

2008-2010

Indicative

Operational

Programme



African Water Facility

Mobilising Resources for Water in Africa

African Development Bank



2008-2010

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**Mobilising
Resources for Water
in Africa**



This Document was approved
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¹ The Governing Council (GC) has thirteen (13) members comprising five (5) persons appointed by AMCOW on a sub-regional basis, one (1) member appointed by the Bank, one (1) member appointed by the African Union under the NEPAD, one (1) member appointed by U.N. Water Africa, five (5) members appointed by Donors to the Water Fund.

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AfDB	African Development Bank
AMCOW	African Minister's Council on Water
ANBO	African Network of Basin Organisations
AWF	African Water Facility
AWV-FFA	African Water Vision – Framework for Action
CBO	Community Based Organization
ECA	United Nations Economic Commission for Africa
EU	European Union
GC	Governing Council
GWP	Global Water Partnership
ICA	Infrastructure Consortium for Africa
IDB	Islamic Development Bank
IGAD	Inter Governmental Authority on Development
I&K	Information and Knowledge
IWRM	Integrated Water Resources Management
JMP	Joint Monitoring Programme under WHO/UNICEF
LFA	Logical Framework Analysis
MDB	Multilateral Development Bank
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
PANAFCON	Pan-African Implementation and Partnership Conference on Water
O&M	Operation and Maintenance
OWAS	Water and Sanitation Department of the AfDB
PPIAF	Public Private Infrastructure Advisory Facility
PRSP	Poverty Reduction Strategy Paper
PSP	Private Sector Participation
RBM	Results Based Management
RBO	River Basin Organizations
REC	Regional Economic Communities
RMC	Regional Member Country
RWSSI	Rural Water Supply and Sanitation Initiative
SMME	Small, Medium and Micro Enterprises
TA	Technical Assistance
TAC	Technical Advisory Committee
TWRM	Transboundary Water Resource Management

UA	Unit of Account
UNSGAB	UN Secretary-General's Advisory Board on Water and Sanitation
WHO	World Health Organisation
WPP	Water Partnership Programme
WRM	Water Resource Management
WSP	Water and Sanitation Program of the World Bank
WSS	Water Supply and Sanitation
WWC	World Water Council
WWF	World Water Forum

Logic Model for the African Water Facility

ACTIVITIES → **OUTPUTS** → **OUTCOMES** → **IMPACT**

ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
<p>National Water Resource Management</p> <p>Provide support to RMCs to improve or establish IWRM policies and institutional frameworks, and prepare strategies and implementation plans.</p>	<p>IWRM Implemented at National Levels</p> <p>Progressive adoption of IWRM policies and institutional frameworks, and preparation of strategies and implementation plans in RMCs.</p>	<p>Improved Water Governance</p> <p>RMCs and regional organisations have increased capacity to govern their water resources effectively based on IWRM principles and transboundary cooperative arrangements.</p>	<p>An Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation, and the environment.</p>
<p>Transboundary Water Resource Management</p> <p>Support joint development of framework agreements, cooperative mechanisms and planning processes for shared water.</p>	<p>Improved Transboundary Water Resource Management</p> <p>Progressive development of legislative frameworks, cooperative arrangements and regional programmes for river basins.</p>		
<p>Investments to Meet Water Needs</p> <p>Provide investment resources for innovative small-scale water and sanitation infrastructure to meet needs and catalyse additional investments. Support programme and project preparation for funding.</p>	<p>Advances in Meeting Water Needs</p> <p>Water needs being met through direct project investments which lead to widespread adoption of innovative technologies and improved approaches. Increased number of quality water and sanitation proposals submitted for funding.</p>	<p>Water Needs Met</p> <p>Water needs in RMCs met through increased investments and better use of available resources.</p>	
<p>Strengthen Financial Base</p> <p>Improve environment for sustainable financing; increase availability and access to financing.</p>	<p>Additional Financing Mobilised</p> <p>Improved environment for sustainable financing; increased availability and access to financing.</p>	<p>Financial Base Strengthened</p> <p>RMCs and regional organisations benefit from increased financial resources.</p>	
<p>Monitoring and Evaluation</p> <p>Support the establishment of water sector M&E systems and capabilities at national and regional levels.</p>	<p>Improvements in M&E</p> <p>M&E systems and reporting mechanisms established and in operation at national and regional level.</p>	<p>Improved Water Knowledge</p> <p>Increased capacity for informed decision making at all levels to guide water sector development planning and implementation.</p>	
<p>Information and Knowledge Systems</p> <p>Support the establishment and enhancement of information management, knowledge and research capabilities at national & regional levels.</p>	<p>Better Information & Knowledge Systems</p> <p>Information management systems established in RMCs, RBO and RECs. Knowledge/ research activities generating water wisdom.</p>		
<p>Organisational Activities</p> <p>Strengthen partnerships and communications, provide operational support.</p>	<p>Organisational Support Provided</p> <p>Implementation of AWF Operational Programme proceeding as planned in close collaboration with partners.</p>		

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Introduction and Overview

The African Water Facility is an initiative led by the African Minister's Council on Water (AMCOW) to mobilise and apply resources to finance water development activities in Africa. The Facility has been established within the context of the Africa Water Vision and the Millennium Development Goals. The African Development Bank is hosting the Facility on the request of AMCOW.

1.1 Purpose and Scope of this Document

1.1.1 The overall AWF strategic direction and operational programme (2008-2025) is detailed in the document 'Operational Strategy of the AWF'. The purpose of this 2008-2010 Indicative Operational Programme is to better define and describe the operational activities of the AWF over the next 3 years, and to provide an overview of the implementation plan and associated resource requirements. As well, it will be an important tool in AWF resource mobilisation efforts. This document contains:

- A review of the goals and objectives of the Facility, and the achievement to date.
- A description of the main operational components to be implemented, with highlights of key projects that have been approved.
- A three year implementation plan and indicative allocation of resources for 2008-2010.
- A staffing strategy outlining the human resource requirement needed for the Facility to achieve its objectives.
- A discussion of resource mobilisation options and strategies, and a review of the cash flow situation

comparing operational commitments vs. available funding.

1.1.2 This Operational Programme will be reviewed and updated on a regular basis (at least every 3 years) to reflect experience gained from implementation and more complete information on needs and resource availability. The need for and timing of revisions will be considered by the Governing Council during its biannual meetings, with the next revision to be completed by the end of 2010 at the latest.

1.2 Challenges in the African Water Sector

1.2.1 In Africa the development and use of the water resources potential is extremely low. In 2004, it was estimated that nearly 38% of Africans did not have access to safe water and 56% to adequate sanitation facilities. The level of water resource exploitation is also low with only about 3% to 5% of the total amount used under managed conditions. Per capita water storage capacity in Africa is 100 times lower than in Europe and North America (6150 m³/person compared to Ethiopia at 47 m³/person), leading to lack of water security for social and economic development and greater vulnerability to water related disasters. Over 60 shared river basins dominate the African landscape, but weak regional cooperation has limited the benefits to the continent and reduced the effectiveness of water governance necessary for development. These challenges are compounded by steady environmental degradation, depletion and contamination of water resources as well as related

factors such as climate change, desertification, flooding and erosion. The information and knowledge base in most countries is inadequate and the monitoring and evaluation system unreliable for meaningful use in strategic planning and development.

1.2.2 The pervasive poverty conditions coupled with slow economic growth and high levels of indebtedness in the continent inhibit investments in water resources development. Preliminary assessment shows that an average investment of US\$ 20 billion is required each year over the coming 25 years to attain the MDG and African Water Vision targets. Current commitments are not adequate to meet these needs, and projected trends of financing are unlikely to be sufficient unless important reforms are carried out and available funds are used more efficiently. Moreover, the constraints facing foreign direct investment and international lending lead to the importance of making concerted efforts to tap local resources for investment in water infrastructure. This financing gap is a critical, driving factor behind the creation of the AWF.

1.3 Establishment of the African Water Facility

1.3.1 In March 2000, during the Second World Water Forum at The Hague, African Ministers of Water Resources and other stakeholders endorsed the African Water Vision (AWV). As a first step in mobilizing the required resources to achieve the African Water Vision, the African Water Task Force, created to help implement the AWV, recommended

the establishment of an African Water Facility (AWF) to mobilize resources to finance water infrastructure and water investment facilitating activities in Africa. This was endorsed by the African Water Stakeholders Conference held in Accra in April 2002. In response, the African Ministers' Council on Water (AMCOW) resolved to set in motion the establishment of the African Water Facility as an essential requirement for achieving the African Water Vision and for the implementation of the Framework for Action.

1.3.2 In recognition of the African Development Bank's role as a significant and committed contributor to the development of Africa's water resources, AMCOW requested the Bank to host the AWF. In response, the Bank agreed to establish the AWF Fund and administer its resources. The AWF was legally established with the approval by the Board of Governors of the African Development Bank at the annual meeting in Kampala on 25 May 2004, of the Instrument for the Establishment of the AWF Special Fund. The AWF became effective at the end of December 2004 with the payment of the minimum UA 10 million required by the Instrument. Furthermore, in accordance with the terms of the Instrument, an AWF Governing Council (GC) was put into place, responsible for determining the general policy directions and guiding the operational activities of the AWF. The GC has thirteen members, with five members appointed by AMCOW, one member each appointed by the African Development Bank, the African Union (represented by the NEPAD-Secretariat) and UN-Water/Africa, and five members appointed by Donors to the Water Fund. As well, the AWF Director is an ex-officio member.

1.4 Objectives and Focus of Intervention

1.4.1 The Facility will assist RMCs to meet the goals and targets for the water sector that were established by the African Water Vision (AWV) and the related Framework for Action (FFA). In this manner the AWF will directly respond to the original intent of AMCOW when it resolved to set in motion the establishment of the Water Facility as an essential requirement for achieving the African Water Vision and for the implementation of the Framework for Action. The overall goal that has been adopted by the African Water Facility is that of the AWV, which states:

“An Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation, and the environment.”

