



**Working Together for Sustainable Development
Implementing Water for Asian Cities Programme**

**Five Years of ADB – UN-HABITAT Partnership:
A Report Card**

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Overview

Asia Pacific is a region of great diversity in all its aspects - populations, political institutions and socio-economic conditions, systems of administration, culture, ecosystems and availability of water. Rapid population growth in the Asia-Pacific region over the past decade has forced more people to live in most vulnerable areas and has led to ever-increasing demands for water supply and sanitation services, which require greater investment in water projects. Paradoxically, the countries in the region have been experiencing unprecedented economic growth with India and China, the two most populous countries of the world, being amongst the fastest growing economies.

Increasing urbanization and economic growth in the region can lead to dramatic reduction in poverty and achievement of MDG 7 Targets 10 and 11 – Reduction to half by 2015 the number of people who do not have access to clean water and basic sanitation and improvement in the lives of 100 million slum dwellers. Access to safe drinking water supplies in the Asia-Pacific region has improved substantially in recent years (in 2002 around 3.16 billion people in the Asia-Pacific region had access to safe drinking water supplies). However, formidable challenges remain. Approximately 669 million people still live without access to safe drinking water in the region. The story for sanitation is even less satisfactory. Of the 2.6 billion people in the world without access to improved sanitation facilities, nearly 2 billion are in the Asia-Pacific region. Coverage for improved sanitation in the region lags behind the rate needed to attain the MDG target.

The Challenge

Meeting the internationally agreed targets on water and sanitation are particularly important because of the impact they could produce on the quality of life of the poor and their downstream effects on many other MDG targets. This is however a challenge that is particularly difficult to meet because of its inherent complexities: the number of actors and their diversity, the pervasive effects at all levels of inadequate policies, regulations and their enforcement, the lack of adequate information and the need to find solutions tailored to suit local conditions.

The first challenge is to develop a strategy for meeting the water and sanitation target that takes into account physical, financial and

institutional constraints, particularly as they affect the poor. The strategy should clearly identify the implementation needs, how much it will cost, and put forward operational plans at appropriate scales but with local specificity. The second challenge is to implement this strategy with determination and flexibility, in a spirit of partnership, and to remember that the MDGs were designed with the poorest of the poor in mind.

The solution to the water and sanitation crisis has many dimensions but the improvement of the governance at the city level has to be a fundamental component. A paradigm shift is urgently needed in urban governance taking into account the following factors: the information gap, the need for effective monitoring, better demand management, the importance of sanitation and hygiene, putting more emphasis on pro-poor governance, local institutions consolidation, and enhancing local utilities capacities.

Background

In 1999 UN-HABITAT had launched Water for African Cities Programme which was participated by seven countries in the first phase of the programme. At the Asian Mayors' Summit held in Fukuoka, Japan, in 2001, the interest of several Asian nations to have a programme like the African Cities Programme took a concrete shape through a formal request to UN-HABITAT to commence the Water for Asian Cities Programme. UN-HABITAT conducted a questionnaire survey among several Asian cities to carry out a needs assessment, specifically in the Asian context. The Survey revealed specific interests in certain areas. It was also noted that while the priorities addressed by the African Cities Programme, namely, demand management and pollution control were equally relevant in the Asian region, there was strong interest from the Asian countries to include in such a programme the following additional action priorities.

- (a) Urban poverty alleviation through community-based urban water services;
- (b) Priority attention to urban environmental sanitation;
- (c) Improving urban water governance.

Based on further consultations with the bilateral and multilateral donor agencies active in the water sector in Asian countries, it was decided to organize a region-wide, stakeholders' consultation to identify action priorities and to develop an implementation strategy for the proposed regional initiative. The Asian Development Bank expressed interest to support the consultation and the Government of

India in the Ministry of Urban Development offered to host the Consultation in New Delhi.

The New Delhi Consultation

The Water for Asian Cities Consultation was organised by UN-HABITAT in cooperation with the Asian Development Bank and held in New Delhi from 10-11 April 2002. The Consultation felt that increased investments in urban water supply and sanitation carefully directed to the poor were crucial to meeting the Millennium Development Goals. A key outcome of the consultation was the consensus recommendation to UN-HABITAT and its partners to launch a regional programme on Water for Asian Cities to promote pro-poor investments in water and sanitation in the region. The Consultation also made specific recommendations with regard to the implementation strategy and partnership arrangements for the proposed programme.

ADB – UN-HABITAT Partnership & Programme Launching

Following the consensus recommendations at the New Delhi Consultation, ADB and UN-HABITAT signed a Letter of Intent on 31st August 2002 in Johannesburg at the Water dome during WSSD expressing their interest to collaborate in the Water for Asian Cities Programme. Subsequently the Water for Asian Cities (WAC) Programme was launched at the Third World Water Forum (WWF) on 18 March 2003 and a Memorandum of Understanding was signed between ADB and UN-HABITAT on the same day in Osaka, Japan, committing \$10 Million in grant (equally shared by UN-HABITAT and ADB) to raise political awareness, build capacity, implement pilot demonstration projects and create an enabling environment for investment and finally prepare investment proposals for Asian Cities. ADB planned for a total of \$500 million through loans over a five year period.

