

ASIAN DEVELOPMENT BANK

COOPERATION FUND FOR THE WATER SECTOR

**SIX-MONTHLY PROGRESS REPORT
(JANUARY - JUNE 2003)**

Prepared by

**Agriculture, Natural Resources, and
Social Sectors Division (RSAN)**

**Asian Development Bank
Cooperation Fund for the Water Sector
Six-Monthly Progress Report (January-June, 2003)**

I. INTRODUCTION

1. **Background.** Established on 10 December 2001, the Cooperation Fund for the Water Sector (the Fund) is a multi-agency 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 Fund finances a coherent program of activities (the Program) 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.

2. The Fund is expected to produce the following outputs over a five-year implementation period:

- web site and print and multimedia publications for water policy promotion, strengthened NGO networks for water policy promotion and water advocacy; gender initiatives in the water sector; and media initiatives on water policy;
- national water sector profiles and water status reports for countries in the region; thematic analyses of important water sector development issues, with field-level action research where required; comparative analyses of generic elements of the water sector reform process in the region; training workshops, courses, exchange visits, and other structured learning experiences; capable water focal point in ADB, strengthened ADB resident missions, and the establishment of a regional research and capacity building network;
- water sector reform pilot and demonstration activities in the developing member countries (DMCs), including assistance to ADB missions in project preparation and implementation;
- strengthened water partnerships at country and regional levels; policy dialogue and national water action agendas prepared with ADB support; and support for trans-boundary regional cooperation for shared water resources on a demand basis;
- regional consultation workshops on effective water policy; a regional Water Week at ADB; and support for the preparation of the third and fourth World Water Forums; and
- improved collaboration in water policy between ADB and development partners.

3. The outputs are further elaborated in the medium-term strategy for the Fund, which is regularly reviewed and updated against evolving needs. Documentation on the Fund can be found on ADB's water web site at <http://www.adb.org/water>.

4. **Contributions to the Fund.** In December 2001, the Government of the Netherlands made an initial contribution of \$4.00 million for the Program's activities starting in 2002. A second contribution was made in December 2002 in the amount of \$4.00 million. In June 2003, the Government of Norway indicated its intention to make an initial contribution in the amount of \$ 0.48 million out of a commitment of \$2.00 million over 3 years.

5. **Regional Technical Assistance (RETA) Projects.** The Program'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 for the Program's activities.

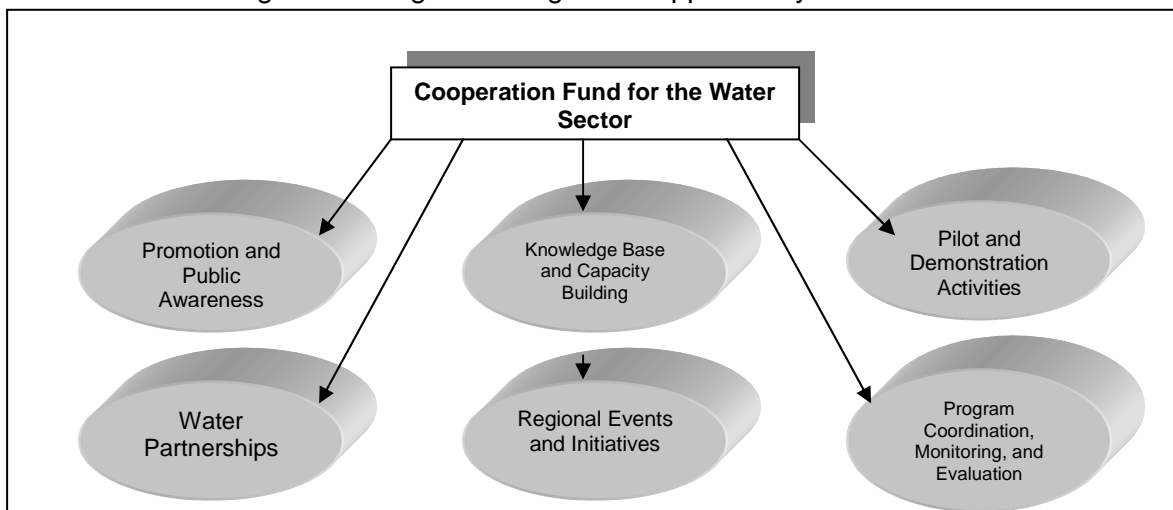
6. **RETA 6031¹** utilized the initial contribution of \$4.00 million of the Government of the Netherlands and covers all six Program categories (Figure 1), as follows: (i) promotion and public awareness, (ii) knowledge base and capacity building, (iii) pilot and demonstration activities (PDAs), (iv) water partnerships, (v) regional events and initiatives, and (vi) program coordination, monitoring, and evaluation.

