

**ASIAN DEVELOPMENT BANK
REGIONAL AND SUSTAINABLE DEVELOPMENT DEPARTMENT
Agriculture, Natural Resources and Social Sectors Division**

**COOPERATION FUND FOR THE WATER SECTOR
SIX-MONTHLY PROGRESS REPORT
JULY - DECEMBER 2004**

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March 2005

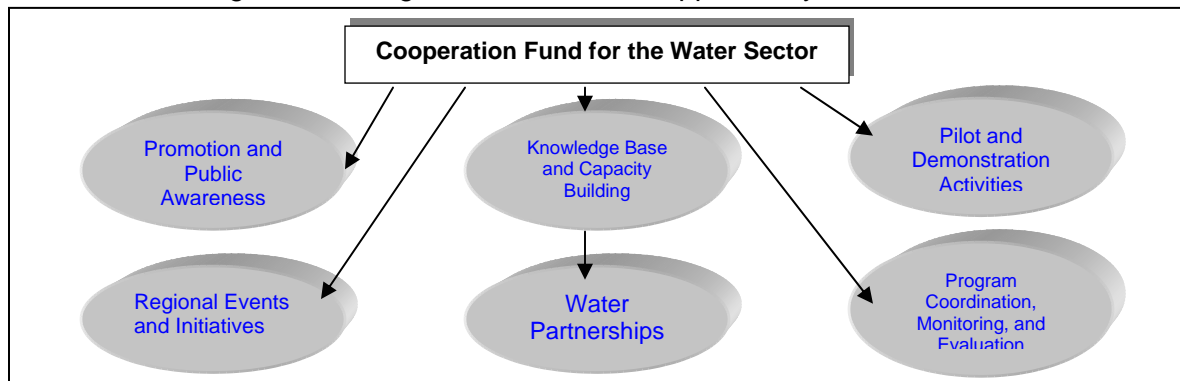
I. INTRODUCTION

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 1) 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. These activities, including among others, the January-June 2003, July-December 2003, January-July 2004 progress reports can be found on ADB's water web site.

2. **Contributions to the Fund.** The Fund has received a total contribution of \$19.30 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 \$5.00 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 6031¹- Phase 1, RETA 6093²- Phase 2, RETA 6123³ – Phase 3, and RETA 6219⁴ – Phase 4 have been approved by ADB's Board of Directors for a total of \$14.90 million.

Figure 1. Categories of Activities Supported by the Fund



¹ 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.

² 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.

³ 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.

⁴ 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.

II. OBJECTIVES OF THE FUND

4. 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 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 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.

III. ACHIEVEMENTS AND PROGRESS

5. **Promotion and Public Awareness.** This program (i) disseminated ADB's water policy; (ii) increased public awareness; (iii) improved press coverage of water issues; and (iv) supported community-level water education pilot projects. The Water Awareness Program (WAP) was a key element under this Program and 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, including at the (i) NARBO Members Consultation on RBO Benchmarking, Batu-Malang, Indonesia, 29-30 November 2004; (ii) 3rd IUCN World Conservation Congress, Bangkok, Thailand, 17-25 November 2004; and (iii) several national water media workshops.

6. **ADB water web site.** The ADB water web site (<http://www.adb.org/water>) continues to be updated and expanded. The average monthly hits during the reporting period is between 60,000 – 70,000. This figure represents a remarkable leap from the 40,500 hits in the last reporting period; and from the 18,300 hits in the July - December 2003 reporting period. An average of 3,566 people visited the site each month, representing a 25% increase from the January -June 2004 average figure of 2,853 visitors; and 72% increase from the July-December 2003 average figure of 2,068 visitors. The figures on monthly hits and visitors indicate a more in-depth information search on the water web pages.

7. **ADB E-newsletter Water for All News.** ADB's monthly electronic newsletter Water for All News has to date 11,976 subscriptions. E-newsletter issues for the months of July, August, October, and November 2004 were circulated with respective themes (i) Water for the Rural Poor: Focus on Rural Water Supply and Sanitation; (ii) Living with Floods; (iii) From Commitment to Action: What has ADB done after the 3rd World Water Forum?; and (iv) Solving Conflicts Through Water Rights?. The e-newsletter continues to feature water champions and stories on successful water initiatives in ADB developing member countries; as well as articles on water actions on the ground. The total number of e-newsletters circulated is 11 since its launching last November 2003.

8. **National Water Journalist Workshops.** National water media workshops supported by ADB were held in the Central Asia and Southeast Asia regions and were attended by around 30 participants per workshop: (i) Almaty, Kazakhstan, 27-30 September; and (ii) Bogor, Indonesia, 5-8 December, respectively. These workshops, lasting three days each, increased the understanding of journalists on water issues, which resulted in a more informed assessment of key water concerns by the journalists. Five media workshops were held in

2004, and 3 in 2003, bringing the total number of such workshops to 8. The total number of Asian journalists that have attended these workshops is now 230.

9. **Documentary films.** ADB's Water Voices documentary series was launched in January 2004 with seven powerful 20-minute films. Filming of the 8th documentary on the Tonle Sap Lake in Cambodia about living with floods took place in April and November 2004. A first version of this 23-minute documentary has been reviewed after which the final version is expected in the first quarter of 2005. Activities on distribution of the Water Voices video documentary series continued. A total of 16 Asian broadcast agreements have been signed to telecast the documentary series on national television throughout the region. For this purpose, the films were translated in four local languages: Tetum (Timor Leste), Gujarati (India), Mongolian and Chinese. Close to 4,000 DVD copies of the documentary films have been distributed for educational use.

10. **Publication Series.** A total of 15 volumes of ADB's *Water for All* Publication Series have been completed to date, 4 of which were launched during the Year-End Event of ADB's Water Sector Network last 16 December 2004. Appendix 1 gives a synopsis of the latest four new volumes⁵ of the publication series, 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.

11. **Other Water Awareness Products.** Four public service announcements (PSAs) for television are now in an advanced stage of design. A series of 40 one-page water briefs have been prepared, of which 6 have been launched to date. Two CD-ROMs on water information (ADB Water Week 2004 and Water for All publication series) were developed, several Op-eds were written and a brochure explaining the Fund was finalized. A second brochure on Gender and Water is being processed.

