The Water Sector Directional Guide provides strategic direction for support by the Asian Development Bank (ADB) to the water sector through 2030. It describes the priorities and rationale that will guide ADB’s partnerships with developing member countries through financing, knowledge management, convening ability, and technical assistance to ensure coherence, relevance, efficiency, and effectiveness of ADB’s water sector investments.

The directional guide aligns with ADB’s Strategy 2030 and its seven operational priorities to achieve the vision of a water-secure and resilient Asia and the Pacific through inclusive, well-governed, and sustainable water and sanitation services and resource management.
Where We Are

Water security is gradually improving in Asia and the Pacific, as reported by ADB’s Asian Water Development Outlook 2020, particularly rural water security, economic water security, and management of water-related disasters. But far more must be done. About 500 million people in the region do not yet have access to basic water supplies, and 1.14 billion people lack access to proper sanitation services, according to the World Health Organization and the United Nations Children’s Fund (UNICEF). Water demand for agriculture, cities, and industry is increasing across much of the region.

Water is fundamental to the human, environmental, and economic dimensions of adapting to the increased incidence of extreme events and the consequences of slow-onset climate change. Asia and the Pacific is already the most disaster-impacted region in the world, and many of these are water-related hazards, such as floods and droughts. From 2011 to 2020, an estimated 31,000 people in developing Asia died because of floods while 4.9 million people were made homeless. Climate change is likely to intensify the impacts of disasters and lead to greater variability of flow regimes with unprecedented effects on local economies, populations, and the environment. Water is the primary medium through which people will feel the impacts of climate change, and the future is becoming more unpredictable.

What We Will Do

The Water Sector Directional Guide sets out a vision for a resilient and water-secure Asia and the Pacific, as part of Strategy 2030’s overall vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. The directional guide is fully aligned with the Sustainable Development Goals.

Where We Want to Be

The Water Sector Directional Guide sets out how ADB will leverage its partnerships and financing instruments to help address the region’s water security challenges to achieve its Strategy 2030 objectives, particularly on supporting interventions for people who are disadvantaged or living below the poverty line, promoting inclusive economic growth, integrating solutions to improve the quality of life in cities and rural areas, and achieving food security.

The directional guide considers and responds to several critical drivers of change, including climate uncertainty, potential pandemics, the digital revolution, agriculture in transition, and growth in renewable energy. It incorporates learning from the coronavirus disease (COVID-19) pandemic to integrate health outcomes in water project and program planning and to rebuild through a low-carbon, green, inclusive, and resilient recovery pathway.

On average, investment needs in the water sector are estimated to be $53 billion per year up to 2030. ADB will contribute to bridging this gap by using innovative sovereign and nonsovereign financial instruments and engaging with partners to mobilize additional resources, including grants and technical assistance. Strategy 2030 aims to have 75% of ADB’s investments supporting climate actions. The directional guide outlines that water sector operations will contribute significantly to ADB’s total climate adaptation financing and support ADB’s climate action goals through developing low-carbon solutions and mainstreaming resilience at all stages of project planning and delivery. ADB’s water operations will also fully align with the 2015 Paris Agreement.
Guiding Principles

The directional guide frames ADB’s future water portfolio using five guiding principles to improve development outcomes in the water sector.

Building resilience and adaptive capacity. Addressing risk and uncertainty from climate change impacts, water-related disasters, public health emergencies, and economic and other shocks is central to ADB’s water programming. The increasing frequency of floods, droughts, and major tropical cyclones will require a greater focus on climate adaptation of projects and water services. Given the importance of the water sector to climate change adaptation, ADB has prepared the dedicated Mainstreaming Water Resilience in Asia and the Pacific: Guidance Note to provide a shared vision of climate adaptation and resilience for ADB staff and country counterparts. ADB will emphasize building community resilience to water security risks, and the ability to “build back better,” including measures that address other financial, environmental, and health shocks. Lessons from the COVID-19 pandemic on how to prevent and respond to future health crises will also be embedded, including integrating water, sanitation, and hygiene into public health strategies; accelerating universal access to water and sanitation; adopting appropriate digital technologies; and increasing the resilience of irrigation systems.

Promoting inclusiveness and gender equality. Water programs and organizations have the potential to be models of social inclusiveness in access to services, gender equality, livelihood opportunities, and use of resources. ADB will promote the engagement of groups that otherwise are marginalized from project and institutional benefits and excluded from upstream planning, design processes, and management decisions. Emphasis will be given to reducing the burden of poor water and sanitation service coverage felt disproportionately by women and girls through physical labor, time poverty, low school attendance, health impacts, and compromised safety.

