

WFPF

WATER FINANCING PARTNERSHIP FACILITY

2019 ANNUAL WORK PROGRAM



Kingdom of the Netherlands



NORWEGIAN MINISTRY OF FOREIGN AFFAIRS



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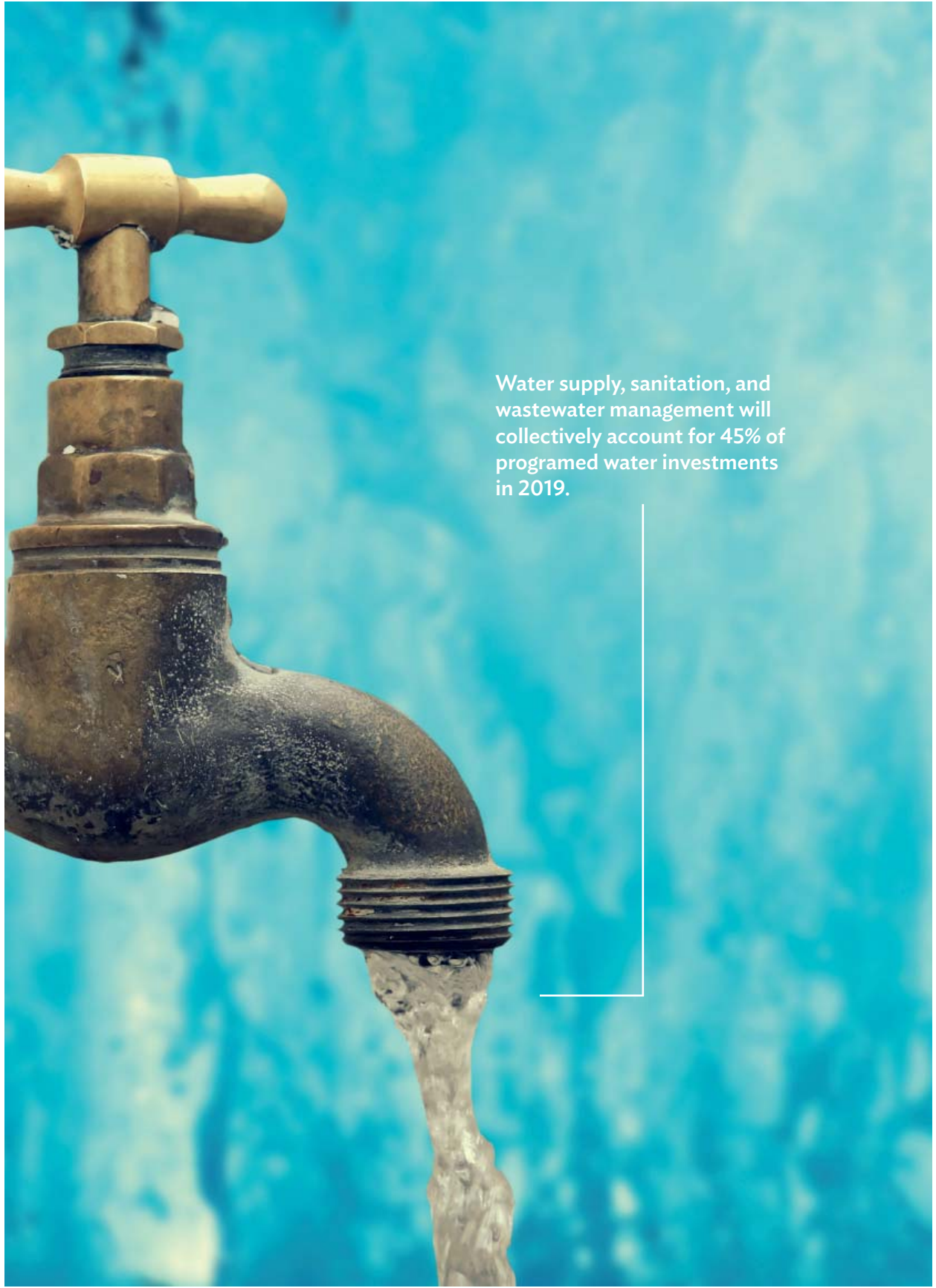
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Abbreviations

