the region to improve service delivery, operational and management efficiency and financial viability. SEAWUN, with the Fund's support and ADB inputs, has just conducted its inaugural convention, where 158 participants from 17 countries and international organizations attended. It has also completed its first regional benchmarking exercise, which involved 47 water utilities from 7 countries. Under ADB guidance, the results are now being finalized and converted into a databook and CD-ROM package for distribution.

SEAWUN managed to collect membership fees from 78% of its members, and used the funds to finance 15-20% of its operating costs. This is a promising start towards the ultimate objective of self-sustainability for the network.

29. **Other regional partnerships.** ADB supports other partnerships, including (i) the *Pacific Region Water Cooperation* where ADB's Pacific Department, with assistance of the South Pacific Applied Geoscience Commission, is helping ADB's Pacific DMCs to implement the Pacific Regional Water Action Plan launched during the 3rd World Water Forum in Kyoto; and (ii) the ADB-Water Aid Partnership, a new partnership on *Empowering Civil Society for Water Reforms*, to help in providing more structure to ADB's dialogue with NGOs; and focuses on the role and involvement of civil society in apex bodies, policy review and developing benchmarking and advocacy packages for consumers; and (iii) subregional water cooperation among central Asian countries, for the Southeast Asia regional water partnership, and for the Mekong River Commission (MRC). ADB is currently supporting MRCS (i) for involving an independent panel of regional experts that would give a kind of report card on MRC's annual performance; and (ii) for developing and finalizing the MRC Strategic Plan for 2006-2010.

Regional Events and Initiatives

30. Mostly on demand by ADB's operations department, ADB supported the participation to and/or organization of regional events during the reporting period. ADB's participation to these events helped to catalyze the implementation of ADB's water policy, increased synergy in ADB's water operations, facilitated networking and exchange of ideas, and raised ADB's profile. The following events were supported:

- [Gender Mainstreaming in Integrated Water Resources Management, 20-21 January, Manila, Philippines.](#) The activity helped to enhance the skills of ADB staff in mainstreaming gender in water supply and sanitation and irrigation projects, specifically to (i) conduct gender analysis; (ii) design gender features in loans; and (iii) prepare gender action plans using loans that participants themselves are currently preparing.
- [Conveners Meeting in Preparation to the 2nd Southeast Asia Water Forum, 24-25 January, Jakarta, Indonesia.](#) ADB, as one of the conveners of the 2SEAWF, discussed with the Indonesian government and other donor institutions the program, content, message, arrangements and other detailed preparatory activities to the 2SEAWF.
- [Roundtable on Water, Sanitation, and Hygiene Education for Schools, 24-26 January, Oxford, England.](#) The roundtable helped to reach common understanding of the importance of investing in of school water, sanitation, and hygiene education in schools (SSHE) in support of the MDGs. It identified key elements of quality strategies for scaling-up SSHE that balance hardware with software components; and include effective planning and management capacity, financing mechanisms, and monitoring.
- [Inception Workshop: Preparing WaterAid Partners in Asia for Involvement in ADB Water Policy Implementation Review, New Delhi, India, 31 January – 2 February.](#) As part of the activities under the ADB-WaterAid Partnership, the workshop helped (i) to prepare WaterAid for involvement in the review of ADB's water policy implementation; and (ii) to assist in the interactions between the ADB and civil society in the WSS sector.
- [World Bank Water Week 2005, 1-3 March, Washington DC, US.](#) With theme 'Water Security: Policies and Investments', the water week highlighted that countries need to develop institutional environment and invest in infrastructure in parallel, noting that the balance

between the two interventions is different in different settings. ADB staff participated in several sessions.

- [Workshop on Pro-poor Urban Water and Sanitation Governance, Bhopal, Madhya Pradesh March 2005](#). The workshop is one of the activities under the Water for Asian Cities Program. It resulted to the selection of pilot project sites for the Small Piped Water Network (SPWN) Pilot Projects: Indore and Jabalpur in Madhya Pradesh, India.
- [Regional Conference on Water Governance & Poverty, 9-10 March, Makati City, Philippines](#). The conference raised the importance of water governance in regional development and poverty alleviation agenda in rural areas of Southeast Asia. It developed a framework for enabling policies and programs toward equitable and sustained water access. ADB staff gave a presentation.
- [Consultation Mission for the Water Policy Implementation Review Panel and the 2nd Southeast Asia Water Forum, 14-16 March, Jakarta, Indonesia](#). The consultation forms part of a series of in-country consultation workshops under the ongoing review of ADB's water policy implementation. The consultations are designed to generate feedback on policy implementation to improve ADB water operations.
- [Conference in Celebration of World Water Day, 30 March, Quezon City, Philippines](#). The conference discussed local activities and challenges on water resource management and water service delivery, and was highlighted by a tree-planting activity in a watershed in Metro Manila. ADB staff participated in the conference.
- [Water District Management and Governance: Third International Conference on Irrigation and Drainage, 30 March – 2 April, Washington DC, US](#). The conference provided an opportunity for managers of Water Districts and policy-makers to share experiences on management challenges and issues related to increasing water scarcity, urbanization and expanding environmental awareness. ADB staff presented a paper.
- [ADB National Media Workshop on Water, 17-19 April, Islamabad, Pakistan](#). The workshop forms part of the series of media workshops under ADB's Water Awareness Program to (i) increase the understanding of media towards water issues, (ii) promote greater media coverage; and (iii) improve standard of writing on water topics.
- [13th Session of the United Nations Commission on Sustainable Development \(CSD-13\) - High Level Segment, 20-22 April, New York, USA](#). ADB participated in the side event on the Poverty and Environment Partnership (PEP) whereby a joint technical paper on water was presented with inputs from ADB's poverty reduction specialist.
- [Training Workshop in River Basin Management and Organizations for Mid-Career Water Professionals from South Asia, 24-29 April, Colombo, Sri Lanka](#). The training workshop helped water professionals from South Asia to acquire a better understanding of the principles of river basin organization and river basin management.
- [Second Regional Meeting of National Water Sector Apex Bodies, 27-29 April, Bangkok, Thailand](#). The meeting agreed on the performance benchmarking indicators for national water sector apex bodies and the arrangements for the peer review process, including a pilot implementation in Thailand, Philippines and Malaysia.
- [Joint ADB-UN HABITAT Consultation Mission on Small Piped Water Network \(SPWN\) Pilot Projects, Madhya Pradesh, India, 18-20 May 2005](#). The Mission held discussions with senior

representatives of key NGOs (Sulabh International and WaterAid) which confirmed willingness to facilitate and monitor the implementation of the SPWN Pilot Projects.