WAC Programme Objectives

The partnership between UN-HABITAT and ADB aims at expanding and improving water supply and sanitation services to the urban poor in Asia, build the capacity of Asian cities to secure and manage pro-poor investments, help the region meet the MDG of halving by 2015 the proportion of people without safe drinking water and basic sanitation. The Programme focuses on three inter-linked priorities:

1. Introducing demand-responsive and demand management strategies to improve efficiency of water-use and give more influence to those currently deprived of water and sanitation

2. Scaling-up sanitation provision city-wide through innovative public-private-NGO partnerships, financing mechanisms and appropriate technical choices
3. New pro-poor investments in urban water supply and sanitation with emphasis on serving the urban poor with piped water and formal sanitation facilities

Programme Focus and Implementation Strategy

The overriding thrust of the Water for Asian Cities Programme is to enhance capacity at city, country and regional levels and to create an enabling environment for new flows of investments in the urban water and sanitation sector, with a view to meet the water and sanitation related Millennium Declaration Goals in Asian Cities. The Programme is addressing the following areas agreed upon at the regional consultations.

- Pro-poor Urban Water Governance
- Urban Water Demand Management
- Integrated Urban Environmental Sanitation
- Income Generation for the urban poor through community-based water and sanitation services

Implementation strategies have generally included public awareness campaigns for good urban water governance. The programme is focussing on:

- Water sector reforms based on transparent policy, independent regulation and involvement of civil society.
- Tariff policy reforms that promote sustainable investments by phasing out subsidies.

Key Programme Activities

- **Normative Activities** aimed at developing knowledge products standards, norms and management toolkits.
- **Regional Activities** including Advocacy, Awareness Raising and Information Exchange; Training and Capacity Building; Human Values-based Water, Sanitation and Hygiene Education; Urban Water Demand Management; and Gender Mainstreaming.
- **Country Level Operations in Participating Cities** mainly to support development and implementation of city level pro-poor governance and demand responsive strategies; facilitate pro-poor investments in urban water supply and sanitation; promote innovative water and sanitation options; etc.

- **Monitoring Progress of the MDGs and JPOI** targets in the water and sanitation sector in Asian cities provides the basis for policy adjustments and new and directed investments in the sector.
- **Mobilisation of Political Will** through advocacy and exchange of information. The politicians are being sensitized as to the need for policy, regulatory and tariff reforms. Information exchange is being facilitated through internet (interactive network and website), newsletters, study visits, staff exchange, etc.
- **Strengthening regional, country and city level capacities** for integrated water and sanitation management. This requires human resource development in a focused manner, strengthening the capacity of existing institutions and establishing a regional network of experts and institutions. Gender mainstreaming is an important cross-cutting theme of capacity-building at all levels.
- **Creating a new ethic among children and community** through Water, Sanitation and Hygiene Education. Interventions include: introducing Human values-based, water, sanitation and hygiene education in schools; establishing water education classrooms in pilot cities; community education, training of trainers etc. Twinning of cities and schools are also part of this initiative.
- **Promoting pro-poor investments in the water and sanitation sector.** This calls for the establishment of a pro-poor governance framework at the city level through stakeholder consultations, to facilitate the necessary policy and institutional reforms required for improving water and sanitation services for the urban poor. Investments in water supply and sanitation in Asia cities are providing the source developments, pipelines, treatment plants, reservoirs and distribution systems to bring water to those without direct access to piped water. It is also providing sanitation facilities in those cities, based on appropriate technology.

Programme Implementation

Under the framework of collaboration between ADB, UN-HABITAT and Governments of Asian countries, the WAC Programme is being implemented in selected cities of Asian Countries in five sub-regions viz. South Asia, South East Asia, Mekong, East and Central Asia and the Pacific. The WAC Programme has three phases namely (i) Capacity Building, (ii) Project Preparation and (iii) Investment.

Phase I: Capacity Building It aims at creating the enabling environment and build the necessary capacity for the WAC Programme, which inter alia include:

- Mobilisation of political will and advocacy to promote policy, regulatory and tariff reforms and prepare the ground for investments;
- Implementation of pilot demonstration projects;
- Strengthening of regional, country and city-level governance and capacities for integrated water and sanitation development and management;
- Promoting water quality, sanitation and hygiene education;
- Benchmarking of utility performance and monitoring progress towards MDG goals in water and sanitation.

Phase II: Project Preparation aims at identifying, developing and preparing investment projects for WAC Programme, to be consistent with the ADB Country Strategy and Programme.

Phase III: Investment. It aims at implementing the projects designed in the previous Phase. Phase III focuses on the mobilisation of financial resources, provision of loans to the participating countries where appropriate, physical implementation of projects, as well as continuation of policy reforms, capacity building measures and institutional strengthening. Particular attention is paid to efficient and effective operation, management and sustainability of water supply and sanitation services.

In order to implement the WAC Programme in selected countries over a five year period, both ADB and UN-HABITAT made available US\$ 10 million, equally shared amongst the two partners for phases I and II. For phase III, ADB provided a loan investment of US\$ 500 million over the five years period.

The WAC Programme is currently engaged in several cities and towns in China, India, Lao PDR, Nepal and Vietnam. In early 2007, both ADB and UN-HABITAT have extended this collaboration until 2011 with an enhanced commitment of 20 million dollars grant for capacity building and 1 billion dollars investment in water and sanitation.

