

MEMORANDUM OF UNDERSTANDING FOR ADMINISTRATIVE ARRANGEMENTS

This memorandum of understanding (MOU) will form the basis of cooperation between the

ASIAN DEVELOPMENT BANK

and

UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

FOR ESTABLISHING URBAN INFRASTRUCTURE PARTNERSHIP IN THE ASIA AND PACIFIC REGION

1. The Asian Development Bank (ADB) is a broad-based development institution for the Asia and Pacific region, committed to reduce poverty through lending and non-lending activities to support pro-poor sustainable economic growth, good governance and inclusive social development. As part of its activities, ADB's vision for the urban sector is to promote safe, livable, well managed urban centers, free of poverty that fulfill the promise of development. The most effective way to realize this vision is to establish and maintain effective working relationships with committed and credible development partners. Through partnerships, ADB will pursue the implementation of poverty reduction strategies and targeted interventions aimed at promoting good urban governance, strengthening urban management, mobilization of resources and improving urban services delivery, particularly water supply and sanitation services, to maximize development impacts and achieve sustainability. Water for All is ADB's vision for the Asia and Pacific region. For 2006-2010, ADB expects to double its investments in the water sector through its new Water Financing Program, which directs funds, reforms and capacity development programs at rural communities, cities and river basins.

2. WHEREAS, the United Nations Human Settlements Programme (UN-HABITAT) is the coordinating agency within the United Nations system for human settlements activities and focal point for the monitoring, evaluation and implementation of the Habitat Agenda, as well as the task manager of the human settlements, solid waste management and urban water chapters of Agenda 21 and responsible for promoting and consolidating collaboration with all partners, including local authorities and private and non-government organizations in the implementation of the Habitat Agenda and the Millennium Development Goals/World Summit for Sustainable Development Outcomes of significantly improving the lives of at least 100 million slum dwellers by the year 2020; and halving by the year 2015 the proportion of people without access to safe drinking water and basic sanitation. The United Nations Secretary General has recommended UN-HABITAT as the most well placed agency to promote and coordinate activities related to Water Operator Partnerships at the international level as outlined in the United Nations Secretary General's Advisory Board on Water.

A. The Cooperation Partners

3. ADB and UN-HABITAT have a mutual interest in achieving effective and relevant policies and programming in international development. ADB, a major development institution in the Asia and Pacific region, seeks to foster economic growth, good governance, human resource development, and the reduction of poverty for the benefit of its developing member countries. Considering that water is a key factor in reducing poverty, improving livelihoods, and promoting economic growth, ADB intends to double investments and accelerate actions in water

to double the results. The new Water Financing Program (WFP) 2006-2010 is expected to catalyze some \$20 billion in water investments and improve the lives of over 300 million people in the Asia-Pacific. UN-HABITAT is the lead agency within the United Nations system mandated to promote socially and environmentally sustainable human settlements aimed at providing adequate shelter and related infrastructure, such as water supply and sanitation, for all.

4. Representatives of ADB and UN-HABITAT have concluded an MOU in March 2003 and have held discussions with a view to enhancing opportunities for collaboration. The MOU between the two parties entered into 2003, which aimed at creating an enabling environment for new investments in the region, facilitating project preparation and mobilizing further resources for implementation, operation and maintenance in a sustainable manner has worked most satisfactorily and yielded the desired results even before the completion of the five year period. The proposed MOU, therefore, will provide an enhanced framework of action to pursue the goals set out earlier and also create greater synergy for achieving the ADB intention of doubling the investments for achieving the Millennium Development Goals in water and sanitation. They expect that further collaboration will strengthen institutional capacities in both organizations, and enhance the efficiency and effectiveness of the use of their respective resources.

5. ADB and UN-HABITAT have concluded that they should collaborate in the identified areas of mutual interest, without creating formal obligations for either party. This view was strongly expressed by Asian countries in a regional consultation organized by UN-HABITAT in cooperation with ADB in New Delhi in April 2002 which resulted in a Letter of Intent to cooperate in the water sector in the same year, and an MOU between the agencies in March 2003. The collaboration in the water sector through Water for Asian Cities Programme has been fruitful and the targets for investment and other activities have been surpassed. The two agencies thus, through this MOU, seek to intensify their partnership in urban infrastructure, with emphasis on the water and sanitation sector.

B. Aims and Guiding Principles

6. ADB and UN-HABITAT acknowledge that the collaboration they seek to foster will facilitate the realization of their common aims to speed up investments in urban infrastructure focused on the needs of the urban poor in order to realize the Millennium Development Goals/World Summit on Sustainable Development Outcomes of ensuring environmental sustainability, specifically those related to improved access to safe drinking water and basic sanitation, as well as improvements in the lives of slum dwellers. Both parties acknowledge that collaboration will increase their development relevance and effectiveness by managing activities on the basis of performance results.

7. In addition, ADB and UN-HABITAT will work together to support

- (i) poverty reduction in regions, subregions, and countries in the Asia and Pacific region particularly through enhancement of investments in the water and sanitation sector; and
- (ii) other development goals, including the achievement of the Millennium Development Goals in regions, subregions, and countries.