ADB	Asian Development Bank
AWDO	Asian Water Development Outlook
KSTA	knowledge and support technical assistance
TA	technical assistance
WAG	Water Advisory Group
WFPP	Water Financing Partnership Facility
WSG	Water Sector Group

Notes

- (i) In preparing any country program or strategy, financing any project, or by making any designation of, or reference to, a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgment as to the legal or other status of any territory or area.
- (ii) In this report, “\$” refers to US dollars.



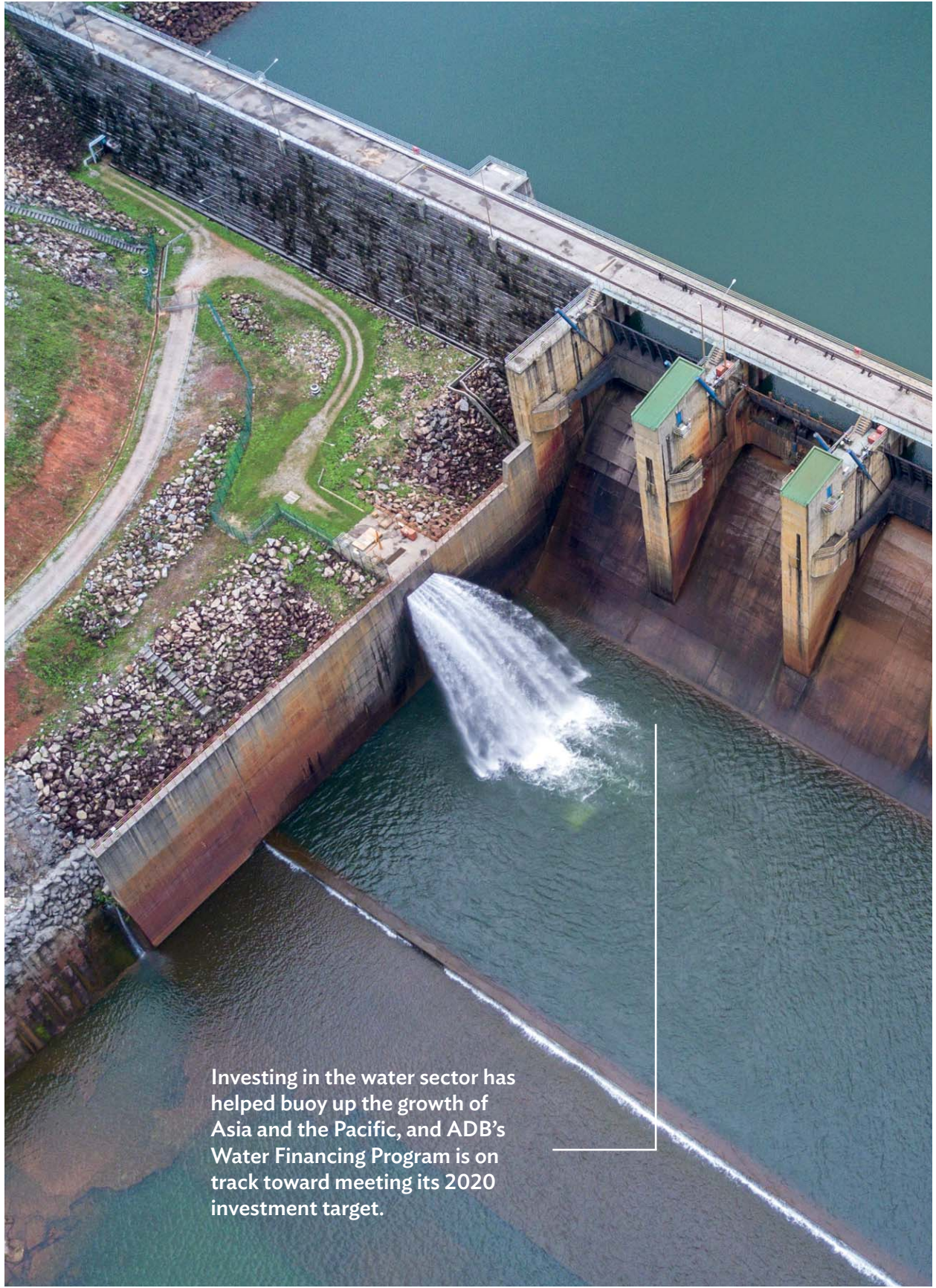
Water supply, sanitation, and wastewater management will collectively account for 45% of programed water investments in 2019.

