



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

**COOPERATION FUND FOR THE WATER SECTOR
SIX-MONTHLY PROGRESS REPORT
July - December 2005**

March 2006

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 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.

3. This report sets out:

- ☞ Highlights for this six month period July – December 2005;
- ☞ Comparative key outputs summary;
- ☞ Financial status of the Fund;
- ☞ Outlook for the next six months January - June 2006; and

Appendices (1 to 6) contain details of the various programs and activities within each category.

II. HIGHLIGHTS

4. The major highlights for this period were:

- ✓ Three national workshops were held in PRC at which over 60 journalists attended. This boosted the media network to over 400 journalists lifting potential access via network members to 39 million readers;
- ✓ ADB water website registered 64% more hits than over the previous reporting period and now has monthly hits averaging 133,000. This makes it the most significant sector site for ADB;
- ✓ One television documentary on PRC termed "China's Water Challenge" was produced while an institutional video ("Water for All") was completed and used to inform consultations as part of the water policy implementation review process. A training video ("Peer Review Training") was also produced to support the Apex Bodies benchmarking program;
- ✓ Additional knowledge products were produced – two concerned with gender and developed in conjunction with Gender Water Partnership and an E paper on Dams and Development. Further progress was made to advance the Water Financing Program including research, development of strategy and advocacy products. This latter Program aims to produce advocacy products and take up of new investment products that will lead to a doubling of the ADB investment level

in water and wastewater over the period 2006-2010. A major paper was drafted on achieving MDGs in Asia – as an ADB contribution to a partnership with UNESCAP and UNDP;

- ✓ Detailed planning took place for ADB Water Week to be held in partnership with PRC and concurrently, four PRC water officials were funded for a three month familiarisation in ADB HQ. This Water Week event, scheduled for October 2005 did not proceed due to difficulties in finalizing coordination arrangements but is under consideration to take place in 2006;
- ✓ Pilot and demonstration activities recorded 14 completed and 8 in progress. A post evaluation was conducted of 12 completed PDAs that revealed good immediate results and reasonable opportunities for replication and upscaling;
- ✓ Partnership capacity development was advanced through a number of workshops and related benchmarking programs in Apex bodies, NARBO and SEAWUN;
- ✓ Nine regional events were supported, in addition to those that occurred due to partnership and media activities;
- ✓ The Independent Panel, set up in early 2005 to review ADB water policy implementation, completed their fact finding by December. This entailed a number of consultations and workshops during the period. Their final report is scheduled for release in the first quarter 2006;
- ✓ Netherlands Ministry of Foreign Affairs commenced a Fund review with the mission visiting Manila and Nepal in December 2006. Further field visits and final reporting to donors are scheduled for first quarter 2006;
- ✓ Preliminary results were obtained from an independent survey of 'awareness products' that was conducted in the last quarter of 2005. Preliminary analysis of the survey indicates that over 50% of policy makers use ADB products in their dealings with colleagues; and
- ✓ Of the \$20 million contributed to the Fund, \$2.4 million was earmarked for direct support to ADB ongoing technical assistance and \$14.7 million through RETAs to finance the six service categories. Of the \$14.7 million, 98% (\$14.3 million) has been allocated to specific activities, with 85% firmly contracted and 15% reserved, pending issuance of contracts. Currently, there remains approximately \$2.95 million in the Fund for financing new initiatives during 2006. A new RETA will be processed in first quarter 2006 to commit these funds to planned activities.

5. More detailed comment on activities is described in the appendices.

III. COMPARATIVE KEY OUTPUTS SUMMARY

6. This period outputs compared to the previous six months is set out overleaf:

Category	Outputs Indicator	Units	This Period	Last Period
Promotion and Public Awareness Category	Media Network attendance	Persons	82	84
	Media workshops	Number	3	2
	Size of media network	Members	448	336
	Broadcaster agreements	Number	21	21
	Distribution of multimedia	Number	1447 (CD) 2247 (2DVDs)	532 (CD) 619 (2DVD)
Knowledge Base and Capacity Building	Inventory of Publications	Number	15 volumes	15 volumes
	Distribution of publications	Number	8513	4231
	Studies completed	Number	1	1
	Other Activities	Number	1	3
	Website hits	Mthly No.	95,000-171,000	70,000-100,000
Water Partnerships	E newsletter distribution	Number	51,028 (4 issues)	49,660 (4 issues)
	Apex Bodies events	Number	1	1
	NARBO events	Number	3	1
	SEAWUN events	Number	none ^a	1
	MDG meetings	Number	1	1
	Gender and Water events	Number	1	1
	Water Aid events	Number	none ^a	1
	Water for the Poor events	Number	none ^a	1
Water for Asian Cities event	Number	none ^a	1	
Regional Events & Initiatives	Events supported	Number	6	10
	Policy Consultations	Number	4	2
	Dissemination to ADB staff	Bluebags	1	6
Pilot & Demonstration activities	Completed	Number	14	9
	Being Implemented	Number	8	6
	Finalizing contracts to start	Number	4	0
	Withdrawn	Number	3	6
	Feedback events for ADB	Number	2	1

^a: 'None' this period refers to final outputs rather than degree of activity.