Partnership Development and Capacity Building for Pro-poor Investments

The programme commenced with a partnership development phase in 2003. The focus in this phase was on developing a framework for collaboration among city level actors as also with external support agencies and other ongoing programmes.

The central emphasis of the Water for Asia Cities Programme has been on Capacity building in the countries and cities in the region with a view to prepare the environment for pro-poor investments in the water and sanitation sector.

While the Capacity Building Phase of the Programme has been directed to enhancing the willingness and commitment of the policy makers and creating the necessary institutional and human resource capacity to implement pro-poor policies and programmes, the investments promotion phase of the Programme was directed to creating the enabling environment for pro-poor investments.

Normative Activities

WAC Programme normative activities are aimed at developing knowledge products, standards, norms and management toolkits. Some of the initiatives include:

- Development of a strategy and guide document for pro-poor water and sanitation governance prepared for Madhya Pradesh, India, within the framework of WAC for four project cities viz, Bhopal, Indore, Gwalior and Jabalpur.
- Preparation of Guidelines for Revolving Water Fund and Revolving Sanitation Fund for WAC projects in India and Lao PDR.
- Policy paper on Rejuvenation of community toilets in collaboration with the Government of Madhya Pradesh, which has issued directives to the project cities for taking up the initiative.
- Rainwater Harvesting and Utilisation for Policy Makers, Project Managers and Implementing Agencies
- Social Marketing of Sanitation
- Guide for forming and managing WATSAN Youth Clubs
- Integrated approach to improving the urban environment in Asia
- Guidebook on Human Values-based Water, Sanitation and Hygiene Education Classrooms.

Pro-poor governance has continued to be the over-arching theme for normative activities in the Water for Asian Cities programme as well as the Model-Setting initiative in the Mekong region. This included an extensive review of pro-poor WATSAN governance mechanisms and the preparation of a number of documents including a draft Pro-Poor Governance Framework, a publication on Methodologies for Mapping the Poor, Gender Assessment and Initial Environmental Assessment.

Several other normative activities have been undertaken including the publication of a HIV/AIDS Checklist for Water and Sanitation Projects, Strategy for Addressing HIV/AIDS in Programme Activities of the Water and Sanitation Trust Fund, Guidelines for Revolving Funds for Water and Sanitation, Guidelines on Social Marketing of Sanitation, city level strategies on Water Demand Management, guidebooks on Human Values in Water, Sanitation and Hygiene Education, and Gender Mainstreaming strategy.

Getting the stakeholders closely involved in the normative activities has been achieved by organising a range of activities in partnership centered around policy formulation, advocacy, awareness creation, training and dissemination via conferences and workshops.

Water for Asian Cities Programme – Regional Activities

At the regional level, many programmes were implemented under the auspices of Water for Asian Cities Programme. These included:

- Gender Mainstreaming;
- Training and Capacity Building;
- Human Values-based Water, Sanitation and Hygiene Education; and
- Advocacy, Awareness Raising and Information Exchange.

UN-HABITAT together with ADB is encouraging partner countries to place water and sanitation high on the national agenda, by exploring innovative partnerships involving local and national Governments, civil society and the private sector to improve governance, maximize efficiency of service delivery and utilization of resources. UN-HABITAT with the support of ADB has documented several local actions which include new ideas and new attempts, and new success stories.

The regional operational programme in Asia has focused on activities finalised by various MoUs with the participating country governments. There has also been a thrust on developing co-operation agreements with implementing partners. Leveraging additional investment flows into WATSAN sector through strategic ADB – UN-HABITAT partnership has been a significant achievement during the five years period of collaboration.

During the last couple of years, speeding up the implementation of WAC programme has been the catchphrase in India and Nepal, while in China, Vietnam and Lao PDR, there has been a push towards gearing up and consolidation of activities. Co-operation agreements were concluded and implementation of activities was advanced during the period.

Both in Lao PDR and Vietnam, UN-HABITAT has committed to support ADB-assisted projects for small and medium towns by committing substantial funds for capacity building to sustain these initiatives. Encouraged by the positive outcomes in the first five years, ADB and UN-HABITAT have entered the second phase by increasing the loan investment target by a further US\$ 1 billion with a special focus on sanitation.

ADB – UN-HABITAT Joint Activities in Participating Countries

A. India

The Asian Development Bank provided loan assistance of US\$ 181 million to the Government of Madhya Pradesh for an Urban Water Supply and Environmental Improvement (UWSEI) project (presently known as Project Uday) for a period of five years (2005-10). The project is being implemented in these four project cities.

The Water for Asian Cities Programme has been working in the four cities of Bhopal, Indore, Gwalior and Jabalpur since 2004 with a goal to pursue the accomplishment of the MDGs on water and sanitation by promoting pro-poor governance, water demand management, increased attention to environmental sanitation, and income generation for the poor linked to water supply and sanitation.

The WAC Programme has helped in bringing greater focus for reforms in the water and sanitation sector as demonstrated by a number of policy directives and guidelines issued by the Government of Madhya Pradesh on establishing community based funding mechanisms and mainstreaming gender strategies. The main focus of activities has been on poverty mapping, environmental sanitation, developing strategies for water demand management and gender mainstreaming and pilot demonstrations of quick-win projects implemented with the involvement of the communities, women self-help groups, NGO partner organizations, local Governments and other urban local bodies. US\$ 1.5 million contribution of UN-HABITAT has helped further leveraging of funds of almost an equal amount.