Introduction

This Annual Work Program for 2019 presents the priorities and activities for the Water Financing Partnership Facility (WFPP or the Facility), as administered by the Asian Development Bank (ADB) on behalf of its financing partners contributing to the Facility. Activities are to be financed from the balance of contributions to the three trust funds: (i) the Multidonor Trust Fund, with contributions from the Governments of Australia, Austria, Norway, Spain, and Switzerland; (ii) the Netherlands Trust Fund; and, (iii) the Sanitation Financing Partnership Trust Fund, with contribution from the Bill & Melinda Gates Foundation.¹

The WFPP operation in 2019 will continue to be guided by the Water Operational Plan 2011–2020, the Facility’s Design and Monitoring Framework (DMF) as revised in 2017, and the 2019–2020 Workplan of ADB’s Water Sector Group (WSG).

¹ Norway was part of the Multidonor Trust Fund from 2007 until its exit in October 2017.



Investing in the water sector has helped buoy up the growth of Asia and the Pacific, and ADB's Water Financing Program is on track toward meeting its 2020 investment target.

2019 Projected Demand for WFPF Resources

Direct Project Support

ADB's investment target under the Water Financing Program is at least \$30 billion from 2006 to 2020, or \$2 billion annually. As of end-2018, achievement stands at 87% with approved/committed² water investments reaching a total of \$25.984 billion (Table 1), of which 32% or \$8.206 billion benefitted from WFPF's direct project support through (i) cofinancing of transaction technical assistance (TA), (ii) grant component of loans, (iii) TA attached to loans, and (iv) other project development support through the direct charge modality.

Table 1: Water Investments, 2006–2018
(\$ billion)

Subsector	Water Financing Program	WFPF-Supported Projects
Water supply, sanitation, and wastewater management	13.979	5.441
Irrigation and drainage	4.552	1.164
Flood management	2.712	1.106
Water resources management	1.999	0.495
Hydropower generation	2.742	0.000
Total	25.984	8.206

The Water Financing Program is well on track towards the 2020 target. In 2018, the committed investments totaled \$3.363 billion (Table 2), which, if sustained in the next two years, will ensure more than \$30 billion investments by 2020. The 2019–2020 pipelines indicate that this is likely to be achieved (Table 3).

Table 2: Water Investments, 2018
(\$ billion)

Subsector	Water Financing Program	WFPF-Supported Projects
Water supply, sanitation, and wastewater management	1.887	0.237
Irrigation and drainage	0.790	0.100
Flood management	0.416	0.122
Water resources management	0.270	0.005
Hydropower generation	0.000	0.000
Total	3.363	0.464

² Starting in 2018, ADB's reporting on investments is based on "committed" and not "approved". Committed means the loan agreement has been signed by the government.

In 2019 and 2020, the WFPF will continue not only helping sustain water investments but also in facilitating a more diversified portfolio to address the following activity groupings under the One ADB Water Approach: (i) supplying water, (ii) sanitation and water quality, (iii) water for food, (iv) water for energy, and (v) water resources management.

