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SECTOR BREAKOUT SESSION: WATER AND URBAN DEVELOPMENT

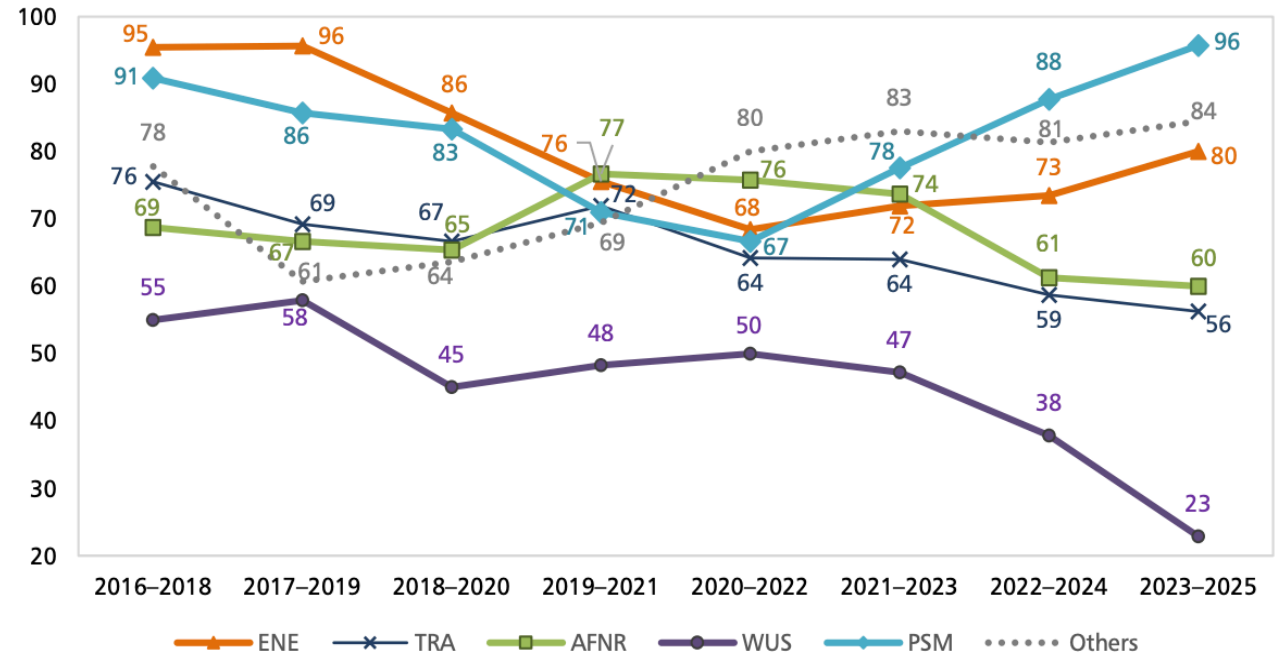
Moderator
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2026 ANNUAL EVALUATION REVIEW

ADB SUPPORT FOR REDUCING
POVERTY AND VULNERABILITY
TO POVERTY

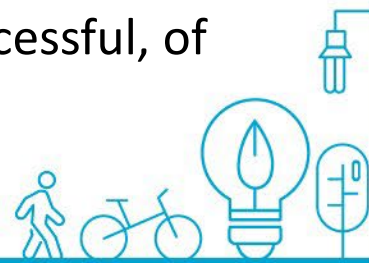
Figure 2: Success Rates of Sovereign Operation by Selected Sectors
(%, 3-year moving average)



AFNR = agriculture, food, nature, and rural development; ENE = energy, PSM = public sector management; TRA = transport, WUS = water and other urban infrastructure and services.

Note: Other sectors comprise education, finance, health, information and communication technology, and industry and trade.
Source: Asian Development Bank (Independent Evaluation Department).

Performance in WUS declined sharply, reaching its lowest success rate of 23% in 2023–2025, with all eight WUS projects validated in 2025 rated less than successful, of which five were in urban water supply.



