

WATER AND URBAN DEVELOPMENT SECTOR OFFICE



Our Vision

More livable cities, water-secure and resilient Asia and the Pacific. **Water and Urban Development Sector Office, Sectors Group (SG-WUD)** has a key role to play in making cities more livable, one of ADB's seven operational priorities that focus on delivering integrated solutions.

Sector Overview

More than half of the 4.7 billion residents in Asia and the Pacific live in urban areas and about a billion are likely to join them over the next 30 years. Cities will continue to grow. Cities consume 60%–80% of the total energy supplied in the region and generate about 75% of its carbon emissions. Governments need to plan and support low-carbon urban growth and provide infrastructure and services inclusively and sustainably, and build resilience to shocks and disasters, including impacts from climate change.

Asian Development Bank's (ADB) Strategy 2030 prioritizes **Making Cities More Livable** and ADB helps cities in the region to become more livable to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific by improving urban infrastructure and services, and fostering inclusive, participatory, and integrated planning. ADB helps strengthen municipal finance, governance, and citizen engagement. ADB works closely with clients and partners to improve water security and resilience in the region, including through the use of innovative digital technologies and nature-based solutions, for inclusive economic growth and social well-being.

ADB supports developing countries in achieving Sustainable Development Goals by supporting climate change mitigation and resilience, affordable housing, basic water and sanitation access, circular economy, sustainable tourism, gender equality, improved health, increased private sector participation, and a better environment.

Highlights

The coronavirus disease (COVID-19) pandemic disrupted urban services, stretched the already deficient capacities of some governments, and exposed the inadequacies of urban and social infrastructure. As a result, most developing member countries (DMC) recognize that their cities need to be more resilient against future crises. To strengthen this resilience, ADB enhanced its support for water security since 2022. In 2023, the total commitments of SG-WUD reached \$2,328 million for 14 projects.

ADB's investments to improve urban living standards in **Central and West Asia** focused on delivering reliable and sustainable water supply, and modernized waste and municipal services. In Pakistan, ADB signed a loan of \$180 million in 2023 to help develop climate-resilient and low-carbon municipal services for up to 1.5 million residents in the Punjab cities of Bahawalpur and Rawalpindi. The project supports a new recycling facility and a landfill with measures to mitigate greenhouse gas emissions in Bahawalpur and construct a water treatment plant to process 54 million liters per day and implement distribution systems to serve around 82,000 households of Rawalpindi with metered connections.

In a region where basic municipal services require substantial further investment and are threatened by climate change

vulnerability, ADB committed to a range of complementary initiatives to tackle urban challenges across **Southeast Asia**.

To improve livability in cities of **East Asia**, in 2023 ADB committed significant financing for holistic urban development. As part of its support to the PRC's Yangtze River Economic Belt, ADB committed a \$200 million loan to improve living conditions for over 500,000 residents in five cities of Jiangxi Province. The project includes measures to upgrade urban infrastructure such as pipelines, household septic tanks, and wastewater treatment plants; promote water recycling and low-powered wastewater treatment; and construct two centers for waste processing, recycling, and reuse.

With rapid population growth occurring in many cities across **South Asia**, improving urban livability in the region requires significant investment to ensure adequate provision of essential services. With projections that 60% of Bangladesh's population will reside in cities by 2050, ADB committed a \$300 million loan in 2023 as part of a \$691.3 million program to help 88 municipalities deal with increasing urbanization. Under the program, ADB will help prepare 63 urban

master plans, enhance revenue management systems, upgrade at least 900 km of stormwater drainage, rehabilitate 1,500 km of roads, and refurbish public facilities to embrace the needs of women and vulnerable people. The program is expected to benefit about 7.8 million residents across Bangladesh.

ADB also signed a \$100 million loan in 2023 to improve urban living conditions for about 78,000 households in India's northeastern state of Tripura. The project will install 42 km of new water pipes, establish 4 additional water treatment plants, and improve 55 km of stormwater drains and 21 km of urban roads. To strengthen the delivery of urban services, the investment will also help build the management capacity of 12 local agencies and assist the state government in updating its

building regulations to incorporate climate and disaster resilience.