- [Workshop on the Relation Between Basin Organization Development and Decentralized Government, 22-25 May, Warsaw, Poland](#). The workshop discussed the relation between the growth dynamics of RBOs and the broader issue of administrative and fiscal decentralization. ADB sponsored a representative from Thailand who shared experience on river basin committee.
- [ADB National Media Workshop on Water, 5-8 June, Gazipur, Bangladesh](#). The workshop forms part of the series of media workshops under ADB's Water Awareness Program to (i) increase the understanding of media towards water issues, (ii) promote greater media coverage; and (iii) improve standard of writing on water topics.
- [SEAWUN Convention on Water and Wastewater in Southeast Asia, 7-9 June, Hanoi, Viet Nam](#). ADB supported this inaugural convention which improved the networking activities of SEAWUN towards better service delivery, operational and management efficiency and financial viability.
- [Roundtable Discussion on Private Sector Participation in Urban Water Supply, 15-16 June, Bangalore, India](#). The roundtable raised awareness among decision makers in State Governments in India on the potential for enlisting the participation of private sector, in its various forms, in water service delivery
- [Consultation Mission for the Water Policy Implementation Review, 23-24 June, Phnom Penh, Cambodia](#). The consultation forms part of a series of in-country consultation workshops under the ongoing review of ADB's water policy implementation. The consultations are designed to generate feedback on policy implementation to improve ADB water operations.

Coordination, Monitoring and Evaluation

31. The activities of the Fund continued to be effectively coordinated and monitored. The WSC did not meet during the reporting period but nonetheless continued to coordinate and monitor the activities in the six program categories through email exchanges, with support from the Water Team of the Agriculture, Natural Resources and Social Sector Division (now reorganized as Energy, Transport and Water Division or RSID); and supervision by the Fund's Steering Committee⁵ (SC).

32. **Coordination and Consultation with other multilateral development banks (MDBs).** Coordination with World Bank and the other MDBs that have established similar water funds (the Inter-American Development Bank and the African Development Bank) continued through email. ADB participated in the 46th Annual Meeting of the Inter-American Development Bank last 10-12 April 2005 in Japan.

33. **Comprehensive Review of Water Policy Implementation in 2005.** As stipulated in ADB's water policy, a comprehensive review of water policy implementation to be led by an external expert review panel has been launched in 2005, five years after the policy was approved. A Lead Facilitator was hired to manage all the components of the review process and to facilitate the work of the Review Panel. A synopsis of progress on key components is provided below:

⁵ The SC is comprised of directors of the concerned operational divisions in ADB's regional departments. It approves the detailed design and implementation arrangements of major components with a cost of more than \$400,000.

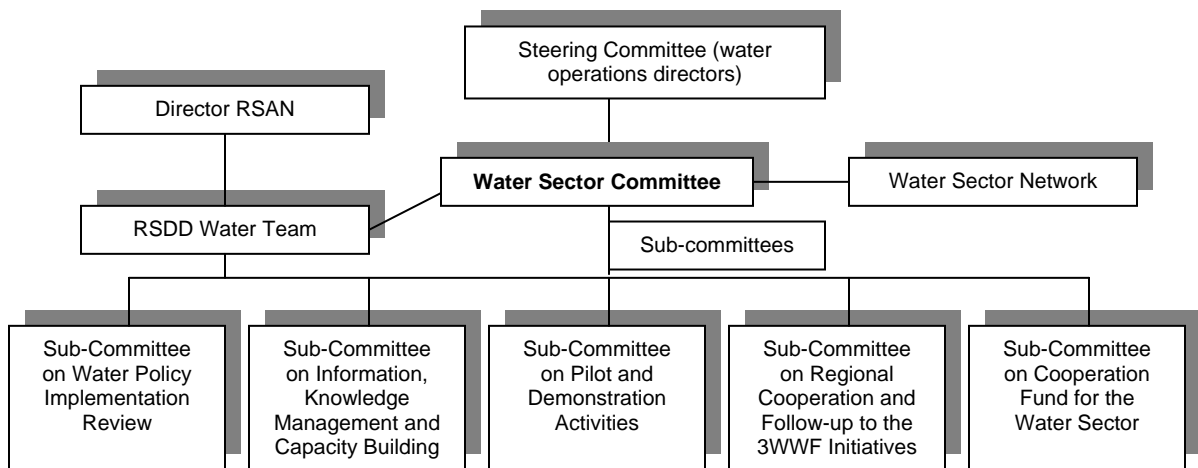
- **Expert Review Panel and Special Advisers.** An in-house survey was undertaken among (i) directors of operations divisions; (ii) Water Sector Committee; (iii) Water Sector Network; and (iv) Regional and Sustainable Development Department (RSDD) Water Team to obtain recommendations for the Review Panel. The Review Panel was commissioned by the end of March 2005, with Special UN Ambassador for MDGs in Asia and the Pacific, Ms. Witoelar, serving as the Review Panel Chair.
- **In-country Consultation Workshops.** ADB expects to conduct seven in-country consultations designed to generate feedback on policy implementation and other inputs to improve water operations. The consultations involve stakeholders⁶ from national and sub-national levels of government, elected representatives, civil society including NGOs and academe, private sector, the media, and other institutions involved in water sector related work
- **ADB Staff Workshops.** In April 2005, more than 30 staff (WSN and water operations colleagues) attended the first ADB staff workshop to help launch the comprehensive review and address key issues raised during the 2003 interim review. A very short survey targeting the members of the WSN and other water project staff has also been circulated and initial responses from approximately 30 staff members have been tabulated.
- **Regional Conference Presentations and Surveys.** Members of the RSDD water team who participated in regional water-related events shared progress reports on the review process and raised the visibility of the water policy. They also secured feedback through surveys circulated to conference participants. In addition to questionnaire surveys to conference participants, an on-line survey through ADB's website was also made available.
- **NGO Outreach and Involvement.** RSDD is employing participatory approaches to NGO involvement in the review process. At the end of March 2005, RSDD staff met with several NGO representatives during ADB's NGO Lobby Days to discuss their concerns about the review. In May 2005, RSAN Director gave a short presentation on the comprehensive review during the NGO Program in conjunction with ADB's Annual Meeting in Istanbul, Turkey. RSDD has partnered with an international NGO, WaterAid, which is conducting a donor effectiveness study and preparing its NGO partners for constructive engagement in ADB's review process.
- **Communications Efforts.** The comprehensive review and its activities have been featured in several attractive pdf flyers, a discussion brief on the interim review results, several ADB Today blurbs, an ADB Review article, and was the cover story for the Water for All April E Newsletter. Several web updates and reports have posted and flyers and large poster banners have also been circulated throughout ADB HQ to promote the review's various activities. Production of a short ten-minute promotional video to introduce the Water Policy during in-country consultations has been completed.