1.4.2 To achieve this goal the AWF will provide support for the attainment of the following main strategic objectives and corresponding outcomes at national and regional levels:

- **Strengthening water governance:** RMCs and regional organisations have increased capacity to govern their water resources effectively based on IWRM principles and transboundary cooperative arrangements.
- **Investments to meet water needs:** Advances made in meeting water needs through direct project investments and widespread adoption of innovative technologies and approaches.
- **Strengthening the financial base:** RMCs and

regional organisations benefit from increased financial resources.

- **Improving water knowledge:** Increased capacity for informed decision making at all levels to guide water development planning and implementation.

1.4.3 These objectives and outcomes of the AWF have been structured to correspond to the components of the African Water Vision and Framework for Action which has been endorsed by the regional stakeholders and has the support of the international development community. The African Water Vision targets match MDG targets for 2015 as well as provides the longer term achievements to 2025.

1.4.4 Up until October of 2007, the AWF was basing its operations on the Objectives and Areas of Intervention as outlined in the ‘Operational Programme 2005-2009’ document. In 2007, the AWF has engaged in an extensive review and revision of its operational programme, in close collaboration with AMCOW and other key stakeholders, which culminated in the approval of the ‘Operational Strategy of the AWF’. This Strategy document, which now serves as the revised operational programme up until 2025, is based on the structuring of areas of intervention as noted in the objectives above.

1.4.5 Throughout this document the revised structure will be used to avoid confusion and ensure harmony with the Operational Strategy and other key documents of the AWF. It should be noted that these revised objectives and areas of intervention are not much different from those currently being implemented by the Facility under the original

structure. The IWRM and TWRM support will continue along the same lines as at present, but is now shown under Water Governance. The Capital Investments and Project Preparation interventions remain unchanged, and are now shown under Investment to Meet Water Needs. As well as the Information and Knowledge and Monitoring and

Evaluation activities which were previously under IWRM and TWRM remain unchanged and now come under Improving Water Knowledge. The only significant difference is the selected interventions under Strengthening the Financial Base to improve the environment for sustainable financing and increase financing availability and access.

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2 Operational Achievements and Status

Operational Achievements and Status

The status of operational activities up until the end of September 2007 is summarised in this section. It begins with a review of project processing, followed by a review of project commitments and disbursements to date, and ends with a brief overview of achievements realised at the organisational level in providing operational support and strengthening partnerships and communications.

2.1 Project Processing

2.1.1 The AWF has received, screened and placed in the pipeline a total of 56 project proposals since January 2006, totalling approximately

€52.25 million. A breakdown by area of intervention of all the 56 projects, along with budget, is shown in Table 2.1. As can be seen there is a good balance in project proposals across the main areas of intervention identified for AWF involvement, and also under each of the sub-components. However, certain categories of activities are showing a strong demand at this early stage, namely IWRM, investment for water supply and sanitation, project preparation, and information management categories. The area of intervention 'Strengthening the Financial Base' has not yet received any proposals since this is a new field of activity for the AWF (which relates to one of the 4 main components of the African Water Vision – see Section 1.4).

Table 2.1: Summary of Projects Approved, Under Processing or in the Pipeline

Operational Programmes and Projects	All Projects		Projects Approved by 30th Sept. 2007	
	No. of projects	Approx. Budget (Million Euros)	No. of projects	Amount (Million Euros)
Water Governance				
NWRM	11	8.59	4	3.22
TWRM	5	5.23	4	3.48
Improving Service Delivery	1	0.50		
Sub-total	17	14.32	8	6.70
Investments to Meet Water Needs				
Water Supply, Sanitation and Hygiene	10	10.23	3	1.48
Agriculture and Food Security	4	2.95	2	1.62
Programme/Project Preparation	12	10.81	7	5.64
Sub-total	26	23.99	12	8.74
Strengthening Financial Base				
Improving Environment, Availability and Access to Financing	0	0		
Sub-total				
Water Knowledge				
Information Management	11	9.74	5	4.48
Monitoring and Evaluation	1	3.70	0	0
Knowledge Generation/Dissemination	1	0.50	0	0
Sub-total	13	13.94	5	4.48
TOTAL	55	52.25	25	19.9

2.1.2 **Project approvals:** A total of 25 operational activities comprising projects and strategic regional initiatives have been approved up to the end of September 2007, at a total investment of about €19.9 million (see Table 2.1). Fifteen (15) of these projects are grant effective and presently under implementation, and one of them has been completed. In brief, the 25 approved projects cover the following areas:

- i) 4 of the projects relate to the implementation of national IWRM. They involve the provision of support to RMCs to improve or establish Integrated Water Resource Management (IWRM) principles and practices, resulting in increased capacity to sustainably manage their water resources effectively based on an IWRM perspective.
- ii) 4 projects focus on the implementation of Trans-boundary Water Resources development initiatives and programmes in Africa. They support the joint development of shared waters in the areas of advocacy, partnerships and strategy development, leading to an overall outcome of improved TWRM, with regional organisations having increased capacity to manage transboundary water resources under a co-operative framework.
- iii) 3 projects are small capital investment projects for water supply and sanitation, and 2 for agriculture. These are designed to introduce innovative technologies and approaches. As a result basic water needs in RMCs will be met through increased follow-on investments and more effective use of resources, with improved

technologies and approaches widely adopted.

- iv) 7 projects concern preparation of water supply and sanitation programmes or projects, which will lead to sector investments;
- v) 5 projects relate to Information Management in order to strengthen the information base related to the water resources of countries and shared river basins. They involve support to implement reliable water information systems to provide high quality data for IWRM and TWRM, leading to increased capacity for informed decision making at all levels to guide water sector development planning and implementation.

2.1.3 **Projects under processing:** Four new projects have been appraised and are awaiting approval as of the end of September 2007, at a total investment cost of about €4.0 million. It is expected that all of these projects would be approved in the next couple of months. The appraisal process of 12 projects is underway, and approval of most of these projects is likely before the end of 2007 or early 2008. However, project approvals will soon be put on hold pending release of additional funding from donors since the total amount committed has almost reached the amount available of €23.5 million (see Section 4.3 for details).

2.1.4 **Projects in the pipeline:** The project pipeline has been quickly built up with 15 additional project proposals received and accepted for possible appraisal in 2007/2008. In addition, many other project proposals have been received and will be screened for possible inclusion in the pipeline and processing in 2008 and beyond.

2.2 Status of Project Commitments and Disbursements

2.2.1 Project approvals and commitments are now proceeding smoothly. The fast track approach aimed at by the AWF is being realised in practice. Project appraisal process has been streamlined, with well prepared project applications by recipients taking only a few weeks to appraise. In addition, projects are normally being approved within one month of date of completion of appraisal, and signature agreements are usually processed within one month.

2.2.2 The project commitment and disbursement profile up to the end of 2007 is shown in Table 2.2. As of the end of September, a total of €19.9 has been committed on 25 projects approved. As noted in the previous section, there are a large number of projects under the approval and appraisal process, and which should be approved before the end of the year. This should raise the total commitments to €29.5 million by 31st December. However, this level of commitments assumes availability of adequate funds in the AWF Special Fund, which depends on donors making expected payments in the last quarter of this year (see Table 4.4 and discussion in Section 4.3).

Table 2.2: Project Commitment and Disbursement Profile (as of 30 September 2007)

Current Project Status	Commitment and Disbursement Profile				
	2006	Q1-2007	Q2-2007	Q3-2007	Q4-2007 Planned
Approvals					
Number Projects Approved	14	1	7	3	11
Cumulative Number of Approvals	14	15	22	25	36
Commitments (million)					
Total Amount Committed	9.0	0.5	6.0	4.4	9.6
Cumulative Commitments	9.0	9.5	15.5	19.9	29.5
Disbursements (million)					
Total Amount Disbursed	0.16	0.7	1.6	3.5	2.5
Cumulative Disbursements	0.16	0.9	2.5	6.0	8.5

2.2.3 Project disbursements are beginning to flow more smoothly after initial delays due to various problems with initiating administrative procedures between the AWF and the Bank on the one hand, and the ability of the beneficiaries to meet project disbursement conditions on the other. These internal difficulties were mainly due to teething problems in linking the AWF financing to the existing AfDB systems, which has proved to be a lengthy process. This has slowed down disbursements for projects and has resulted in delays in commencing project implementation. With the experience gained so far, it is anticipated that disbursements of projects will proceed more smoothly for subsequent AWF projects under implementation. In addition, the AWF is continuing to take steps to accelerate the process through taking on a Loans Office, staff training and building capacity of Recipients early in the project cycle.

2.2.4 The average time from approval to first disbursement (grant effectiveness) is currently 147 days, with a large variance ranging from about 60 days for some projects to over 200 days for others. All the projects which have been able to quickly disburse funds (in 60 days or less) are those that have been recently approved, indicating that streamlined AWF internal procedures are now in place to enable fast tracking of disbursements. The few problematic projects have been delayed to the lack of timely response by the beneficiaries in meeting disbursement conditions. Following up on these issues is proving to be very time consuming for AWF task managers, with frequent communications required or the occasional field mission to the country.

2.2.5 An amount of €6.0 million has been disbursed up to the end of September on the first cohort of 17 projects which are grant effective. Processing of the first disbursement for an additional 8 projects is underway. The total of 17 projects which are grant effective represents 68% of the 25 projects approved, and the amount of €6.0 million disbursed is 30% of that committed. As can be seen, total disbursements is expected to amount to €8.5 million by year end.