7. **RETA 6093²- Phase 2** utilized \$ 1.00 million from the second contribution of the Government of the Netherlands in support of the organization of the 3rd World Water Forum (3WWF) held in Japan on 16-23 March 2003, including support for follow-up activities.

8. A third phase is under preparation to support further activities of the Program and is expected to utilize a total amount of \$ 4.30 million, comprising \$ 3.00 million from the second contribution of the Government of the Netherlands and \$ 1.30 million from the Government of Norway.

9. Program activities to be financed from the Fund through the RETAs can be proposed by ADB staff and organizations in ADB's DMCs, through ADB's Water Sector Committee (WSC).

Figure 1. Program Categories Supported by the Fund



II. ACHIEVEMENTS AND PROGRESS

10. **Overall Progress.** The progress of the Program over the reporting period is considered satisfactory, with the main highlight being ADB's participation in the 3WWF in March 2003, reported under Regional Events and Initiatives. This event has (i) strengthened regional cooperation among DMCs and ADB in the water sector, (ii) raised awareness of critical water issues of the looming water crisis in the 21st century, and (iii) helped to mobilize actions and resources to address these issues.

¹ TA 6031-REG *Promoting Effective Water Management Policies and Practices*, approved by the ADB Board on 25 April 2002 for \$4 million.

² TA 6093-REG *Promoting Effective Water Management Policies and Practices – Phase 2*, approved by the ADB Board on January 2003 for \$1 million.

11. The WSC has continued to coordinate the Program's activities in the six categories, with support from five subcommittees³ established during the reporting period. A Steering Committee (SC), comprising of directors of the concerned operational divisions in ADB's regional departments, provides overall guidance and supervision to the Program activities, and has earlier approved the detailed design and implementation arrangements of major components with a cost of more than \$400,000. Upon the request of the SC, the WSC prepared a medium-term strategy for activities financed from the Fund. The following sections highlight the accomplishments and progress under each of the six Program categories.

12. **Promotion and Public Awareness.** This Program category aims to (i) disseminate ADB's water policy; (ii) increase public awareness and stakeholder dialogue on water reform issues; (iii) improve press coverage of water issues; and (iv) support community-level water education pilot projects. The Water Awareness Program (WAP) – Phase 1 was a key element under this Program category and had the following achievements:

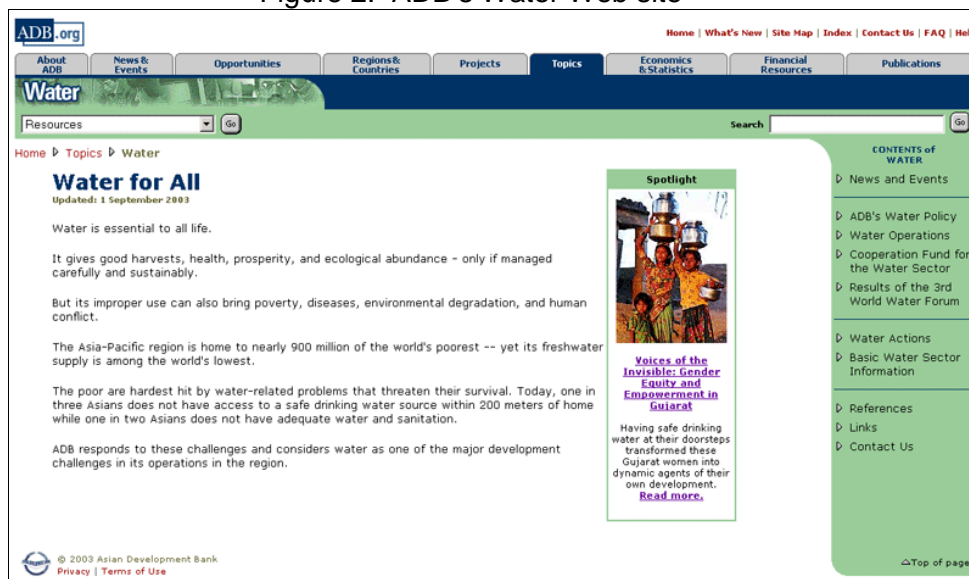
- The ~~WATER FOR ALL~~ **brand** was introduced at the World Summit on Sustainable Development in Johannesburg in August 2002 and further developed and used at the 3WWF. It has helped focus attention on ADB's water policy and vision, and to support the initiative on water and poverty.
- **Briefs and Messaging** on themes of the 3WWF, particularly in relation to the media; drafts of 15 one-page fact sheets (work in progress) on water issues.
- Various **multimedia productions**, such as: ADB's water web site, publicity materials, public service announcements, print publications, and the exhibits for 3WWF. Among the publicity materials completed were (i) folders and fact sheets, (ii) ~~WATER FOR ALL~~ promotional materials, (iii) postcards, bookmarks and prints, (iv) banners and posters, and (v) ~~WATER FOR ALL~~ calendars, books and CDs. Approximately 18,000 total of these materials were distributed at the 3WWF and Water Dome.
- **Video documentaries** as part of Water Voices series which support the following theme presentations at the 3WWF: Water and Poverty, Water in Cities, Water in Small Island Countries, and Shared Water Resources. WAP arranged the on site screening of the Water Voice videos in 3 venues and made a presentation on 'Islands and Climate Change'.
- **Soap-making demonstrations** at 3WWF by local community representatives in Manila, in collaboration with the Water, Sanitation and Hygiene (WASH) campaign of the Water Supply and Sanitation Collaborative Council (WSSCC).
- A series of **Articles and Op Eds**, which were published in *Cambodia Daily*, *The Hindu* (a first for the ADB), *Islands Business*, *Pacific Magazine* and *South China Morning Post*.
- **Journalist attendance** at various ADB-sponsored water events, including: attendance at the 'Water & Poverty' forum in Dhaka in Sept 2002 (*The Hindu*, *The Nation*, *Asia Youth Television*) and the 'Water & Cities' and 'Water & Floods' forums in Manila in Oct 2002 (*Kathmandu Post*, *Philippines News Agency*, *Times of India*). Significant coverage resulted, including a 4-part feature in *the Times of India* (acknowledged as their most detailed ever feature on water issues) and a Page 1 feature in *The Kathmandu Post*.