The 2019–2021 pipelines shown in Table 3 below indicate that water investments in the next three years are expected to cover all five activity groupings. The 2019 figures remain high at \$4.705 billion (details are provided in the Appendix). Updating of the 2020 and 2021 figures is ongoing and once done, the figures are expected to go up.

Table 3: Pipeline of Water Investments, 2019–2021
(\$ billion)

Subsector	2019		2020		2021	
	Amount	% Share	Amount	% Share	Amount	% Share
Water supply, sanitation, and wastewater management	2.129	45%	1.923	48%	1.360	39%
Irrigation and drainage	0.974	20%	0.711	17%	0.973	28%
Flood management	0.653	14%	0.940	23%	0.254	7%
Water resources management	0.369	8%	0.324	8%	0.273	8%
Hydropower generation	0.580	13%	0.147	4%	0.620	18%
Total	4.705	100%	4.045	100%	3.480	100%

Program Quality Support

WFPF will continue to provide program quality support to further advance work on governance and institutional reforms and capacity development through cofinancing of knowledge and support technical assistance (KSTA) and other program quality support using the direct charge modality.

In 2018, the WSG was able to fulfill its commitment under the Workplan to develop a dedicated KSTA on flood risk management and to advance action on the water-food security nexus through direct project support to operational departments.³

Under the 2019–2020 Workplan, the WSG is targeting approval of (i) a KSTA to support the implementation of Strategy 2030 sector priorities, and (ii) a dedicated program to support the operationalization of the Citywide/Countywide/Countrywide Inclusive Sanitation (CWIS) framework to promote a holistic approach that caters to both sewerage and non-sewerage areas.^{4,5}

To address sustainability, the Workplan is also prioritizing work on asset management. Initial work will involve (i) analysis of ADB experience with promoting asset management of water infrastructure, (ii) development of options to improve asset management in ADB projects, and (iii) support to the development of a corporate TA across infrastructure sectors for asset management planned for 2020.



Asset management can never be ignored. It allows the operator to react well to any given situation, at any given time. It must be systematic and institutionalized in the operations.

³ TA 9634: Strengthening Integrated Flood Risk Management approved on 5 November 2018.

⁴ The current fund channeling KSTA (TA 6498: Knowledge and Innovation Support for ADB's Water Financing Program) is ending in December 2020.

⁵ As promoted by the Gates Foundation



The Water Sector Group is laying the groundwork to operationalize the Citywide/Countywide/Countrywide Inclusive Sanitation (CWIS) framework this 2019 to cater to both sewered and non-sewered areas.

2019 Available Resources

Based on the WFPF Secretariat tabulation, the balance available for allocation to projects in 2019 is about \$11.149 million as summarized in Table 4.

Table 4: Status of Fund Utilization – WFPF Secretariat Tabulation
(\$ million)

Financing Partners	Resources for Project Allocation			Allocated			Uncommitted Balance
	Contribution	Interest Income	Total	Projects/Activities	Fees and Charges	Total	
Multidonor	51.942	0.767	52.709	49.552	2.239	51.791	0.918
Netherlands	43.248	0.315	43.563	33.521	1.441	34.962	8.601
Sanitation	15.000	0.291	15.291	13.059	0.602	13.661	1.630
Total	110.190	1.373	111.563	96.132	4.282	100.414	11.149

It should be noted that the available balance under the Netherlands Trust Fund has country⁶ and thematic⁷ restrictions while the Sanitation Financing Partnership Trust Fund is only intended for non-sewered sanitation and septage management. This leaves only \$0.918 million, the balance under the Multidonor Trust Fund, available without restrictions.

⁶ Bangladesh, Cambodia, India, Indonesia, Lao People's Democratic Republic (Lao PDR), Myanmar, Nepal, Pakistan, and Viet Nam

⁷ Water-food security nexus



Given that the completion of the WFPF is only two years away, the Facility will continue to work toward the achievement of DMF targets.