12. **Knowledge Base and Capacity Building.** ADB recognizes the need to invest more strategically in capacity development in critical water sector institutions, supported by effective regional cooperation, benchmarking, and peer review processes. In addition to these, ADB recognizes the need to develop more systematic processes for capacity development not only with ADB but also within the agencies that administer loan projects, and thereby minimize the use of unsustainable project implementation units relying on expensive external consultants. Several initiatives continue to support the development of ADB's knowledge management work in the water sector, including:

13. **Water Sector Capacity Building Program.** ADB's Water Sector Committee prioritized a Water Sector Capacity Building Program based on the assessment conducted in 2003. Some training activities started this year, with more to follow next year as guided by demand from staff in operations divisions and resident missions. A TA on Capacity Building for Water Regulatory Bodies was completed with good results, and with follow-up being considered. RETAs with capacity building components were completed by the International Food Policy Research Institute (IFPRI) on integrated economic-hydrological models applied to river basins in Indonesia and Viet Nam, and by the International Water Management Institute (IWMI) on pro-poor irrigation interventions in the region.

⁵ Volume 12 'Cooperation in Shared Water Resources in Central Asia' is still in the final stages of editing and will soon be for inclusion in the 'Water for All' publication series.

14. **Water this Week News Bulletin.** On demand by the operations department, a “Water this Week” news bulletin for water operations directors and water sector network members was designed and pilot tested towards the end of 2004. The news bulletin is envisaged as a one-stop information source of ADB water sector news, knowledge, and links. The bulletin will be linked to ADB’s water website and will be integrated into KMApps – WaterNet. Further feedback is being awaited before launching this bulletin on a weekly basis.

15. **Water Sector Assessments, Reforms and Roadmaps.** Guidelines and tools for water sector assessments and roadmaps have been developed. The first phase of the report on Comparative Analysis of Water Sector Reforms was completed. The draft report (i) provides an overview of the status of the water sector and sector reforms in a sample of countries; (ii) maps out the scope of a future comparative analysis, and (iii) makes recommendations for follow-up work in a second phase.

16. **Financing Water Program.** The success of ADB Water Week 2004⁶ resulted in the formulation of a flagship Financing Water program by ADB’s Regional and Sustainable Development Department (RSDD). The program was launched this year to focus on ‘financing the right investments’ in the water sector, expand business opportunities, and assist operations staff through advocacy packages, briefs and model TORs for good practices. Good feedback from operations departments was received on the following initial products (already uploaded in the water web site for further details) of the program: (i) Advocacy Package for Promoting Tariff Reform; (ii) PPTA Model TOR for Diagnostic City Water Assessment; and (iii) PPTA Model TOR for Planning Urban Sanitation and Wastewater Management.

17. **Water Sector Network⁷ Events and Activities.** Monthly notices on (i) new materials on water activities and development in ADB’s Water Reference Center, and (ii) water news in ADB’s DMCs were circulated to the water sector network. A total of 13 network events within ADB HQ were organized during the reporting period, bringing to 22 the total number of internal events organized for year 2004. These events discussed and disseminated interesting topics and issues under the broad fields of water service and water resources management. Annex 2 provides a synopsis of these events.

18. **Dams and Development Activities.** Work in the area of Dams and Development in 2004 was led by ADB’s Mekong Department acting as focal point, and with the following accomplishments: (i) a RETA being completed; (ii) an electronic knowledge paper prepared for the community of practice on dams and development work; and (iii) ADB participation in several international events. A seminar on dams and development was conducted last November 2004 and discussed emerging issues. ADB’s Mekong Department has also generated much interest among staff by the innovative manner in which their team has prepared the Nam Theun 2 project in Laos, including the type of consultations held with local communities, international community, and within ADB.

19. **Monitoring of MDGs and Water Statistics.** For the monitoring of MDGs, ADB reached an agreement with UNESCAP and UNDP for a joint publication on water-related MDGs by March 2005, under the leadership of ADB’s Poverty Reduction and Social

⁶ ADB Water Week 2004 was reported in a pioneering style interactive CD together with a hardcopy report.

⁷ Membership to ADB’s WSN totals 103 for the reporting period.

Development Division (RSPR). Monitoring of water statistics of ADB and its DMCs continues and is reflected on the water web site. Preliminary 2004 Water Statistics was prepared.

20. **WaterNet.** The Knowledge Management Applications (KMApps) - WaterNet_is almost ready for launching, and its application will facilitate Water Sector Network members' exchange of information and experiences on project design and implementation in connection with ADB's water operations. Guidelines for data selection and inputting have been prepared.

21. **Pilot and Demonstration Activities (PDAs).** The demand from ADB's regional departments for PDAs continues to increase. The program continued to support 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 WSC continues to screen and approve these proposals. A total of 20 PDAs have been approved by WSC to date, 10 of which were approved this year. Of the 20 PDAs approved: 3 are completed, 12 are under implementation and 5 are under processing. Another 8 proposals received in 2004 are still for further review. The first three PDAs completed (in Viet Nam; Nepal; and Solomon Is. and Vanuatu) have good results and lessons learned (Annex 4). Figures 2 to 4 show the cumulative distribution of WSC-approved PDAs by subregion, subsector, and type.