ADB's proactive stance on climate change in the Pacific continued in 2023 to further boost the climate and disaster resilience of water supply and sanitation services. Key initiative was in the FSM, where droughts exacerbated by climate change are expected to have serious impacts, ADB committed \$18 million in 2023 to boost water supply services for more than 8,000 extra people on Weno and Tonoas islands, while improving sanitation and wastewater provision to avoid pollution in groundwater reserves. The project will also help reduce transmission of waterborne diseases and improve the operational efficiency of the Chuuk State public utility.

Key Challenges and Opportunities



Urbanization

- From 20% in the 1950s to 48% in 2018, 55% by 2030



Solid Waste Management

- 1.8 billion tons of municipal waste generated per year by 2025



Water Insecurity

- 22 DMCs are rated water insecure by ADB



Urban Water Supply and Wastewater Management

- 300 million people with no safe drinking water
- 1.2 billion people lack access to basic sanitation



Environmental Sustainability

- 80% of wastewater discharged without primary treatment
- 92 out of 100 most polluted cities (air) are in Asia (2022)



Inclusivity

- The poor have less access to urban services
- The poor are more vulnerable to disasters and shocks



Climate Change and Disaster

- Cities generate about 70% of total GHG emissions
- 40% of natural disasters occur in the region
- Home to 6 out of 10 of the world's most vulnerable countries



Affordable Housing

- 564 million (64%) of the world's slum dwellers are in Asia



Sustainable Tourism

- Contribute to local economic development, employment generation, and foreign exchange earnings opportunities



Capacity of Local Governments

- Limited technical and financial capacity to deliver urban services sustainably. Weak credit worthiness to attract credible private



Project Commitments by Subsector, 2021–2023 (\$ million)

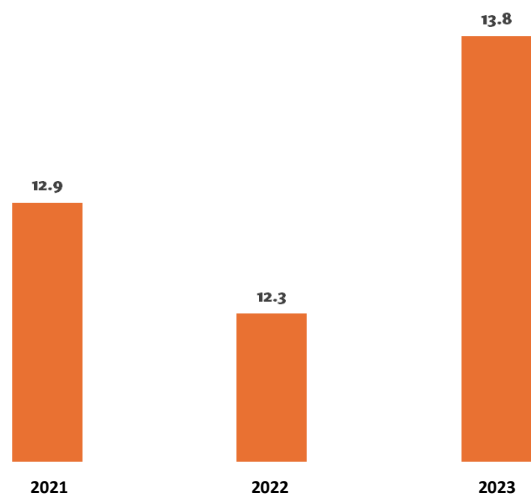
Subsector	2021	2022	2023	Total	% of Total
Urban Water Supply	371.91	414.55	407.35	1,193.81	25%
Urban Sewerage	327.31	96.19	139.82	563.32	12%
Urban Sanitation	24.15	44.03	198.25	266.43	5%
Urban Flood Protection	298.11	131.38	175.31	604.80	12%
Urban Solid Waste Management	124.21	40.44	105.71	270.36	6%
Urban Hazardous Waste Management	39.62	-	-	39.62	1%
Urban Housing	180.00	19.51	-	199.51	4%
Urban Slum Development	-	7.00	30.00	37.00	1%
Renovation and Protection of Cultural Heritage	84.73	12.88	23.00	120.61	2%
Other Urban Services	87.69	156.96	214.49	459.14	9%
Urban Policy, Institutional, & Capacity Development	413.02	126.67	567.39	1,107.08	23%
Total	1,950.76	1,049.62	1,861.31	4,861.69	100%

Note: Covers OCR, concessional OCR, and ADF-funded investments. The numbers are for water and urban infrastructure and other services (WUS) used in ADB's sector classification system. These are different from the commitments of the Water and Urban Development Sector Office (SG-WUD).