Embracing environmental sustainability and circular economy. Integrated approaches and a focus on low-carbon recovery offer new opportunities to achieve the Sustainable Development Goals and focus on ecosystem services, the circular economy, and linkages between sectors. ADB will support initiatives that work beyond sector constraints to improve the efficiency of resource use and treat waste as a resource by incentivizing recycling and reuse. It will incorporate nature-based solutions with a greater emphasis on green infrastructure to help restore ecosystems and generate multiple benefits in rural and urban settings. Program and project designs will assess the nexus between water, food, and energy security to recognize interdependencies and trade-offs, encourage environmental sustainability, and reduce carbon emissions. ADB will also improve the physical and financial sustainability of project investments through a focus on asset management.

Improving governance and catalyzing finance. Good governance is critical for the delivery of effective services across all water subsectors and the sustainable management of water resources. ADB will support long-term partnerships based on rigorous sector analysis to improve institutional capacity and resources in counterpart agencies and measures to address political and socioeconomic risks. Interventions to promote good governance will include reforms in policy and regulatory frameworks, improved public investment management, sustainable finance arrangements, appropriate business models, improved creditworthiness of water entities, improved project management skills, and sustainable operation and maintenance. ADB will encourage the adoption of innovative financing arrangements that offer new opportunities for project implementation and continue to assist countries to provide an enabling environment for private sector involvement, including through public–private partnerships, and facilitate integrated sovereign and nonsoverign operations.

Fostering innovation and technological advancement. The technological advances of the rapidly evolving digital and communications revolution are redefining what is possible for water resources management and service delivery. ADB will encourage and scale up innovative technologies and digital solutions, including smart network management, remote sensing and geographic information systems, real-time data generation, artificial intelligence, and digital payment systems. Greater accessibility to accurate information services associated with ADB projects will allow for new levels of oversight by water users. Technological advances in more efficient hydromechanical equipment will lead to lower
energy consumption and carbon emissions and will support improved river basin and transboundary water management by facilitating evidence-based dialogue on water management issues. ADB will intensify partnering efforts to support digitalization with both public and private sector solution providers.

**Focal Areas**

The directional guide also identifies four areas of operational focus for the water sector to deliver successful and sustainable outcomes. ADB will promote coordination and integration across these focal areas to overcome sector silos and achieve multiple benefits.

**Water as a sustainable resource.** ADB’s investments will promote regulatory and incentive mechanisms for better water sector governance and sustainable and resilient management of surface water and groundwater resources. With many of the region’s rivers and aquifers shared between two or more countries or subnational administrative divisions, addressing links within and between river basins and aquifers will enable economic growth, aquatic ecosystem restoration, and improved water security.

**Universal water and sanitation services.** ADB’s support for reliable and resilient water supply, universal and inclusive sanitation for urban and rural users, and sustainable wastewater management and safe reuse based on circular economy principles will continue to be a priority, including for recovery from the COVID-19 pandemic. It will target unmet demand for basic services, particularly among marginalized communities, and contribute to the transition toward more livable cities and more inclusive and prosperous rural spaces.

**Productive water in agriculture and the economy.** ADB’s support for irrigated agriculture, food security, and livelihoods will contribute to rural vitalization and climate adaptation. Irrigation investments will enable diversified and higher-value agriculture, more efficient and productive use of water, benefits to rural poor and marginalized populations, and a shift to low-carbon and diverse food systems. This will require adopting modern irrigation practices, including digitalization; institutional and regulatory reforms; and projects, programs, and institutions that are integrated into a value chain approach. ADB will promote renewable energy and higher efficiencies in water and energy use.

**Reduced climate change and water-related risks.** ADB will intensify its focus on reducing climate change and water-related risks and building the resilience of communities, infrastructure, and systems for both extreme events and slow-onset climate impacts. Disaster risk reduction interventions will be integrated across other development programs and institutional initiatives, including for livable cities and food security, by encouraging greener infrastructure, nature-based solutions, risk-sensitive land use management, adoption of integrated systems, and measures to mitigate residual risk such as innovative insurance cover.

To achieve Strategy 2030 outcomes for water, the directional guide outlines that ADB will promote increased cross-sector collaboration; facilitate greater private sector participation; scale up provision of targeted knowledge services to address identified knowledge needs, such as through the Asia and the Pacific Water Resilience Hub; and build effective partnerships with recognized centers of excellence, civil society, and other key stakeholders. The results framework of the directional guide is aligned with ADB’s corporate results framework to streamline tracking and reporting on water sector results.

The directional guide implementation period is from 2022 to 2030, which aligns with the effectiveness of Strategy 2030. The directional guide is designed to be a living document, to be updated as required to remain relevant to the dynamic context of the Asia and Pacific region.


Read the Water Sector Directional Guide in full here.

www.adb.org/documents/strategy-2030-water-sector-directional-guide

For information, contact:
Neeta Pokhrel
Chief of Water Sector Group
Asian Development Bank
npokhrel@adb.org

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