A.1. Urban Water Demand Management as a local action

WAC in partnership with Water Resource Planning and Conservation (WRP), South Africa and The Energy and Resources Institute (TERI), India has been actively instilling Water Demand Management in urban areas with its main thrust on reducing non-revenue water using water balancing techniques, GIS databases, increase in metering and rain water harvesting, and enhancing capacity building of all stakeholders. The WAC's support on Water Demand

Management has resulted in better planning and engineering design of the water supply network in Indore, a city of nearly 1.6 million inhabitants. This has provided an example for similar improvements in all 4 cities in the State which are the recipients of a \$ 181 million loan from the ADB and in this manner would help in enhancing the impact and sustainability of an investment which is quite large.

A.2. Pro-poor approach to water and sanitation governance

The pilot Community Managed Water Supply Scheme (CMWSS) in Indore, Gwalior and Jabalpur has a promising start, wherein the community is fully involved in decision making right from the choice of design to planning of the drinking water schemes and its financing from a revolving fund with a pro-poor cost recovery approach. The community owns the assets and has full responsibility of operation and maintenance. A Community-managed Pro-poor Water Purification and Bottling Scheme at Indore and Jabalpur provides safe drinking water to the poor in slums by installing a 1,000 litres/hour water purification unit. The implementation as well as O&M of these schemes would be done by the women groups living in the slums. Two to three litres of safe drinking water per person per day would be made available at nominal service charge of 12.5 paise (0.2 US cents) per litre. Other pro-poor initiatives included "Guidelines for a Revolving Water Fund and Revolving Sanitation Fund" with directions to the Municipal Corporations of the four project cities for up-scaling the CMWSS and Financial Resources Mapping to assess the availability of funds at the local level in each of the project cities for providing water and sanitation services to the poor.

A.3. Gender Mainstreaming to benefit the entire community

WAC Programme is bringing women to the mainstream as a result benefiting the entire community. Women need to be involved not just in small projects but in the entire gamut of technical, financial and managerial matters in policies and programmes. This line of thinking has been given a strong impetus by ADB and UN-HABITAT. In collaboration with Mahila Chetna Manch, WAC Programme has developed the GMS for Madhya Pradesh in India. The vision of the strategy is faster, equitable, just and sustainable achievement of MDGs through pro-poor governance and increasing women's access and control over services, resources and opportunities for participation and partnership.

A.4. Training and capacity building for empowerment

UN-HABITAT has directed an abundance of resources towards capacity building and training programmes. These programmes have

not only trained elected representatives and policy makers from governments and municipalities but cut across to cover teachers, engineers, women and children. In whichever area WAC Programme has initiated projects, there has been an effort to increase the capacity of trained persons. A tangible benefit of these programmes has been the enhanced knowledge but an equally important, though intangible impact has been the rising confidence and enthusiasm of those who participated.

A.5. Sanitation movement through awareness

The Urban Environmental Sanitation Initiative of the WAC programme selected 63 slums covering 20,000 households in the four project cities in Madhya Pradesh. Under the Slum Environmental Sanitation Initiative (SESI), co-operation agreements have been signed with WaterAid and four local authorities in Madhya Pradesh, under which, Water Aid is investing US\$350,000 while each of the municipal corporation is investing US\$87,210 totaling to US\$ 348,840. Cost-effective and appropriate technologies for water and sanitation are encouraged. To ensure open-defecation-free slums, the dwellers are motivated to build low-cost latrines. The success of this initiative in Madhya Pradesh holds many lessons for the rest of Asia.

A.6. HVWSHE

Human Values-based Water, Sanitation and Hygiene Education (HVWSHE) is a strategic and long-term intervention of WAC to provide a foundation for sustainable practices and are integrated in its overall water and sanitation programme framework. Initiatives have included mainstreaming HVWSHE education in school curricula and water and sanitation classrooms for raising awareness at school and community level and enhancing knowledge on water and sanitation issues.

The activities undertaken in promoting HVWSHE included a roundtable meeting by WAC in co-operation with the Centre for Environment Education (CEE), Ahmedabad, to review the HVWSHE programme in Madhya Pradesh and further develop an implementation strategy for HVWSHE in South Asia. WAC Programme in co-operation with CEE has set up four HVWSHE classrooms in four schools of Bhopal, Indore, Jabalpur and Gwalior and students from various schools across the city would be visiting the classrooms at regular intervals.

Benefiting the Asian region, a Regional Planning Workshop on "Promoting Values-Based Water and Sanitation Education" in Southeast Asian Schools was jointly organised by UN-HABITAT and

Southeast Asian Ministers of Education Organisation (SEAMEO) in co-operation with ADB and the Society for Preservation of Water (SPW) at Cha Am, Thailand in November 2005.