Figure 2. Regional Distribution of WSC-approved PDAs

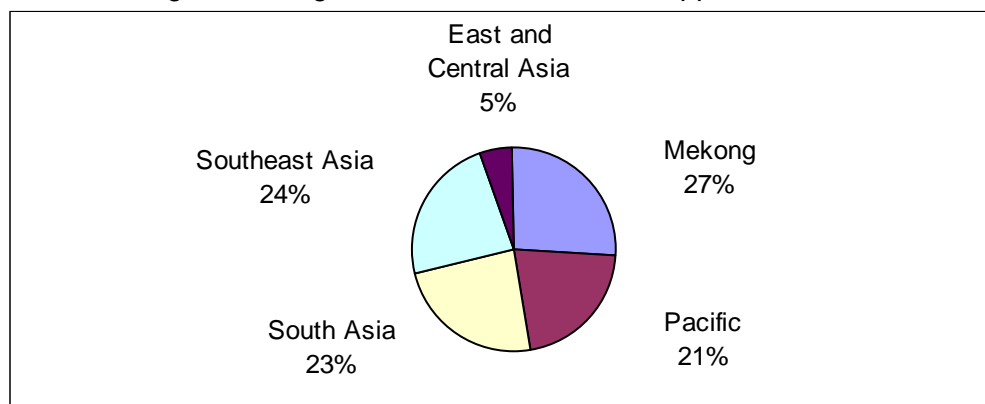


Figure 3. Sub-sector Distribution of WSC-approved PDAs

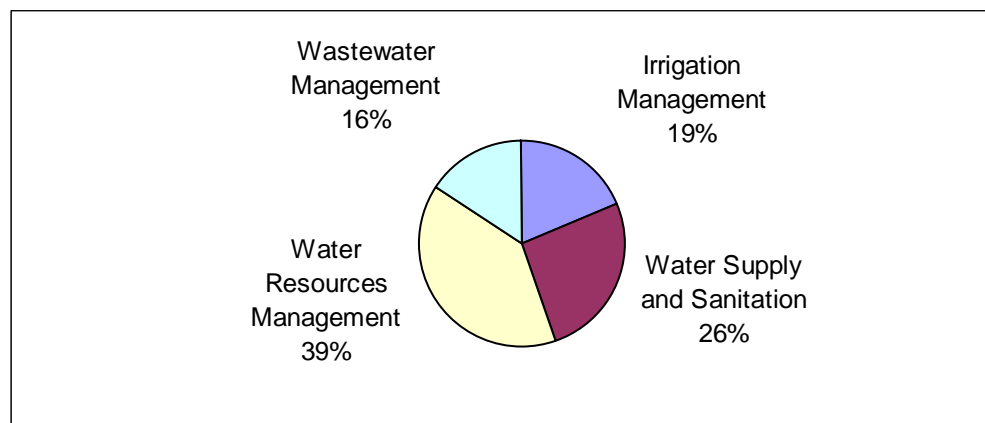
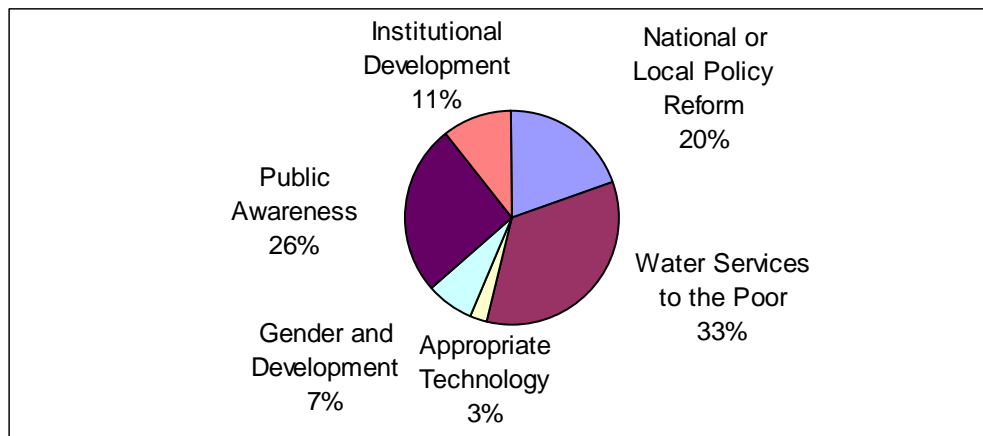


Figure 4. Distribution of WSC-approved PDAs by Type



22. **Water Partnerships.** The year 2004 has seen much progress in implementing and moving forward partnerships that were launched by ADB President Chino at the 3rd World Water Forum in Kyoto in 2003. ADB supported several activities to further strengthen national and regional water partnerships in the region.

23. **Water for the Poor-Partnerships for Action.** This initiative has made good progress in Viet Nam at national, provincial, and project levels. At a regional level, a partnership has been agreed with UNESCAP, UNDP, WHO and UNICEF to produce a report on progress towards the MDGs in Asia. As part of this, a technical background paper⁸ on water is being prepared which will be a key multi-agency input to the Millennium +5 UN General Assembly in September 2005. At a global level, the first draft of the Poverty Environment Partnership (PEP) paper on poverty reduction and water management has been prepared and circulated for comments to a wide range of stakeholders. The draft identifies key challenges in moving to action enhancing the contribution of water to poverty reduction. The partnership work in Viet Nam has to date accomplished: (i) a national water and poverty assessment to link 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 PPTA for the design of the Central Region Water Resources Sector Project (CRWRSP).

24. **Water for Asian Cities Program.** This initiative is moving but rather slowly but with promising progress, and with good input from ADB's Private Sector Operations Department in project identification work in PRC. Collaboration in preparing a pro-poor water supply and sanitation project in Madhya Pradesh in India began and similar collaboration is being explored with PRC, Sri Lanka, Indonesia and Central Asian republics. Values-Based Education Program to reach all schools and communities in Asia by 2007 was endorsed. This water and sanitation initiative in Asian Cities will continue to address the need for pro-poor investments in partnership with the UN-Habitat.

25. **Gender in Water Partnership.** Good progress was made this year under this partnership with excellent local initiatives from ADB's resident missions in Nepal and Uzbekistan. The draft final report of the gender in water operations review (gender scan) was

⁸ ADB's lead consultant on water and poverty coordinates and leads the drafting of this paper.

completed, whereby 25% sample of water-related loans in ADB were reviewed. In line with the review, ADB supported field visits undertaken in two countries - in Viet Nam and Sri Lanka – which resulted to better understanding of factors influencing the implementation of gender-related commitments as well as to a greater understanding of the processes and issues involved in mainstreaming gender.

26. **Network of Asian River Basin Organizations (NARBO).** This initiative made good progress with ADB support in the following activities: a first training program, a web site workshop, two benchmarking workshops. ADB also helped in promoting the network in several other activities and fora organized by Japan Water Agency and JICA. The 1st training program helped water professionals to (i) acquire a good understanding of the IWRM concepts; and (ii) translate the IWRM concepts into the planning process. The web site workshop resulted to a set of recommendations for the further development of the NARBO web site. The benchmarking workshops resulted to a shared vision of benchmarking for RBOs, an agreed set of performance indicators, and 11 RBOs wanting to pilot the benchmarking approach, including a peer review process. The network continues to assist river basin organizations (RBOs) and their associated water sector agencies in implementing IWRM and improving water governance in river basins throughout Asia.

27. **National Water Sector Apex Bodies: Leadership in Water Governance.** Following the ADB-supported first regional meeting of national water sector apex bodies in Hanoi on 18-21 May 2004, networking of national water sector apex bodies was started and several ADB operations staff are leading the work in their respective DMCs. ADB engaged the services of a water governance specialist to assist in the work of the apex bodies in the area of benchmarking.

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. ADB assisted in the design layout of the SEAWUN website (<http://seawun.org/bpg/default.asp>) which was launched last October 2004. ADB has pledged support in other activities of SEAWUN including on a performance benchmarking program and strengthening its membership.