⁶ In selecting participants and outlining the agenda, ADB will strive for a balanced representation across geography, ethnicity, gender, and the main subsector and thematic areas outlined in ADB's work.

- **Revision to the Water Policy.** In addition to launching the comprehensive review process, a small revision to the water policy, with respect to large water resources projects involving dams, was approved by ADB's Board of Directors in January 2005 (<http://adb.org/Water/Policy/approved-revision.asp>).

34. **Piloting Direct Operations Support.** As follow-up to the November 15, 2004 meeting on fund allocation guidelines for direct operations support, the Steering Committee met twice during the reporting period and discussed the criteria and details for the proposed Direct Operations Support (top up) facility whereby \$2 million will be allocated from the Fund for direct assistance to various TAs. In addition, the Steering Committee also approved the allocation of \$400,000 for direct support from the Fund to a post-tsunami sanitation rehabilitation project in Maldives.

Figure 4. Organizational Structure of the Cooperation Fund for the Water Sector (Up to June 2005)



III. FINANCIAL REPORT

35. Of the six approved categories under the Fund, the demand for the 'Knowledge Base and Capacity Building' has been highest to date amounting to around \$3.9 million. This accounts for roughly 27% of the total allocation of \$14.70 million; followed by 'Water Partnerships' the demand of which amounted to approximately 21%. Of the total planned allocation, only \$9.99 million or 32% is uncommitted as of 30 June 2005.

36. Figures 5 and 6 show the allocation and commitments of the Fund in the six categories.

Figure 5. Fund Allocation and Commitments by Category

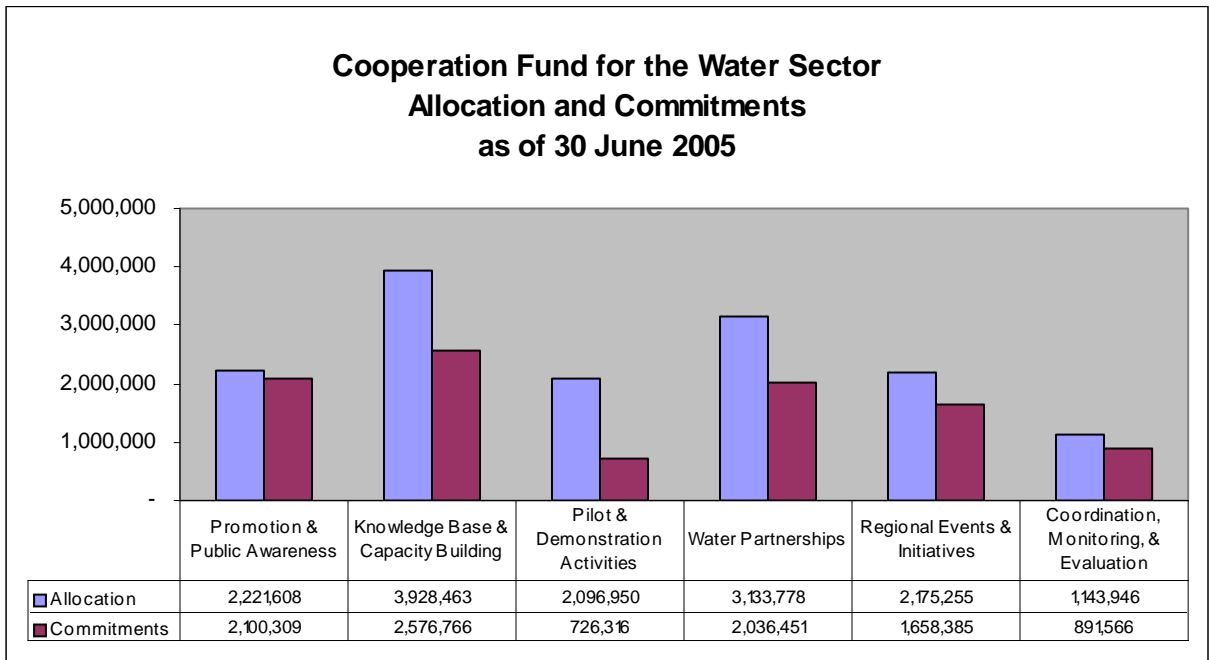
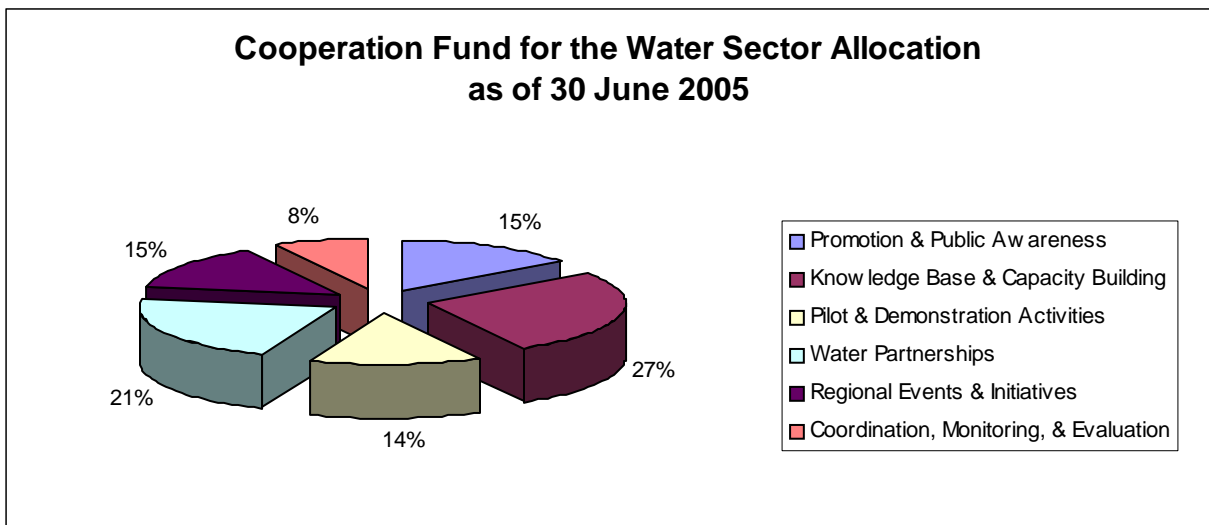