7. Quality output measurements are still in development. Outcomes are measured when actual projects and programs are completed. During the period, outcome results were assessed for completed PDA projects and of awareness products and services. Detailed comments on the PDA outcome evaluation are contained in the Appendix 3. More detail on the analysis of the the awareness products outcome will appear in the next six monthly report.

IV. FINANCIAL STATUS

8. The overall status of the Fund financials is set out overleaf with amounts expressed in US thousands.

Category	Allocated Amount	Dollar change in committed and reserved since last period	Percent of total allocation as at December 2005	Cumulative % committed and reserved to December 2005
Promotion & Public Awareness Category	2,514	488	17%	21%
Knowledge Base and Capacity Building	3,774	535	26%	26%
Water Partnerships	3,261	328	22%	19%
Regional Events & Initiatives	2,036	40	14%	14%
Pilot & Demonstration activities	1,652	244	11%	8%
Project Coordination, Monitoring and Evaluation	1,463	543	10%	12%
Total (Note 1)	14700	2178	100%	100%

Note 1 – Total is for RETAs covering the six categories. Amount excludes direct support to operational projects (top up funding and Tsunami support) which were paid directly out of the Fund. Commitments for the direct support totalled \$2.3 million at December 2005.

9. The major commitments and reserved funds occurring during this period were due to:
- Promotion – conduct of media workshops and production of films, including PRC;
 - Knowledge – water financing program and small piped network consultants engaged – a major sanitation and wastewater workshop related to producing a good practice guide;
 - Partnerships – Engagement with SOPAC for Pacific Islands studies, collaboration with Ateneo University on benchmarking methodologies and conduct of several NARBO events;
 - Events – Supported the 2nd SEA Water Forum;
 - Coordination – Initiating the contract for the water policy implementation review and the Fund review.

Detailed analyses of costs are available, if required.

V. OUTLOOK FOR NEXT SIX MONTHS

9. The outlook firstly comments upon (i) issues that need to be addressed followed by (ii) major activities that the Fund will be engaged in.

10. The major issues facing the Fund are:

- Need to process a final RETA to access the remaining monies from the Fund. The need for those funds includes being able to continue awareness activities to targeted audiences and initiate communication services for Operations personnel during their pre investment consultations in DMCs. Other requirements include funding for knowledge services, pilot and demonstration activities as well as capacity building. The RETA should be effective by May 2005. Demand for Fund support continues to build. This new RETA will be able to finance core ongoing activities but not accommodate the increasing demand for direct operations support especially against a planning scenario that envisages much higher levels of investment activity to meet MDGs. As a matter of some urgency; there is a need to secure new Fund contributions during 2006 that provides surety of funding over the next few years;
- The report of the Independent Panel on water policy review implementation and the Fund review by the Netherlands MFA will result in a number of findings and recommendations on possible actions. These reviews will generate a need to develop a coherent strategy and action plan within resource constraints. Being able to confirm – but those constraints must consider what might be donor contributions to the Fund into 2007 and beyond. Consequently, the future funding and strategy or action plan must proceed in tandem;
- Finalization and announcements about the ADB Water Financing Program will no doubt lead to an upward pressure on the Fund and its support team to provide a range of advocacy knowledge products that complement new financing products. This will require careful planning to ensure that demands can be met;
- Addressing activities that did not progress as scheduled. These included (i) Water this Week News Bulletin whose preparations for launching was delayed to clarify demand from operations department (ii) replication of the Water for the Poor – Partnerships for Action initiative to other countries that 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) which was held up in complying with required procedures.

The major activities expected in the near future are.

- Participation is scheduled for the 4th World Water Forum in Mexico during March 2006. The delegation from ADB will be augmented by members of the water media network and knowledge products and services provided by the Fund;
- A Fund supported GWP event to be held in Manila at the end of May 2006;

- Media workshops will continue. A regional network event is scheduled for Bangkok in February 2006;
- There will be a stepping up of support to Operations. This includes holding events for the water network comprising over 100 ADB staff who have signaled their interest in water;
- With ADB seeking to increase the application of results based management, greater efforts will be made within the Fund to strengthen the capacity to measure and monitor outputs and outcomes. This will include transparency in reporting and a continuous improvement strategy to lift the service delivery performance.

For further information refer to the appropriate Appendix.

Appendix 1: Promotion and Public Awareness Category

Appendix 2: Knowledge Base and Capacity Building

Appendix 3: Pilot and Demonstration Activities

Appendix 4: Water Partnerships

Appendix 5: Regional Events and Initiatives

Appendix 6: Program Coordination, Monitoring, and Evaluation

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Appendix 1: Promotion and Public Awareness Category.

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, including the three national journalists workshops held recently in the People's Republic of China (PRC).

National Water Journalist Workshops. The total number of Asian journalists that have attended these workshops is now more than 400. For the reporting period July to December 2005, ADB organized and supported three national water media workshops in PRC in partnership with the Department of Environment and Resource Conservation of PRC. The workshops took place in (i) Beijing, September 4-7; (ii) Shanghai, September 8-11; and (iii) Chengdu, September 12-15. The ADB has now held 13 journalist workshops in Asia and the Pacific. Recent research shows that these journalist workshops are helping journalists to better understand and write more frequently on water issues.