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.

30. **Regional Events and Initiatives.** Mostly on demand by ADB's operations department, ADB supported the participation to and/or organization of 20 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. A synopsis of these events are as follows:

- 1st African Development Bank Water Week, Tunis, 1-3 Jul. With theme “Building Partnerships for Water in Africa”, the water week saw the launching of African water initiatives. The water week also provided thematic discussions on (i) Challenges and Responses to the MDGs and Water Security; (ii) Financing Water Initiatives; (iii) Water Resources Development; and (iv) Progress on Regional and International Water Agenda. The discussions addressed several elements of ADB’s water policy. The water week strengthened ADB’s coordination with other MDBs that have established similar water funds.
- Training Program on IWRM and Strengthening of River Basin Organizations, Thailand, 26 Jul–6 Aug. One of the activities under NARBO, this training highlighted Thailand’s participatory approach to IWRM and its success in institutionalizing IWRM through planning and budgetary instruments. The training helped water professionals to translate the IWRM concepts into the planning process. ADB supported the organization of the training and sponsored 20 participants. The training supported ADB’s water policy of fostering an integrated management of water resources.
- Workshop on Web Site Design and Implementation, Thailand, 7-8 Aug. One of the activities under NARBO, this workshop provided the direction for the NARBO website design and resulted to a set of recommendations for the further development of the NARBO website. ADB supported the organization of the workshop and sponsored 16 participants. As a NARBO activity, the workshop is in line with ADB’s water policy of fostering an integrated management of water resources.
- 14th Stockholm Water Symposium and World Water Week, Sweden, 15-21 Aug. The water week saw the need for a paradigm shift to link land with water management approach for food and environmental security. ADB’s participation in this prestigious global annual water event again provided the opportunity (i) to exchange knowledge, experience, and lessons learned; (ii) to strengthen ADB collaboration with development partners; and (iii) to increase awareness on important water issues. The Fund supported the participation of two ADB staff.
- Workshop on Pro-poor Intervention Strategies in Irrigated Agriculture in Asia, Colombo, Sri Lanka, 25-27 Aug. The workshop presented and analyzed findings of a 3-year IWMI research in selected irrigation systems in Asia on the topics of: (i) impacts of irrigation on poverty; (ii) irrigation systems performance; and (iii) implication of institutional reforms and service charges on poor. The workshop provided a comprehensive analysis of the key factors that have impacts on poor, in line with ADB’s overarching goal of poverty reduction.
- 7th International River Management Symposium, Australia, 1-3 Sep. With around 480 participants, the symposium resulted to the further global spread of water resources management best practices. The Fund supported one ADB staff and one river basin manager from the Philippines. The ADB gave a presentation on the topic ‘Building Capacity to Make a Difference: ADB Supports Water Resources Management in the Region’. The symposium is in line with ADB’s water policy of fostering an integrated management of water resources.
- International Conference on Financing Water Infrastructure in Russia, Sochi, Russia, 16-17 Sep. The conference discussed: (i) Challenges in Municipal Water; (ii) Barriers in Water Supply Investments; (iii) Public-Private Partnership in Municipal Utilities; (iv) Raising Local Finance; (v) Private Sector Participation in Financing Municipal Water; and (vi) Strategies for Bankability and for Obtaining Financing. The Fund supported the participation of a WSC member. The conference supports ADB’s water policy of improving and expanding water service delivery through PSP and public-private partnerships.

- ADB National Media Workshop on Water, Almaty, Kazakhstan, 27-30 Sep. The workshop is one of the activities under ADB's water awareness program. The workshop increased the understanding of journalists in Kazakhstan on water issues affecting the country, leading to a more informed assessment on the subject. The workshop also strengthened and increased ADB Water Awareness Program's journalist network. The Fund supported the participation of four ADB personnel.
- International Water Management Course, Ruschlikon, Switzerland, 28 Sep – 1 Oct. The course guided the participants in applying sound methods (such as decision analysis and stakeholder involvement techniques) contributing to the development and implementation of sustainable water management practices. In addition, the participants acquired insight into specific issues related to river management. The course supports ADB's water policy of fostering an integrated management of water resources.
- Conference on Financing Municipalities and Subnational Governments, Washington DC, US, 30 Sep – 1 Oct. The conference discussed ways to improve the financing of infrastructure in cities and towns. The dialogues focused on new-pooled financing approaches being developed in Asia and Latin America. The Fund supported the participation of an ADB staff. The results of the conference contributed to ADB's Financing Water program, which was one of the outcomes of ADB Water Week 2004.
- Small Scoping Workshop on RBO Benchmarking, Jatiluhur, Indonesia, 12-13 Oct. This workshop is one of the activities under NARBO. Towards the promotion of IWRM in Asia, the workshop resulted to a common understanding of the framework on benchmarking RBOs. The workshop was an excellent preparatory activity to the NARBO Members Consultation on RBO Benchmarking, Indonesia, 29-30 November 2004 where a prototype benchmarking system will be discussed and agreed upon by members for further development.
- Hydro 2004: A New Era for Hydropower, Portho, Portugal, 18-21 Oct. The conference discussed new prospects for hydropower development under the main themes of: (i) new era for planning and development; (ii) project finance; (iii) environmental and social aspects; and (iv) technology innovations and development. Special sessions included the aesthetics of dams and powerplants; turbine flow measurement; innovative hydraulic modeling techniques; and managing sedimentation. The results of the conference fed into ADB's ongoing work on dams and development.
- Workshop on Values and Functions of the Mekong Floods - Developing Information for a Balanced Dialogue through Local Experience, Laos, 26-28 Oct. The workshop developed a balanced understanding of the role and value of floods and their impacts in the Mekong basin. Water disasters caused by floods are common to the region. Against this scenario, ADB's water policy states that ADB will continue to help DMC's reduce economic losses from floods. The Fund supported the participation of a WSC member.
- MDB Coordination Meeting, Washington DC, US, 8-10 Nov. This third MDB consultation meeting on water funds and partnerships facilitated better coordination among the MDBs. It resulted to the exchange of experiences, drew valuable lessons of the various activities supported by the water funds, and forged further collaborative efforts between ADB and other MDBs. More concrete collaborative actions is expected to be realized as a result of this annual consultation.
- NARBO Members Consultation on RBO Benchmarking, Batu-Malang, Indonesia, 29-30 Nov. This consultation is one of the activities under NARBO. Towards the promotion of IWRM in Asia, the workshop resulted to a shared vision of benchmarking for RBOs, an agreed set of performance indicators, and a set of RBOs wanting to pilot the benchmarking

approach, including a peer review process. The Fund supported the organization of the consultation and sponsored 31 participants.