2.3 Organisational Achievements of the AWF

2.3.1 Some of the main achievements in 2006 and 2007 for organisational activities related to providing operational support, and strengthening partnerships and communications, are summarised below:

2.3.2 **Strategic operational support by the AWF:** A number of important activities in support of project operations have been directly undertaken by the AWF using its own staff and consultants. These include participating in the workshop on the Preparation of the Strategic Action Plan for the Congo River Basin; organising and hosting a monitoring and evaluation stakeholders' consultative meeting in Tunis; and undertaking an assessment of water information and knowledge management status in 10 countries. AWF staff and consultants have also participated in many missions to prepare and appraise AWF projects.

2.3.3 **Key actions taken to strengthen the AWF:** Some key outputs relating to the establish-

ment and strengthening of the AWF have been achieved to date. These include:

- i) On March 1st 2007, the AWF Coordinator was appointed to assist the Director, in line with the Governing Council recommendation noted above to put in place someone within the AWF to fulfil the role of line Manager. The Bank is further strengthening its support and commitment by approving, in the first quarter, the recruitment of two additional water experts to be seconded to the Facility. These staff are expected to be in place in October 2007, and will complement the 2 Bank seconded staff who have been with the Facility since mid 2004.
- ii) Three senior professional staff were seconded to the AWF by Austria, France and Norway to supplement Bank staff in the effective management of AWF activities. In addition, the UK has accepted to support the Finance position, and Denmark has accepted to second a Socio-Economist/Gender Specialist.
- iii) The AWF has developed and adopted a Resources Mobilization Strategy and a Communication Strategy to assist in mobilising funds and to generate demand for its activities. These Strategies were reviewed and approved by the GC in 2006.
- iv) In order to effectively implement its programme, the AWF is in the process of finalising the development of detailed operational instru-

ments to enhance its internal capacity for project processing, approval and implementation.

2.3.4 **Good outreach and partnership efforts and effective media engagement:**

The AWF has been involved in many activities to strengthen partnerships and create awareness. These include participation in the 4th World Water Forum where the AWF played a coordinating role to ensure effective African participation at the Forum, and prepared the background Regional Document on Africa. AWF staff have also participated in several other consultative workshops and conferences to foster co-operation, harmonize activities, and consolidate partnerships. Another focus in 2006 has been to effectively engage with the media and to collaborate with African journalists.

2.3.5 **Strong support from the AfDB:**

The African Development Bank has been providing significant support to the operations of the AWF. These include secondment of key staff and provision of office facilities, as well as numerous but less evident activities such as assisting with project preparation and review, advising on and supporting operational and administrative procedures and tasks, and providing financial management and legal services. The AfDB has also provided funds to support AWF operational and administrative expense budgets, amounting to approximately €962,000 in 2007.

3 Operational Plan for 2008-2010

Operational Plan for 2008-2010

The summaries of the key operational areas of intervention and associated types of projects, programmes and support activities which are planned to be undertaken by the Facility over the next 3 years are indicated below. Detailed elaboration of the strategic objectives and support areas are given in the Operational Strategy document. This section starts with an overview of the areas of focus for 2008 to 2010. It then reviews each of the operational areas of intervention and related project proposals received, to illustrate type of activities and the trend as a basis for projecting the 2008-2010 work plan and financial requirement. In addition, text box descriptions of some typical projects are provided to give a better picture of the types of activities the AWF is engaged in.

3.1 Areas of Focus for 2008 to 2010

3.1.1 This short term plan ties into the longer term implementation plan for 2010 and 2025, which was developed based on the objectives of the AWF and operational experiences to date (this plan is described in detail in the Operational Strategy document). Ongoing activities to the end of 2025 will consist of a wide range of facilitation and capital investment interventions in conformity with the revised operational areas of intervention, and which are based on the intent to assist RMCs and regional organizations to meet the goals and targets for the water sector that were established by the African Water Vision and the related Framework for Action. In addition, the indicative programme reflects the international and regional commitments to the MDG targets, regional and national commitments expres-

sed through AMCOW, regional commitments to the Rural Water Supply and Sanitation Initiatives, the NEPAD programme for transboundary river basins, and other commitments by development partners, NGOs and community based programmes.

3.1.2 Over the short term the AWF will be focused on specific areas of intervention in order to maximise impact on the core issue of addressing the financing gap in water infrastructure. This is especially important over the next year given the limited financial and human resources available under the Facility to date. To address the full range of development needs as indicated in the African Water Vision and Framework for Action requires a much larger resource allocation and concerted partnership by regional stakeholders and the international community. As well, internal capacity to achieve this will have to be built up over time.

3.1.3 Consequently, from 2008 to 2010 AWF resources will be applied to selected activities aimed at creating the conditions for increased water sector investments. This will mainly consist of: improving the enabling environment for sustainable water resources management so as to attract the massive investments necessary to achieve national and regional water development targets; preparing projects and programmes for immediate funding; and strategically providing resources for direct capital investment for the purpose of triggering larger investments.

3.1.4 To achieve this goal the AWF will focus its operational support for the attainment of the following main strategic objectives and corresponding outcomes at national and regional levels.

3.1.5 **Strengthening water governance:**

The AWF will provide support for a wide range of water governance interventions which are designed to improve the enabling environment and strengthen water resources management at community, national and regional level. A well governed and managed water sector will make best use of existing resources and provide the confidence necessary to attract additional investments. To achieve this, the existing focus on national IWRM and TWRM will continue to be emphasised.

3.1.6 **Investments to meet water needs:**

The AWF will provide targeted and strategic capital grants for the small-scale water infrastructure projects that are designed to address the AWV and MDG targets related to meeting water needs. Projects must focus on meeting basic needs for water supply and sanitation; water for productive uses which includes agriculture and food security; or multi-purposes uses. In addition, preparation of programmes and projects will continue to receive emphasis. Projects that are designed to pilot innovative technologies or approaches, catalyse investments or improve sharing of knowledge will be favoured. Successful new technologies and approaches will attract interest of other actors to take over or expand interventions.

3.1.7 **Strengthening the financial base:**

Given the mandate of the Facility to mobilize resources from donors to finance water resources development activities in Africa, the Facility will provide support in improving the environment for sustainable financing and increase availability and access to financing by local governments and sub-sove-

reign bodies, as well as the private sector. As a result of these types of focused and targeted support, the ground will be prepared for increased public, private sector and donor involvement leading to a stronger financial base.

3.1.8 **Improving water knowledge:**

This comprises information management and development of water knowledge to ensure the availability of vital data and information for planning, design and management of sustainable water sector programmes, and to meet the monitoring and evaluation requirement. Support will be given to establish systems and mechanisms where they do not exist, and enhance and strengthen them where they have been established.

3.1.9 **Organisational activities:**

In addition there are many organisational activities which are essential to the effective operation of the Facility (the scope of these activities is described in detail in Section 3.6 of this document). These are very important inputs which are proving to require considerable financial and human resources. They include strengthening partnerships and providing operational management and support.

3.2 **Strengthening Water Governance**

3.2.1 The AWF will provide support for a wide range of water governance interventions which are designed to improve the enabling environment and strengthen water resources management. Water governance as is used in this document refers to 'the range of political, social, economic, institutional

and administrative systems that are in place to develop and manage water resources, and the delivery of water services, at different levels of society'.

National Water Resources Management

3.2.2 The overall objective of this component is to provide support to RMCs to improve or establish Integrated Water Resource Management (IWRM) principles and practices at national levels. This will be achieved through the development of comprehensive policies and strategies, legislative and regulatory frameworks, institutional arrangements, and effective planning and implementation processes. As a result, RMCs will have increased capacity to sustainably manage their water resources effectively based on an IWRM perspective, and

to attract appropriate national and international investments in the sector.

3.2.3 A total of 11 eligible proposals have been identified under this component, which show that demand for this type of activity is high. Of these, 4 projects have been approved, of which 2 projects are under implementation. One project has been appraised and is under the approval process, and 2 are under appraisal. The remaining will be appraised in 2007/08. The support to Burundi is typical of what will be provided under this area of intervention (Box 1).

3.2.4 It is expected that this trend of high demand will continue in the next 3 years. As well, this is one of the main areas of focus of the Facility. As a result, a total of 22 NWRM projects are planned, amounting to about €31 million.

Box 1: Formulation of an IWRM Plan for Burundi.

Existing water policy, legislative and regulatory instruments on Burundi's water resources were realised without broad consultation, and have never been implemented due to lack of commitment by relevant water sector bodies and institutions. As a result, Burundi is in need of a sustainable water resource management plan which will contribute to the long term development of the sector and help ensure environmental sustainability.

In order to facilitate a process for the formulation of an IWRM Plan for the country, the Government of Burundi requested the Global Water Partnership (GWP) to take the lead in this effort, and to prepare a project and seek grant funding of 480,000 from the African Water Facility (AWF) for implementation. The Global Water Partnership (GWP) is an international network of organisations with the mission to support countries in the sustainable management of their water resources by promoting IWRM principles. It is carrying out the development of national IWRM plans in about a dozen African countries at the present time, so will be able to draw upon this experience to undertake the same process in Burundi.

The project involves the formulation of a comprehensive IWRM and water efficiency plan through the development of a national IWRM framework, support to the development of institutions and partnerships; integration of water into PRSPs and other national development plans; and increasing the understanding of and forging potential access to a broader range of financing instruments. The IWRM plan will be realised through a process of multi-stakeholder forums with the participation of all relevant agencies and civil society in order to achieve consensus for a coherent and rational management and development of Burundi's water resources.

As a result of project interventions, a National framework for sustainable water resource management and service provision will be put in place with strong ownership by all stakeholders; water resource management and water service delivery will be improved; and collaboration with potential relevant financing institutions will be strengthened leading to mobilisation of resources for water sector development projects.