³ The sub-committees are (i) water policy implementation review; (ii) information, knowledge management, and capacity building, (iii) pilot and demonstration activities, (iv) regional cooperation including organization of ADB Water Week, and (v) Cooperation Fund for the Water Sector, including medium-term strategy for the Fund, preparation of RETAs, and monitoring of progress.

- **East Asian Journalists Workshop on Water Policy Issues** in Phnom Penh, Cambodia in February 2003 (*in partnership with the World Bank's Water Media Network*) where 27 journalists from 9 East Asian countries attended the capacity building workshop. The result has been extensive media coverage; fostering of a journalist community with an increase in the quality and quantity of coverage on water issues (with an increase of more than 50 articles in media coverage on water issues); and the selection of journalists to attend the 3WWF.
- **Media relations support** at the 3WWF, including a pre-forum briefing for foreign correspondents in Tokyo; 5 press conferences and 6 one-on-one briefings between key journalists and ADB spokespersons; and 11 press releases on activities from the forum. The result has been extensive media coverage (*approximately 50 separate articles throughout Asia*).

13. The ADB water web site (<http://www.adb.org/water>), Figure 2, launched in 2002, was further expanded and is now catering to users both within and outside ADB. Several improvements and activities on the web site are in progress, and the web site is regularly updated. Links are being included to similar funds and activities of the other multilateral development banks to facilitate better coordination in knowledge management.

Figure 2. ADB's Water Web site



14. **Knowledge Base and Capacity Building.** Several initiatives were undertaken to support the development of ADB's knowledge management work in the water sector, including the following:

- **Water Sector Network (WSN).** ADB's WSN, formed in 2002, expanded to around 100 members. Regular seminars are organized for staff on water issues and developments. Based on the success of ADB's 1st Water Week in December 2002, a decision was taken to schedule the 2nd Water Week in January 2004.
- **Water Information System.** The design of ADB's water information system continued during the reporting period, as part of the effort to develop Knowledge Management Applications (KMApPs) for use by staff of ADB and DMCs in connection with ADB's water operations. User testing of pilot applications under ADB's WaterNet was

conducted. The system (i) allows storage, search, and retrieval of information, (ii) helps evolve information into knowledge, and (iii) allows users to input and inter-link their information with other information. There are currently seven modules being developed: (i) Profiles, (ii) Operations, (iii) Lessons Learned, (iv) Indicators, (v) Correspondence, (vi) Calendar, and (vii) Archive. A Forum module will be included soon.

- **Participatory Capacity Assessment.** A survey was completed among operational staff, and regional and country directors, as a basis for formulating a capacity development program for ADB and DMCs staff.
- **Sector roadmaps.** Water sector roadmaps have been prepared for Cambodia, Pakistan and Viet Nam. Compilation of information and documents on water sector reforms in other DMCs has started. Demand from operational departments has increased for support in the preparation of water sector roadmaps.