B. Nepal

In Nepal, UN-HABITAT is supporting ADB assisted projects on (i) Kathmandu Valley Water Services Sector Development Programme (KVVSSDP) – US\$32.5 million; (ii) Urban and Environment Improvement Project (UEIP) – US\$30 million; and (iii) Small Towns Water Supply and Sanitation Project (STWSSP) – US\$35 million. Through various pilot and fast-track projects, the WAC programme has demonstrated community-based approaches to water supply and sanitation and integration of agriculture based livelihoods with water supply and sanitation improvements and has introduced sustainable sanitation technologies. The programme has advocated and supported the Government in formulating pro-poor policies and is also supporting capacity building of municipal officials and civil society organizations including user committees. The programme has become a source of good practices for the Government, communities and the NGOs.

Many other new initiatives have been undertaken under WAC Programme in Nepal, for which cooperation agreements have been signed and the projects are under implementation. Notably among them are: Pro-poor urban governance through Poverty Mapping and Gender Assessment in eight municipalities (Bharatpur, Hetauda, Ratna Nagar, Banepa, Dulikhel, Panuti, Bidur and Kamalamai) under the Urban Environment Improvement Programme towns and two towns (Itahari and Attariya) under Urban Development Programme.

Capacity building of Water and Sanitation Users' Committee for pro-poor service delivery in selected nine small towns (Parsa, Khairanitar, Bandipur, Lekhnath, Birendranagar, Tulsipur, Kohalpur, Attariya, and Mahendranagar) under Small Towns Water Supply and Sanitation Project is in progress.

Other on-going initiatives are: Water and Environmental Sanitation Improvement in peri-urban communities in Kathmandu Valley and poor clusters of two municipalities (Bharatpur and Hetauda); Demonstration of Ecological Sanitation in Small Town Project Towns; Demonstration of Water Bottling System for pro-poor service delivery in Kathmandu Valley; Capacity Building of Municipalities on Biogas systems through waste to address the climate change issue; support in preparation of detailed Land use map of Kathmandu Valley; and National level Arsenic Testing and Mitigation Programme.

Some good results have been observed in the fast track demonstration initiative that was started in Siddhipur during 2005. The major activities include the construction of a water supply system with treatment facilities and improvement of distribution systems and provision of household taps. On the sanitation front, ecological sanitation systems have been built; private and communal septic tanks including faecal sludge management systems have been introduced. Drainage systems have been built and rehabilitated. A solid waste management system has also been initiated. Similar water and sanitation programmes are being implemented in urban poor communities of nine municipalities and several small towns and peri-urban communities with special focus on ADB assisted project areas in different parts of the country.

Rainwater harvesting is being promoted as a viable alternative water source to meet the growing water demand especially in the urban areas. Awareness about the need for rainwater harvesting is spreading. Capacity building activities have developed human resources in this sector. Tools for mapping the poor, gender assessment and Initial Environment Examination (IEE) as part of a model sanitation master plan for low-income settlements in South Asia have been developed which will be used extensively not only in Nepal but also in other participating countries in WAC Programme.

B.1. Leveraging of funds

A Co-operation Agreement has been finalised in Nepal with WaterAid Nepal under which an investment of US\$ 250,000 shall be made for Water, Environmental Sanitation and Hygiene Programme for Urban Poor. UN-HABITAT is making an equal contribution.

B.2. Pro-poor approach to water and sanitation governance

A community-managed water bottling system for urban poor communities in Kathmandu Valley has been established which is envisioned to benefit more than 2000 population. The treated safe drinking water is being made available to the poor communities for a nominal charge of 15 paisa (about US\$ 0.04) per liter.

B.3. HVWSHE

A national workshop on values-based water education was held in Nepal in order to sensitize the concerned stakeholders like Government, water utilities, education sector, etc.

C. People's Republic of China

In P.R. China, ADB has three water supply and sanitation sector projects i.e. (1) Nanjing Qinhuai River Environmental Improvement Project – US\$100 million; (2) Nanjing Water Utility Long Term Capital Finance in Commercial Markets for the issue of Corporation Bond RMB 2 billion for water and environmental projects of Nanjing – US\$250 million; and (3) Kunming Qingshuihai Water Supply Project – US\$100 million. UN-HABITAT is supporting these projects through capacity building and pilot demonstration projects on water and sanitation.

UN-HABITAT has forged a partnership with the local government of the city of Nanjing. UN-HABITAT had undertaken a diagnostic study which became a basis for ADB to initiate Project Preparation Technical Assistance (PPTA) for developing investment projects. The city Government of Nanjing has also initiated Human Values-based Water and Sanitation Education and also adopted community-based approach for integrating peri-urban areas for domestic water supply and sanitation. Four cooperation agreements have been signed with the Government of Nanjing which, inter alia, include cooperation agreement for water conservation and demand management, and pro-poor water supply and sanitation services in urban villages.

UN-HABITAT has also signed an MoU with the Ministry of Construction (MoC) of the P.R. China and Nanjing Municipal Government on Integrated Urban Water Management in Nanjing in 2005. Under this MoU, the UN-HABITAT project in Nanjing is being implemented on two parallel tracks of capacity building activities, investment promotion and implementation activities. The main components of the project in Nanjing include: (a) Institutional strengthening of the water supply and wastewater sector to improve efficiency of service delivery; (b) Specific infrastructure investment; and (c) Water Education and awareness creation.

A project for the development of a Water Demand Management Strategy for Nanjing and its implementation plan as well as capacity building in WDM for Nanjing, PR China has been prepared in co-operation with Nanjing Urban Construction Investment Holding (Group) Co., Ltd (NCIC).