PRC Overall Operations – Project Portfolio – WUD share 22% of 2024 approvals

Table 1: Sector Distribution of Overall Loan Portfolio
(as of 31 December 2024)

Sector	Net Loan Amount		Number of Loans
	\$ million	%	
Agriculture, Natural Resources and Rural Development	8,248.3	19.7%	69
Education	969.7	2.3%	8
Energy	5,952.6	14.2%	48
Finance	1,287.5	3.1%	12
Health	933.3	2.2%	7
Industry and Trade	1,284.4	3.1%	10
Transport	17,520.0	41.8%	104
Water and Other Urban Infrastructure and Services	5,243.7	12.5%	44
Multisector	475.1	1.1%	5
Total	41,914.6	100.0%	307

Source: Loan Financial Information System (LFIS)

Figure 4: Sector Distribution of Overall Loan Portfolio
(\$ million)

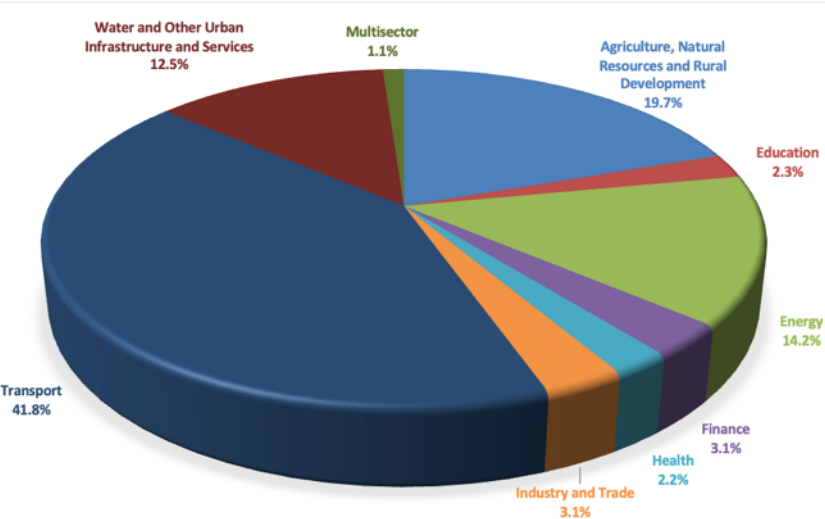


Table 2: Sector Distribution of Ongoing Loans
(as of 31 December 2024)

Sector	Net Loan Amount		Number of Loans
	\$ million	%	
Agriculture, Natural Resources and Rural Development	4,808.5	40.4%	31
Education	421.8	3.5%	3
Energy	1,766.0	14.8%	7
Finance	721.9	6.1%	5
Health	933.3	7.8%	7
Industry and Trade	494.6	4.2%	3
Transport	999.8	8.4%	7
Water and Other Urban Infrastructure and Services	1,747.5	14.7%	10
Total	11,893.3	100.0%	73

Source: Loan Financial Information System (LFIS)

Figure 5: Sector Distribution of Ongoing Loans
(\$ million)

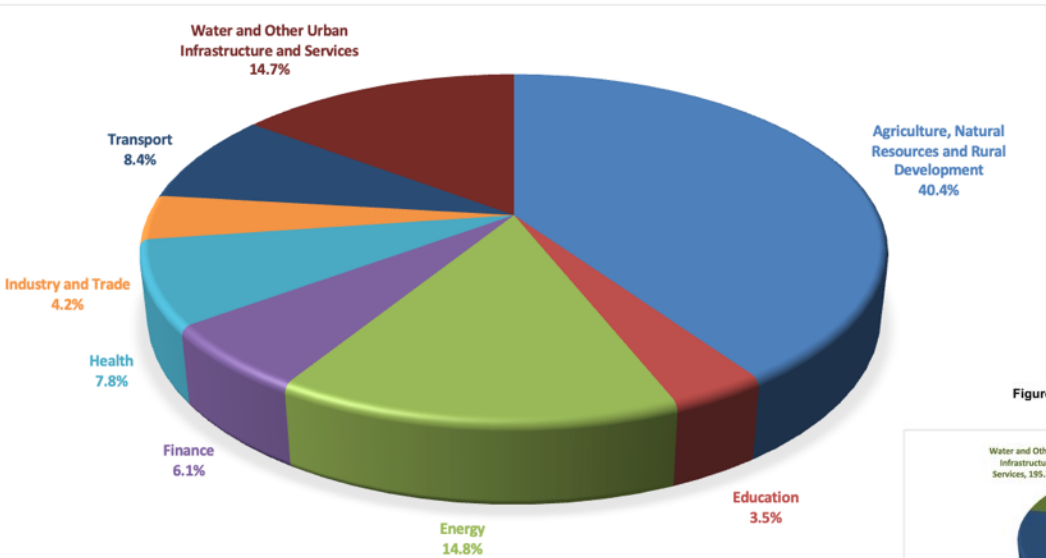
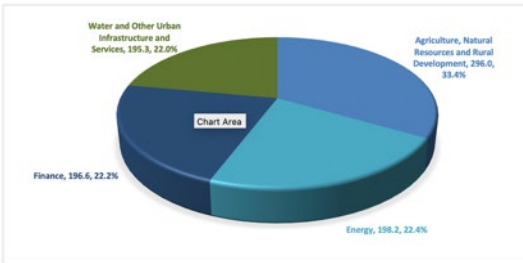