Current Portfolio Under Implementation

As of 1 April 2024, the current portfolio is \$14.568 billion.¹

Water and Urban Development Portfolio, 2021–2023^a
(\$ billion)

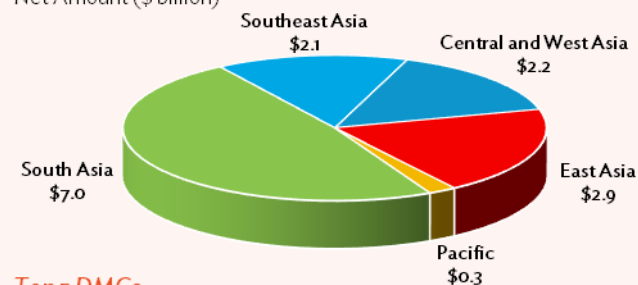


^aSource: 2023 Annual Portfolio Performance Report.

¹ Source: ADB Operations Dashboard.

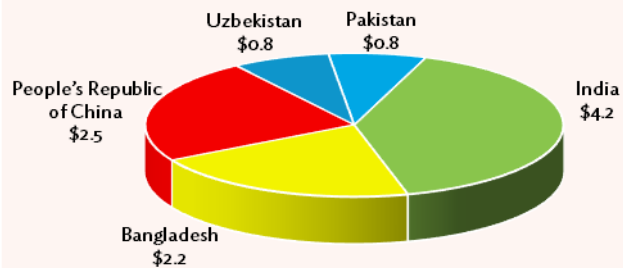
Regional Distribution

Net Amount (\$ billion)



Top 5 DMCs

Net Amount (\$ billion)



DMC = developing member country.

Focus on Climate Change Shift

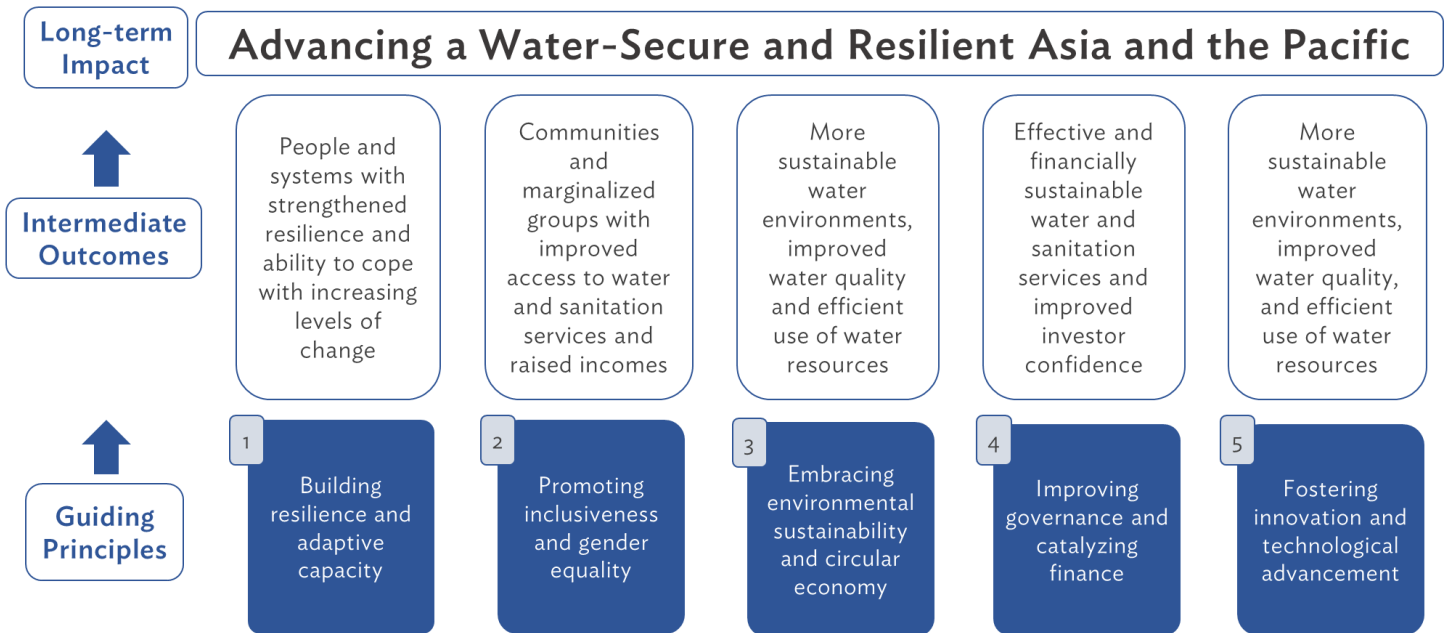
ADB's [Water Sector Directional Guide](#) and [Urban Sector Directional Guide](#) place a strong focus on climate- and disaster-resilience, low-carbon development, and environmental sustainability including the circular economy. Strengthened upstream climate assessments will help embed climate action across SG-WUD operations.