Asia Water Wire. Subsequent to the Agreement made on February 2005 with Interpress Services, Asia-Pacific (IPS), 28 water-related stories were published in the Asia Water Wire with over 80% written by journalists from the ADB Water Media Network. Stories featured include those from Bangladesh, India, Indonesia, Japan, Kazakhstan, the Kyrgyz Republic, Malaysia, the Middle East, Nepal, Pakistan, the People's Republic of China (PRC), the Philippines, Uzbekistan and Viet Nam. For further information, see www.asiawaterwire.net.

Documentary films. Two additional films, 'Water For All' and 'Peer Review Training', were completed; while one on 'China's Water Challenge' is in the 2nd offline version. Activities still continues on the distribution of the 7 films contained in the Water Voices video documentary series which was launched in January 2004 and 'Saving Cambodia's Great Lake' on the Tonle Sap Lake in Cambodia which was completed during the first half of 2005. A significant portion of the DVDs were given to participants at various water sector workshops and conferences, while the rest were given on requests based on word-of-mouth publicity and from information on ADB's water web site. 19 broadcast agreements have been signed with TV networks in 15 Asia-Pacific countries, apart from world-wide distribution on BBC World. The most recent agreement is with TV New Zealand. One cable network, Living Asia Channel in the Philippines, has been showing Water Voices films several times a week over the past year.

Other Water Awareness Products. For the reporting period, two studies were produced under the Gender and Water Partnership and are currently being prepared for circulation. A series of articles and photos on PDA activities in Nepal (gathered during a mission in May 2005 and published in Water for All e-newsletter in July 2005) were prepared and will be featured in the first issues of ADB Review in 2006. An assortment of articles on water projects and country-based water sectors were also published for a regional water trade magazine and the PRC Resident Mission. A number of speeches for professional staff on water issues were also prepared.

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. Asia Water Wire activities will be pursued for more frequent and better information on

water issues in the region; and to increase the number of stories as well as initiate travel-related scholarships for journalists to visit different countries and write water stories. A national journalist workshop is planned for Bangkok in February 2006; several workshops are being considered possibly in Nepal, the Pacific Islands, Sri Lanka and India. 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. A follow-up survey to ascertain actual usage of Water Voices will be explored.

Appendix 2: Knowledge Base and Capacity Building.

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

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 95,000 to 171,000, averaging approximately 133,000 hits. This figure represents a 64% increase from the 70,000 to 100,000 monthly hits in the last reporting period. Recent research indicates that policy makers and stakeholders in Asia and beyond widely use the website as a knowledge and training resource, refer to it in meetings and discussions with colleagues, and use it to keep abreast with what ADB thinks as relevant. Even the media reports a high use of the website as reference.

ADB E-newsletter Water for All News. The number of subscribers for the monthly electronic newsletter Water for All News has increased to 12,757, up by 3% from the last reporting period. E-newsletter issues for the months of July, September, October and December 2005 were circulated with respective themes (i) Making Investments Pro-Poor; (ii) Supporting the Private Sector's Role; (iii) Overcoming Water Challenges in the People's Republic of China; (iv) MDG Target 10 - Bringing Global Vision to Local Action. The e-newsletter continues 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 number of e-newsletters circulated since its launch last November 2003 now totals 19. Recent research reveals that the e-newsletter enjoys wide readership among policy makers and stakeholders in Asia and beyond. They use it as a resource, to keep in touch with broad stakeholders in the region, and to keep in touch with what ADB thinks is important. ADB staff, policy makers and stakeholders in Asia, and audiences beyond Asia generally recommend the e-newsletter (and website) to others.

Publication Series. In addition to the 15 published volumes of ADB's *Water for All* Publication Series providing background and guidance to ADB staff in their water operations work, including the challenge of sharpening the poverty reduction focus of ADB investments, a new volume is being finalized for printing. The volume, "Charting Change: The Impact of the Water for All Policy on Investments and Reforms", looks at the findings of the 2003 Interim Review of the Water Policy Implementation, a quantitative review conducted in 2005 and provides a summary of the initiatives stemming from ADB Regional Technical Assistance (RETAs). These publications are available in the water web site.

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. The work on this is being closely linked with the work on ADB's Water Financing Program because of the role that water policies and laws play in investment decisions by government.

Water Financing Program (WFP). ADB's Water Financing Program 2006-2010 was launched following the 2004 ADB Water Week as a flagship program to help expand and improve ADB's investments in the water sector. A draft concept paper was prepared in December 2005 outlining the goals, objectives, key result areas and implementation arrangements. The long-term impact of the WFP is a significant increase in the number of people in the Asia and Pacific

region with access to reliable and affordable water services for safe water, sanitation, and productive livelihoods, coupled with integrated water resources management (IWRM) in river basins for sustained economic growth and environmental improvement. Over a five-year period 2006-2010, the WFP aims to realize the following outcomes: (i) to improve access to water and sanitation for approximately 200 million people and make a significant contribution to meeting the water MDGs through targeted project components for the unserved rural and urban poor, (ii) to improve the productivity and efficiency of irrigation and drainage services affecting the livelihoods of 40 million people, (iii) to reduce flood risk to approximately 100 million inhabitants in rural and urban areas and reduce recurring damage to vital infrastructure, (iv) to double the interventions to introduce IWRM in river basins, reduce wastewater pollution, and improve river ecosystems, and (v) to double the number of ADB's programs to improve water governance through national water sector reforms and capacity development.