- 3rd IUCN World Conservation Congress, Bangkok, Thailand, 17-25 Nov. The Congress resulted to the exchange of knowledge on how best to conserve nature. It provided unique networking opportunities for governments, organizations, and individuals. ADB's conservation platform 'Music, Film, Wetlands and You' highlighted the implementation of integrated water resources management in Thailand's Ping River, and an exciting project on protecting and rehabilitating the wetlands in PRC's Sanjiang Plain.
- ADB National Media Workshop on Water, Bogor, Indonesia, 5-8 Dec. The workshop is one of the activities under ADB's water awareness program. The workshop increased the understanding of journalists in Indonesia on water issues affecting the country, leading to a more informed assessment on the subject. The workshop also strengthened and increased ADB Water Awareness Program's journalist network. The Fund supported the participation of four ADB personnel.
- International Conference on Integrated Water Resources Management, Tokyo, Japan, 6-9 Dec. The conference enabled participants to (i) gain common understanding of the concept of IWRM; (ii) promote concrete actions towards the implementation of IWRM; (iii) propose a concrete methodology for development of IWRM and water efficiency plans by 2005. The Fund supported the participation of two ADB staff who gave presentations on the topics of ADB's follow-up to the 3rd WWF and specifically on water and gender.
- South East Asia Water Utilities Network: Seminar on Full Cost Recovery, Hanoi, Viet Nam, 13-14 Dec. The workshop provided an opportunity for water utilities to identify institutional, financial, political and technical challenges, as well as share best practices for achieving full cost recovery and the social dimension of water affordability. The seminar supports ADB's water policy of improving and expanding water service delivery. The Fund supported the participation of an ADB staff.

31. **Program Coordination, Monitoring and Evaluation.**

32. **Water Sector and Steering Committees.** The WSC continued to actively coordinate and monitor the activities in the six program categories of the Fund with support from the Water Team⁹ of the Agriculture, Natural Resources and Social Sector Division (RSAN); and supervision by the Fund's Steering Committee¹⁰ (SC). The WSC members worked hard in 2004 to move ADB's water agenda and operations forward. The WSC held 13 meetings this year on a wide range of priority topics affecting ADB's water operations.

33. **RETA – Phase 4.** A fourth phase RETA was processed and approved by the ADB Board on 20 December. The previous RETAs show good progress in commitments and disbursements, with allocations screened by the Water Sector Committee and, for large activities, by the Steering Committee.

34. **Coordination and Consultation with other multilateral development banks (MDBs).** Coordination with World Bank and the other MDBs that have established similar

⁹ RSAN's water team is comprised of (i) lead water resources specialist and Chair of the WSC; (ii) principal water supply and sanitation specialist and Alternate-Chair of the WSC; (iii) water team leader; (iv) water operations adviser; (v) water policy adviser; (vi) web site manager; (vii) finance manager; and (viii) knowledge management adviser.

¹⁰ 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.

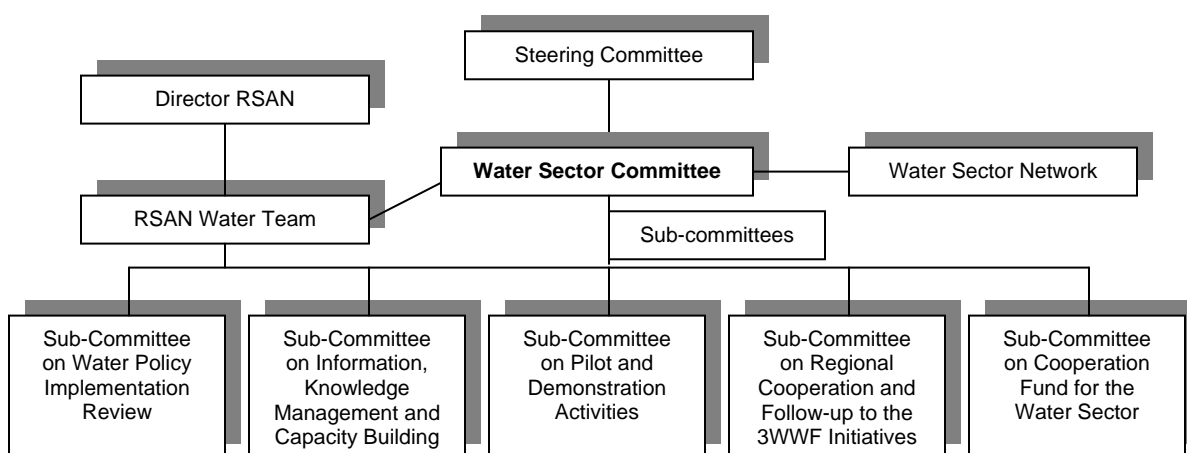
water funds (the Inter-American Development Bank and the African Development Bank) was undertaken, including a recent productive meeting in Washington DC, 8-10 November 2004.

35. **Comprehensive Review of Water Policy Implementation in 2005.** Preparations started for the comprehensive review of water policy implementation in 2005; and a water policy review coordinator was hired to help in this work. A small revision¹¹ to the water policy in respect of large water resources projects involving dams was also processed.

36. **Review Discussions on the Fund.** RSAN's Lead Water Resources Specialist and the Water Team Leader visited The Hague in September 2004 for review discussions on the Fund with the Netherlands MFA.

37. **Piloting Direct Operations Support.** The Steering Committee of the Fund met last November 15, 2004 and agreed that member directors will take responsibility for drawing up the guidelines for allocation of the funds for direct operations support among operations departments.

Figure 5. Organizational Structure of the Cooperation Fund for the Water Sector



IV. FINANCIAL REPORT

38. 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 \$2.18 million. This accounts for roughly 24% of the total allocation of \$9.10 million; followed by 'Promotion and Public Awareness' the demand of which amounted to approximately 19%. Of the total planned allocation, only \$1.35 million or 15% is uncommitted as of 31 December 2004.

39. Figures 6 and 7 show the allocation and commitments of the Fund in the six categories.

¹¹ Expected to be considered by the ADB Board in January 2005.