Transboundary Water Resources Management

3.2.5 The overall objective of this component is to support the joint development of shared waters using an IWRM approach. This will be achieved through facilitating political will, development of legislative frameworks, promotion of cooperation, mobilisation of resources, and planning joint development programmes which are able to attract investments. This will lead to an overall outcome of improved Transboundary Water Resources Management (TWRM), with regional organisations having increased capacity to manage transboundary water resources under a cooperative framework. As well, the overall environment for sustainable funding for investments intended to yield shared benefits for the riparian countries will be improved. Interventions will focus on the 10 shared lake/river basins and

aquifers that have been prioritized by AMCOW and NEPAD.

3.2.6 Five eligible proposals have been identified under this TWRM component, of which 4 have been approved and the other is under appraisal. Of these, one project has already been completed and 3 others are under implementation (grant effective). The completed project involved facilitating a process for the elaboration of a convention leading to the creation of the Volta River Basin Authority (see Box 2). One of the projects under implementation involves strengthening of the African Network of Basin Organisations (ANBO), which is described in Box 3.

3.2.7 Support to TWRM is one of the main pillars of the Facility. As a result, at least 14 TWRM projects are planned over the next 3 years, amounting to about €29 million.

Box 2: Establishment of the Volta Basin Authority.

The AWF supported the formal establishment of the Volta Basin Authority (VBA) by providing its first grant of €165,000 to the Volta Basin Technical Committee (VBTC), through an agreement with Burkina Faso.

The Volta was one of the most important transboundary river basins in Africa without any regional organisation for consultation and management of the water resources. To address this institutional gap, the six countries sharing this basin (Benin, Burkina, Côte d'Ivoire, Ghana, Mali and Togo) established the Volta Basin Technical Committee (VBTC), with the mandate to “create all required conditions for the establishment of a basin organisation aimed at an integrated water resource management as well as the management of ecosystems and other related resources in the Volta Basin”. The VBTC, in turn, put in place the necessary plans to for the creation of the VBA, and approached the AWF for support.

The project involved the Creation of the Volta River Basin Authority through development of a draft Convention and draft Statutes of the VBA by an expert group from the region; and organisation of a series of national and regional consultative meetings to validate the draft Convention and Statutes. This was the first time that a process involving submission of draft transboundary river basin policies for approval by representatives of all stakeholders, including the civil society, has been undertaken in West Africa. As well, the fact that this project was able to be prepared, approved and completed in less than one year serves to point out the value of the AWF in being able to fast-track small but important projects.

As a result of the VBTC activities and AWF support, the Convention for the creation of the Authority was able to be quickly drafted, reviewed and approved in 2006, and the VBA is now in operation. The presence of the VBA will enable strengthened co-operation and partnership among riparian countries, and facilitate additional funding for accelerated development of the basin. For example, a €22 million project for support to the Volta River Basin has been identified by the AfDB and placed in the pipeline.

Box 3: Development of the African Network of Basin Organisations (ANBO).

Managing shared water resources is one of the major challenges for international co-operation in Africa. To help meet this challenge, the African Network of Basin Organizations (ANBO) was created in July 2002 to enhance trans-boundary water resources management (TWRM) in Africa. The ANBO actively contributes to the development and strengthening of lake and river basin organisations as the focal points and catalysts for better regional cooperation. The network pools the capacity of a large number of actors and financing partners involved in the sector.

The ANBO has been operating on a transitional basis with limited funding from membership fees and ad hoc financial support from donors to undertake specific tasks. The interim resource base has been insufficient for ANBO to fully perform its intended role, and as a result it has been unable to adequately meet its objectives in comparison to the many challenges and high expectations facing the organisation. The ANBO urgently needed external support to gain more momentum to promote joint management of trans-boundary waters in Africa, and requested for assistance from the AWF. The AWF grant of €439,000 will provide this much needed support and enable the ANBO to fulfil its role as a pan-African basin organisation development facilitator.

The project will contribute to the development of new basin organisations and improvement of the existing ones. It involves the extension and activation of ANBO's membership base; strengthening ANBO's interactions with all members and other stakeholders; evaluation of the legal cooperative frameworks of existing Basin Organisations; upgrading of the information and knowledge exchange among member organizations; and the restructuring and strengthening of the ANBO Secretariat.

The long-term impacts of the project will be improved trans-boundary resources management (TWRM) through strengthened and empowered basin organisations in Africa. These efforts shall facilitate enhanced international cooperation and political commitment, and the establishment of joint development programmes to attract investments intended to yield shared benefits for the riparian countries.

3.2.8 One important project which is now underway relates to planning and strategy development for the Congo River Basin. It concerns the development of an all inclusive strategic action plan

for the Congo River basin and subsequent organisation of an International Donors Conference on the Congo to mobilise support of the Strategic Action Plan (see Box 4 for details).

Box 4: Preparation of the Strategic Action Plan for the Congo River Basin.

The lack of integrated river basin institutional framework for transboundary co-operation in the Congo River basin has been recognized as serious weakness for implementing sustainable development in the Basin. The Commission Internationale du Bassin Congo-Oubangui-Sangha (CICOS) was established in 1999, but lacks the necessary mandate to undertake a full range of river basin management actions, and also does not include all riparian states notably Angola, Zambia, Tanzania, Burundi and Rwanda as members. The member states have realized this serious drawback and hence instigated an amendment to the convention establishing CICOS to enable it to evolve into a full-fledged river basin organization, capable of managing the development, use and sustainability of the water resources of the Congo Basin. This aspect has also been singled out as key issues to be addressed both at AMCOW and NEPAD level, and has been reflected in the NEPAD Short Term Action Plan as a focus area for action.

In response, CICOS has instigated a process that will lead to the establishment of an inclusive river basin organization based on the integrated water resources management approach. CICOS, with the support of the African Water Facility (AWF), has embarked on the preparation of a Strategic Action Plan (SAP) for the Congo River Basin in the next two years for the purpose of guiding the establishment of Congo River Basin Organization and galvanizing the creation of an international partnership for the development of the Congo Basin.

As first step of this process, the AWF provided support for the preparation of a background situation assessment document and formulation of a broad Terms of Reference for the preparation of the Strategic Action Plan. CICOS convened a workshop to discuss the strategic approach on the long term development of the Congo Basin, and to validate the draft background situation assessment document and the TOR for the preparation of the SAP. The workshop was held in Kinshasa, DRC on January 24th and 25th, 2007.

Improving Service Delivery

3.2.9 In many countries poor service quality, limited access (especially for the poor) and lack of financial viability are the key sector challenges. To help remedy this situation, the AWF will support a wide range of activities designed to improve service delivery and access by the poor, and to strengthen financial viability. Improving delivery of water supply and sanitation services touches on many aspects such as putting in place the proper conditions by improving the enabling environment; taking concrete actions to ensure that the needs of the poor are met; encouraging service provision by a wide spectrum of providers; and improving the performance of service providers. One relevant project has been received and identified for appraisal in 2008. It relates to benchmarking of African water utilities to provide a tool for strengthening their operation and maintenance capacity.

3.2.10 Since this is a relatively new category of intervention for the Facility, only 4 projects are expected to be implemented over the next 3 years, totalling 6 million. This will enable the AWF to gradually develop the necessary expertise in this area.

3.3 Investments to Meet Water Needs

3.3.1 The AWF will provide targeted and strategic capital grants for water infrastructure projects that are designed to address the AWW and MDG targets related to meeting water needs for any of the broad areas noted below. The AWF will focus on meeting water needs with the intention of cataly-

ing or attracting substantial additional investments through the replication or scaling-up of successful technologies, and on making better use of available resources through the widespread adoption of improved approaches. Improving the overall enabling environment in order to best achieve these objectives will also be given emphasis. As a result of AWF interventions, water needs in RMCs will be met through increased follow-on investments and more effective use of resources, with improved technologies and approaches widely adopted.

3.3.2 The many types of project activities which may be supported by the AWF are described in the following sub-sections.

Water Supply, Sanitation and Hygiene

3.3.3 The AWF places great emphasis on meeting basic needs for safe water. Consequently, one of the key areas of support will be for technological development and pilot trials of low cost and appropriate technologies for expanding safe water supply. Equally important is the need to expand access to improved sanitation with enhanced hygiene promotion and education components. Improving health outcomes requires not only investment in sanitation and water facilities, but also behavioural change involving better hygiene practices.

3.3.4 A total of 10 eligible proposals have been identified under this component, which show that demand for this type of investment is high. Of these, 3 projects have been approved and are under implementation. Five projects are under appraisal, and the other 2 will be appraised early in 2008.

3.3.5 Over the next 3 years it is planned that about 20 projects will be implemented, amounting to 60 million in total.

3.3.6 All of the approved projects involve piloting of innovative technologies. For example, one project involves extending access to improved sanitation in peri-urban areas through use of innovative Ecological sanitation technologies (see Box 5). Another consists of rainwater harvesting for use in schools (see Box 6).

The other projects under processing also include many innovative technical components such as solar and wind energy systems for domestic as well as for agricultural water supply, and water quality treatment technologies, etc. As well, projects incorporate many novel non-technical aspects such as supporting partnership arrangements involving public, private and NGOs, or community management models that emphasise provision of private sector services from small local enterprises.

Box 5: Implementation of an Integrated Water Supply and Sanitation Services Project for the Urban Poor in Kampala, Uganda.

As is typical in many peri-urban areas of African cities, an estimated 80% of residents in the informal settlement of Kagugube Parish in Kampala have limited access to safe water. The situation concerning access to proper sanitation facilities is even worse. In response to a request from the National Water and Sewerage Cooperation (NWSC) of Uganda, the AWF provided a Grant of €800,000 to improve the water supply infrastructure and support the establishment of innovative Ecological Sanitation technologies tailored to the needs of the urban poor.