Water in Metros Program. In India, a follow-up conference on private sector participation (PSP) was held in Delhi in August 2005 with representatives from all Indian states. This and the roundtable held earlier provided a venue to discuss possible ADB support to the Government of India's \$11 billion Jawaharlal Nehru National Urban Renewal Mission (JNNURM) which was launched in December 2005. For PRC and Indonesia, background papers were prepared presenting the progress of the MDGs and putting forward recommendations to accelerate achievement. In Indonesia, ADB's Southeast Asia Department (SERD) expressed interest to explore possible capacity building interventions for PDAMs; while in PRC, a similar roundtable discussion on PSP may be considered in cities where PSP work has begun and more potential is evident.

Dams and Development Activities. The Dams and Development electronic knowledge paper was launched on October 2005. This e-paper is also available in CD-ROM version and a brochure for interested parties having difficulty in accessing ADB's water website. ADB's Mekong Department, acting as Dams and Development focal point, participated in the HYDRO 2005 conference held in Austria last 17-20 October 2005.

ADB Water Statistics. Monitoring of water statistics on ADB projects continues and is uploaded on the water web site. Analysis on the water statistics are reflected in several ADB staff presentations, reports and knowledge papers. The 2004 water statistics were incorporated in the 2004 Water Sector Report. The programmed water operation projects in 2005, and the pipelined water operation projects for the period 2006-2008 served as inputs to the Water Financing Program paper.

ADB WaterNet. The Knowledge Management Applications (KMApps) – WaterNet was initially envisaged to facilitate the Water Sector Network members' exchange of information and experiences on project design and implementation in connection with ADB's water operations. Further development of the KMApps – WaterNet is on hold pending review of the community of practice in ADB. It is expected that a group collaborating tool appropriate for the needs of the COP will be designed.

Activities are expected to further develop ADB's water information systems in support of ADB's water operations. Doing more upstream work in support of project preparation and supporting the country strategy program (CSP) process will be pursued more intensely in 2006. Further refinement of water team knowledge products and services to support operations work will be prioritized.

Appendix 3: Pilot and Demonstration Activities.

The Pilot and Demonstration Activities (PDA) program supported the introduction and validation of innovative and 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.

A total of 29 PDAs were approved by the Water Sector Committee (WSC) to date, of which 8 were approved this year. Of the 29 approved PDAs: 14 are completed, 8 are under implementation, 4 are under processing and 3 were withdrawn. Another 4 proposals received in the second half of 2005 are still for further review. The review of the PDA program, including the analysis of 12 completed PDAs, was accomplished in October 2005. For more information on PDA projects, please visit <http://adb.org/water/pda>.

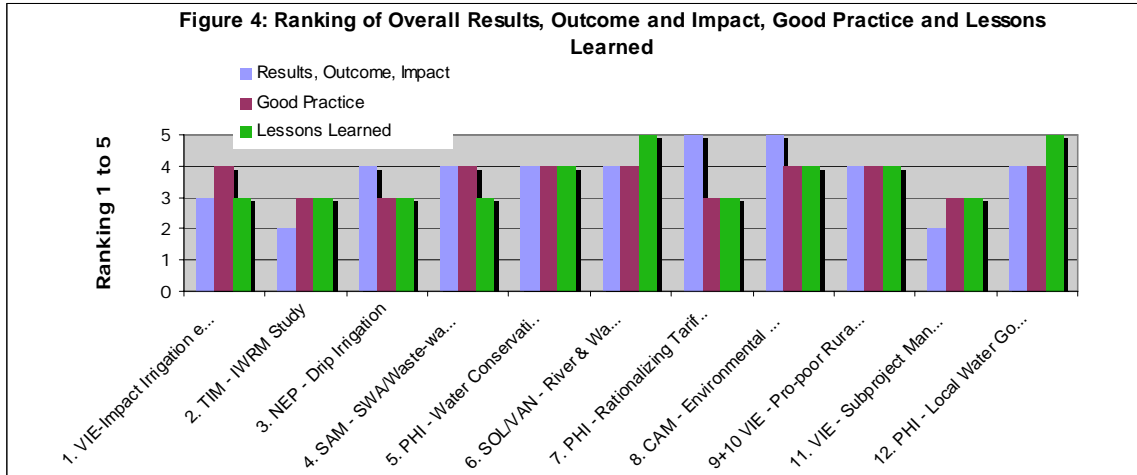
PDA Review. The review of the outcome and effectiveness of the PDA facility tried to accomplish (i) an overall analysis of the immediate output and results of completed PDAs against the PDA criteria; (ii) a focus towards dissemination, replication and scaling up of the completed PDAs in order to carry forward the lessons learned from these pilots; and (iii) a detailed analysis of each completed PDA. The first 12 PDAs completed as of September 2005 were reviewed and analyzed. Given the very diverse nature and exclusive activities of the completed PDAs it is difficult to compare the results with each other. Nevertheless, each completed PDA was analyzed against six indicators, and a rating was given on scale of 1 to 5 (with 1 as the lowest, 3 the mean, and 5 as the highest) for each of the indicators. The six indicators are:

- Results – outcome – impact: Indicating the immediate results and outcome of the PDA measured against the PDA objectives, criteria and expectations;
- Good practice: Innovativeness and relevance to the overall and specific PDA objectives and criteria;
- Lessons learned: Relevance as to a specific geographical area and socio-economic level, and for ADB operations;
- Dissemination: At a specific time during and as a result of implementation (note: the rating excluded dissemination through reports, blue bag seminars, and the web, since these are standard procedures for all PDAs);
- Replication: Potential, applicability, feasibility and relevance from a technical as well as from the socio-economic and socio-political perspective;
- Scaling up: The potential for economic expansion as indicated in the current ADB country strategy and program (CSP) or CSP-update (within the coming 2 – 3 years).

