

APWF 3rd GC meeting 23 June 2008

Progress note on concrete initiatives – Priority Theme A

Financing Water and Sanitation and Strengthening Capacity Development

Lead institutions: ADB, JICA and JBIC

ADB's progress note:

Through the Water Financing Program 2006-2010 (WFP), ADB envisages to catalyze some \$20 billion in new water investments from various development partners that would improve the quality of life for more than 300 million people in Asia and the Pacific.

Secure Investment Area for ADB. By the end of 2007, water sector projects had secured a 20% share of ADB's ongoing project portfolio, and that is expected to grow to 25% by the end of the WFP in 2010.

Boosting Investments: The first-two years 2006-2007, posted nearly \$2.3 billion in new investments and led to the programming of nearly \$8.5 billion in water sector investments through 2010. To top that off, ADB expects to catalyze \$8 billion more in co-financing by program's end. As it stays the course, the WFP will also cover more ground in areas increasingly important to ADB as a whole: Rural development, climate change, and disaster management.

Water Financing Partnership Facility: The Facility a strategic, long-term platform for pooling grants, loans, guarantees, and knowledge from various development partners To date, the Facility has received \$60 million in commitments from the governments of Norway, the Netherlands, Spain, and Australia. By the end of 2008, ADB hopes to have mobilized \$100 million for the Facility.

Increased Cofinancing: For every dollar ADB approved for a new water sector project in 2007, ADB catalyzed an additional dollar from either a government, private sector or other cofinancing source. In total, ADB approved 14 water projects in 2007 amounting to almost \$1.5 billion from ADB and development partners. The cofinancing raised to support these projects is a 40% increase over co-financing levels for ADB-supported water projects in 2006.

Outcomes that People Experience. The WFP envisages to accelerate the achievement of the Millennium Development Goals (MDGs) in the region. Table 1 illustrates the impact of the recently approved projects in terms of the WFP targets.

By the second APWS in 2010, ADB is preparing for a future beyond the WFP—a future that will continue to need the kind of financing the WFP has helped catalyze for the sector from all development partners.

Table 1. Contribution of 2006–07 approved ADB water projects to the WFP targets

Target	Target (million people)	Expected Achievement from 2006 approved water projects (million people)	Expected Achievement from 2007 approved water projects (million people)	Cumulative % of Total Target
Sustainable access to safe drinking water and to improve sanitation	200	25.9	28.3	27
More productive and efficient irrigation and drainage services affecting the livelihoods of people	40	3.9	1.3	13
Reduced Risk of flooding affecting people and reducing recurring damage to vital infrastructure	100	6.9	4.8	12
Introduction of IWRM in river basins	25	5	9	56

JICA's progress note:

Integrated Water Resources Management (IWRM): Three Capacity Development projects for realizing IWRM at selected river basins in China and Philippines have been formulated. In Indonesia, JICA is about to start the project with Indonesian Government to develop the institution for the capacity building of river basin organizations of major basin in Indonesia.

Safe water supply: For enhancing urban water supply of East Timor, JICA is preparing the study to design the grant aid project financed by the Government of Japan. At the same time, JICA is going to start the technical assistance for urban water operator of East Timor by JICA. JICA will also launch similar projects in Bangladesh and Nepal.

JBIC's progress note:

Strengthening of political commitment for Japan's contribution to water and sanitation

In December 2008, right after the 1st APWS, Liberal Democratic Party of Japan established a study committee, consisting of parliamentarians, senators, academics, line ministries, public service corporations, JICA and JBIC, in order to strengthen political commitment for Japan's contribution to water and sanitation. The committee has held a series of meetings to study current situations and constraints of Japan's contribution to water and sanitation so as to prepare recommendations to be discussed at the G8 Toyako Summit in July.

Formulation of an aid strategy for sanitation

In June 2008, JICA and JBIC established a study group to formulate an aid strategy for sanitation. The group will review various existing technologies for sanitation, including sewerage, pit latrines, septic tanks and bio-toilets, so as to identify appropriate technologies to be applied to developing countries through Japan's ODA.

New loans for water and sanitation after the 1st APWS

L/A	Country	Project	Amount (Mil. Yen)
10-Mar-08	India	Tamil Nadu Urban Infrastructure Project	8,551
10-Mar-08	India	Hogenakkal Water Supply and Fluorosis Mitigation Project	22,387
28-Mar-08	Indonesia	Denpasar Sewerage Development Project (II)	6,004
28-Mar-08	Morocco	Rural Water Supply Project (III)	13,615
31-Mar-08	Viet Nam	Hue City Water Environment Improvement Project	20,883
11-Jun-08	Viet Nam	Second HCMC Water Environment Improvement Project (II)	13,169
11-Jun-08	Iraq	Basrah Water Supply Improvement Project	42,969
30-Jun-08	Albania	Greater Tirana Sewerage System Improvement Project	11,121

End of progress note.

19 June 2008