Figure 6. Fund Allocation and Commitments by Category

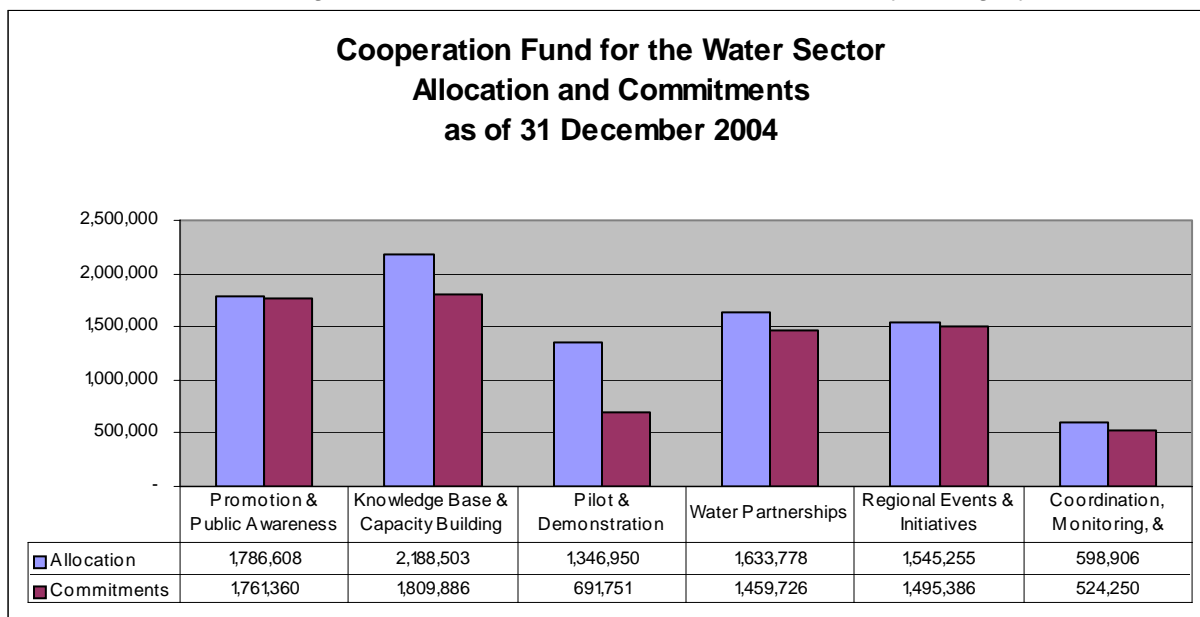
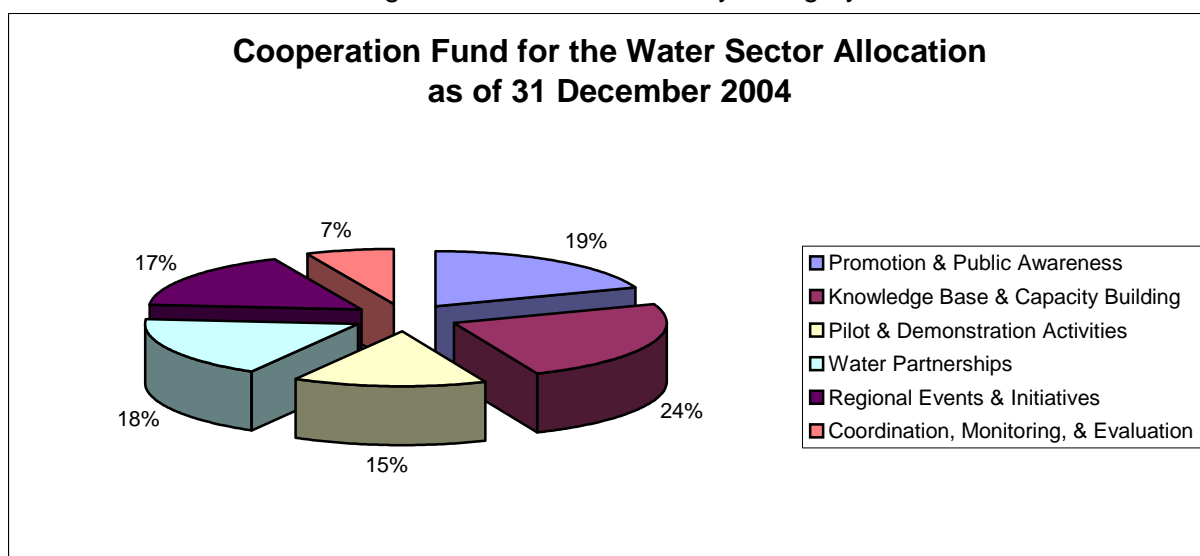


Figure 7. Fund Allocation by Category



V. CONCLUSIONS

40. The progress of Fund implementation to date is considered satisfactory, with good achievements attained under all of the six program categories. The Fund is adding value to ADB's water operations, to complement ADB's TA resources and to support the implementation of ADB's water policy. The activities undertaken 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.

41. The Fund's progress of implementation was reviewed on several occasions already. The WSC's in-house interim review of ADB's water policy implementation in 2003 found that the Fund provided a strategic framework and much-needed financial resources to implement the water policy by adding value and creating greater synergy in ADB's water operations. The Netherlands Ministry of Foreign Affairs (MFA) review of Fund implementation in October 2003 was positive, highlighting good results in implementing the water and poverty, and water and gender programs developed in connection with the 3rd World Water Forum. After the review, the Netherlands MFA expressed an interest in considering a topping up of the Fund. The Norwegian MFA review consultation in December 2003 has expressed satisfaction with the progress of the Fund's program. In its fourth year of implementing the Fund, preliminary indications show a very positive progress. The Fund's progress will be further assessed when ADB's water policy implementation is comprehensively reviewed in 2005.

VI. OUTLOOK FOR 2005

42. **Promotion and Public Awareness.** WAP will continue to disseminate ADB's water policy and key development messages in the water sector, increase public awareness and stakeholder dialogue on water reform issues, improve press coverage of water issues and initiatives, and support community-level water education pilot activities in ADB-financed water projects. 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. Journalist networks on water will be pursued, including activities with Inter Press Service to launch a water wire through which these journalists can receive more frequent and better information on water issues and developments in the region. Several journalist workshops will be held including in Pakistan (April 10-13) and Sri Lanka (June 5-8). DVD copies of the Water Voices documentaries will continue to be distributed; and the latest video on the Tonle Sap in Cambodia will be finalized and distributed. The production of another film on ADB's water policy will start, on demand from an operational department.