As of 30 September 2005, a total of 70 PDA proposals have been submitted since the start of this program in early 2002. Of the 70 proposals, 27 were eligible and are at various stages in the project cycle, 40 proposals were either not eligible or have been withdrawn, while 3 proposals are being supported from another funding window of the Fund. From the 27 eligible PDA proposals, 12 have completed implementation, while the remaining 15 PDAs are at various stages of processing and implementation.

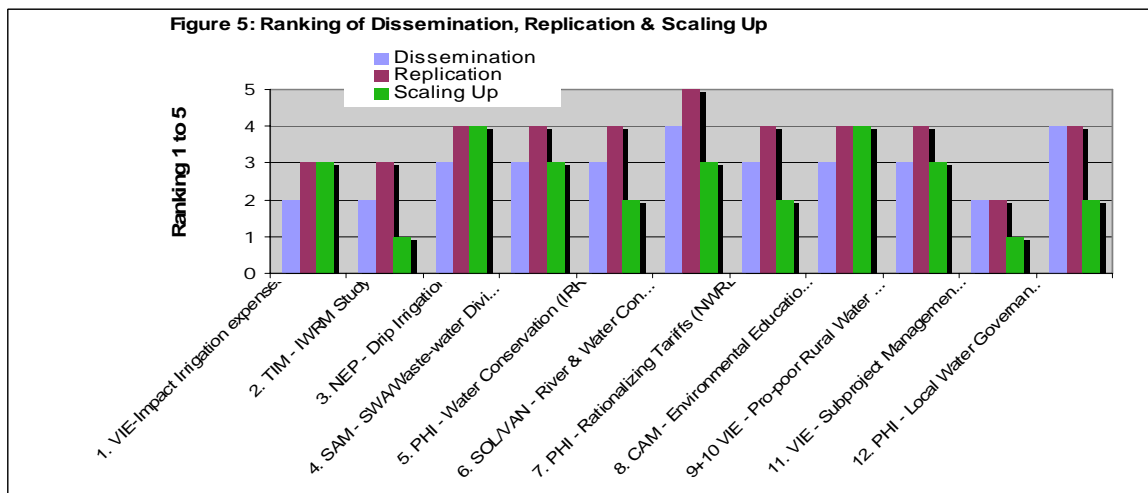
- Analysis of the Outcome/Results against PDA criteria. Figure 4 below shows the score of the actual results, outcome and impact against the PDA objectives (first column) and compares the results with the innovativeness and the degree of actual implementation consolidated under "good practices" (second column) and the lessons

that have been learned during implementation (third column) for each of the completed PDAs. An overall ranking against the first three indicators ranges from medium to above medium, indicating that these PDAs have produced positive direct results and had a satisfactory immediate impact.



- Analysis towards Dissemination, Replication and Scaling Up.

In contribution to the second PDA objective, the second analysis deals with the potential these PDAs have when the immediate results are disseminated, replicated and scaled up, (see figure 5). The majority of the completed PDAs have a good scope for dissemination and replication beyond their operations divisions. Scaling up of the activities is a different issue, since the majority of these PDAs were geared towards institutional development and policy reform, scaling up of the activities in the form of larger investments is mainly focused on TA investments.



- Analysis of each completed PDA

The third form of analysis illustrates a correlation and relationship between the six indicators and the level of ranking for each of the completed PDA. Annex 2 of the full report presents a detailed analysis of each PDA.

The following general trends can be observed from this PDA program analysis.

- Among the three major categories, rural, urban services and basin management: rural services (44%) and basin management (30%) together count for 74% of the total demand for PDA support;
- The distribution of the various types of activities shows that by far the highest demand for support is for institutional development (41%), followed by policy reform (at 19%). This demonstrates the great importance to have strong institutions and effective policies that catalyse a stable environment for providing sustainable water services and responsible stewardship over water resources.
- Most reviewed PDAs gave emphasis to increasing stakeholder consultations, participation and involvement. This is evident in the relatively large number of methodologies and demonstrations of various approaches and models of participatory approaches. This indicates a growing realization of the importance to invest upfront in appropriate participatory processes with all stakeholders during project design and implementation, as has been demonstrated in these PDAs with good results.
- The advantage for operations staff is that the PDA is an out-of-the-box kind of facility, which has a great potential to provide added-value to ADB's core activities. As the title of this facility clearly indicates, in piloting and demonstrating new and innovative techniques, approaches and methodologies, one should be ready to take risks and learn lessons.
- Given the nature of this grant facility of being small-scale and able to process and implement quickly and in a limited period, the PDA is also being used to motivate counterpart agencies in DMCs to allow for such experimentations, without serious financial consequences. In particular, under the current environment of ever-increasing changes in laws, legislative and executive directives, orders and guidelines, the PDA is being used to quickly explore and test the newly imposed laws, directives and guidelines, for possible opportunities and consequence during loan project design.