UN-HABITAT has also started Human Values-based Water, Sanitation and Hygiene Education activity in Nanjing.

In 2007, a fast-track Community-based Water Supply and Sanitation Pilot Project has been initiated in Puer City, Yunnan Province which demonstrates as to how a community can work with a water supply entity to acquire safe water and adequate sanitation that meet its

needs. The Project aims at development of pro-poor connection charges and tariffs as well as improved community awareness of environmental sanitation and enhanced capacity of Cuiyun District government and local artisans. A second fast-track Community-based Water Supply and Sanitation pilot project in Jinghong City, Yunnan Province has also been undertaken. The project in Jinghong City is to construct branch pipelines to provide tap water and improve the sanitation service for 15,000 low income residents who are under the below poverty line. Similar initiatives have also been planned in Kunming and Shuanjiang cities.

C.1. Leveraging of funds

UN-HABITAT and ADB are cooperating on a Water and Sanitation Project to clean-up the environment of Nanjing, China. ADB is supporting a US\$ 236 million project through a loan of US\$ 100 million in which the Nanjing Municipal Government and China Development Bank is contributing the balance amount of US\$ 136 million. ADB is also providing technical assistance to Nanjing for the issue of a Corporation Bond of RMB 2 billion for water and environmental Projects.

In Yunnan Province of China, Jinghong City is to invest US\$ 750,000, in which UN-HABITAT is providing US\$ 250,000 towards providing improved water and sanitation facilities for 15,000 poor residents; Simao City is to invest US\$ 120,000, in which UN-HABITAT is to provide US\$ 60,000 for water and sanitation facilities to 3,200 poor residents; UN-HABITAT is also contributing US\$40,000 investment to Simao City to conduct water conservation and demand management activities.

D. Lao PDR

UN-HABITAT is complimenting ADB project on Northern Central Region Water Sanitation Supply Project (NRWSSSP) – US\$24.5 million by supporting the capacity building component of the project in Lao PDR.

In support of the ADB project, UN-HABITAT has been involved in developing detailed GIS maps, conducting IPSEA, forming community WATSAN groups and socio-economic analyses of towns. Earlier UN-HABITAT organised training on water quantity and quality testing. UN-HABITAT is also undertaking various capacity building initiatives relating to water and sanitation in 12 towns in Lao PDR. Other activities undertaken include water quality and quantity assessment; settlement, community and social mapping; capacity building at

community level and for the water and sanitation service providers (Water Supply Enterprise).

UN-HABITAT in cooperation with the Water Supply State Owned Enterprise of the Province of Luangprabang initiated implementation of an innovative fast-track community-based water supply and sanitation project in Xieng Ngeun District. The objective is to demonstrate how a community can work with a water supply entity (WSE) to acquire water and adequate sanitation and also enhance capacity of the Public Utility and the Civil Society. Similarly, a second fast-track community based water and sanitation project in Sayabouly Town has been implemented.

E. Vietnam

UN-HABITAT under the Water for Asian Cities Programme, is currently providing capacity building support to ADB assisted project on "Central Regions Small and Medium Towns Development" in 5 towns of Vietnam. For this project, ADB approved the loan of US\$53.2 million in 2006. The components addressed by the project include (a) rapid situation assessment (b) community based water supply and sanitation services to the urban poor (c) policy support and capacity building, and (d) monitoring and evaluation.

UN-HABITAT is undertaking a fast-track project for Cam Ranh town of Khanh Hoa province which will directly benefit 13,500 poor urban residents in 9 communities from this project. In addition, fast-track activities are on-going in four medium/small towns, viz. Song Cau, Thap Cham, Gia Nghia and Ca Na within ADB loan project to demonstrate that a water utility can improve service levels that are quick and sustainable. GIS mapping of poor settlements, water and sanitation situation assessments, Initial Environmental Examination (IEE) in these selected towns are being conducted.

UN-HABITAT has signed a Cooperation Agreement with the Dak Nong Provincial Water Supply and Drainage Company (DNWSDC) to implement a rapid assessment of water and sanitation situation, poverty mapping on water and sanitation and preparation of an ESMP including IEE for the town of Gia Nghia, Dak Nong Province of Vietnam. The objective of this project is to develop the tools for mapping the poor, gender assessment and Initial Environment Examination (IEE) for low-income settlements in the town of Gia Nghia, Dak Nong Province of Vietnam.

In Ca Na small town, the project has been pilot tested to provide sanitation services cover 284 poor households with 1,900 people who are living in poverty and low-income. This project was started around

October 2007 and is expected to be completed within 12 months from the start of the project. The total investment cost for this project will be US\$127,000 where UN-HABITAT has contributed a fund of US\$69,500.

In Thap Cham medium town, the project will provide water supply and sanitation connections for the low-income communities (around 449 households) in these 2 wards (Do Vinh and Bao An) with population of 1,763 people. The total project cost will be US\$308,000 where UN-HABITAT has contributed a fund of US\$118,500.

The municipality of Tuy Hoa city has requested UN-HABITAT to consider front-loading the WAC Programme in Vietnam by fast-tracking the implementation of proposed pilot project to provide water supply and sanitation facilities for the low-income communities, in particular 588 households of the poor in 2 pockets of Ward 6 and Phu Lam with a population of 2,740. The Water Supply and Drainage One Member Limited Liability Company of Phu Yen Province (PYWSD) has developed a project of community based water and sanitation, which has been pilot tested to cover 2 poor community pockets.