15. **Pilot and Demonstration Activities (PDAs).** The Fund's support to PDAs focused on the (i) development of a more systematic approach supported by guidelines; and (ii) opportunities to support initiatives by NGOs and communities in DMCs.

16. A total of 29 PDA proposals were reviewed to date, 10 of which have been approved by the WSC (Table 1). Figures 3 to 5 show the distribution of these PDAs by subregion, subsector, and type. After gaining further experience with this initial batch of PDAs, the WSC adopted guidelines for selection of PDAs in May 2003.

Table 1. Approved PDAs

No.	Title	Country	Activity Officer	Cost (\$)
Under Implementation				
1	Institutional Development on Integrated Water Resources Management (IWRM)	Timor-Leste	A. Hinduja, PARD	50,000
2	Poverty Impact of Public Irrigation Expenditures	Viet Nam	P. Smidt, MKRD	50,000
Recently approved				
3	Water Management Information Dissemination and Extension for Irrigated Agriculture	Philippines	C. Wensley, SERD	50,000
4	Pilot Household Sanitation Systems for Small Island Environments	Maldives	E. Mayerhofer, SARD	50,000
5	Promoting Gender Equality for Poverty Reduction through Improved Irrigation Management	Nepal	K. Yokoyama, SARD	45,000
6	Operational Research on Decentralized Wastewater Management and its Dissemination	Nepal	K. Tamaki, SARD	50,000
7	Private Sector Participation-Enabling Conditions for the Establishment of the Samoa Water Authority Wastewater Division	Samoa	N. Convard, PARD	50,000
8	Urban Poor Sewerage System Connection	PRC	A. Leung, ECRD	50,000
9	Water Sector Reforms and its Implementation	Indonesia	M. Rahman, SERD	28,000
10	Building Gender Responsive Water Supply and Sanitation Services	Nepal	A. Shrestha, SARD	45,000

Figure 3. Regional Distribution of PDAs

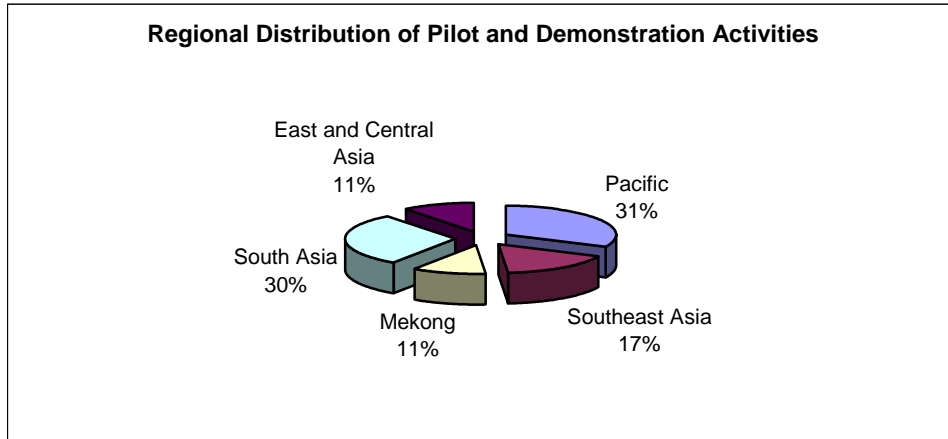


Figure 4. Sub-sectoral distribution of PDAs

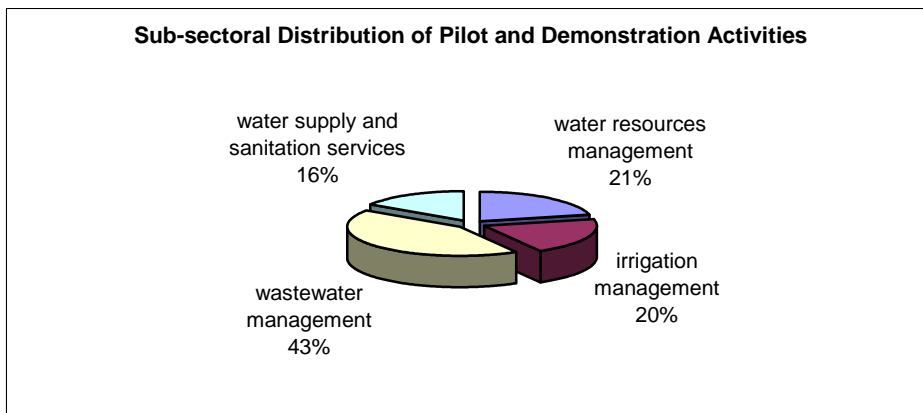
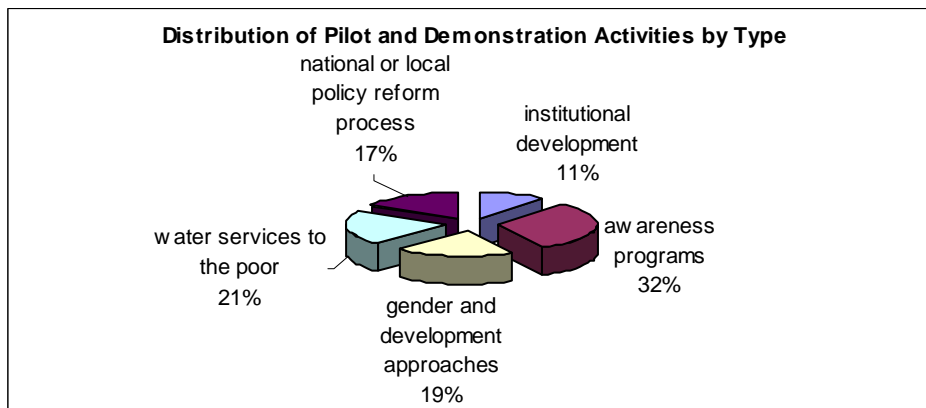