Following is a general recommendation for the PDA program:

Professional staff have greatly benefited from the outcome and results of the PDAs for their immediate and specific needs and purposes in their own operations divisions. It cannot be expected that operations staff will make extra efforts to disseminate the lessons and benefits from these PDAs beyond their own division. It is therefore important that the role as catalyst be further strengthened and continued in the RSDD Water Team as the center of the institutional knowledge on water. This includes systematic collection, analyzing and disseminating good practice and lessons from these PDAs across all regional departments, relevant divisions and to partner agencies in the DMC, possibly through the resident missions. It is therefore worth considering developing the PDA program for the water sector as a stand-alone regional TA.

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 blue bag seminar on the synthesis of good practice and lessons learned from completed PDAs will be organized for 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 the quarterly progress report.

Appendix 4: Water Partnerships.

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

Water for the Poor-Partnerships for Action. Accomplishments under this initiative include: (i) completed the donor review of rural water supply and sanitation (RWSS) in VIE; (ii) established the Ministry of Agriculture and Rural Development (MARD) Task Force on the establishment of sector support for RWSS in VIE, with ADB consultant as lead; (iii) started reactivation of partnership with BAN; and (iv) held initial discussions with PRC on how the Hunan project can be linked to the preparation of the national flood management strategy.

Partnership on the Millennium Development Goals. ADB entered into a partnership¹ with UNESCAP and UNDP 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) on water supply and sanitation (WSS) was prepared. The TBP (i) traces the progress of DMCs vis-à-vis attainment of WSS targets; (ii) defines the financing required to improve much needed WSS services; (iii) projects their impacts on health, livelihood, education, and poverty as a whole; and (iv) defines what changes key stakeholders need to undertake to reach the MDG targets. The draft report was presented to a multi-stakeholder audience in November 2005; and further changes were incorporated into the document as a result of the multi-stakeholder consultation. The final draft is currently being prepared for printing.

The technical background paper on water supply and sanitation (WSS) is expected to be widely distributed by February 2006. A series of activities designed to promote the messages in the TBP is expected to be undertaken in the 1st half of 2006.

Water for Asian Cities Program. Accomplishments during the reporting period are as follows:

- Development Assistance for Dhaka. ADB has been asked by the Government of Bangladesh to lead the development assistance for Dhaka water supply and sanitation. A diagnostic water market assessment using the Model TOR prepared under the fund was undertaken and a recommendation to pilot test the zonal approach has been put forward to the government. An action plan emanating from this activity was presented to government for approval.
- Gender Strategy for WAC. ADB assisted in drafting the TOR for the consultant who will assist in preparing the Gender Strategy for WAC.

In addition to the work that has been initiated in Madhya Pradesh in India and Nanjing in PRC, a water supply and sanitation initiative has been proposed for the Mekong Region. The values-based water education will also be pursued in collaboration with the education sector. The details of the program for 2006-2007 will be further discussed at the ADB-UN Habitat Annual consultation scheduled in January 2006.

Gender in Water Partnership. The partnership agreement ended in July 2005. The joint report with the Gender and Water Alliance (GWA) on case studies from the ADB water operations depicting good practice was completed as scheduled. A training program was conducted in Cambodia in December 2005. The training (i) oriented project staff and the Ministry's Gender Working Group on the needs and ways to integrate gender issues in water

¹ WHO was invited into the partnership to provide additional inputs and insights.

management, and develop the skills as to how to mainstream gender within their institutions; (ii) ensure that all staff and Gender Working Group members are fully aware of the Gender Action Plan; and (iii) identified gender sensitive indicators and targets for monitoring of benefits and impact.

Network of Asian River Basin Organizations (NARBO). The following activities were undertaken to further IWRM work in the region: (i) 1st NARBO Thematic Workshop on Water Rights and Water Allocation, 5-9 December 2005, Hanoi, Viet Nam which clarified and took stock of the water rights and water allocation status in participants' countries; including the legal framework, institutional arrangements and challenges; (ii) 3rd NARBO Training: Technology for IWRM – River Basin Approach, 14-18 November 2005, Daejeon, Korea which shared information and knowledge on developing and applying technology for IWRM; (iii) proposed revisions to the NARBO Charter; (iv) Launching of NARBO's Performance Benchmarking System of RBOs with Peer Review Process (a side event to the 2nd Southeast Asia Water Forum), 3 September 2005, Bali, Indonesia which launched the benchmarking system with the demonstration of the on-line database and web-based interface; and (iv) NARBO annual report.

Several activities are lined-up: (i) 2nd NARBO General Meeting, 14-16 February 2006 to elect the new constitutional body, firm-up the action plan for 2006 and 2007, approve new members and revise the NARBO Charter; (ii) 4th and 5th NARBO trainings on IWRM in Indonesia and Sri Lanka in 2006, respectively; (iii) training of peer reviewers and peer review of RBOs in 2006; (iv) promotion of NARBO in several regional events including the 4th World Water Forum, Mexico City, 16-22 March; (v) further development of the NARBO web site; (vi) circulation of the next issue of the NARBO e-newsletter; (viii) advisory and exchange visits; and (ix) 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. A pilot implementation of benchmarking and peer review was undertaken in Manila, Philippines last October 2005 with 10 representatives from apex bodies receiving their certificates as certified peer reviewers. The training program developed 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. Preparatory work, including orientation, was initiated in Thailand from November to December in preparation for the peer review in Thailand during March 2006.