Enabling Resilience, Unlocking Transformational Change

Water management will be central to addressing developing Asia and the Pacific's vulnerability to natural hazards, associated disasters, water insecurity, and climate change. We must rapidly shift perspectives, leave behind business-as-usual, and embrace transformational change.

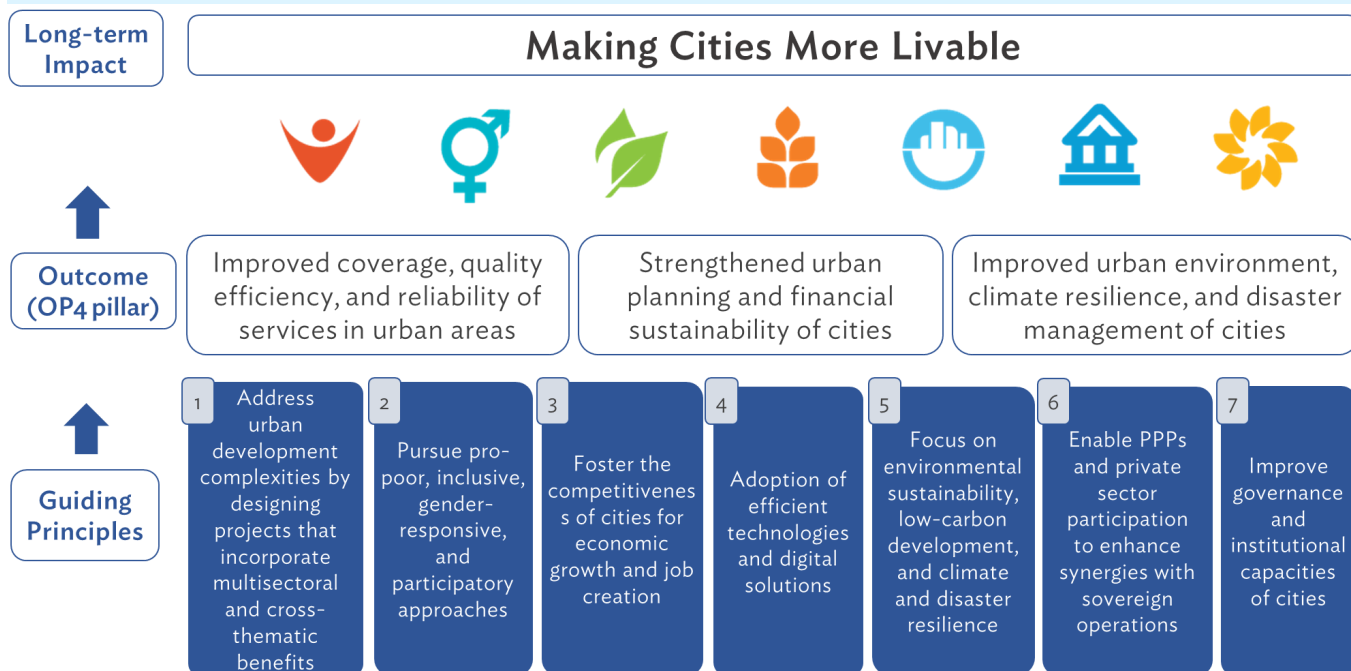
Water Sector Directional Guide Theory of Change



Source: ADB. 2022. [Strategy 2030 Water Sector Directional Guide — A Water Secure and Resilient Asia and the Pacific](#). Manila.