Figure 5. Distribution of PDAs by Type



17. **Water Partnerships.** Several activities were undertaken to initiate or strengthen national and regional water partnerships in the Pacific, Southeast Asia, and Mekong, as follows:

- In the Pacific region, an existing partnership of atoll island countries affected by climate change and the rise in sea level, chaired by the President of Kiribati, was supported through a pilot study on national water resources assessment and coastal

zone planning for Kiribati. The study includes (i) preparing a comprehensive integrated water resource assessment, (ii) preparing a sustainable coastal zone profile, (iii) identifying an action agenda and assessing institutional options to implement the agenda, (iv) promoting sustainable management of water and coastal zone resources, (v) strengthening coastal zone planning and participatory social development capabilities, and (vi) synthesizing the output into a water management and coastal planning (WACP) action plan. The study commenced during the reporting period.

- Support was provided to the Global Water Partnership Southeast Asia Technical Advisory Committee (GWP-SEATAC) for strengthening community-based institutions that have demonstrated replicable and sustainable strategies in integrated water resources management IWRM in three countries in the region and for documenting their activities. The activities were completed and the report submitted is under review. Support was also provided to the establishment of the Southeast Asian Water Utilities Network (SEAWUN).
- Support will be given to the Mekong River Commission Secretariat in the development of their Flood Management Program, particularly in connection with poverty reduction.

18. **Regional Events and Initiatives.** ADB successfully participated in 3WWF and this helped to promote and catalyze the implementation of ADB's water policy in the region. ADB's participation gave the opportunity to (i) demonstrate how projects in the DMCs are improving water management and reducing poverty, (ii) showcase ADB-supported projects in DMCs; (iii) exchange knowledge, experience, and lessons learned; (iv) strengthen ADB collaboration with development partners through follow-up initiatives; and (v) increase public awareness on important water issues in the region and raise ADB profile in the water sector.

- Organized five major themes in the 3WWF: (i) Water and Poverty, (ii) Water in Cities, (iii) Water in Small Island Countries, (iv) Shared Water Resources Management in central Asia, and (v) Poverty and Floods. All these themes had a poverty focus. The Water and Poverty theme sessions were the culmination of a series of stakeholder consultations throughout Asia. At Water in Cities theme sessions in Osaka, ADB and UN-Habitat signed an MOU to start the Water for Asian Cities Program.
- Organized 15 sessions: six for Water and Poverty, four for Water in Cities, two for Water in Small Island Countries, one for Regional Cooperation for Shared Water Resources, one for Poverty and Floods, and one for the Water Development Partners Panel.
- Sponsored 155 DMC and NGO participants in the 3WWF.
- Signed a Letter of Intent with the Gender and Water Alliance (GWA) to promote the mainstreaming of gender issues in DMCs' water sector activities. Given the mutually supportive goal of ADB and the GWA to achieve universal access to safe water and sanitation for all, the partnership will catalyze implementation of ADB's policies on gender and development and water. The partnership will also explore the establishment of a gender panel as a mechanism for regular dialogue between ADB and GWA.
- During the 3WWF, Viet Nam was the first DMC to sign a letter of intent for the *Water for the Poor-Partnerships for Action* initiative which is a country-focused program aimed at catalyzing and improving the quality of investments in water security for the rural poor. Bangladesh has also expressed interest in joining this initiative.