This project will pilot the establishment of sanitation services tailored to the needs of the urban poor in the low-income community, with a special focus on excreta management at both household and communal levels. Ecological Sanitation, a concept where the nutrients in human excreta are sanitized and safely reused as biological fertilizer, will be promoted and will account for at least 50% of the household sanitation facilities constructed. As well, the project will help ensure access to water for the urban poor at the official NWSC tariff by installing and piloting pre-paid meters at stand pipes.

As a result of the project, the residents of Kagugube Parish will have improved access to WS&S and be more aware of health hazards. Innovative off-site dry sanitation based on Ecological Sanitation principles will be introduced. The lessons learnt from the implementation of this pilot project will be used for scaling up the provision of improved water supply and sanitation services to the urban poor in Kampala and other major towns.

**Box 6: Kenya – Kisumu District Primary
Schools Water & Sanitation Project.**

The main focus of this project is to construct innovative rainwater harvesting and sanitation facilities on a pilot basis in 6 schools in Kisumu, Kenya, and to change the hygiene behaviours of pupils. The communities themselves, through a Participatory Integrated Community Development approach, identified these needs as their priorities.

A local NGO has received an AWF grant of €228,600 for the construction of demonstration rainwater harvesting systems, ecological sanitation toilets and solid waste disposal facilities in the 6 schools (in total approx. 3,200 pupils plus 75 staff). The project will make use of these facilities to teach children in an attractive manner about proper water use, hygiene and sanitation practices. Experiences elsewhere have shown that children are the best entry point for behaviour change, and that they can even effectively change behaviours of parents.

The AWF has added a strong management component to more traditional rainwater harvesting, thus taking the use of this technology a big step forward. A rainwater storage tank has to be seen as a “limited resource” and needs proper management of quality and quantity to be able to supply at least safe drinking water throughout the year. In the rainy season water can be used for all purposes, but during dry season its use has to be restricted to key needs according to the quantity available and length of the expected dry season. This dual approach is not an easy management task to implement.

The proposed activities will contribute towards improved health and better environment, and at the same time contribute to meeting the WS&S needs of the schools. Sustainability of the project is ensured by using technologies that can be managed and maintained at low costs; by assisting the School Management Committees to prepare maintenance plans and budget for the WS&S facilities; and through the training of artisans in construction and maintenance of the facilities.

Water for Productive Uses

3.3.7 **Agriculture and Food Security:** Ensuring supply of adequate water for agricultural uses will be one of the significant areas of intervention for AWF capital investment grants. In particular the AWF will focus on water for achieving food security, which may involve such activities as improving rainfed production or enhancing crop productivity per drop.

3.3.8 Four proposals have been identified under this component. Of these, 2 projects have been approved but are not yet grant effective. One

other project has been appraised and is under the approval process. Innovative technologies are focused on in two of the projects, with one involving solar powered pumping and the other rainwater harvesting for agriculture and livestock purposes (see Box 7). On another project, the AWF is providing co-financing related to improved water control and management systems for an agriculture project being implemented by the AfDB.

3.3.9 About 5 projects under this category will be implemented over the next 3 years, totalling €14 million.

Box 7: Rwanda – Pilot Project for the Introduction of Water Harvesting Techniques in Bugesera.

The main focus of this project is to improve the living conditions of the rural populations in the Bugesera district of Rwanda by introducing rainwater harvesting (RWH) techniques for agriculture and livestock use, as well as to supply drinking water for human consumption.

The District of Bugesera has undergone repeated dry periods for more than two decades. These have had catastrophic consequences on harvests, often leading to famine, as well as on the availability of drinking water for the population of the area. To mitigate this problem, the Ministry for Land, Environment, Forestry, Water and Mines (MINITERE) called upon the AWF to finance a pilot scheme relating to the introduction of RWH techniques for agricultural use and drinking water. The total cost of the project is of €705,220, of which the AWF has granted €450,000, with the FAO and Government of Rwanda contributing the rest.

The specific objectives relate to the introduction of techniques for the collection of rainwater to: improve agricultural production through use of suitable low cost systems for the collection of rainwater; increase the productivity of the land through proper management and sustainable conservation; improve the well-being of the population through increasing the availability of drinking water; and reinforce the capacity of the recipients by training the farmers on RWH techniques and protection of the natural resources.

As a result of the project, increased agricultural production and livelihoods for people in Bugesera will be realised. The results of this pilot scheme will also make it possible to popularize the techniques for RWH throughout the areas which suffer each year from the effects of the droughts.

3.3.10 Water for Industry, Energy and Transportation: The objective of this component is to ensure the supply of adequate water for energy, industry, and tourism and transportation development. Water storage will be an important component. There are as yet no project proposals under this category. The AWF has not earmarked this as an urgent area of intervention however, so little activity is planned over the next 3 years.

Project and Programme Preparation

3.3.11 Twelve proposals for project/programme preparation activities have been received and identified, which show that demand for this type of support is high. Of these, 7 projects have been approved, with 1 under implementation. Two projects have been appraised and are under the approval process. The remaining projects are either under appraisal or will be appraised later in 2007 or in 2008. In addition, a project in Chad

has been put on hold due to security concerns in the country.

3.3.12 It is expected that this trend of high demand will continue in the next 3 years. As well, this is one of the main areas of focus of the Facility. As a result, a total of 21 project/programme preparation activities are planned, amounting to about €21 million.

3.3.13 Of the 12 projects, 5 are related to the preparation of national rural water supply and sanitation (RWSS) programmes, indicating a strong demand for this type of support at the national level (see Box 8 for a description of the Mozambique RWSS programme preparation project, which is typical of this type of support). Another 5 projects relate to the preparation of water supply and sanitation development plans for urban areas. As an example, one proposal relating to the preparation of a sanitation master plan for a city in Senegal is described in Box 9.

Box 8: Mozambique – Preparation of the National Rural Water Supply and Sanitation Programme.

Access to safe water and sanitation in the rural areas of Mozambique is estimated to be below 42% and 37% respectively. Lack of access to basic amenities such as clean water and safe sanitation are among the key factors contributing to widespread poverty among the rural population. The Government of Mozambique (GoM) has over the last 10 years embarked on a number of reforms aimed at improving the situation, and as a result the country has realized increased sector investment with support from development partners.

Despite these efforts however, implementation is still behind schedule to meet National and MDG targets. Furthermore, overall planning and coordination of sector development projects is still being done somewhat haphazardly. As a result, the GoM was in need of a more comprehensive Rural Water Supply and Sanitation (RWSS) programme in order to harmonize current efforts and speed up implementation, and requested assistance from the AWF for this task.

The project study, supported by an AWF Grant of €490 000, is aimed at reviewing the current implementation of RWSS services and preparing a comprehensive and well coordinated program to meet national and MDG targets. The components of the study include: undertaking an assessment of the current situation; developing RWSS services demand assessment and investment forecasts; formulation of institutional arrangements and legal frameworks; designing a capacity building strategy; preparing programme implementation manual; and establishing a financial strategy for the sector.

The study constitutes a major component in the Government's efforts to improve the rural water supply and sanitation situation and complements the ongoing development activities in Mozambique for the attainment of the MDGs. The study will prepare a national RWSS program for immediate implementation throughout the country, and will contribute towards the institutional strengthening and capacity building efforts. As well, a comprehensive National RWSS Programme with common approaches and harmonized development assistance will assist the Government to leverage more resources.

Box 9: Sanitation Master Plan Study for the City of Ziguinchor, Senegal.

The town of Ziguinchor in southern Senegal, with a population of 250,000, has no sanitation network of any kind, and a limited wastewater drainage system which also serves in many areas as the only means of evacuating sewerage effluent, which is then discharged untreated into the nearby river. Consequently, improvements in the sanitation and wastewater management systems are urgently needed. As a result, the National Office for Sanitation of Senegal (ONAS) wished to initially prepare a comprehensive Master Plan to guide investments, and requested for €935,000 in Grant assistance from the AWF for this activity.

The project study will support the improvement of sanitation in different districts of Ziguinchor, help resolve the environment issues generated by poor wastewater management, reduce the severity and the duration of the floods caused by heavy rains, and promote innovative on-site sanitation technologies. The project will also prepare the ground for funding of the planned investments through the identification and mobilisation of financing partners.

The project has a very high strategic importance as it is based on a modern conceptual approach to urban sanitation development. Initially, ONAS envisaged a more traditional master planning approach, but in cooperation with the AWF the project was re-designed during the appraisal stage. The new concept implies extended and optimised use of ecological on-site solutions combined with a limited sewerage network and wastewater treatment. In all cases, the on-site sanitation technologies will meet the highest hygiene conditions and environmental protection standards. As well, the agreed approach will include the active involvement of all consumer groups in the planning and decision making processes. In economic terms, the costs savings using the optimized on-site sanitation technologies is substantial. For example, the required sanitation investments based on the innovative technological options for a city of the size of Ziguinchor may be in the order for 21 million Euros, whereas the costs of a more traditional sewerage based sanitation system including treatment facilities would tentatively be 75 million Euros.

3.4 Strengthening the Financial Base

3.4.1 Given the mandate of the Facility to mobilize resources from donors to finance water resources development activities in Africa, the activities described in this section to strengthen the financial base are of key importance. They centre around two broad types of support: 1) Improving the environment for sustainable financing through actions such as improving cost recovery and pricing policies, increasing and making better use of government funds, attracting and benefiting from private sector financing in the water sector, and working with other donors to strengthen actions to support domestic investments; and 2) Improving availability and access to financing by local governments and sub-sovereign bodies, public utilities, the private sector, NGOs and communities. As a result of these types of focused and targeted support, the ground will be prepared for increased public, private sector and donor involvement leading to a stronger financial base.

3.4.2 There are as yet no project proposals under this category. As a result, the AWF may take the lead and pursue a thematic approach to identify projects along certain themes. In total, at least 8 projects related to strengthening the financial base are expected to be implemented from 2008 to 2010, amounting to €12 million.