Figure 6. Fund Allocation by Category



IV. CONCLUSIONS

37. The Fund continues to add value to ADB's water operations, to complement ADB's TA resources and to support the implementation of ADB's water policy. The Fund's progress of implementation was reviewed on several occasions already; and is currently further assessed with the ongoing comprehensive review of ADB's water policy implementation. For the reporting period, implementation of activities is considered satisfactory, with good achievements attained under all of the six program categories; and completed most of the activities that were planned in the last reporting period except for: (i) Water this Week News

Bulletin whereby preparations for launching was stalled for further consideration since demand from operations department was not so clear; (ii) replication of the Water for the Poor – Partnerships for Action initiative to other countries was stalled due to delays in the implementation of Project Preparation Technical Assistance (PPTA) projects; and (iii) processing of a Regional Technical Assistance (RETA) to support NARBO activities from the Japan Special Fund (JSF) was delayed due to internal procedures that need to be complied. Overall, the completed activities have (i) strengthened regional cooperation with DMCs and other partners in the water sector; (ii) raised awareness of critical water issues and mobilized actions and resources to address these water issues; and (iii) helped to address the key challenges in financing, capacity building and reforms in the water sector.

V. OUTLOOK

38. **Promotion and Public Awareness.** The Water Awareness Program (WAP) is expected to continue disseminating ADB's water policy and key development messages in the water sector, increasing public awareness and stakeholder dialogue on water reform issues, and improving press coverage of water issues and initiatives. ADB water web site will be further expanded and improved; Water for All News e-newsletter will be widely circulated to an increased number of subscribers in ADB's DMCs. Water Wire activities will be pursued for more frequent and better information on water issues and developments in the region. Additional journalist workshops can be held on request of ADB's regional departments. DVD copies of the Water Voices documentaries will continue to be distributed; and the documentary on PRC's experience in the water sector will be completed.

39. **Knowledge Base and Capacity Building.** Activities are expected to further develop ADB's water information systems in support of ADB's water operations. Following the completion of the first phase report in 17 DMCs, a second phase of the Comparative Analysis of Water Sector Reforms in DMCs will be pursued and are expected to involve in-country work. Several events for the Water Sector Network will be organized and supported. Activities under the Water Financing Program, Capacity Building Program, Dams and Development and those related to the MDGs will be pursued. Roundtable discussions on private sector participation in urban water supply are planned for Indonesia and People's Republic of China.

40. **Pilot and Demonstration Activities.** ADB's regional departments will be supported to further pilot and demonstrate new approaches in water policy, sector assessment and reforms in connection with country strategy and program formulation, and project preparation and implementation. Synthesis and compilation of lessons learned from completed PDAs have started with help from a professional writer. Blue bag seminars on these PDAs will continue to be organized to disseminate lessons and good practices to the water sector network. Forthcoming activities include: (i) approval and processing of new PDA proposals; (ii) guiding, processing, administering and monitoring new, ongoing and completed PDAs; (iii) visiting PDA sites; and (iv) drafting third quarterly progress report.

41. **Water Partnerships.** Several activities will be supported by ADB:

- **Water for the Poor – Partnerships for Action.** Planned activities include: (i) replication of this initiative to other countries such as Bangladesh, Cambodia, People's Republic of China, Sri Lanka, Lao PDR and Tajikistan; (ii) finalization of the technical paper on water in time for the UN General Assembly in September 2005; and (iii) design and initiation of the approach developed under the Central

Region Water Resources Sector Project (CRWRSP) to be applied into the design of the Rural Infrastructure for Sustainable Livelihoods Improvement in Central Region Project (RISLICRP). This includes the extension of the process of province-level capacity building into three new provinces and the support of pilot activities implemented by an additional NGO to define the scope of market-led approaches to small scale infrastructure development.