8. Collaboration between ADB and UN-HABITAT will be guided by the following principles:

- (i) Country and regional ownership of sound development policies and programs are necessary to ensure sustainable development.
- (ii) Long-term approaches to sustainable development are needed.
- (iii) Full stakeholder participation should be encouraged, consistent with available resources.
- (iv) Development policies and programs should be results oriented and built on transparent relationships between development assistance providers and beneficiary countries.

C. Aspects of the Proposed Cooperation and Joint Activities

9. ADB and UN-HABITAT will focus on their shared strategic and operational priorities and use their comparative strengths and advantages. In addition, they will

- (i) share knowledge of lessons learned and evaluations of development in Asia and the Pacific particularly through their ongoing programmes such as Water for Asian Cities Programme and Mekong Region Water and Sanitation Initiative;
- (ii) consult each other on regional and subregional policy dialogue and programming for regional, subregional and country activities, where feasible and appropriate;
- (iii) explore the potential of cofinancing regional, subregional, and country programs and projects; and
- (iv) exchange or second staff.

10. The potential for joint activities is expected to include areas identified in the Appendix; these may be amended from time to time with the mutual written consent of the two organizations and through periodic consultations and review meetings.

D. Exchange of Information

11. ADB and UN-HABITAT recognize that effective collaboration depends upon open, comprehensive, and regular exchange of information at the institutional level. They agree to make appropriate arrangements to

- (i) exchange/deposit copies of publications and public documents of each organization in the main library of the partner organization, to be maintained as reference documents; and
- (ii) give notice, through information posted on the web sites of each organization, of
 - (a) conferences, seminars, and workshops being organized or sponsored;
 - (b) regional, country, sector, and thematic policy/strategy documents;
 - (c) program and project approval documents; and

- (d) regional program, country program, sector, project, and other evaluations.

E. Attendance at Meetings

12. ADB and UN-HABITAT recognize that appropriate representation is important to emphasize their common interests, purpose, and intentions; and to facilitate all aspects of effective cooperation. Such cooperation is expected to entail reciprocal attendance at their respective annual meetings; the Water and Sanitation Trust Fund Board Meeting and other meetings, conferences, seminars, and workshops relevant to the identified areas of cooperation.

F. Consultations

13. ADB and UN-HABITAT recognize that periodic consultations are important to review the planning, implementation, and outcomes of their cooperation activities. Results, challenges, opportunities, and problems will be discussed. They agree to hold consultations periodically as required, and not less than once a year.

G. Focal Points

14. ADB and UN-HABITAT designate the following focal points for all purposes associated with this MOU:

- (i) for ADB: Regional and Sustainable Development Department
- (ii) for UN-HABITAT: Water, Sanitation and Infrastructure Branch

15. The respective focal points will be responsible for

- (i) establishing effective communication and liaison with the other focal point;
- (ii) facilitating the implementation of all aspects of this MOU and the opportunities identified for cooperation;
- (iii) promoting this MOU and the cooperation activities undertaken under it within the respective organization;
- (iv) facilitating the attendance of representatives of the focal point's organization at meetings, workshops, and seminars held by the other organization;
- (v) facilitating the attendance of representatives of the other organization at the meetings, workshops, and seminars held by the focal point's organization;
- (vi) convening the periodic consultations to be held in accordance with this MOU; and
- (vii) monitoring MOU implementation and evaluating instances of cooperation undertaken by the two organizations in accordance with this MOU.

H. Preparation, Implementation, and Evaluation of Joint Work Activities

16. ADB and UN-HABITAT will prepare

- (i) a list of all current operational cooperation activities and a report on the implementation status of these;
- (ii) a list of planned cooperation activities involving the two organizations for the next budget year, with a brief description; and
- (iii) an indicative list of planned cooperation activities for 2 subsequent years.

17. ADB and UN-HABITAT agree that

- (i) the relevant program managers in the organizations will be responsible for the implementation of cooperation activities within their areas of responsibility;
- (ii) the relevant program managers will provide brief reports as necessary to the designated focal points on the status of implementation of all cooperation activities that are within their areas of responsibility;
- (iii) the designated focal points will prepare joint reports when they deem it necessary, detailing the implementation status of the cooperation activities;
- (iv) the relevant program managers will prepare annual assessments of the results achieved from the cooperation activities;
- (v) the assessments will be reviewed by the designated focal points when considering further cooperation activities; and
- (vi) the designated focal points will conduct joint evaluations of the overall development impacts of the cooperation undertaken under this MOU. The arrangement will be reviewed by the focal points once a year.

I. Promotion of the Cooperative Arrangements

18. ADB and UN-HABITAT recognize that the involvement of both organizations in joint cooperation activities should be publicized, both within their organization and in the general community. They therefore agree to

- (i) acknowledge the role and contribution of each organization to the cooperation projects and activities in all public information documentation relating to the instances of cooperation; and
- (ii) use the organizations' emblems in documentation related to the cooperation projects and activities in accordance with the current policies of each organization.

- (iii) The use of the UN emblem and logo is subject to the express prior written approval of UN-HABITAT.