3.5 Improving Water Knowledge

3.5.1 The components comprising information management and monitoring and evaluation are

neglected but important aspects for ensuring the availability of vital data and information for planning, design and management of sustainable water sector programmes. Consequently, there is an urgent need in Africa to support their establishment where they do not exist, and otherwise enhance and strengthen them where they have been established. Equally important is the need to generate water wisdom through a continuous process of learning.

3.5.2 The Facility will support various types of cross-cutting water knowledge activities to improve the monitoring of achievements in meeting targets, increase the availability of reliable information, and generate water wisdom. As a result of these interventions, there will be increased capacity for informed decision making at all levels and across all stakeholders to guide water sector development planning and implementation.

Information Management

3.5.3 As of the end of 2006, a total of 11 project proposals have been identified relating to information management which shows that there is a significant demand for this type of activity. Of these, 5 have been approved and are under implementation. The other projects are either under appraisal or identified for appraisal later in 2007 or early in 2008.

3.5.4 It is expected that this trend of high demand will continue in the next 3 years. This is one of the main areas of focus of the Facility. As a result, at least 15 information management projects

are planned up to 2010, amounting to about €23 million.

3.5.5 Eight of the 11 projects relate to trans-boundary information management activities in order to strengthen the information base of the water resources of shared river basins. Due to the importance and priority of this type of support, 4 TWRM information projects were quickly appraised and approved, and all of the projects now underway. (see Box 10 for a description of one of these projects in the Northern Sahara aquifer system). Most of the TWRM information projects involve activities such as improving the water database, enhancing the hydrological network, upgrading the existing HYCOS systems in each river basin, strengthening

national hydrological service and capacity building of basin authorities and agencies in I&K management. As a result, the reliability, quality, and quantity of hydrological data and information will be improved, and water resources planning and development facilitated.

3.5.6 The other 3 projects relate to strengthening country based information management systems. Of these, one project (Support to Ethiopia water information and knowledge management systems – see Box 11) has been approved, with work started in the second quarter of 2007. The support to Ethiopia is typical of what will be provided on a country basis under this area of intervention.

Box 10: Geo-Aquifer Project: Improved Transboundary Water Resource Management of the Northern Sahara Aquifer System.

The AWF and the Sahara and Sahel Observatory (OSS) signed a grant agreement worth €487,800 to finance the Geo-Aquifer project for the Northern Sahara Aquifer System (SASS), involving concerted action among Algeria, Libya and Tunisia who share this groundwater resource.

The SASS covers an area of over one million km² and is one of the only water resources in the concerned basin area. It provides water for drinking, irrigated agriculture and other purposes to over 4 million people in the Northern regions. The importance given to this transboundary groundwater resource led Algeria, Libya and Tunisia to set up a specific Mechanism for Concerted Action, the first of its kind worldwide concerning groundwater, for the rational use and concerted management of this shared water resource. The Sahara and Sahel Observatory (OSS) is a key regional organization whose mission is to serve as a link and provide a framework for international partnership and dialogue for water and land resource management in the region.

The main objectives of the Geo-Aquifer project are to: enhance information and knowledge of the aquifer through the use of satellite data and digital cartography; develop a database and decisions support tools; build the capacity of the ministries and agencies in charge of water, environment and agriculture to use these geo-scientific data management techniques and tools; support research and studies; and reinforce partnership and cooperation among the three countries.

The project will provide valuable information and support to ensure the equitable and optimal use of the available water resources to meet both water supply and agricultural needs, and the preparation of joint programs for the mutually profitable development of this important shared groundwater resource.

**Box 11: Development of Water Information
and Knowledge Management Systems in Ethiopia.**

Although Ethiopia has the necessary policies, strategies and regulations in place for integrated water resource management, actual implementation of IWRM is being hampered. The Ministry of Water Resources has identified lack of data, information and knowledge as the main constraint to better water resource management and development in the country. This crucial problem was discussed at a multi-stakeholders forum held in Addis Ababa in May 2006, in which the AWF participated. The Ethiopian Minister of Water Resources subsequently submitted a formal request to the AWF for €500,000 to support a project aimed at addressing the water data and information needs of the country. The project was appraised and approved by the AWF in October 2006.

The project will support Ethiopia's efforts to establish a system of national information management, strengthen existing water quantity and quality data management, reinforce applied research and improve water information ICT infrastructure. Specific activities include improving the collection, processing, analyzing, storing and disseminating of water resource data by creation of database of water quality, upgrading hydrological stations, undertaking research projects, organizing the knowledge management system and establishing a comprehensive groundwater database.

As a result of the project, Ethiopia will have a much better capacity to manage its water resources due to the timely availability of reliable information.

3.5.7 In addition to projects, an activity consisting of an assessment of water information and knowledge management status has been directly undertaken by AWF staff and consultants. This involved the preparation of water information and knowledge profiles in 10 countries (Ghana, Tanzania, Malawi, Ethiopia, Tunisia, Lesotho, Benin, Senegal, Congo and Burkina Faso), with the view to generating interest in the subject and to support the establishment or reinforcing of water information and knowledge systems. The studies showed major weaknesses in the generation, collection, analysis, storage and diffusion of water information in most countries, with knowledge management aspects little developed. These types of assessments are typical of what the AWF will undertake in this area in the future. For example, a further assessment of information management status in other countries is now underway.

Monitoring and Evaluation

3.5.8 Only one proposal for a project specifically focused on M&E has been received by the AWF. It is currently under appraisal. It involves developing a North African sub-regional M&E mechanism to monitor the water sector and achievements towards meeting the MDGs, by providing support to country data collection, analysis and reliability systems. In addition, national level M&E forms part of many other IWRM projects noted in section 3.2.

3.5.9 The AWF is currently in the process of strengthening its ability to intervene in this area. For example, on behalf of AMCOW, the AWF organised

a Monitoring and Evaluation Stakeholders Consultative Meeting from 21-22nd September 2006 in Tunis. At this meeting an Action Plan for strengthening Monitoring and Evaluation in Africa was agreed. The Action Plan focused on country-owned water sector M&E and an improved collaboration among regional and sub-regional water sector M&E institutions. The meeting also decided to establish a regional M&E working group which will assist AWF to elaborate the relevant country and regional M&E action plans, and to conduct a pan African assessment of the status of M&E. This assessment is currently in the process of being carried out by consultants directly contracted by the Facility.

3.5.10 It is planned that at least 8 M&E projects totalling €19 million will be implemented over the next 3 years.

Knowledge Generation and Dissemination

3.5.11 One proposal has been received under this component and will be appraised later in 2007. It involves support to the establishment of the African University of Science and Technology in Burkina Faso. The project will contribute to increasing the availability of high quality Africa-based water education, and assist in developing this important pan-African institution to become a centre of excellence of future water sector specialists and leaders.

3.5.12 Due to the early stages of project implementation, there has been little opportunity to develop learning activities since no projects are yet at

an advanced stage of implementation. However, some selected activities have been undertaken relating to water knowledge. These are described below and indicate some of the typical activities which the Facility may undertake using its own staff and consultants:

- i) **Information and knowledge workshops:** In order to disseminate results and deliberate on the findings of the information and knowledge status assessments noted above (para. 2.4.6), the AWF organised a series of workshops in Ethiopia, Ghana, Tunis and Tanzania. The AWF intends organising similar workshops in the other countries.
- ii) **Knowledge dissemination seminar:** The AWF supported a water sector knowledge sharing seminar co-organized with Egerton University of Kenya to bridge the gap between research and development practices in water resources management. It enabled researchers and practitioners (such as engineers and decision makers) in the water sector to exchange information and deliberate on how research and technology can be tailored to improve livelihoods in the Eastern African water sector.

3.5.13 Over the next 3 years, a range of such activities, as well as 4 specific projects will be implemented, amounting to €5 million in total.

3.6 Organisational Activities

3.6.1 The special nature of the AWF requires that adequate resources are devoted to undertaking a wide range of organisational activities which

are essential to the effective operation of the Facility. Linkages with the AfDB, AMCOW, contributing donors and many other partners; involvement of multiple coordination bodies; requirement for special operational instruments and strategies; and need for effective outreach and communications; are all reasons why the Facility has been devoting much time and internal resources to ensuring that its operations flow smoothly. The AWF undertakes a range of activities aimed at coordinating and managing the activities of the AWF, and providing assistance to AMCOW and other stakeholders, as described below.

Strengthening Partnerships and Communications

3.6.2 Building strong partnerships, both between the AWF and its stakeholders, and between regional and national organisations, is essential for success. In this regard, the African Water Facility works closely with a wide range of organisations at global, regional, and country levels to build consensus on effective policies and practices, coordinate activities, leverage resources, share knowledge, build capacity and enhance advocacy.

3.6.3 **Establishing cooperative working relationships:** The effectiveness or impact of the Facility depends to a large extent on the quality of its working relationships. The AWF places great emphasis on establishing cooperative working relationships with a wide variety of external partners such as pan-African or regional initiatives, multilateral and bilateral donor organisations, and national government agencies. In addition to traditional

partnerships with governments and donor agencies, the AWF works at increasing cooperation with private operators, financiers, professional networks, academia, consumer organizations, NGOs and civil society.

3.6.4 Leveraging AWF resources through partnerships: There are many opportunities to leverage AWF resources through collaboration with other partners. These may include co-financing projects and programmes, providing direct financial support to external organisations and initiatives to implement activities of mutual interest, and outsourcing projects to other entities.

3.6.5 Outreach activities: The AWF is regularly involved in various outreach activities to strengthen its regional and international presence, and to forge cooperation and good working relationship with other actors in the African water sector. These centre on participation in meetings, workshops, conferences and task forces,

3.6.6 Ensuring effective communications: The attainment of the objectives of the AWF and the effective implementation of the AWF programme will require efficient and systematic communications with a focus on stakeholders' awareness and participation. Following the approval of the Communications Strategy in 2006, the AWF has been actively implementing various strategy recommendations such as: improving its new website; regularly disseminating information; coordinating communication activities with those of the AfDB; and effectively engaging with the media.