Project Selection and Prioritization

The selection and prioritization of projects to be supported in 2019 will be guided by the WSG 2019–2020 Workplan, which aims to continue supporting upstream strategic work to scale up lending, as well as influence project design by promoting innovative solutions and good practices.

As such, direct project support will be prioritized in allocating the limited resources left, while remaining cognizant of the target allocation ratio of about 70% for project support and about 30% for program quality.

Decision on allocation will also take into account the progress toward targets indicated in the Facility's DMF, noting that the Facility is now only two years into completion and some performance targets, albeit few, have yet to be met.

One of the Strategy 2030 operational priorities with concrete actions on water is “Promoting rural development and food security”. Under this priority, ADB will promote the adoption of advanced technologies, such as satellite and drone-assisted applications, to increase irrigation efficiency and ensure the sustainable use of land and water resources.



2019 Activities

In addition to responding to expected demands for project and program quality support, WFPF will continue its support for major initiatives summarized below.

ADB Strategy 2030

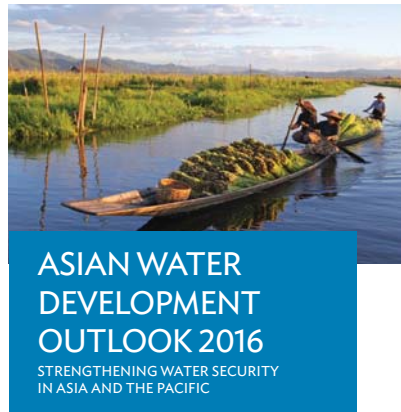
Strategy 2030 operational plans. The preparation of the Priority Operational Plans for the seven Strategy 2030 operational priorities, which commenced in 2018, is expected to be completed by Q3 of 2019. While water and sanitation are touched upon in all of the seven operational priorities, three of them have been prepared with specific actions and to highlight water resources management and water services delivery:



Sector and thematic operational frameworks. Operational frameworks will also be prepared for each sector and theme. Preparatory work on the Water Operational Framework 2021–2030 already began in the latter part of 2018. Engagement with WFPF financing partners is planned during the March 2019 annual donor consultation meeting to discuss priorities and ADB’s strategic approach to the water sector over the coming decade.

Analytical Work

Asian Water Development Outlook (AWDO) 2020. The inception workshop among AWDO partners will be convened on 27–28 February 2019.⁸ This 2020 edition will be produced with (i) enhanced methodology for assessing water security; (ii) methodology used at differing scales, including the basin; (iii) deeper assessment of the water-food-energy nexus; (iv) dedicated chapters on governance and finance; (v) relevance to the Sustainable Development Goals (SDGs) being defined further; and, (vi) more guidance for decision makers and ADB operations.



The Asian Water Development Outlook (AWDO) is a series of publications commissioned by ADB to increase the importance of water in the future development scenarios of Asia and the Pacific. Following the 2007, 2013, and 2016 editions will be AWDO 2020.

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Water accounting and productivity. Water accounting will be expanded to river basins in five more countries and water productivity measurement will be carried out in five more irrigation projects. The overall inception workshop is planned for early March 2019 to be followed immediately by in-country inception workshops to set the activities in motion in each country.

⁸ This is in addition to a widely attended AWDO side meeting during the Asian Water Forum 2018.

Partnerships

ADB will continue to work on partnerships to push specific priorities and leverage resources and expertise of development partners.

Sanitation. As of this writing, a knowledge partnership agreement has already been signed between ADB and the Toilet Board Coalition to jointly produce specific outputs to promote sanitation as a viable business and expand the space for more public-private partnerships.

Governance and finance. Another knowledge partnership is being processed with the Organization for Economic Cooperation and Development (OECD) to work on governance and finance, drawing on OECD's water governance and finance initiatives. This partnership includes the preparation of AWDO dedicated chapters on governance and finance and the conduct of the Roundtable Discussion on Water Financing planned for the last quarter of 2019.