Urban Sector Directional Guide Theory of Change



OP4 = Operational Priority 4.

Source: Adapted from ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and Pacific*. Manila; and ADB. 2019. *Strategy 2030 Operational Priority 4: Making Cities More Livable, 2019-2024*. Manila.

Focus on Private Sector Development Shift

SG-WUD will encourage **greater private sector involvement** in ADB's support for cities in Asia and the Pacific to mobilize resources for urban development by leveraging public investments to mobilize private finance creatively, multiply the overall investment envelope for cities, and mobilize also private sector operational and technical experience in managing the assets created by ADB financing.

Knowledge Solutions

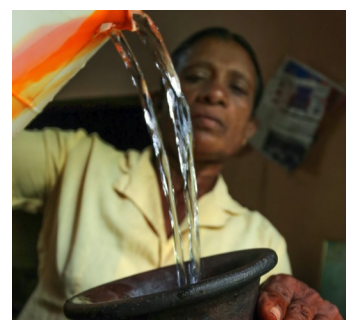
SG-WUD will support DMC cities with knowledge development and management by capturing lessons, experiences, and other tacit knowledge from ADB and other institutions for formulating and implementing ADB's operational priority of **Making Cities More Livable**.

SG-WUD will work closely with DMCs through comprehensive policy dialogue, rigorous qualitative and quantitative analytical work, sectoral and/or thematic assessments, and analysis of past ADB interventions and activities.

These measures are necessary to identify needed country- or city-specific knowledge for more transformative urban development, disseminating knowledge on innovations, and embedding integrated solutions across SG-WUD operations in the region.

Recent Flagship Publications and Events

- [G20 Framework on Capacity Building of Urban Administrations for Financing Cities of Tomorrow](#)
- [Mobilizing Resources through Municipal Bonds: Experiences from Developed and Developing Countries](#)
- [Incentivizing Change: How Governance Reforms are Changing the Urban Landscape of Bangladesh](#)
- [Engaging Young People in Asia and the Pacific's Water and Sanitation Management](#)
- [Decarbonizing the Water Sector in Asia and the Pacific: Best Practices, Challenges, and Opportunities for Practitioners](#)
- [UNIQUELY URBAN: Case Studies in Innovative Urban Development](#)
- [The Role of Intermediaries in Inclusive Water and Sanitation Services for Informal Settlements in Asia and the Pacific](#)



Urban Financing Partnership Facility



The facility was established in November 2009 for investment co-financing and technical assistance for urban environment infrastructure that benefits the poor. The aim of the facility is to raise and utilize development partner funds for investment co-financing in urban environmental infrastructure projects and support a wide range of technical assistance to help lay the groundwork for such projects.

Note: Data as of 31 March 2024.

Urban Climate Change Resilience Trust Fund (UCCRTF)*

TOTAL CONTRIBUTIONS
\$117.8 million

PROJECT COMMITMENTS
\$101.8 million

UNCOMMITTED
\$16.0 million

Supports the mainstreaming of urban climate change resilience principles to reduce the risks to poor and vulnerable people from climate-related impacts through better planning and design of infrastructure.

Eligible DMCs

BAN, IND, INO, MYA, NEP, PAK, PHI, and VIE

Financing Partners

FCDO (UK), SECO (Switzerland), Rockefeller Foundation, USAID

Cities Development Initiative for Asia Trust Fund (CDIATF)

TOTAL CONTRIBUTIONS
\$14.4 million

PROJECT COMMITMENTS
\$13.9 million

UNCOMMITTED
\$0.5 million

Supports cities to conduct project preparation studies (PPSs) and mobilize financing of projects; and builds capacities of cities to design and implement the projects.

Eligible DMCs

All DMCs.

Financing Partners

MINECO (Spain), BMZ (Germany) BMF (Austria), SECO (Switzerland)

ASEAN Australia Smart Cities Trust Fund (AASCTF)

TOTAL CONTRIBUTIONS
\$14.9 million

PROJECT COMMITMENTS
\$12.9 million

UNCOMMITTED
\$2.0 million

Supports SERD DMCs to adopt digital solutions, and improve planning systems, service delivery and financial management; and enhance collaboration with ASEAN on their Smart Cities Agenda and Sustainable Urbanization strategy.