43. **Knowledge Base and Capacity Building.** Activities will be undertaken to further develop ADB's water information systems in support of ADB's water operations, including links to other water knowledge centers outside ADB. 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 will involve in-country work by domestic consultant researchers and supported by an international coordinator, with possible collaboration with ADBI. A possible 3rd ADB Water Week may be held in one of ADB's DMCs by October 2005. The Water this Week News Bulletin is expected to be launched 1st quarter of 2005. Several events for the Water Sector Network will be organized. Activities under the Financing Water Program, Capacity Building Program, Dams and Development and those related to the MDGs will be pursued.

44. **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. A number of ongoing PDAs are expected to be completed. A professional writer is expected to be engaged to synthesize the lessons learned from these

completed PDAs and to improve knowledge management work. Blue bag seminars on these PDAs will be organized to disseminate lessons and good practice to the water sector network.

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

- **Water for the Poor – Partnerships for Action.** 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) preparation of a technical paper on water to be discussed at the next Poverty and Environment Program (PEP) meeting in Stockholm in March, followed by a presentation at the 13th session of the Commission on Sustainable Development in New York in April 2005 and the finalization of the paper in time for the United Nations General Assembly in September; 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) which 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).** Activities will focus on (i) 2nd and 3rd training courses on IWRM, in Sri Lanka (25-29 April) and South Korea (tentatively June 2005); (ii) promotion of NARBO in several regional events; (iii) further development of the NARBO web site; (iv) several benchmarking activities including peer reviews among RBOs; (v) drafting and circulation of the NARBO annual report; (vi) advisory and exchange visits; (vii) scholarship programs; and (viii) processing of a RETA to support NARBO activities from the Japan Special Fund (JSF). Coordination with NARBO members will continue. Strengthening and expansion of NARBO membership will be pursued.
- **National Water Sector Apex Bodies (NWSAB).** Activities will focus 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; and (vii) a second regional meeting to review progress.
- **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; (iv) conduct of the Inaugural Convention on Water and Wastewater in South East Asia, 9-10 March 2005, Hanoi, Viet Nam; and (v) management of a SEA water utilities performance benchmarking program.
- **Gender in Water Partnership.** Activities will focus on: (i) training on integrating gender issues and plans into ADB loans and technical assistance projects across the water sector; (ii) joint publication with the Gender and Water Alliance (GWA) on case studies from the gender and water review; (iii) pilot and demonstration activity; (iv) regional workshop for exchanges on good practices for Gender and

Water; (v) up-scaling ongoing RETA on "Promoting Sustainable and Equitable WSS" in Viet Nam and Sri Lanka; and (vi) Gender in Water Regional Trainings and Capacity Building for Resident Mission staff.

- **Water for Asian Cities Program.** Work in PRC is expected to start. 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.
- 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.

46. **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 developing member countries (DMCs).

47. **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. Regular consultations with the Ministry of Foreign Affairs (MFA) of the Netherlands and Norway governments on the progress of Fund implementation will be pursued, including a review visit by the Ministry of Foreign Affairs, Norway at ADB HQ on 17 January 2005 to discuss the progress of the Fund. The Government of Netherlands is also expected to review the Fund in 2005 with a view to considering an ADB proposal for its extension by early 2006. The Fund's progress will be further assessed when ADB's water policy implementation is comprehensively reviewed in 2005. The plan to top-up the Fund for operations support (including CSP preparation, PPTAs, and AOTAs) will be finalized. In line with this, the Steering Committee of the Fund will draw-up the guidelines for allocation of the funds for direct operations support among regional departments. RETA Phase 4 will be implemented to further promote effective water management policies and practices in Asia and the Pacific. The scope of this RETA will be reviewed and modified as necessary to earmark up to \$2 million as a special tsunami assistance to disaster-affected countries in Southeast Asia and South Asia.

Appendix 1 Promotion and Public Awareness: Latest Water for All Publications

Volume 11 - Floods and the Poor. Flood mitigations worldwide have tended to follow a standard, top-down and predominantly engineering approach. This volume raises problems with that approach, examines water-related disasters from the point of view of affected poor households, and proposes steps to help flood-prone communities prepare and cope more effectively.

Volume 13 - Small Piped Water Network: Helping Local Entrepreneurs to Invest. This volume is about small-scale private water providers in Asian cities and the entrepreneurial potential of small piped network operators. It proposes that city officials, city water utilities, and local banks work closely with small network entrepreneurs to bring water suppliers to the poor and disadvantaged.

Volume 14 - Water Voices Documentaries: Testing Audience Impact in Poor Communities. The Water Voice Documentary "Tinagong Paraiso" ("Hidden Paradise") was shown in two poor communities in the Philippines. This volume analyzes the video's immediate effects on the residents' knowledge and attitudes, and assesses the documentaries' potential in influencing community practices.

Volume 15 - An Agenda for Change - Highlights from ADB Water Week 2004. Is there a conspiracy against the poor? Why is it that after concerted efforts spanning decades, many still do not have access to safe drinking water? Have conventional mindsets and vested interests stymied progress in this direction? This volume highlights the change agenda proposed during ADB Water Week 2004.

Appendix 2 Knowledge Base and Capacity Building: Summary of Water Sector Network¹² Events and Activities

- Workshop: 'What didn't we understand about this city's water market?', 29 July. Arthur McIntosh (author of Asian Water Supplies) and Charles Andrews discussed how to design a city water audit.
- Blue bag: "International Debate on Dams", 12 August. Woochong Um discussed the results of the Workshops: (i) Addressing Existing Dams, 14-15 June; and (ii) Ensuring Compliance, 15-16 June, Nairobi.
- Brown bag: "Briefing for ADB on Manila Water Company under the MWSS Privatization" August 13. Manila Water Company's Director Virgilio Rivera discussed the privatization and operations of the MWC.
- Seminar on the Final Report of Gender Scan, 2 September. Jennifer Francis, Helen Derbyshire and Charles Andrews discussed the final report on Gender Scan which analyzed 20 ADB water projects.
- Training on Gender Mainstreaming in Water Supply and Sanitation, 14-15 September. Jennifer Francis trained ADB staff on the inclusion of gender perspectives in their water work.
- Water Sector Network Seminar: Water Supply and Sanitation Advocacy Packages, 29 September. Klaus Schonfeld discussed advocacy materials to help ADB officers be more influential in the field.
- Workshop on Participatory Development, October 7-8. ADB Officers gave presentations on their water projects on the topics of community based sanitation, small scale water resources, and local governance.
- Blue bag: "River Basin Management for Food and Environment Security", 7 October. Kyeongae Choe discussed the results of the World Water Week, 15-21 August, Stockholm.
- Blue bag: Managing water and environment on Manila's doorstep, 21 October. Laguna Lake Development Authority's Dolora Nepomuceno discussed how users are paying for better water management.
- Seminar on Dams and Development, 4 November. Jeremy Bird discussed a range of emerging issues involved with the planning and design of dams and their alternatives.
- Blue bag: "What Drives the Increasing Costs of Irrigation in Asia?", 8 November. IWMI's Arlene Inocencio discussed the rationale behind the increase of real unit cost of irrigation development.
- Blue bag: "Lessons Learned: Russia's Private Sector Participation in Water", 18 November. Stephen Wermert discussed the results of the 'Conference on Financing Water Infrastructure, Russia, 16-17 Sept'.
- Making Waves: the Year-end Event of ADB's Water Sector Network, 16 December. Wouter Lincklaen Arriens presented highlights of ADB's water sector operations in 2004. Four new volumes of ADB's Water for All publication series were launched.