Water productivity open database. Discussion with the Food and Agriculture Organization (FAO) to develop an open database to house water productivity data generated from ADB's work on water productivity and water accounting is at an advanced stage. This is intended to build on FAO's Water Productivity Open-access portal (WaPOR).

Water Advisory Group. The second meeting of the Water Advisory Group is being planned in late June or early July in Indonesia. The major agenda items are review of the AWDO 2020 edition work, the Operational Priority Plans, and the Water Operational Framework 2021–2030.



ADB continues to build partnerships to push specific water priorities and leverage the resources and expertise of development partners.

Training and Knowledge Events

The only training session for 2019 so far is the 3rd ADB-Australia Water Learning Week, which is planned for June or July.

As for knowledge sharing events, in lieu of a stand-alone Asia Irrigation Forum, ADB is leading the Water-Food-Energy Nexus Theme at the International Commission on Irrigation and Drainage's 3rd World Irrigation Forum in Bali Indonesia. In addition to organizing sessions, ADB will bring staff members and DMC participants and plans to convene two side events. Other major knowledge events include the following: (i) the 5th Fecal Sludge Management Conference in Cape Town, South Africa in February; (ii) the Stockholm World Water Week in August; and (iii) the International River Symposium in Brisbane, Australia in October.



Instead of holding another Asia Irrigation Forum in ADB headquarters, ADB will lead the Water-Food-Energy Nexus theme at the World Irrigation Forum in Bali this September.

Appendix

2019 PROGRAMMED WATER LENDING (\$ million)

Country	Project Number	Project Name	Estimated Total Loan Amount	Estimated Water Component
Central and West Asia				
Afghanistan	48096-004	Arghandab Integrated Water Resources Development Project (Phase 1)	236.09	236.09
Georgia		Livable Cities Development Investment Program (Project Readiness Facility)	10.00	5.00
Kazakhstan	50387-001	Irrigation Rehabilitation Project	200.00	180.00
Kazakhstan		Urban Infrastructure Modernization Program and Finance Program - Tranche 1	100.00	65.00
Kyrgyz Republic	49240-002	Energy Sector Project	50.00	50.00
Kyrgyz Republic		Rural Water Supply and Sanitation Improvement Program	21.40	21.40
Pakistan	47235-002	Trimmu and Panjnad Barrages Improvement Project - Additional Financing	29.00	29.00
Pakistan	48098-002	Balochistan Water Resources Development Project	100.00	90.00
Pakistan	49372-002	Greater Thal Canal Irrigation Project	200.00	200.00
Pakistan	51036-001	Khyber Pakhtunkhwa Intermediate Cities Improvement Project (excludes \$11 million PDA amount)	120.00	90.00
Pakistan	51036-003	Khyber Pakhtunkhwa Cities Improvement Project - Project Readiness Facility	7.00	6.20
Pakistan		Punjab Project Readiness Facility	50.00	50.00
Uzbekistan	50130-002	Sustainable Hydro Power Project	215.00	215.00
Uzbekistan	51240-001	Second Tashkent Region Water Supply and Sanitation Development	105.30	105.30
Uzbekistan		Urban Services Project Readiness Facility	14.00	14.00
Uzbekistan		Tashkent Province Sewage System Development Project	50.00	50.00
Total Central and West Asia			1,507.79	1,406.99