Figure 3: Sector Distribution of Loan Approval in 2024
(\$ million)



PRC Overall Operations Performance – Project Portfolio – WUD PCR

Table 17: PCR Results, 1995–2024

	HS/GS		S		PS/LS		US		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture, Natural Resources and Rural Development	5	7.6%	29	21.5%	2	18.2%	1	50.0%	37	17.3%
Education	3	4.5%	2	1.5%	0	0.0%	0	0.0%	5	2.3%
Energy	14	21.2%	20	14.8%	2	18.2%	0	0.0%	36	16.8%
Finance	2	3.0%	1	0.7%	1	9.1%	1	50.0%	5	2.3%
Industry and Trade	1	1.5%	1	0.7%	2	18.2%	0	0.0%	4	1.9%
Transport	32	48.5%	58	43.0%	2	18.2%	0	0.0%	92	43.0%
Water and Other Urban Infrastructure and Services	6	9.1%	22	16.3%	2	18.2%	0	0.0%	30	14.0%
Multisector	3	4.5%	2	1.5%	0	0.0%	0	0.0%	5	2.3%
Total	66	100.0%	135	100.0%	11	100.0%	2	100.0%	214	100.0%

GS=generally successful, HS=highly successful, PCR=project completion report, PS=partly successful, LS= less than successful, S=successful, US=unsuccessful.

^a Five PCRs prior to 1995 did not have ratings.

WUD portfolio performed well. Among 34 completed projects, 5 highly successful, 22 rated successful, 1 rated generally successful, 2 rated partially successful, none unsuccessful.

Performance of 3 completed projects currently being assessed.



Risks Identification, Assessment and Mitigation

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Types of Risks

- **Institutional risks**

- Political risks
- Capacity associated risks
- Organizational risk
- Lack of Regulations

- **Financial risks**

- Poor financial planning
- Cost overrun
- Cost coverage
- Issues with financial allocation
- Shortage of counterpart financing
- Currency and interest risks

- **Technical risks**

- Issues with design
- Insufficient data provided for the design
- Infrastructural connection issues
- Geological issues



Water and Urban Development Risk and Mitigation

Risk Description	Mitigation Measures
Cancellations of loan proceeds or Project scope changes due to the adjustment of city master plan	Conduct thorough due diligence and analysis
Prolonged Land acquisition (roads, plants) Budget override Connectivity issues (electricity required for water system) Flaw in project design Waste management, low public awareness Issues with the contractor (refusing to work, conducting the works on slow pace and bad quality) Prolongation of the project	Optimize the project design to minimize land acquisition, Thorough due diligence, Institutional strengthen Finalization of LARP,. For avoidance of prolongation, starting to work on other sections before starts of physical works. Substantial contingency amount. Sustainable sun or wind power. Hiring a third party for the review and recommendations. Public awareness campaign Having performance based contract, performance based penalties
Environmental complaint (wastewater treatment plant, solid waste transfer station) Increased floods, or droughts.	Strengthen due diligence and optimize the site selection Inclusion of climate change component in the design process (reuse, reduce, recycling)
Sustainability (asset transfer, operation cost?) Increased capacity of the infrastructure Increased cost of the project	Reminder during implementation design should consider sustainability aspects Capacity calculation in the design should be based on data of population increase (region specific)

What works in practice

- Lessons learned from past projects
- Strong communication between the Donor and the Government
- Increasing capacity of the implementing staff unit
- Close monitoring during the physical works
- Having a good project design, having third party to re-evaluate
- Swift decision making (employer and engineer's side)