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, completed its first regional benchmarking exercise, which involved 47 water utilities from 7 countries. Under ADB guidance, the results were finalized, converted into a databook and CD-ROM package, and are currently being distributed to water utilities in Southeast Asia. SEAWUN has also started designing the next phase of its benchmarking program, the highlights of which will include peer review/process benchmarking among member water utilities.

The next phase of ADB's support for SEAWUN has just been finalized. This will involve the following key activities: (ii) expanding the knowledge base of its members through online and print resources, training programs and regional conventions; (iii) establishing twinning arrangements between member water utilities to promote performance improvements; (iv) increasing its membership to include more water utilities from within and outside the subregion, (v) expanding its benchmarking program in terms of a) involving more water utilities, and b)

undertaking a peer review process on a pilot basis; and (vi) establishing links with national, regional, and international benchmarking networks.

30. **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; (iii) the Civil Society Led Initiatives on Rural Water Supply and Sanitation (RWSS) study which is developing four models of RWSS interventions at the community level that can be upscaled and replicated in ADB projects; (iv) the Poverty Environment Partnership (PEP), specifically in terms of coming up with the Joint Agency Paper on Poverty Reduction and Water Management. To date, various member agencies have already committed to sign the report, among them ADB, the UNDP Administrator, the Swedish International Development Agency's Director General, and a State Secretary from Denmark); and (v) 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.

Support to the activities of other regional partnerships will continue based on demand from operations departments.

Appendix 5: Regional Events and Initiatives.

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:

- [Managing Watersheds for Human and Natural Impacts: Engineering, Ecological and Natural Impacts, 19-22 July, Virginia, US](#). The conference brought together critical stakeholders in watershed management, and discussed watershed science, state-of-the-art computer modeling, field monitoring, and governmental policy and regulation. The event is consistent with ADB's water policy of promoting integrated water resources management.
- Workshop on Strategic Directions for ADB's Future Irrigation Investments, 18 August, ADB HQ, Manila. Specialists from the International Water Management Institute (IWMI) and the International Food Policy Research Institute (IFPRI) discussed directions for future investments in irrigation, trends in irrigation costs, pro-poor irrigation strategies. The workshop supports the proposed Water Financing Program of ADB.
- [2nd Southeast Asia Water Forum: Better Water Management Through Public Participation, 29 August – 3 September, Bali, Indonesia](#). The 2nd SEAWF built a regional commitment toward IWRM and effective water governance; both of which are in support of ADB's water policy. The forum: (i) showcased experiences and success stories on water management at various levels, ie. basin, country, region); (ii) defined, validated and formulated action plans to implement IWRM in SEA; (iii) formulated strategies and plans for improving urban and rural water supplies in SEA; and (iv) promoted collaboration and partnership among key water stakeholders.
- [Blue bag seminar: Better Water Resources Management: Lessons from Thailand, 5 October, ADB HQ](#). Apichart Anukularmphai discussed experiences and lessons in implementing IWRM and creating river basin organizations in Thailand.
- [2nd International Yellow River Forum, 18-21 October, Zhengzhou, People's Republic of China](#). The participants exchanged experiences around the forum's central theme of 'Keeping Healthy Life of the River and Modern River Basin Management'. The event is consistent with ADB's water policy of promoting integrated water resources management.
- [ADB Meeting with the Japan Water Forum, 11 November, Tokyo, Japan](#). The meeting discussed preparations for the 4th World Water Forum in Mexico City on 16-22 March 2007. The meeting also discussed the proposed Asia Pacific Water Forum (or Summit).
- [Video Conference for the Asia Pacific Initiative for Sustainable Development](#). ADB's Wouter Lincklaen Arriens participated in this video conference with the presentation 'Managing Asia's Water for the Future - Business Unusual'. The lecture facilitated an academic exchange on sustainable development among academicians, professionals, and advanced students through in-class video teleconferencing.

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.

Appendix 6: Program Coordination, Monitoring, and Evaluation.

The activities of the Fund continued to be effectively coordinated and monitored with support from the Water Team of the Regional and Sustainable Development Department (RSDD) and supervision by the Fund's Steering Committee² (SC). After the reorganization of the RSDD which came into effect on 1 July 2005, the WSC was replaced by a new WSC under RSDD's Community of Practice (CoP) structure. The new WSC met twice during the reporting period however with the mandate to focus on the overall water sector operations in the Bank and not limited to the operation and implementation of the Fund.

Coordination 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. However, the annual consultation with the MDBs proposed to be hosted by the African Development Bank in November 2005 did not materialize.

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. The Review Panel met four times³ over the course of the review and examined various inputs, discussed stakeholder feedback, and prepared the Panel Report. At the end of the final work session, the Panel Chair presented the Panel's key findings and recommendations to ADB's Director General of the Regional and Sustainable Development Department (DG RSDD).