¹² Membership to ADB's WSN totals 103 for the reporting period.

Appendix 3 Pilot and Demonstration Activity: List of PDA Projects

No.	Title	Country	Activity Officer	Cost (\$)
Completed				
1	<u>Poverty Impact of Public Irrigation Expenditures</u>	Viet Nam	P. Smidt, MKRD	50,000
2	<u>Education for Sustainable River and Water Conservation</u>	Solomon Is. and Vanuatu	N. Convard, PARD	50,000
3	<u>Promoting Gender Equality for Poverty Reduction through Improved Irrigation Management</u>	Nepal	K. Yokoyama, SARD	45,000
Under Implementation				
4	<u>Integrated Water Resources Management (IWRM) and Environmental Impact Study</u>	Timor-Leste	A. Hinduja, PARD	50,000
5	<u>Water Management Information Dissemination and Extension for Irrigated Agriculture</u>	Philippines	C. Wensley, SERD	50,000
6	Operational Research on Decentralized Wastewater Management and its Dissemination	Nepal	K. Tamaki, SARD	50,000
7	<u>Development of Pro- Poor Rural Water Actions in Collaboration with CARE</u>	Viet Nam	A. Siddiq, MKRD	50,000
8	<u>Development of Pro- Poor Rural Water Actions in Collaboration with World Vision</u>	Viet Nam	A. Siddiq, MKRD	50,000
9	<u>Private Sector Participation-Enabling Conditions for the Establishment of the Samoa Water Authority Wastewater Division</u>	Samoa	N. Convard, PARD	50,000
10	Developing and Testing Environmental Education and Awareness Methodologies and Tools for the Tonle Sap Basin	Cambodia	O. Serrat, MKRD	50,000
11	Rationalizing Tariffs for Private Sector Water Utilities	Philippines	R. Frauendorfer, SESS	50,000
12	Bang Pakong Dialogue Initiative	Thailand	W. Lincklaen Arriens, RSAN	50,000
13	Institutional Development for Local Water Governance	Philippines	F. Steinberg SESS	50,000
14	Decentralized Wastewater Treatment Facility for the Lilo-an Public Market	Philippines	R. Fraunderfer SESS	50,000

15	Facilitating Irrigation Sector Reform in Chhattisgarh	India	T. Panella, SARD	33,500
Proposals with Contracting Documents Still to be Processed				
16	<u>Pilot Household Sanitation Systems for Small Island Environments</u>	Maldives	E. Mayerhofer, SARD	50,000
17	<u>Water Sector Reforms and its Implementation</u>	Indonesia	M. Rahman, SERD	28,000
18	<u>Building Gender Responsive Water Supply and Sanitation Services</u>	Nepal	A. Shrestha, SARD	45,000
19	Clean River Program for Urban Poor	People's Republic of China	S. Handayani, ECDR	50,000
20	Sustainable Management of Water Resources in Areas of Punjab	Pakistan	A. Tayyab, SARD	50,000

Appendix 4 Pilot and Demonstration Activity: Lessons Learned from the Completed PDAs

PDA	Lessons Learned
Poverty Impact of Public Irrigation Expenditures (Viet Nam)	<p>The study assessed whether investment towards the rehabilitation of the existing infrastructure is more effective than the improvement of management, or, a combination of both, in terms of its effects on poverty reduction. The study revealed that public funds invested in the rehabilitation of infrastructure and improvement of management (combined effect) is more efficient in terms of additional output generated and on food consumption. However, rehabilitation of infrastructure seems to be a more effective policy intervention towards poverty alleviation, followed by the combination of rehabilitated infrastructure and improved management. Therefore, the rehabilitation of the existing irrigation systems ought to be given priority followed by improvements of its management to maximize the return farm incomes, and reduce poverty more efficiently. Results also suggest that merely investing on management does not yield more gains in terms of poverty reduction unless irrigation infrastructure is rehabilitated.</p>
Education for Sustainable River and Water Conservation (Solomon Is. and Vanuatu)	<p>The PDA developed an innovative education/learning process to increase community/youth participation, mobilization for sustainable water management, and poverty reduction. It demonstrated (i) the importance of strengthening local capacity and integrating with existing community processes; (ii) the need to focus on the social dynamics in relation to river and catchment degradation; (iii) the need for education to have the capacity to build learning processes that focus on maintaining and developing sustainable lifestyles and local economies; and giving the younger generation the skills to protect the environment; (iv) the need to establish strong frameworks in the early stages to allow for evaluation and monitoring; and (v) the need to build capacity through partnerships.</p>
Promoting Gender Equality for Poverty Reduction through Improved Irrigation Management (Nepal)	<p>The PDA documented the impact of sprinkler/drip irrigation from a gender perspective and analyzed factors promoting/impeding its adoption and diffusion. It demonstrated that from a poverty vantage, drip technology is attractive but the ultra-poor had difficulty in meeting the upfront contribution. A provision to use expected value of the crop after adopting drip technology for high value vegetables, as collateral to cover upfront contribution from ultra-poor households, has the potential to attract drip amongst the poor living off from arid and marginal lands. Such a mechanism will directly address issues of social exclusion and regional poverty. In Nepal, about 90% women are engaged in agricultural activities compared to men's 64%. The PDA demonstrated drip technology to be particularly suited to women farmers as it builds on the existing farming practices of women. The proportion of households that convert to high value vegetable crop production can have a significant impact on reducing poverty and improving the quality of life in the community.</p>