- **Network of Asian River Basin Organizations (NARBO).** Several activities are lined-up: (i) NARBO session 'Developing Capacity of RBOs', 31 August 2005 at the 2SEAWF, Bali, Indonesia; (ii) NARBO side event 'Launching of the Performance Benchmarking System of RBOs with Peer Review Process', 3 September 2005 at the 2SEAWF, Bali, Indonesia; (iii) 3rd NARBO training program on IWRM, 14-18 November 2005, Daejeon, South Korea; (iv) NARBO Thematic Workshop on Water Allocation and Water Rights in Viet Nam, 5-9 December 2005; (v) 2nd NARBO General Meeting, February 2006, Indonesia; (vi) promotion of NARBO in several regional events; (vii) further development of the NARBO web site; (viii) performance benchmarking activities including peer reviews among RBOs following the launching of the benchmarking initiative; (ix) circulation of the next issue of the NARBO e-newsletter; (x) advisory and exchange visits; and (xi) twinning programs. Coordination with NARBO members will continue. Strengthening and expansion of NARBO membership will be pursued. A RETA for the capacity-building of RBOs will be pursued.
- **National Water Sector Apex Bodies (NWSAB).** Focus will be on a pilot implementation of benchmarking and peer review in Thailand and Malaysia with the objective to develop capacity of peers from the different apex bodies not only on benchmarking but as well to provide a venue for exchange of experiences and information among apex bodies. Other activities will be on (i) developing performance indicators and benchmarks; (ii) peer review; (iii) cross visits and regional exchanges to raise awareness; (iv) support for developing guidelines and sourcebooks; (v) joint training and workshops; (vi) involvement of media and strengthening public relations.
- **Southeast Asia Water Utilities Network (SEAWUN).** Activities will focus on (i) maintenance and strengthening of SEAWUN Secretariat operations; (ii) development and maintenance of a website and database; (iii) conduct of promotion and awareness campaigns to enlist members; and (iv) management of a SEA water utilities performance benchmarking program.
- **Gender in Water Partnership.** The partnership agreement ends in July 2005. Remaining activities will focus on: (i) PDA on gender and flood management in India; (ii) joint publication with the Gender and Water Alliance (GWA) on case studies from the ADB water operations depicting good practice.
- **Water for Asian Cities Program.** A pro-poor water supply and sanitation project in Madya Pradesh in India will be pursued. Collaboration with PRC, Sri Lanka, Indonesia and Central Asian republics will be explored. An annual WAC Programme Consultation Meeting will be held on 16-17 August 2005 in Manila. Activities on the VBWSHE initiative will be scheduled, including the preparation of the model TOR and resource kit/checklist for consultants. A consultant will be

engaged to assist in developing a gender strategy for the WAC Programme; and another locally-based consultant with experience in the education sector will be engaged by UN-HABITAT to facilitate collaboration work on VBWSHE in the region. Possibilities for pilot testing of VBWSHE components will be explored in Bangladesh and Samoa in 2005 and in Laos and Nepal in 2006.

- **Partnership on the Millennium Development Goals.** The technical background paper on water supply and sanitation (WSS) is expected to be launched with the MDG II report in September 2005.
- Support to the activities of other regional partnerships will continue based on demand from operations departments: (i) the *Pacific Region Water Cooperation* to implement the Pacific Regional Water Action Plan; (ii) the ADB-Water Aid Partnership to help in providing more structure to ADB's dialogue with NGOs; and (iii) subregional water cooperation among central Asian countries, for the Southeast Asia regional water partnership, and for the Mekong River Commission.

42. **Regional Events and Initiatives.** Based on demands from operations departments, the Fund will continue to support the organization of regional events and activities including sponsorship for the participation of personnel from ADB and its DMCs.

43. **Program Coordination, Monitoring, and Evaluation.** Close coordination will continue with other MDBs and development partners to facilitate joint activities that benefit ADB's water operations. Annual consultations with the Ministry of Foreign Affairs (MFA) of the Netherlands and Norway governments on the progress of Fund implementation are expected. Operations support (including country strategy program (CSP) preparation, Project Preparation Technical Assistance (PPTA), and Advisory and Operational Technical Assistance (AOTA)) will continue. RETA Phase 4 activities will be implemented to further promote effective water management policies and practices in Asia and the Pacific. Further RETAs will be processed. The Fund's progress will be further assessed with the ongoing comprehensive review⁷ of ADB's water policy implementation. The Review Panel's assessment of ADB's water policy implementation will continue⁸ and is expected to produce a Panel Report⁹ in December 2005. Forthcoming activities are: (i) in-country consultations until November 2005; (ii) second ADB staff workshop in November 2005; and (iii) coordination with civil society through ADB's NGO Center.

⁷ A timeline for major activities for the review and regular updates are posted on ADB's water web site at <http://www.adb.org/water>.

⁸ The Review Panel will meet three times over the course of the review to examine various inputs, discuss stakeholder feedback, and prepare the Panel Report.

⁹ The Review Panel will be informed by feedback gathered at in-country consultations, regional workshops, water-related conferences, ADB staff workshops and surveys, and comments gathered on ADB's water website. Additional modalities may include interviews, case studies, desk study of loan, project and agreement documents, and involvement in external research studies. The review process will benefit from experts from policy, practitioner and academic networks enlisted to inform the work of the panel and participate in the in-country consultations and regional workshops where appropriate. Two Special Advisers will provide technical inputs, preparing papers and presentations to share during the second Review Panel meeting in August 2005. The Review Panel and its Special Advisers report to ADB Management through the Director General of ADB's RSDD.

Appendix 1 Summary of Water Sector Network¹⁰ Events and Activities

Blue bag seminar: Water Supply: Can Full Cost Recovery Be Achieved? 10 February. MKRD's Januar Hakim discussed good practices for achieving full-cost recovery; including the social dimension of water affordability and lessons from the 'Regional Workshop on Achieving Full Cost Recovery for Water Utilities in Southeast Asia', Thailand, 13-14 December 2004.

