

Cooperation Fund for the Water Sector Findings from the 2005 Review by the Netherlands Ministry of Foreign Affairs

Water is a problem in Asia, which is home to majority of the world's poor, most of whom have neither safe drinking water nor improved sanitation facilities. To address the region's water crisis, the Asian Development Bank (ADB) established the Cooperation Fund for the Water Sector in 2001 to jumpstart water sector reforms and expedite the implementation of ADB's Water for All Policy.

Aside from the regular reporting on the status and accomplishments of its activities, the Fund provides for third party evaluations to maintain its relevance and responsiveness. In late 2005, the Netherlands Ministry of Foreign Affairs began such an evaluation. Their findings point to the Fund's positive influence on the sector.

What is the Fund?

The Fund is a 5-year, multidonor facility with a coherent set of activities that focus on

- promotion and public awareness,
- knowledge base and capacity building,
- pilot and demonstration activities,
- water partnerships,
- regional events, and
- program coordination and monitoring.

These activities aimed to add value to ADB's water projects, strengthen regional cooperation, and help Asian and Pacific countries achieve water and poverty related Millennium Development Goals (MDGs).

The Governments of Norway and the Netherlands supported the Fund with contributions amounting to \$20 million. ADB's Regional and Sustainable Development Department (RSDD) administers the Fund through a series of regional technical assistance projects entitled "Promoting Effective Water Management Policies and Practices."

Water Flows to the Poor

The 2005 review confirmed that the Fund directly led to poverty reduction and the betterment of the lives of the poor, most notably through the Pilot and Demonstration Activities (PDAs). These are innovative projects implemented in less than a year and designed for scaling up.

From demonstrating the potential of drip irrigation for improving livelihoods in rural Nepal, to promoting participatory irrigation management in poor agricultural communities in Viet Nam, to mobilizing Pacific rural communities as agents for water quality monitoring and hygiene education, the Fund's projects enabled specific segments of Asia's poor to gain access to, and better manage, their water resources and services.

Reaching Out to Decision Makers

The review noted that the Fund reached a wide audience of policymakers, decision makers, managers, practicing professionals, journalists, and others with key messages on policies and good practice.

The television documentaries on community actions to resolve water issues were broadcast over local channels all over the region, as well as internationally through the BBC and Living Asia, reaching hundreds of millions of viewers. More than 400 journalists joined the Fund's media workshops, going on to write more, and better informed, articles on water challenges in their countries, thereby contributing to a more informed public. The booming activity on ADB's water website reflects the growing interest in water issues and ADB's water projects in the region. The website significantly increased its readership from a monthly average of 16,000 hits in 2003 to well over 200,000 monthly hits in 2006.



Working in Partnerships

The review also found that the Fund's activities sparked more interest among water stakeholders for collective action.

- Journalist-participants of the Fund's media workshops organized an informal media network and collaborated to establish Asia Water Wire, an online resource of water stories, which also receives support from the Fund.
- Organizations that are critical to good water governance—among them river basin organizations, national water sector apex bodies, and water utilities—used the Fund's support to form networks, participate in training programs, develop benchmarking systems, and use a peer review process to help improve their performance.
- Government agencies, the private sector, civil society organizations, and communities joined in the PDAs with strong replication and scaling-up potential. Of the 27 activities undertaken, covering a wide range of topics and countries, 15 already delivered quality outputs, and the review found that these projects were implemented with care.

Making Knowledge Work

The Fund effectively supported the exchange of good practices among ADB and country stakeholders, and expanded sector-related knowledge, according to the review.

The Fund activities cover a wide range of topics, among them

- linkages between poverty, water, health, and education;
- performance benchmarking for water utilities;
- river basin organizations and apex bodies;
- tariff setting, and
- flood management.

The Fund's knowledge products include publications, model terms of reference for water projects, short article on water issues, roadmaps on a country's water sector, and more. Many of them offer new knowledge; others offer an update on existing knowledge. ADB staff and country stakeholders highly acknowledge the quality of these products and the support they provide in the stakeholders' operational work.

Synergizing Work in ADB

For ADB, the Fund played an important role in stepping up its water sector operations. The amount and quality of ADB's water sector loans increased since the Fund's activities began in 2001. A topping-up facility was created in 2005 to assist in preparing water projects with demonstration potential.

The review found that the Fund's activities triggered the growing interest of ADB's operations departments in the linkages between water investments and poverty reduction. The Fund also enabled ADB staff to try out new ideas and practices in water projects, and to collaborate with development partners.

Way Forward

The review concluded that the Fund helped ADB policies and country stakeholders to prepare programs to address their water challenges with innovative solutions.

Building on the good results of the Fund, ADB announced in March 2006 its decision to make water a core business area of its operations, and increase its water investments to well over \$2 billion annually. ADB will do this through the new Water Financing Program 2006–2010, which focuses on the delivery of substantial investments, reform, and capacity development in three key areas: rural water services, urban water services, and river basin water management.