19. In preparation for 3WWF, ADB had earlier supported several regional thematic consultations:

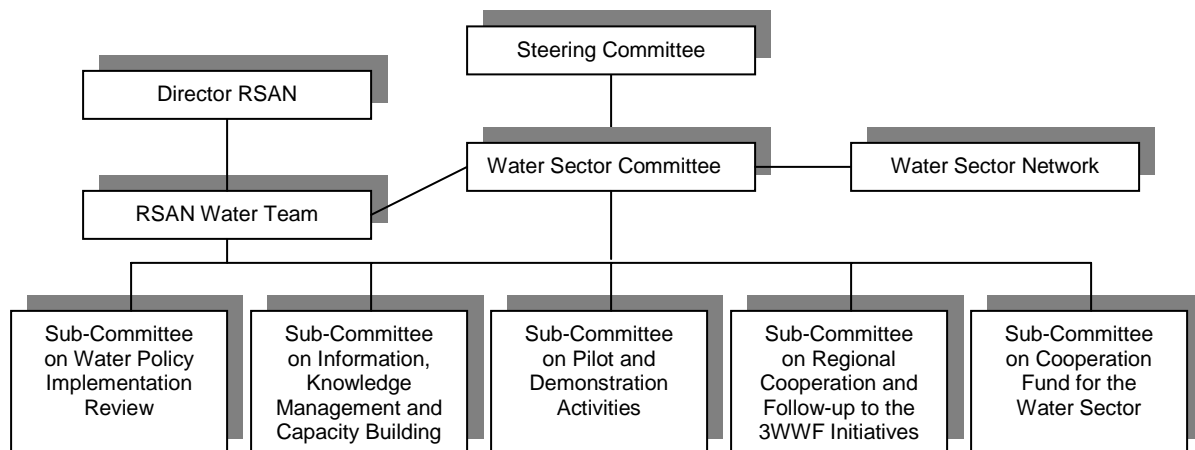
- Water in Small Island Countries (Sigatoka, Fiji)
- Water and Poverty (Dhaka, Bangladesh)
- Regional Cooperation for Shared Water Resources in Central Asia (Almaty, Kazakhstan)
- Water, Food and Environment (Hanoi, Viet Nam)
- Water in Cities (Manila, Philippines)
- Poverty and Floods (Manila, Philippines)
- Small-Scale Independent Private Water Providers (Manila, Philippines)

20. The first ADB Water Week was held in Manila in December 2002. It was attended by around 300 participants and presented 15 case studies. Preparations for the 2nd ADB Water Week in January 2004 have started.

21. Support for the first Flood Forum in May 2003 was postponed on account of SARS and is now re-scheduled in October or November, 2003.

22. **Program Coordination, Monitoring and Evaluation.** These tasks are managed by WSC⁴ (Figure 6), under responsibility of the Agriculture, Natural Resources and Social Sector Division (RSAN) and supported by RSAN's water team⁵. A Steering Committee comprising directors of the concerned divisions in ADB's regional departments provides overall guidance and supervision to the Program activities against the Fund's medium-term strategy, and approves the detailed design and implementation arrangements of major Program components.

Figure 6. Organizational Structure of the Cooperation Fund for the Water Sector



⁴ Established in February 2002, the WSC has 18 members coming from 12 divisions. The WSC has the following objectives: (i) to develop policy, strategy, and guidelines for ADB's water sector operations, (ii) to ensure quality and consistency in water policy implementation, (iii) to provide leadership, feedback, and advice on new ideas and innovation, and (iv) to enable sharing of information and resources.

⁵ RSAN's water team comprises the (i) lead water resources specialist and Chair of the WSC; (ii) principal water supply and sanitation specialist; (iii) water sector specialist (senior adviser, intermittent); (iv) water operations adviser; (v) water policy adviser; (vi) water web site manager; (vii) project management specialist; and (viii) research analyst. The WAP consultants also work under RSAN supervision.

23. Activities in this category are generally on track. WSC has met eight times in the reporting period, and has been active in monitoring of the Program. A medium-term strategy for the Fund was prepared. Consultations were initiated with other multilateral development banks (MDBs) that have established similar water funds, including with the World Bank, the Inter-American Development Bank, and the African Development Bank. The coordination meeting among MDBs convened by the Ministry of Foreign Affairs of The Netherlands in The Hague in May 2003 resulted in a common understanding on monitoring, reporting, evaluation, and collaboration among the cooperation funds for the water sector, including follow-up initiatives to the 3WWF.

III. FINANCIAL REPORT

24. Of the six approved categories under the Fund, 'Promotion and Public Awareness' has to date received the largest allocation, in the amount of around \$1.53 million. This accounts for roughly 32% of the total allocation of \$4.80 million (net of \$0.20 million ADB administration charges); followed by 'Regional Events and Initiatives' which accounts for approximately 19%. Of the total planned allocation, only \$0.89 million or 19% is so far uncommitted as of 30 June 2003. Guidelines for the selection of pilot and demonstration activities were developed in the reporting period, and it is expected that these will result in an increased allocation to PDAs.