Preparatory consultation: Water for Asian Cities. 16 February. A UN HABITAT delegation, comprising WAC Program Manager Andre Dzikus and consultant Graham Jackson, visited ADB and discussed 2005 WAC activities to move forward this initiative. The WAC was initiated at the 3rd World Water Forum in March 2003, with ADB and UN HABITAT signing an MOU.

Seminar: Responding to Bangladesh's Request for ADB Assistance. 22 March. Dr. Khondaker Azharul Haq, the former Managing Director of Dhaka Water Supply and Sewerage Authority shared his experiences and suggestions on how ADB could respond to the BAN's request for ADB assistance and how ADB could implement water supply projects more expeditiously.

Kick-off meeting: MDG, Water, Poverty and Environment Initiatives. 29 March. ADB Lead Consultant for Water and Poverty John Soussan discussed progress in [Water for the Poor - Partnerships for Action](#), 2nd regional MDG report, and Poverty Environment Partnership and how regional departments can contribute to and benefit from these initiatives.

ADB and UN-Habitat Meeting: Values-based Water Education. 4 April. A mission from UN-Habitat consisting of education and water supply specialists visited ADB and discussed values-based water education in a series of meetings with regional departments as part of the Water for Asian Cities Program.

Staff Workshop on the Review of ADB's Water Policy Implementation. 12 April. The workshop built on feedback gathered during the 2003 in-house interim review to assess progress, identify challenges and opportunities, and make recommendations to strengthen ADB's water operations and to better position ADB to help its clients achieve the vision of "Water for All."

Blue bag seminar: Lessons Learned from World Bank's Water Week 2005: "Water Security—Policies and Investments". 12 April. MKSS Director John Cooney shared his insights from the World Bank's Water Week 2005 and highlighted key lessons that can be applied to ADB water operations.

Seminar: Innovations in providing water supply and sanitation. 20 April. Chandrashekar Hariharan, Managing Director of BCIL Alternative Technology Foundation of India, discussed innovative approaches to improve access to water supply and sanitation in rural and urban areas in India.

Blue bag seminar: Breaking new ground in sanitation to achieve the MDGs. 28 April. GTZ's Andreas Kanzler discussed technology options in sanitation (reedbeds, separation toilets, DEWATS systems and rotating biological contactor plants) and how achievements in the sanitation MDGs can be improved.

Blue bag seminar: Rationalizing Water Tariffs for Private Water Utilities. 5 May. IDP's Antonio de Vera discussed (i) proposals for tariff methodologies tested in five different types of utilities; (ii) new process for reviewing proposed tariffs; and (iii) the use of Key Performance Indicators to benchmark utility performance.

¹⁰ Membership to ADB's WSN totals 110 for the reporting period.

[Blue bag seminar: Willingness-to-Pay in Water Projects: All you Need to Know.](#) 23 June. Mike Fortin (Consultant) discussed concepts and techniques of willingness-to-pay in water projects and the relevance in ADB's water operations.

[Blue bag seminar: Emerging Trends in Public-Private Partnerships in the Irrigation Sector.](#) 30 June. SEAE's Tetsuro Miyazato presented the highlights of the 8th International Seminar on Participatory Irrigation Management, and the lessons learned that can be applied to ADB water operations.

Appendix 2 List of Approved PDAs

No.	Title	Country	Activity Officer	Cost (\$)
Completed				
1	Poverty Impact of Public Irrigation Expenditures	Viet Nam	P. Smidt, MKRD	50,000
2	Integrated Water Resources Management (IWRM) and Environmental Impact Study	Timor-Leste	A. Hinduja, (retired) PARD	50,000
3	Promoting Gender Equality for Poverty Reduction through Improved Irrigation Management	Nepal	K. Yokoyama, SARD	45,000
4	Private Sector Participation-Enabling Conditions for the Establishment of the Samoa Water Authority Wastewater Division	Samoa	N. Convard, PARD	50,000
5	Water Management Information Dissemination and Extension for Irrigated Agriculture	Philippines	C. Wensley, SERD	50,000
6	Education for Sustainable River and Water Conservation	Solomon Is. and Vanuatu	N. Convard, PARD	50,000
7	Rationalizing Tariffs for Private Sector Water Utilities	Philippines	R. Frauendorfer, SESS	50,000
8	Developing and Testing Environmental Education and Awareness Methodologies and Tools for the Tonle Sap Basin	Cambodia	O. Serrat, MKRD	50,000
9	Development of Pro- Poor Rural Water Actions in Collaboration with World Vision	Viet Nam	A. Siddiq, MKRD	50,000
10	Development of Pro- Poor Rural Water Actions in Collaboration with CARE	Viet Nam	A. Siddiq, MKRD	50,000
Under Implementation				
11	Institutional Development for Local Water Governance	Philippines	F. Steinberg, SESS	50,000
12	Operational Research on Decentralized Wastewater Management and its Dissemination	Nepal	K. Tamaki, SARD	50,000
13	Bang Pakong Dialogue Initiative	Thailand	W. Lincklaen Arriens, RSAN	50,000
14	Decentralized Wastewater Treatment Facility for the Lilo-an Public Market	Philippines	F. Steinberg, SESS	50,000
15	Facilitating Irrigation Sector Reform in Chhattisgarh	India	T. Panella, SARD	33,500
16	Pilot-testing the Preparatory Process of Developing New Subproject Management Models	Viet Nam	A. Siddiq, MKAE	50,000
Contracting Arrangements Still under Process				
17	Clean River Program for Urban Poor	People's Republic of China	S. Handayani, ECRD	50,000
18	Sustainable Management of Water Resources in Areas of Punjab	Pakistan	A. Tayyab, SARD	50,000
19	Establishing Local Partnership for Managing Water & Sanitation Services in Secondary Towns	Azerbaijan	L. Sabyrova, ECSS	50,000