Eligible DMCs

SERD DMCs

Financing Partner

DFAT (Australia)

Urban Environmental Infrastructure Fund (UEIF)**

TOTAL CONTRIBUTIONS
\$21.5 million

PROJECT COMMITMENTS
\$19.3 million

UNCOMMITTED
\$2.2 million

Supports investments in urban environmental and economic infrastructure; and technical and analytical work, project preparation, and knowledge management and capacity building.

Eligible DMCs

All DMCs.

Financing Partner

SIDA (Sweden)

Urban Resilience Trust Fund (URTF)

TOTAL CONTRIBUTIONS***
\$82.2 million

PROJECT COMMITMENTS****
\$11.0 million

UNCOMMITTED
\$71.2 million

Supports capacity building of relevant national and subnational urban agencies, communities, and the private sector to integrate climate resilience into their policies, and to develop and implement a pipeline of resilience projects through public or private investments.

Eligible DMCs

BAN, CAM, IND, INO, KIR, LAO, NEP, PNG, PHI, SOL, TUV, VAN, and VIE

Financing Partner

FCDO (UK)

*UCCRTF is in the process of closing its remaining projects. However, upon the request of SECO, the support of UCCRTF will remain open for TA 9417-VIE: Mainstreaming Climate Resilience and Environmental Protection for Secondary Green Cities Development, until 31 December 2024.

**UEIF will commence closure of its account. All remaining uncommitted funds will be remitted back to SIDA upon final financial closure pending the closing of the last remaining support project, Grant 0477-PHI: Water District Development Sector Project.

***Equivalent of GBP68.5m commitment based on exchange rate USD1 = GBP1.199 on 17 February 2023, date of signing of MoU.

****Inclusive of constructive obligation and URTF-level approval/commitment.

Water Financing Partnership Facility



The Water Financing Partnership Facility (WFPF) was established in December 2006 to mobilize additional financial and knowledge resources from development partners for the implementation of the Asian Development Bank's (ADB) water financing program. Its initial focus was to support achievement of targeted outcomes set for 2006-2010 and was subsequently adjusted and extended to 2020 following approval of ADB's Water Operational Plan 2011-2020. Building on this experience, WFPF will continue to support ADB's water operations from 2021 onwards guided by the Water Sector Framework 2021-2030: Water-Secure and Resilient Asia Pacific that articulates how water operations contribute to ADB's Strategy 2030.

Water Innovation Trust Fund (WITF)

TOTAL RESOURCES
\$58.03 million

COMMITMENTS
\$53.14 million

UNCOMMITTED
\$4.89 million

Supports activities resulting to significantly more people with access to safe drinking water and improved sanitation, higher productivity and efficiency of irrigation and drainage services, more people with reduced risk of flooding, and more river basins implementing IWRM.

Eligible DMCs

All DMCs.

Financing Partners

Australia, Austria, Norway, Spain, SECO (Switzerland)

Sanitation Financing Partnership Trust Fund (SFPTF)

TOTAL RESOURCES
\$27.78 million

PROJECT COMMITMENTS
\$19.22 million

UNCOMMITTED
\$8.56 million

Supports identification, testing, and pilot implementation of innovative sanitation solutions – new policies, business models, and technologies – to increase support for Citywide Inclusive Sanitation (CWIS), including non-sewered solutions.

Eligible DMCs

BAN, CAM, FIJ, IND, INO, KGZ, LAO, MON, NEP, PHI, PNG, PRC, SOL, SRI, UZB, VAN, and VIE

Financing Partners

Bill and Melinda Gates Foundation

Netherlands Trust Fund (NTF)*

TOTAL RESOURCES
\$44.85 million

COMMITMENTS
\$44.73 million

UNCOMMITTED
\$0.12 million

Supports activities resulting to significantly more people (i) with access to safe drinking water and improved sanitation, (ii) with reduced risk of flooding, more river basins implementing IWRM, and (iii) higher productivity and efficiency of irrigation and drainage services.