Promoting Strategic Initiatives

3.6.7 As a flag ship initiative of AMCOW, the AWF will instigate and promote strategic initiatives in support of the AMCOW agenda. This will contribute and enable AMCOW in providing oversight, guidance and advisory support to RMCs and other partners.

Providing Operational Support

3.6.8 AWF staff and consultants undertake various types of operational support activities aimed at ensuring effective project and programme management. These include project preparatory, appraisal and supervision activities; participation in AWF project related workshops; undertaking status assessments; and long and short term planning. As well, the AWF is further consolidating and strengthening its operations through the refinement of key operational instruments and tools for effective portfolio management throughout the project cycle.

3.6.9 Various types of planning and assessment activities are important aspects of AWF staff inputs. These comprise preparation of an Indicative Financing Programme on an annual basis, regularly revising the short and longer term implementation plans and resource requirements, implementing the Resource Mobilisation Strategy to ensure that the AWF Special Fund has adequate resources on hand, ensuring that staffing needs are met, and undertaking performance assessments.

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4 Resource Requirements

4.1 Financial Resources

A comprehensive definition of financing requirements has been developed for 2008, 2009 and 2010 (see Table 4.1). The funding estimates for 2008 are based on requests already received by the AWF from beneficiaries and placed into the pipeline for appraisal, as well as expected activities based on focus areas and trends to date (as discussed in Section 3). Over the period from 2009 and 2010, the estimates will be less crystallised than in 2008 given the fact that this is partly a demand driven process. As a result, the estimates for 2009-2010 were developed based on trends and focus across all areas of intervention.

4.1.2 The cost for the overall programme for each year is estimated at €51.2, €75.3 and €109.4 million for 2008, 09 and 10 respectively, and totalling €236.0 million over the 3 years. They will continue to be updated during the preparation of the annual indicative financing program and budget at the end of each year, based on additional information from ongoing operations. It should also be no-

ted that the amounts for 2008 and 2009 (€236 million) are considerably less than the funding requirement for the same years as foreseen in the 2005-2009 Operational Programme (€395.75 million). The reduction is due mainly to a reassessment of the capacity to mobilize and implement resources and the strategic focus on facilitation and small size projects in the short term period.

4.1.3 The organisational activities shown in Table 4.1 cover costs incurred by the Facility in order to implement the planned programmes and activities, including staff salaries and consultant fees. As well, a separate line item for office expenses has been included since it also has to be planned and budgeted for – this includes office space, equipment, furniture, and running costs – and will consume about €0.33m over the 3 years. All these costs fall under the AWF administrative expenses budget, and are paid for from the AWF Special Fund as well as the budgetary provision made by the African Development Bank for the administrative expenses of the AWF, and donor Technical Assistance (see Section 4.3).

Table 4.1: Planned Activities and Funding Requirements for 2008-2010 (million Euros).

ACTIVITY	2008	2009	2010	2008 -2010	% (over 3 yr period)
Water Governance					
NWRM	€6	€10	€15	€31	
TWRM	€5	€10	€14	€29	
Improving Service Delivery	€1	€2	€3	€6	
Sub-total	€12	€22	€32	€66	28%
Number of projects	10	14	15	39	
Investments to Meet Water Needs					
Water Supply, Sanitation and Hygiene	€12	€18	€30	€60	
Water for Productive Uses	€3	€4	€7	€14	
Programme/Project Preparation	€6	€7	€8	€21	
Sub-total	€21	€29	€45	€95	40%
Number of projects	14	14	17	45	
Strengthening the Financial Base					
Sub-total	€2	€4	€6	€12	5%
Number of projects	2	3	3	8	
Water Knowledge					
Information Management	€6	€7	€10	€23	
Monitoring and Evaluation	€5	€6	€8	€19	
Knowledge Generation/Dissemination	€1	€2	€2	€5	
Sub-total	€12	€15	€20	€47	20%
Number of projects	8	9	9	26	
TOTAL OPERATIONAL	€47	€70	€103	€220	
Total number of projects	34	40	44	118	
Organisational					
Partnerships and Communications	€0.36	€0.39	€0.41	€1.16	
Strategic Initiatives to support AMCOW	€0.04	€0.06	€0.08	€0.18	
Operational Management and Support	€3.73	€4.81	€5.84	€14.38	
Office Expenses	€0.10	€0.11	€0.12	€0.33	
Sub-total	€4.2	€5.3	€6.5	€16.0	7%
GRAND TOTAL	€51.2	€75.4	€109.4	€236.0	

4.1.4 The expected number of project approvals per year for each area of intervention is also presented in Table 4.1. These are based on the average project size to date for each category, and plans as to how this will develop in the future. In principle, the AWF will aim at increasing project sizes in order to increase efficiency of project processing and approval. To realise these larger projects sizes, the Facility will use a variety of methods. For investment projects, increasing the

average size up to the €5 million ceiling for AWF grants will be targeted. However, since many of the facilitative project requests are likely to continue to be in the €1 to €2 million size range, opportunities to combine or package these projects together to achieve economies of scale will be explored. For example, this could involve combining 5 or more projects for development of IWRM plans and implementing them together under the same executing organisation, or jointly providing support for

strengthening Information Management or M&E to many countries simultaneously under one programme.

4.1.5 As can be seen in Table 4.1, the AWF plans to increase project approvals from 34 in 2008 to up to 44 projects in 2010 (for a total of 118 projects). Given an average project duration of about 2 years, this would mean that the Facility could have over 80 projects in its portfolio at any one time.

4.2 Human Resources

4.2.1 It is important to ensure that the AWF has adequate numbers and range of staff in place to meet current and future operational requirements. In this section, the human resources requirements of the Facility over the 2008-2010 period is articulated, and the possible sources of funding the staff positions including AfDB, donor secondments, AWF resources and short and long term consultants is discussed and assessed.

4.2.2 Staffing needs are much greater than earlier envisaged. The task of assisting recipients to prepare projects which offer value, the small size of most of these projects, the wide range of eligible beneficiaries including NGOs, the need for on-site project supervision, and the large number of partnership building activities, all underline the need for increased number of professional staff. In addition, there is need for additional general services staff in view of the administrative burden of organising events and handling logistics that are associated with these activities.

4.2.3 To better assess and plan for the future needs, the AWF has prepared a staffing needs assessment, which is presented in the following paragraphs. Another detailed evaluation of staffing needs will be made at the end of 2010.

4.2.4 The desired breakdown of staff by sector and function (job title) is shown in Table 4.2, and the resulting organisational framework is shown in Annex 1. This table has been developed considering: the planned areas of intervention and the associated sectoral expertise needed; the expected number of projects (as shown in Table 4.1) and the number of new and ongoing projects each staff member can manage (based on experience to date); and the amount of time staff spend on organisational activities.

4.2.5 The Actual column is based on the expected staff complement of the Facility as of the end of 2007. Of these, the Bank has supplied 4 professional staff, as well as a Director and a Coordinator (manager). Other donors have seconded professionals (Norway, Austria, Denmark, France and DFID), bringing the total complement to 9 professionals and 2 management staff. There is also one General Staff (the secretary of the Facility) which the Bank funds. The long term consultants and occasional support from other Bank Departments are not shown in this table due to their temporary nature.

4.2.6 Experience shows that that AWF will not be able to effectively implement its mandate with the current level of staffing and skill-mix. The human resource requirement has, therefore, been re-

viewed and a proposal made to address this inadequacy. Accordingly, the total number of professional staff, comprising both regular staff and Technical Assistance secondments will increase from the current 9 positions to 25 by the end of 2010,

with most of the needed sectoral expertise expected to be on-board by that time. This will result in about 4 to 5 projects per task manager, which should be manageable based on current experience.

Table 4.2: Staffing Needs Analysis.

Theme/Sector	Job Title	2007 Actual	2008	2009	2010
Management	Director ¹	1	1	1	1
	Coordinator	1	1	1	1
Sub Total Management		2	2	2	2
Nation Water Resources Management	IWRM Officer	1	2	2	2
	Water Supply & Sanitation Experts	2	2	3	4
	Water Resources Engineer	0	0	1	2
	Water Governance Expert	0	0	1	1
Transboundary Water Resources Management	Water Resources Operations Officer	1	1	1	1
	WRM Specialist	2	2	2	2
	Ground Water Management Specialist	0	0	1	1
	Water Resources Economist	0	0	1	1
Finance & Resources Mobilisation	Financial Management Expert	1	1	1	1
	Private Sector Investment Expert	0	0	0	1
	Financial Analyst	0	0	1	1
Environment and Social Aspects	Environmentalist	0	1	1	1
	Socio-Economist and Gender Specialist	1	1	1	1
Water Knowledge and M&E	M&E Specialist	1	1	1	2
	Water Information Officer	0	1	1	1
Project Support Services	Grant Administration Officer	0	1	1	1
	Procurement Officer	0	1	1	1
	Communications Officer	0	1	1	1
	Sub Total Professional staff	9	15	21	25
Administration	Administrative Assistant	0	1	1	1
Secretarial	Secretary	1	1	1	1
Support Total Support staff		1	2	2	2
Grand TOTAL		12	19	25	29

1) The position of Director covers both the AWF and the AfDB Water and Sanitation Department (OWAS).

4.2.7 A variety of funding sources will be employed to fund the new professional staff positions. These are detailed in Table 4.3 for the short term to 2010 (longer term funding plans will be developed later during the next revision of the Operational Programme). Twelve of the additional 16 staff needed by 2010 will be funded out of the AWF resources. As well, it is expected that the AfDB will continue its strong support, and fund up to 2 more professional staff over the next three years. Recruitment and remuneration will be done in line with Bank Human Resources policies and guidelines, with the understanding that eligible candidates will come from the contributing donor countries and African countries. Combined, this would ensure a long term dedicated team of core professional staff funded both by the Bank and directly by the AWF. The AWF will also continue its discussions with other potential donors who have indicated interest to second Technical Assistance professionals, with up to 7 expected to be supported by donors by 2009/10.