25. Table 2 and Figures 7 and 8 show the allocation and commitments of the Fund in the six categories.

Table 2 Statement of Allocation and Commitments, as of 30 June 2003

Category/Activities	Allocation	Commitments	Uncommitted Funds
Promotion and Public Awareness	1,532,460	1,386,960	145,500
Knowledge Base and Capacity Building	877,451	847,451	30,000
Pilot and Demonstration Activities	400,000	84,700	315,300
Water Partnerships	780,000	514,219	265,781
Regional Events and Initiatives	919,100	837,525	81,575
Coordination, Monitoring and Evaluation	290,989	240,600	50,389
Total	4,800,000	3,911,455	888,545

¹ Net of ADB administration charges amounting to US\$ 0.20 million.

Figure 7. Fund Allocation and Commitments by Category

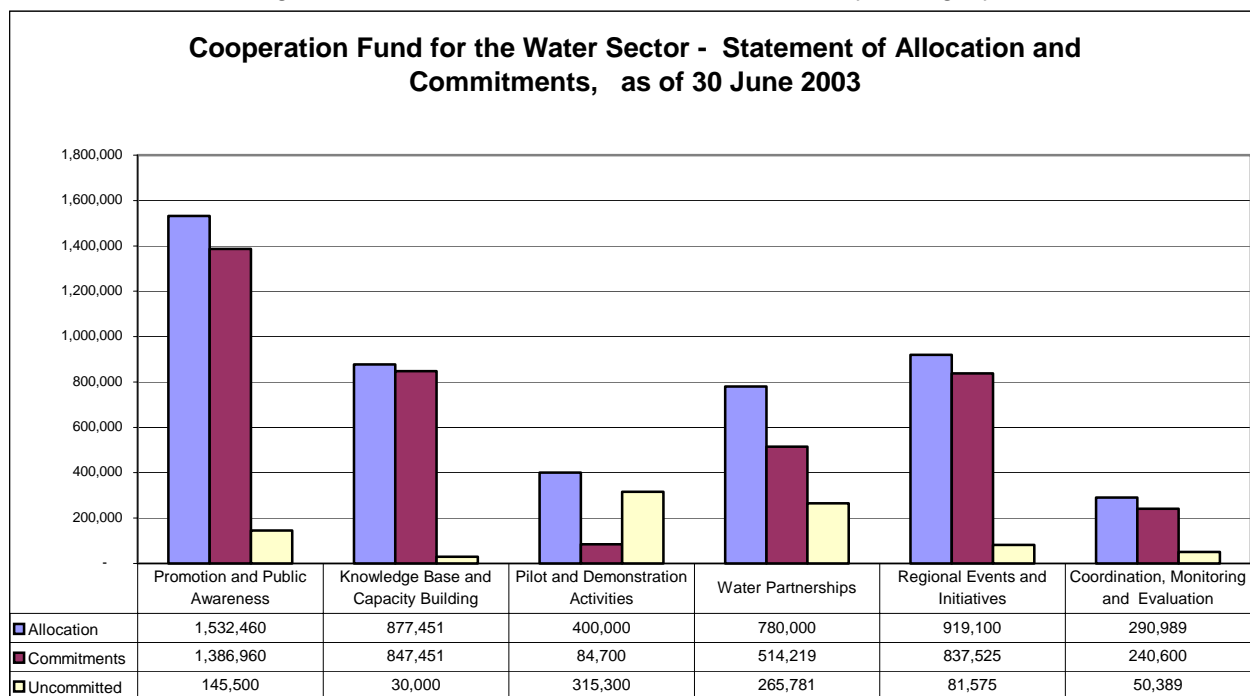
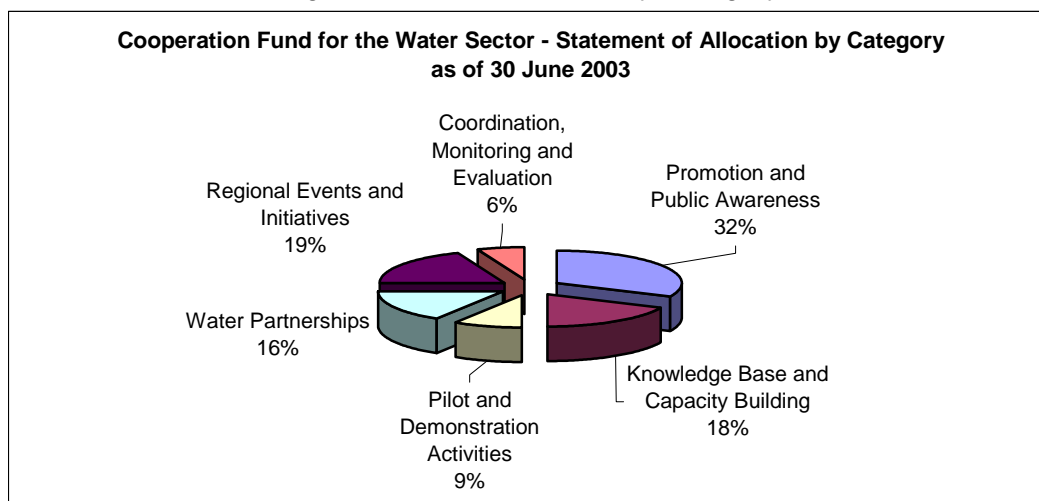