Monitoring the progress of MDGs

In all the participating cities in the region, the capacity building process at the city level has been the main thrust of the WAC programme which in turn facilitate in monitoring the progress towards target 10 and 11 of MDG 7 and JPOI. An information dissemination network has emerged through the organization of a number of national and international fora ranging from exchange visits, local and national level seminars and international events. A number of initiatives for promoting participatory monitoring in collaboration with national statistical institutions are under preparation.

Financial Results

A critical aspect of the WAC Programme has been the sharing of financial responsibilities. For Phases I & II of the Programme, ADB and UN-HABITAT intended to make available at least US\$10 million. By early 2007, both agencies exceeded this target. Similarly, the target of US\$500 million in loan investments was also reached by 2007.

ADB Investments during 2003-2007

The ongoing and pipelined ADB investments under the Water for Asian Cities Programme exceeded the initial target of \$500 million during the first five years. Refer Table below.

Table: WAC Programme Financial Achievements

(US\$ Million)

Country	Project	Year	ADB Grant	UN-HABITAT Grant	ADB Investment
PR China	1. Henan Wastewater Management and Water Supply Project	2005	1.00	1.00	100
	2. Nanjing Qinhuai River Environmental Improvement Project	2006	0.60	0.36	100
India	Implementing Small Piped Water Network Pilots	2006	0.80	0.10	0
	Urban Water Supply and Environmental Improvement Project in Madhya Pradesh	2003	1.00	1.10	200
Indonesia	Urban Water Supply and Sanitation Project	2007	1.50	2.00	80
Lao PDR	Lao PDR Northern and Central Regions Water Supply and Sanitation Sector Project	2005	0.90	0.75	10
Nepal	Nepal Urban and Environmental Improvement Project	2005	0.75	0.50	30
Vietnam	Central Region Small and Medium Towns Development Project	2006	0.95	1.00	50
		Total	\$7.5 m	\$6.81 m	\$570 m

UN-HABITAT – ADB Partnership: Consultation Mechanism

There has been a process of annual consultation to review and plan the activities under the Water for Asian Cities Programme. These consultations provide an opportunity for setting programme priorities in line with the ADB investment plans and the priorities of the participating countries. Besides formal consultations, both UN-HABITAT and ADB also use other opportunities during various international events to discuss and plan various activities.

Mid-term Evaluation of WAC Programme

There was a mid-term review of the Water for Asian Cities Programme activities in 2007 by a team of International Consultants to assess how well the WAC Programme is achieving its objectives, its potential impact and to explore modalities for ensuring long-term sustainability of the Programme in the region. The specific objective of the Mid-Term Review was to confirm that the WAC Programme is contributing to the achievement of the Millennium Development Goals in the participating countries. Apart from making a direct contribution to improved coverage in those locations where the Programme is operational, the Programme addresses key barriers to the expansion of services to the urban poor and to small urban areas. Thus donors derive a double benefit from their support to the Programme. The second benefit is being derived from its work on developing tools (poverty mapping and small community managed piped water supply among others), models and processes which advance pro-poor governance. The mid-term review of the WAC Programme has drawn out the key lessons learnt under the 3 broad categories:

- (i) **General:** To sustain and enhance the impacts of sector investments, a greater focus is needed on normative activities, capacity building (the "software aspects") and monitoring and evaluation.
- (ii) **Programmatic:** The programme should retain its focus on its core thematic areas of pro-poor governance, water demand management, environmental sanitation with gender and values based education, embedded in the mainstream work. This gives a greater thrust to sustainable sanitation and strengthens its dissemination and media advocacy role.
- (iii) **Managerial:** For effective and efficient implementation, programme management should be closer to the point of activity and impact.

Lessons Learnt

The Programme has been able to build on UN-HABITAT's comparative advantage of combining normative and operational approaches for improving access to water supply and sanitation for the urban poor and its capacity to bring all spheres of Government and Civil Society together to engage in policy dialogue, participatory planning and social organization. Through an array of pilot and demonstration activities in the region, new and innovative approaches are being developed and disseminated, leading to Governments' formulating new policies. However, the achievements are outstripped by the scale of the challenge – as noted earlier, 1.92 billion people lack basic sanitation and 699 million people do not have access to water supply.

Providing these services needs an investment of the order of US\$ 16 billion annually and major changes in policies and public attitudes. Despite rapid growth in some countries of the region, investments in urban water supply and sanitation are still lagging far behind. Coupled with this, is the shortage of technical and managerial capacity in partner countries and a continuation of institutional regimes that are inappropriate for supporting accountable and efficient service delivery, particularly for the poor.

Experience in Implementation of the WAC has shown that pilot and demonstration projects give a "real" experience for all actors, Governments, local and national, service providing organizations, NGOs and communities and thus enables the programme to "Walk the Talk" as opposed to being an institution which only discusses policies. However, success in these projects can only be achieved through close engagement and these projects need continual nurturing. While this may appear to be resource intensive, the catalytic nature of these projects and the ensuing wider impact appears to justify the investments. For example, the investment of \$1.5 million by UN-HABITAT in Madhya Pradesh, India has leveraged in funds of the same order and will likely result in enhancing the sustainability and impact of the much larger investment of \$181 million in 2005 with a supplementary loan of US\$70 million in 2008 from ADB.