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Table *continued*

Country	Project Number	Project Name	Estimated Total Loan Amount	Estimated Water Component
East Asia				
Mongolia	50013-002	Sustainable Tourism Development	38.00	17.16
Mongolia		Vegetable Production and Irrigated Agriculture	40.00	10.00
PRC	49310-002	Yunnan Lincang Border Economic Cooperation Zone Development Project	250.00	120.00
PRC	49307-002	Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement	100.00	38.86
PRC	51116-002	Yangtze River Green Ecological Corridor Comprehensive Agriculture Development	300.00	50.00
PRC	51189-001	Sichuan Ziyang Inclusive Green Development Project	200.00	105.86
Total East Asia			928.00	341.88
Pacific				
Kiribati	49453-002	South Tarawa Water Supply Project	13.00	13.00
Papua New Guinea		Water Supply Scheme for Tete Settlement Project	0.80	0.80
Papua New Guinea		Urban Water Supply and Sanitation Project (formerly District Towns Water and Sanitation Project)	40.00	40.00
Solomon Islands	51271-002	Urban Water Supply and Sanitation Sector Project - Project Readiness Financing	3.00	3.00
Solomon Islands		Urban Water Supply and Sanitation Sector Project (Urban Sector Development Project) (excludes PDA amount)	28.00	30.00
Tonga	49455-002	Integrated Urban Sector Resilience Project	16.00	12.00
Vanuatu		Luganville Urban Water Supply and Sanitation Sector Project - Project Readiness Financing	1.50	1.50
Total Pacific			102.30	98.30

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Table *continued*

Country	Project Number	Project Name	Estimated Total Loan Amount	Estimated Water Component
South Asia				
Bangladesh	49329-006	Second City Region Development Project	150.00	50.00
Bangladesh		Urban Infrastructure Improvement Preparatory Facility (TA Loan)	15.00	8.00
Bhutan		SASEC Green Power Investment Program - Tranche 1	120.00	115.00
India	47101-004	Assam Power Sector Investment Program - Tranche 3	200.00	200.00
India	42267-029	Rajasthan Secondary Town Development - Tranche 1	300.00	300.00
India	43253-026	MFF - Karnataka Integrated and Sustainable Water Resources Management Project - Tranche 2	95.00	95.00
India	42486-018	Madhya Pradesh Urban Services Improvement Project-II	300.00	300.00
India	47176-003	Delhi Water Supply Improvement Investment Program - Tranche 1	158.00	158.00
India	48434-004	Visakhapatnam-Chennai Industrial Corridor Development Program - Tranche 2	245.00	85.00
Nepal	43448-014	Bagmati River Improvement Project (Additional Financing) (Bagmati River Basin Improvement II)	40.00	40.00
Nepal	51372-001	Melamchi Water Supply Project Phase 2	116.83	116.83
Sri Lanka	51297-001	Urban Project Preparatory Facility	10.00	4.50
Total South Asia			1,749.83	1,472.33
Southeast Asia				
Cambodia	51159-002	Irrigated Agriculture Improvement Project	100.00	100.00
Cambodia	50101-002	Third Rural Water Supply and Sanitation Sector Project	50.00	50.00
Indonesia	51157-001	Enhanced Water Security Investment Project	550.00	550.00
Indonesia	49154-001	Sewerage Sector Development Program	100.00	100.00
Lao People's Democratic Republic	50236-002	Sustainable Rural Infrastructure and Watershed Management Sector Project	35.00	23.34
Myanmar	51242-002	Resilient Communities Development Project	195.00	137.50

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Table *continued*

Country	Project Number	Project Name	Estimated Total Loan Amount	Estimated Water Component
Southeast Asia				
Myanmar	52176-001	Yangon Urban Services Improvement Project 1	100.00	100.00
Philippines	48173-003	Metro Manila Water Supply Project, Phase 1 (formerly Metro Manila Water and Sanitation)	200.00	200.00
Viet Nam	49026-004	Climate Resilient Inclusive Infrastructure for Ethnic Minorities Project	141.00	30.00
Viet Nam	49387-002	Second GMS Tourism Infrastructure for Inclusive Growth Project	45.00	15.00
Viet Nam	50106-001	Urban Climate Change Resilience Project	100.00	80.00
Total Southeast Asia			1,616.00	1,385.84
2019 Total Programmed Lending			5,903.92	4,705.34

GMS = Greater Mekong Subregion, MFF = multitranches financing facility, PDA = pilot and demonstration activity, PRC = People's Republic of China, SASEC = South Asia Subregional Economic Cooperation, TA = technical assistance.