No.	Title	Country	Activity Officer	Cost (\$)
20	Groundwater Aquifer Rejuvenation Demonstration & Pilot Project for Balochistan	Pakistan	S. Parvez, PRM/SARD	49,850
21	Piloting School-led Water Supply and Gender-sensitive Sanitation in Kapilvastu	Nepal	L. Sharma, NRM/SARD	50,000
22	Initiating Integrated Water Resource Planning in Vu Gia Basin	Viet Nam	P. Perera, MKAE	50,000
	Withdrawn / Cancelled			
23	Pilot Household Sanitation Systems for Small Island Environments (proposed concept was scaled up in a post tsunami support TA)	Maldives	T. Gallego-Lizon, SASS	50,000
24	Building Gender Responsive Water Supply & Sanitation Services (replaced with a new concept, see No. 21 above)	Nepal	L. Sharma, NRM/SARD	50,000
25	Water Sector Reforms and its Implementation (proposed concept was scaled up and integrated in a new larger TA)	Indonesia	M. Rahman, SEAE	50,000

Appendix 3 Results and Lessons Learned from 10 Completed PDAs

DMC	Title of PDA	Results	Replication / Upscaling
Viet Nam (2 PDAs)	Development of Pro-poor Rural Water Actions in Collaboration with NGOs - CARE International Vietnam and World Vision Vietnam	<ul style="list-style-type: none"> • Piloted the development, introduction and realization of a participatory management methodology at sub-project and commune levels in four of the six target provinces in conjunction with the PPTA for the Central Region Water Resources Sector Project (CRWRSP). • Collected information on the provinces, projects, and available models of social inclusion in infrastructure projects. • Developed and piloted appropriate PRA and fieldwork modalities in four (two for each NGO) of the six provinces, including field visits to project sites and target communes. • Produced a draft Manual on Participation in Irrigation Development (PID) reflecting the lessons learned. 	<ul style="list-style-type: none"> • The participatory approaches (PA) and PRA methods are being integrated in the RRP of the CRWRSP. • Pilot activities will be replicated in other subprojects and communes in all provinces under the CRWRSP. • The PID-Manual is being developed in English and in Vietnamese for further dissemination to other subprojects under the CRWRSP and to relevant departments under MARD.
Cambodia	Developing and Testing Environmental Education and Awareness Methodologies and Tools for the Tonle Sap Basin	<ul style="list-style-type: none"> • Developed a strategy for environmental education for the communities in the Tonle Sap Basin. • Inspired the belief that communities (particularly the poor) have both the power and responsibility to bring about positive change. • Increased people's capacities to transform their visions into reality. • Fostered the values, behavior and lifestyles required for sustainable development. • Built capacities for future-oriented thinking. • Developed and tested three community-based education tools in support to the above strategy. 	<ul style="list-style-type: none"> • The tools tested and developed under the PDA have been replicated and up-scaled, and are now used to formulate and implement national environmental education and awareness campaigns under CAM: Tonle Sap Environment Management (loan 1939).
Solomon Is. and Vanuatu	Education for Sustainable River and Water Conservation	<ul style="list-style-type: none"> • Developed and tested community-based environmental education and awareness learning tool consisting of a series of dialogue-building techniques for communities to forge joint water management plans. • Brought women and youth into the community decision-making process. 	<ul style="list-style-type: none"> • The learning tool is now being used in Papua New Guinea and Fiji. • Principles of the learning are being replicated and used in the health sector to convey messages action on HIV- AIDS and domestic violence.

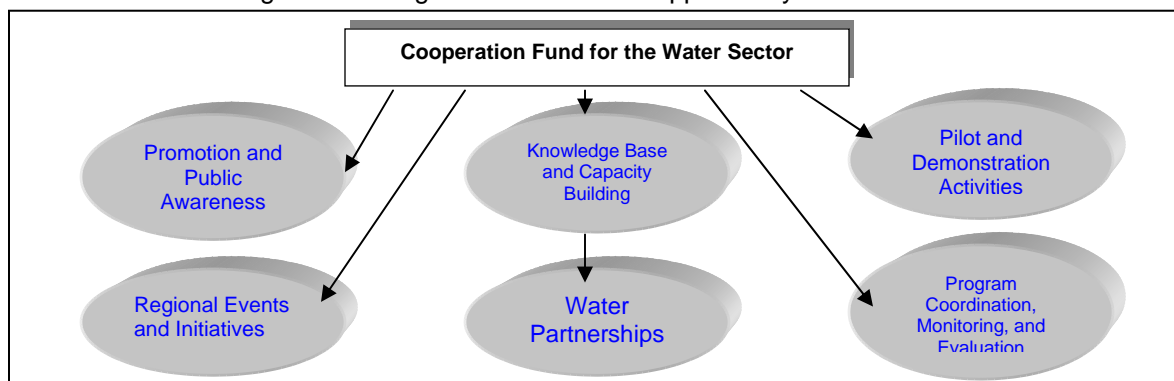
Nepal	Promoting Gender Equality for Poverty Reduction through Improved Irrigation Management (impact of drip irrigation on the poor and gender)	<ul style="list-style-type: none"> The 7 pilot sites recorded a 2-3 fold increase in income; savings in weeding time and water use; enhanced soil quality and production of vegetables. Recommended a longer term activity to upscale lessons in ADB's Community Managed Agriculture & Irrigation Project (CMAIP). 	<ul style="list-style-type: none"> Results have been replicated in the Community-Managed Agriculture and Irrigation (loan) Project (CMAIP) through a TA with a \$600,000 financial assistance from the PRF.
Philippines	Rationalizing Tariffs for Private Water Utilities for the National Water Resources Board (NWRB)	<ul style="list-style-type: none"> Provided detailed information on current tariff regulation methodology and comprehensive proposal for a new tariff regulation structure and methodology: (i) use of 5-year period instead of current 1-year and average ROI over 5-year; (ii) discounted cash flow method; (iii) use of key performance indicators (KPIs) as benchmarks; (iv) power cost adjustment thru Extra-ordinary Price Adjustment Method. Held 10 training/workshops in planning, tariff setting, technical and financial regulation to NWRB staff. Developed recommendations to enhance legal enforcement capabilities. 	<ul style="list-style-type: none"> NWRB's Board of Directors have adopted the proposed tariff regulation methodology as a result of this PDA and this new methodology is in the process of being put into practice. Proposed to disseminate as a case of good results and lessons learned during 2nd SEA-Water Forum in August 2005.
Samoa	Establishment of Samoa Water Authority Wastewater Division and Associated PSP Enabling Conditions	<ul style="list-style-type: none"> Contributed to the establishment of the Samoa Water Authority Wastewater Division. Developed and implemented enabling conditions for private sector participation. 	<ul style="list-style-type: none"> Specific details still needs to be verified.
Philippines	Water Management Information Dissemination and Extension for Irrigated Agriculture	<ul style="list-style-type: none"> Developed and tested several training courses at 30 irrigation schemes at various levels. Improved training courses are recorded on CD-ROMs. 	<ul style="list-style-type: none"> Dissemination of the developed training courses to other irrigation schemes would be ongoing. However this information still needs to be verified.
Viet Nam	Poverty Impact of Public Irrigation Expenditures (joint activity between ADB and WB)	<ul style="list-style-type: none"> Indicated that various government's policy interventions contributed to reduce production risks, improved farm income, and reduced labor and energy costs for pumping water, thus contributing to reduce poverty at the micro-level. Findings were shared by VRM with the 	<ul style="list-style-type: none"> None yet, since specific use of the findings of this PDA as input in other studies and project designs still needs to be verified;