19. To facilitate the development and implementation of the cooperation and its activities, ADB and UN-HABITAT will jointly develop work programs and letters of agreement, as appropriate.

J. Term and Review

20. This MOU will have effect for a period of five years from the date specified in the paragraph 24 below, unless terminated earlier pursuant to paragraph 27 below, and may be extended by the two organizations in mutual agreement. No amendment in respect of this MOU will be effective unless in writing and executed by each of the organizations.

21. The designated focal points will undertake a review of this MOU through periodic review meetings held as mutually agreed by the focal points, and regular exchange of information.

K. Resolution of Problems

22. During the course of this MOU, the respective focal points will be promptly notified of all problems that impact adversely on the potential of the two organizations to collaborate effectively. The focal points will take appropriate action to seek an amicable resolution. If the focal points are unable to resolve the problem to the satisfaction of both parties, the representatives of the two organizations who are signatories to this MOU will take whatever action they consider appropriate to achieve an amicable resolution.

L. Privileges and Immunities

23. Nothing in or relating to this MOU will be deemed a waiver, express or implied, of any of the privileges and immunities of either party.

M. Miscellaneous

24. This MOU will take effect from the date on which it is signed by the authorized representatives of the two organizations.

25. This MOU is not intended to create legal relations between the two organizations or to impose formal obligations on them.

26. Any specific activities identified under this MOU as opportunities for collaboration between the two organizations will be the subject of additional written agreements entered into in accordance with the practices and procedures of the two organizations.

27. This MOU may be terminated by one of the focal points giving 6 months notice in writing to the other.

28. In keeping with the administrative nature of these arrangements, no provision of this MOU will be construed to interfere in any way with the independent decision-making autonomy of the two organizations with regard to their respective affairs and operations.

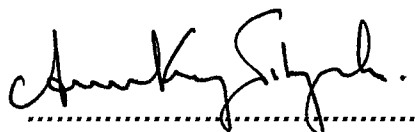
DATED this of 2007

ASIAN DEVELOPMENT BANK

**UNITED NATIONS HUMAN
SETTLEMENTS PROGRAMME**


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HARUHIKO KURODA
President


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ANNA TIBAIJUKA
Executive Director

PROPOSED AREAS FOR ASIAN DEVELOPMENT BANK (ADB) AND UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME (UN-HABITAT) COOPERATION

A.

1. ADB and UN-HABITAT acknowledge that the cooperation they seek to foster will facilitate the realization of their aims for sustainable human settlements development, especially in the area of water and sanitation.

2. Given the mutually supportive goals of ADB and UN-HABITAT, the parties desire to establish a basis for collaboration in the Asia Pacific region in the following areas building on the Water for Asian Cities Programme and Mekong Water and Sanitation Programme:

- **Investment.** Extending cooperation in urban infrastructure, particularly sanitation.
- **Capacity Building.** Joint promotion of long-term technical assistance/capacity building for human settlements in the region, particularly in taking city investment programs from plans to implementation and supporting them in implementation.
- **Knowledge.** Joint knowledge products and dissemination activities.

3. As a priority, the ADB and UN-HABITAT intend to collaborate on the following activities:

- **Investments.** Both agencies will collaborate to make investments in urban water and sustainable sanitation including environmentally sound management of solid wastes (through reuse and recycling and sound waste disposal and treatment) and extending wastes service coverage to the poorer neighborhoods, as well as slum upgrading and urban renewal.
- **Human Resource Development and Capacity Building.** UN-HABITAT has a number of programs (e.g., Water for Asian Cities, Mekong Water and Sanitation, Training and Capacity Building, Best Practices in Local Leadership, etc.) which provide general technical assistance—ADB can provide a focus for such activities enabling them to leverage and support real investments.
- **Knowledge Sharing, Management Exchange and Dissemination.** Water and Sanitation in Asian Cities as contribution towards the Global Report on Water and Sanitation in Asian Cities and knowledge development particularly in the Sanitation sector would be the main areas of partnership in addressing the needs of the urban poor.

4. Initially, the two partners intend to use about \$20 million in grants (equally shared by ADB and UN-HABITAT) to raise political awareness, build capacity, implement pilot demonstration projects and create an enabling environment for investment, and finally, to prepare investment proposals for Asian cities. The grants from ADB would comprise TAs in various countries that agreed in the context of the CPS/CPSU TA program. UN-HABITAT's \$10 million grants will be made available within the mandate, framework and work programme of its Water and Sanitation Trust Fund. ADB expects to invest about \$1 billion, in urban water supply and sanitation sector, with a focus on sanitation over the next five years. The investments will

be part of the Water Financing Program 2006-2010 that ADB announced in March 2006 to boost investments in the water sector to well over \$2 billion a year.

5. The program will build on UN-HABITAT's experience in such initiatives as the Water for African and Asian Cities Programmes, Regional Programmes such as Lake Victoria and Mekong Water and Sanitation Programmes, as well as programmes on sustainable human settlements development and Best Practices in Local Leadership programmes and capacity building in other regions, as well as ADB's operational experience, including lessons of evaluation. This partnership will contribute to the implementation of ADB's Poverty Reduction Strategy and the Urban Services Initiative that is under preparation.