The achievements so far have arisen from the following factors.

- Supported by the mandate of the United Nation, the convening power of UN-HABITAT has been the key factor behind the Programme's achievements.
- Strong Partnership with multiple stakeholders, including Governments and civil societies.
- Pilot and demonstration activities are not conducted in isolation; an information dissemination network has emerged through the organization of a number of national and international fora ranging from exchange visits and local and national level seminars and international events such as the Asia-Pacific Ministerial Meeting.

UN-HABITAT has partnerships with local, provincial and national Governments, International and Regional organizations, Non-governmental Organisations, Community-based organizations and local authority groups including women's and youth groups, researchers, etc, who have developed effective ways and have become involved in helping the urban poor. In order to improve

human settlements and make them safer, more sustainable and environment-friendly cities and towns, UN-HABITAT considers it essential to work more closely with such partners.

ADB – UN-HABITAT Partnership: Phase II (2007 – 2011)

Having achieved the objectives of the first Memorandum of Understanding (MoU) signed by UN-HABITAT and ADB in March 2003 to create an enabling environment for the new investments in the region, the two organisations have signed an Enhanced MOU for another five years (2007-2011). This MoU is forming the basis of cooperation between the ADB and UN-HABITAT for establishing urban infrastructure partnership in the Asia and Pacific Region.

As per the enhanced MoU, the two partners, initially, intend to contribute about US\$ 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. UN-HABITAT's US\$ 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 US\$1 billion, in the 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 Programme 2006-2010 that ADB announced in March 2006 to boost investments in the sector to well over US\$ 2 billion a year.

Future Planning under WAC Programme

India

UN-HABITAT continues to support implementation of ADB assisted project in the four project cities of Bhopal, Indore, Gwalior and Jabalpur in Madhya Pradesh, and has allocated US\$ 1 million during 2007-2009 in support of this project.

ADB has established contact with Government of India for lending support to GOI's flagship programme viz. Jawaharlal Nehru Urban Renewal Mission for which UN-HABITAT is also exploring possibility of engaging with the JNNURM programme through capacity building and development of pro-poor governance approach for strengthening the programme.

Nepal

UN-HABITAT will continue to support the two loans in Nepal and contribute US\$1.7 million during 2007 to 2010 for capacity building

and pilot demonstrations in support of ADB projects. As ADB was planning a new Project Preparation Technical Assistance (PPTA) for a loan in 2009 for the Kathmandu Valley Water Distribution, Sewerage and Urban Development Project, UN-HABITAT has agreed to contribute to this project as part of its engagement in Nepal.

PR China

UN-HABITAT will continue to collaborate with ADB projects in Nanjing. UN-HABITAT and ADB have identified the Kunming Qingshuihai Water Supply Project and will review the scope of UN-HABITAT involvement, as well as the Technical Assistance in respect of the 'Study on Wastewater Tariff in Small and Medium sized Towns' and a 'Pilot Study on Market-based allocation of wastewater discharge permit and related trading system'.

Lao PDR

UN-HABITAT will continue to support with assistance of US\$0.56 million (2006-2009) for the Northern Central Region Water Sanitation Supply Project. UN-HABITAT will be willing to allocate US\$ 0.5 million for the Phase II of the ADB assistance programme and develop a longer term partnership with ADB in the country. Also, a Country Strategy document shall be prepared keeping in view the thrust areas of the Water for Asian Cities Programme.

Vietnam

UN-HABITAT and ADB will continue its collaboration under the collaborative framework developed in 2006 in support of the Central Region Small and Medium Towns Development Project. UN-HABITAT will undertake a mission in 2007 to be followed by a joint mission to finalise Cooperation Agreements between water utilities and UN-HABITAT in 3-4 towns identified in the project. Towns to be considered are Song Cau, Thap Cham, Ca Na, and Gia Nghia. UN-HABITAT will provide US\$ 750,000 in this collaboration.

Expansion of Activities to other Countries in Asia

Indonesia

ADB had undertaken a PPTA for a water and sanitation project in 2006 for small and medium sized towns in Indonesia Water Supply and Sanitation Project, for a loan amount of about US\$80 million. Another PPTA for preparing a sanitation project for large urban areas, Metropolitan Sanitation Management and Health, for a loan amount of US\$100 million has started in January 2007, with loan approval expected in 2008. Last year UN-HABITAT had agreed to participate in the project formulation process and develop a capacity building component for a total of US\$2 million. As the formulation process

continued in 2007 UN-HABITAT will now participate in 2008 in the project formulation process for the above two projects.

Pakistan

UN-HABITAT in support of ADB's Southern Punjab Basic Urban Services Project will assist in knowledge sharing activities for solid waste management in 21 cities based on experience in successful case studies. Training needs assessment, training and guidelines will be developed. UN-HABITAT will also be proposing to field a mission to familiarize with the project.

Central Asian Republics

UN-HABITAT shall explore the possibility of building a capacity building component in ADB loan projects in some of the Central Asian Republics, particularly Kyrgyzstan and Kazakhstan, as well as various knowledge sharing activities.