		counterpart government agency, and used as input and reference in various studies and project designs.	
Timor Leste	Integrated Water Resources Management (IWRM) and Environmental Impact Study	<ul style="list-style-type: none"> • The original PDA proposal consisted of two phases - Phase I: Assessment of the current status in WRM, and make short-, medium- and long-term recommendations for institutional reforms and capacity building; and Phase II: Implementation of the approved recommendations. Only Phase I was completed, while the proposed implementation (Phase II) has been integrated in a TA proposal for the development of an IWRM strategy and system. • Phase I provided a detailed account of the current status of the national WRM and the water resources policy development process; the achievements in awareness raising and specific training, and of the establishment of a water resources assessment program. It also included an analysis of issues encountered, followed by recommendations for future assistance in the development and implementation of an IWRM policy and system. 	<ul style="list-style-type: none"> • The implementation of the proposed development of an IWRM strategy and system (Phase II of the PDA) has been integrated in a TA proposal (TAR: TIM 35451).

INTRODUCTION: COOPERATION FUND FOR THE WATER SECTOR

1. **Background.** Established on 10 December 2001, the Cooperation Fund for the Water Sector (the Fund) is a multi-donor umbrella facility to help the Asian Development Bank (ADB) promote effective water management policies and practices at the regional, sub-regional, and country levels and thereby catalyze the implementation of ADB's water policy in the Asia and Pacific region. The activities under the six categories (Figure 7) of the Fund are designed to add value to the water projects carried out by ADB's regional departments and increase the synergy in ADB's water sector operations. The six-monthly progress reports on the Fund activities for the periods January-June 2003, July-December 2003, January-June 2004, and July-December 2004 can be found on ADB's water web site (www.adb.org/water).
2. **Contributions to the Fund.** The Fund has received a total contribution of \$19.45 million from both the Government of the Netherlands and the Government of Norway. The Government of the Netherlands made its first, second, third, and fourth contributions of \$4.00 million, \$4.00 million, \$5.00 million, and \$5.15 million in December 2001, December 2002, December 2003 and December 2004, respectively. A total of \$1.30 million have been received from Norway's commitment of \$2.00 million.
3. **Regional Technical Assistance (RETA) Projects.** The Fund's activities are supported and implemented through a series of RETA projects entitled *Promoting Effective Water Management Policies and Practices*. These RETAs are the modality through which ADB draws on the Fund. To date, four RETAs: RETA 6031¹¹- Phase 1, RETA 6093¹²- Phase 2, RETA 6123¹³ – Phase 3, and RETA 6219¹⁴ – Phase 4 have been approved by ADB's Board of Directors for a total of \$14.90 million.

Figure 7. Categories of Activities Supported by the Fund



4. **Objectives of the Fund.** The Fund supports several programs to promote effective water management policies and practices at regional, subregional, and country levels, thereby catalyzing the implementation of ADB's water policy in the Asia and Pacific region, including within ADB. The programs will help ADB and its developing member countries (DMCs) achieve the Millennium Development Goals (MDGs) for water and poverty reduction. Gender, participation and poverty reduction are crosscutting objectives in all the proposed activities under the different programs. The

¹¹ TA 6031-REG *Promoting Effective Water Management Policies and Practices*, approved by the ADB Board on 25 April 2002 for \$4.0 million from the initial contribution of the Government of the Netherlands.

¹² TA 6093-REG *Promoting Effective Water Management Policies and Practices—Phase 2*, approved by the ADB Board on January 2003 for \$1.0 million from the 2nd contribution of the Government of the Netherlands in support of the 3rd World Water Forum (3WWF), Japan, 16-23 March 2003.

¹³ TA 6123-REG *Promoting Effective Water Management Policies and Practices – Phase 3*, approved by the ADB Board on 3 October 2003 for \$4.3 million comprising \$3.00 million from the second contribution of the Government of the Netherlands and \$1.3 million from the Government of Norway.

¹⁴ TA 6219-REG *Promoting Effective Water Management Policies and Practices – Phase 4*, approved by the ADB Board on 20 December 2004 for \$5.6 million comprising \$5.00 million from the third contribution of the Government of the Netherlands and \$0.6 million from the Government of Norway.

activities are targeted at a range of stakeholders in the region, including policymakers, planners, water service providers and resource managers, ADB's decision makers, civil-society organizations, the media, the public, ADB staff, and development partners.