Figure 8. Fund Allocation by Category



IV. CONCLUSIONS

26. The progress of the Program to date is considered satisfactory. With overall guidance and supervision from the Steering Committee, the WSC has successfully coordinated the Program's activities in the six categories.

27. The Fund has already made a distinct impact on ADB's water operations and has succeeded in adding value to the implementation of ADB's water policy. The Fund has provided

a strategic framework and financial support for improving water awareness, knowledge management, and capacity building, which are consistent with ADB's overarching goal of poverty reduction. The Fund has also enabled ADB to start supporting pilot and demonstration activities, and to improve networking and regional initiatives. In doing so, the Fund has provided invaluable opportunities to add value to ADB's water operations and to complement ADB's increasingly scarce TA resources.

V. OUTLOOK

28. Further activities are being developed under the Program's six categories, in accordance with the Fund's medium-term strategy. Under the proposed third phase RETA the Program will continue to promote effective water management policies and practices and thereby catalyze the implementation of ADB's water policy in the Asia and Pacific region. The proposed Program includes follow-up initiatives to the 3WWF. The following activities are envisaged to start in the next reporting period:

29. **Promotion and Public Awareness.** WAP will be further developed 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, educate youth about the water crisis, and support community-level water education pilot activities in ADB-financed water projects. WAP will support various follow-up initiatives to the 3WWF. Updating and expanding the ADB water web site will also continue.

30. **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. Support will be given to comparative analysis of water sector reforms in the region, including (i) water sector assessments and the preparation of national water sector profiles and water sector roadmaps, (ii) studies on water governance, involving the establishment and performance of water sector apex bodies, water policies, water laws, water sector action agendas, river basin organizations, and diagnostic methods to assess the capacity and performance of water sector agencies, and (iii) comparative studies to support various follow-up initiatives to the 3WWF. A water sector capacity building program will be developed to enhance core competencies in DMCs and ADB.

31. **Pilot and Demonstration Activities.** ADB's regional departments will be supported to 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. Innovative local initiatives implemented by NGOs will also be supported on a selective basis, including more systematic water sector policy dialogue processes between ADB and the DMCs.

32. **Water Partnerships.** Several activities will be undertaken on a demand basis to initiate or strengthen national and regional water partnerships, such as the Southeast Asia Water Utilities Network, the Network of Asian River Basin Organizations, the Gender and Water Partnership, and the Mekong River Commission's flood management program. The development of national and regional water partnerships can be supported in collaboration with GWP.

33. **Regional Events and Initiatives.** Support will be provided on a demand basis for follow-up actions on the 4 key initiatives of the 3WWF with specific and increased attention to

water and poverty as a key element to attain the MDGs, as follows: (i) Water for Asian Cities Program in collaboration with UN-Habitat; (ii) Water for the Poor - Partnerships for Action in collaboration with various funding, advocacy and knowledge partners; (iii) Gender and Water Partnership in collaboration with the Gender and Water Alliance; and (iv) Network of River Basin Organizations in collaboration with the Water Resources Development Public Corporation of Japan, the ADB Institute and others. Support will also be provided to the organization of ADB's Water Week, ADB's dialogue with NGOs, dialogues among neighboring DMCs on common reform issues, and ADB's participation in thematic workshops.

34. **Program Coordination, Monitoring, and Evaluation.** A monitoring system will be further developed and maintained for the Program of activities financed from the Fund, covering inputs, outputs, outcomes, and financial management. The comprehensive review of ADB's water policy implementation in 2005 will be supported. An annual review of the Program's activities will also be organized with the Fund's contributors during ADB's 2nd Water Week. Exchange visits will be pursued with the World Bank's water partnership program and with similar initiatives of the other MDBs and development partners to ensure coordination and to facilitate joint activities that benefit ADB's water operations.