Eligible DMCs

Food Security: BAN, CAM, IND, INO, LAO, MYA, NEP, PAK, and VIE
Water: AFG, BAN, INO, MYA, and VIE

Financing Partners

Government of the Netherlands

Water Resilience Trust Fund (WRTF)

TOTAL RESOURCES
\$20.06 million

COMMITMENTS
\$5.88 million

UNCOMMITTED
\$14.18 million

Supports (i) policy dialogue and sector reforms, (ii) sector diagnostics, (iii) knowledge management, (iv) innovation and proof of concept, and (v) sovereign and non-sovereign project design and implementation.

Eligible DMCs

All DMCs.

Financing Partners

Government of the Netherlands

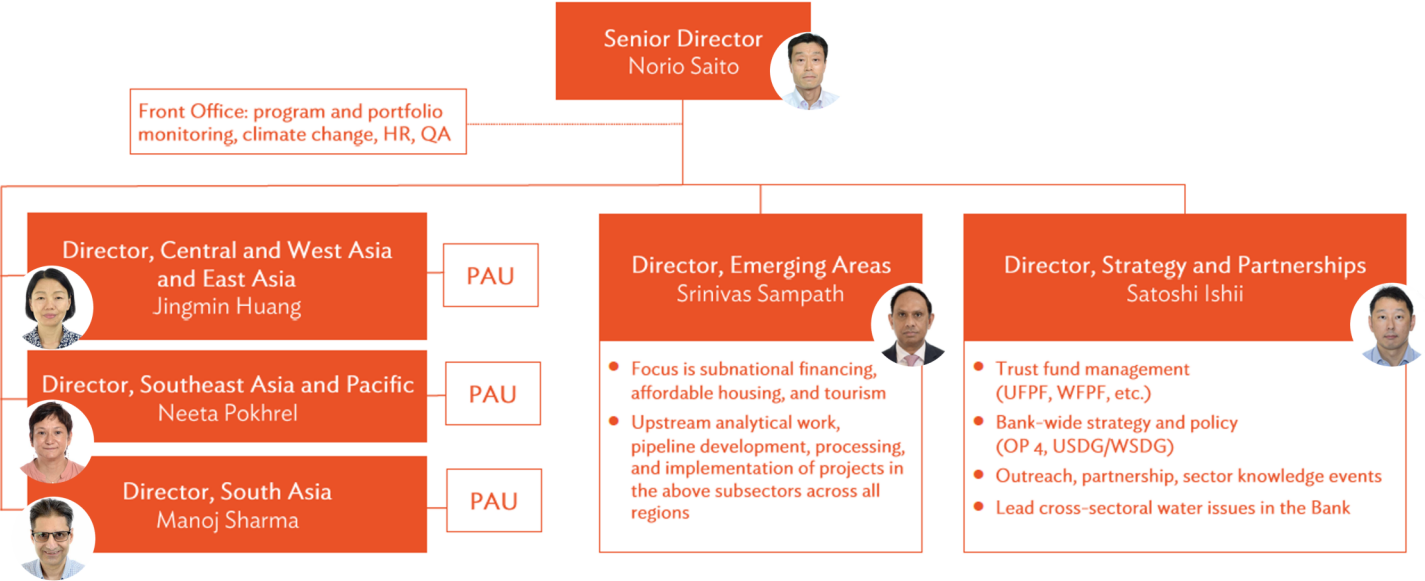
RESOURCES: committed contributions plus interests and other incomes

COMMITMENTS: project allocations and earmarked amount for service fees and TF-funded specialists

*Trust Fund completion date: 30 June 2024.

Note: Data as of 31 March 2024.

Water and Urban Development Sector Office Management Information



HR = human resources, OP = operational priority, PAU = project administration unit, QA = quality assurance, UFPF = Urban Financing Partnership Facility, USDG = urban sector directional guide, WFPF = Water Financing Partnership Facility, WSDG = water sector directional guide.