Consultations. ADB conducted five in-country consultations⁴ and two consultations with the private sector and civil society to secure feedback and to inform the comprehensive review of ADB's water policy implementation, considering (i) experience in implementing the water policy; (ii) achievements and lessons learned; (iii) challenges and investment requirements; (iv) opportunities and areas for improvement; and (v) issues that require attention. The review panel members participated in the consultations, interacting with various stakeholder groups across the region. Drawing from the consultation reports prepared for each consultation, the consultation summary report recaps the main observations and recommendations made during these consultations.⁵ Each consultation produced the following outputs: (i) participants' assessment of ADB's water policy implementation: performance and progress, challenges and constraints, and required actions; (ii) participants' recommendations to improve ADB's water policy implementation in the short and medium term: investment priorities, partnerships, innovations, and new business opportunities; and (iii) a summary report of the consultation reflecting participants views and comments.

ADB Staff Workshops and Feedback Sessions. In October 2005, the Review Panel met with water operations directors and members of ADB's Water Committee and discussed opportunities to increase ADB's water investments and address capacity development needs

² 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.

³ Meeting 1, ADB HQ May 2005, Meeting 2, Indonesia August 2005, Meeting 3, ADB HQ October 2005 and Meeting 4 ADB HQ December 2005.

⁴ Country consultations took place in countries representing the five regions where ADB supports water operations: Cambodia, Fiji, Indonesia, Kazakhstan, and India.

⁵ The consolidated consultation summary report as well as all 7 individual detailed consultation reports are available on ADB's website at <http://www.adb.org/water>.

within ADB and in the DMCs. In December 2005, ADB water operations staff joined the Review Panel again and discussed key issues, including: private sector participation, O&M, capacity development in ADB, constraints in the DMCs, and options to leverage new financing modalities and special initiatives.

Surveys with Participants in Regional Events. Throughout the review process, ADB participated in several water-related regional events and secured feedback through surveys circulated to participants. During the period key events included: (i) 2nd Southeast Asia Water Forum (SEAWF), Bali, Indonesia, 25-31 August 2005; and (ii) 2nd International Yellow River Forum, Zhengzhou, People's Republic of China, 18-21 October 2005.

Client and Stakeholder Survey. ADB developed a client and stakeholder survey to gauge perceptions on key areas outlined in ADB's water policy. The survey contains questions focused on ADB's performance, progress in the DMCs, and recommendations on investment priorities and partnerships. The survey was distributed online, at water-related events, and during the in-country consultations. A synthesis report summarizing the initial findings from a total number of 367 respondents (234 from in-country consultations, 103 from regional conferences, and 30 through the online survey) is available on the ADB website).

NGO Outreach and Involvement. ADB employed participatory approaches to NGO involvement throughout the review process. Working closely with ADB's NGO and Civil Society Center, ADB consulted a number of umbrella NGO networks very early in the process, seeking recommendations for participants for each consultation; and specifically asked NGOs to identify project affected persons who can be invited to participate in the consultations. ADB also actively encouraged NGOs, research organizations, and academe to contribute case studies and research findings. Two NGOs, WaterAid and the NGO Forum on ADB, presented findings from their case studies on specific ADB water projects during the civil society consultation held in November 2005 at ADB HQ. WaterAid also presented preliminary findings during the India in-country consultation in September 2005. As WaterAid outlined in its concept papers, their effectiveness study underscores the fact that ADB's policy implementation review is acknowledging independent evidence-based reviews and employing participatory approaches to NGO involvement in the review process. A summary of the key findings and recommendations from these studies is provided on ADB's water web site.

Communications Activities. The comprehensive review activities were featured in several attractive flyers, a discussion brief on the interim review results, several ADB Today blurbs, an ADB Review article. Several updates and reports were posted on the water web site. Flyers and large poster banners were circulated throughout ADB HQ to promote the review's various activities. A short ten-minute promotional video to introduce the Water Policy during in-country consultations was also produced. Externally, several articles on ADB's water policy and the implementation review appeared in local papers. ADB's Department of External Relations (DER) placed a number of articles to clarify misinformation in a few articles initiated by advocacy NGOs. By the first quarter of 2006, DG RSDD will circulate the panel's final report to ADB's regional departments for comments before final submission to ADB Management and circulation to ADB's Board of Directors as a Board Information Paper. An informal Board Seminar is tentatively scheduled for February 2006. In March 2006, ADB is expected to initiate follow up actions in response to the Panel Report.

Dutch Fund Review Mission. In consultation and coordination with ADB and the government of Norway, the Netherlands' Ministry of Foreign Affairs (NL-MFA) has commissioned a mission to comprehensively review the Fund. This review started in December, with a second visit in

January 2006. The Mission will conclude their field work towards the end of January 2006, after which their draft report is expected to be distributed for comments by the end of February 2006. Consultations with the Ministry of Foreign Affairs (MFA) of the Netherlands and Norway governments on the Fund review findings, conclusions and lessons learned, as well as regular progress of Fund implementation are expected.

Close coordination will continue with other MDBs and development partners to facilitate joint activities that benefit ADB's water operations. Operations support (including country strategy program (CSP) preparation, Project Preparation Technical Assistance (PPTA), and Advisory and Operational Technical Assistance (AOTA)) will continue. The Fund's progress will be further assessed in discussions on the outcomes of the comprehensive review of ADB's water policy implementation. RETA Phase 4 activities will be implemented to further promote effective water management policies and practices in Asia and the Pacific.