4.2.8 In addition, the Bank will fund the two support staff needed, as well as the professional position of Secretary to the Governing Council in charge of its affairs and the Facility archives - in line with the Instrument establishing the AWF (approved by the both the Board of Directors and the Board of Governors), which has stipulated that "The Bank shall also appoint a Secretary for the Governing Council".

4.2.9 A summary of the total staffing costs (salary and benefits) is also shown in Table 4.3. More detailed costs will be developed in each year's annual budget. It is assumed that all new staff members for each year will start work in the last quarter of that year, and the costs have been calculated accordingly. Staffing costs are expected to rise from €1.92 million in 2008 to €3.67 million in 2010, which represents about 3.6% to 4.1% of the total annual operational budget of the Facility.

Table 4.3: Staffing Needs and Costs, by Source of Funding.

	2007 Actual	2008	2009	2010
Management Staff (AfDB funded)	2	2	2	2
Professional Staff	9	15	21	25
• AfDB funded	4	4	5	6
• AWF funded	0	5	9	12
• TA funded	5	6	7	7
Support Staff (AfDB funded)	1	2	2	2
Cost of staff¹				
• AfDB	€667,000	€945,000	€1,007,500	€1,157,500
• AWF	€0	€187,500	€900,000	€1,462,500
• TA	€525,000	€787,500	€937,500	€1,050,000
Total Cost of Staff	€1,192,000	€1,920,000	€2,845,000	€3,670,000
Investments in Operations (millions)	€20.5	€47.0	€70.0	€103.0
Staff Cost vs. Investments in Operations	5.8%	4.1%	4.1%	3.6%

1) Salary and benefit: includes basic salary; home leave, pension, education and medical grants; and dependent and installation allowances (Source: Memo ADB/BG/WP/2004/11 and ADF/BG/WP/2004/09).

4.3 Sources of Financing and Status

4.3.1 Having sufficient financial and human resources on hand over the short term is crucial in order for the AWF to be in a position to make appropriate project commitments and mobilise adequate staff to achieve objectives.

This section begins with a review of the various sources of funds to the AWF to meet resource requirements, and the current status of financial contributions. This is followed by a comparison of planned operational commitments vs. expected available funding.

AWF Special Fund

4.3.2 The AfDB maintains a Special Fund for financing project operations and administrative expenses of the AWF. Pledges and contributions to the AWF Special Fund have been received from the Governments of Canada, France, Denmark, Sweden, Norway and Austria. As well the EU has made substantial commitments. As of the end of September 2007, the amount of funds committed by the various donors for projects to be undertaken by the AWF amounts to just over €65.1 million, with the amount of funds actually paid (plus interest earned) totalling €23.5 million (see Table 4.4). The schedule of expected payments over the next 3 years is also shown in the Table.

Table 4.4: Amounts Pledged by Donors to AWF Special Fund and Schedule of Payments (million Euro).

Donor	Amount Pledged	Actual Payments up to 30 Sept.07	Expected Payment Schedule			
			Q4-2007	2008	2009	2010
EU	25.0	0	8.0	15.0	2.0	
Canada	14.031	6.82	7.2			
France	12.0	4.80	4.8	2.4		
Denmark	5.371	2.14	1.1	1.1	1.1	
Sweden	4.841	4.84				
Norway	3.61	3.88				
Austria	0.23	0.23				
Interest Earned		0.79				
Total AWF Fund	€65.1	€23.5	€21.1	€18.5	€3.1	€0

1) Calculated using applicable exchange rate on 15th November 2006.

AfDB Support to the AWF

4.3.3 The African Development Bank has been providing significant support to the operations of the AWF. In line with the provisions of the AWF Instrument, the Bank is providing a sizeable proportion of the human resources needed to support AWF operations, and is meeting the costs for office space and associated expenses (power, communications, etc.), as well as providing office equipment and furniture. The AfDB is also providing financial support (mainly related to staff time and professional fees), for a range of activities associated with the implementation of AWF operational and management activities. These include Bank staff missions related to project identification, appraisal and supervision; involvement in preparing appraisal reports; providing consultant services for assistance to AWF operational activities and to undertake special studies; and hosting of workshops and seminars.

4.3.4 In addition, there are many types of indirect contributions Bank staff make in support of AWF activities which are not directly budgeted for. These include the support provided by various Bank departments in reviewing projects reports and various AWF operational and procedural documents; advising, supporting and training AWF staff in administrative and procurement procedures; managing the Special Fund and keeping financial records; providing legal services; attending and contributing to workshops and conferences; and assisting in the coordination of AWF activities from Regional Offices of the Bank. The AWF is also subject to an annual audit which is to be conducted by the external auditors of the Bank.

4.3.5 In monetary terms, the AfDB has provided about €962,000 to the AWF in 2007 for staff salaries, office facilities and direct support. In addition, there are the other types of indirect contributions by the AfDB noted in the previous paragraph. These have not been quantified since they are supplied on an on-demand basis, but valuing them at external market rates would result in a very significant additional amount of financial support.

Other Contributions

4.3.6 In addition to financial commitments, donor organisations make significant in-kind contributions in the form of Technical Assistance. For example, Technical Assistance personnel have been seconded to the AWF by Austria, Norway and France. As well, two additional staff have been recently seconded by Denmark and DFID, and will join the Facility in the 4th quarter of 2007. The total cost of these TA staff amounts to about €525,000 in 2007. These types of inputs are valuable and are expected to continue in the future.

4.4 Analysis of Resource Requirements

4.4.1 The projected resource requirements of the AWF up to 2010 are shown in Table 4.5. This was developed by combining operational commitments shown in Table 4.1 with the schedule of payments of current pledges shown in Table 4.4, and AfDB support and other contributions as discussed in Section 4.3. As can be seen, from 2008 onwards, considerable additional new contribu-

tions will need to be paid into the AWF Special Fund to meet ongoing operational requirements, as shown by the expected short fall in funding, which range from €17.9 million in 2008 to €106.9 million

in 2010. This is in addition to the planned payments from existing pledges. In total, the AWF will need €192.8 million in new funds to meet planned operational commitments up to the end of 2010.

Table 4.5: Resource Requirement Analysis.

	Amounts Planned or Forecast (million)					Total
	Actual up to 30 Sept. 2007	Last Quarter 2007	2008	2009	2010	
Operational Commitments¹	-24.15	-10.37	-51.23	-75.34	-109.45	-270.5
Contributions to AWF Fund	23.50	21.08	18.47	5.07	0	68.1
AfDB Support	1.56	0.24	1.25	1.32	1.48	5.8
Other TA Support	0.84	0.13	0.79	0.94	1.05	3.8
Total Contributions	+25.9	+21.08	+20.51	+7.32	+2.53	+77.7
Balance over the time period	+1.75	+11.07	-30.72	-68.02	-106.92	-192.8
Cumulative balance (funds available)	+1.75	+12.82	-17.89	-85.91	-192.84	
Additional New Funds Needed for Each Year, and Total			-17.9	-68.0	-106.9	-192.8

1) This consists of project commitments and organisational requirements as listed in Table 4.1.

4.4.2 Over the short term there is always a risk that the availability of funds to support operational activities will become a critical issue if funds actually received fall under project approval amounts. In fact, this is the current situation where the operational commitments of €19.9 million is close to the total paid up funds of €23.5 million (including interest earned). For 2008 there will be a short-fall of €17.9 million, assuming expected payment of current pledges on time.

4.4.3 Since the AWF policy directs the Facility to commit only the amount of funds actually available from its account, the AWF will be obliged to stop signing grant agreements once the total amount for committed projects has reached the

amounts on hand (project preparation and appraisal activities will continue as planned, however). To help maintain continuity of operations in the future, the AWF will continuously monitor status of project approvals and available funds, and report on this important issue in each quarterly progress report.

4.4.4 The discussion above indicates that it is urgent for donors to commit additional resources in order for the Facility to continue with project approvals. In addition, new donor funding pledges must be made to meet the objectives of the Facility from 2008 onwards. There is a need to accelerate resource mobilisation efforts in order for the AWF to fulfil its mandate. Support for the implementation of

the Resource Mobilization Strategy will be strengthened over the next couple of years in an attempt to secure sustainable financing and make up for the shortfall. In particular, discussion will be initiated with various African countries to secure their contributions to the AWF Special Fund, taking into ac-

count their respective capacities. Expanding the financial base of the AWF to include resources from other donors and potential sources, such as foundations, will also be pursued. These actions will be led by AMCOW with technical support and other assistance provided by the AWF as needed.

5 Conclusions & Recommendations

Conclusions & Recommendations

The AWF has matured considerably in the past couple of years since commencement of operational activities, and is now a proven entity with a sound operational basis. The Facility now has functioning operational procedures which is enabling fast tracking of project processing, a solid portfolio of projects and other operational activities, and as well as an expanding complement of experienced professional staff.

5.2 However, there is still a long way to go before the Facility achieves its objectives of playing a significant role in improving the enabling environment and mobilising resources for the water sector. In this document, the AWF has clearly laid out its short term plans and associated resource requirements up to 2010 to enable it to begin to meet this challenge.

5.3 In this 3 year Indicative Financing Programme 2008-2010, the AWF has clearly outlined the operational activities that will be implemented in order for the Facility to be able to achieve its goal of mobilising and applying resources to finance water development activities in Africa to meet the targets that have been established by the African Water Vision and the Millennium Development Goals.

5.4 Over the short term up to 2010, the AWF will focus its interventions on selected activi-

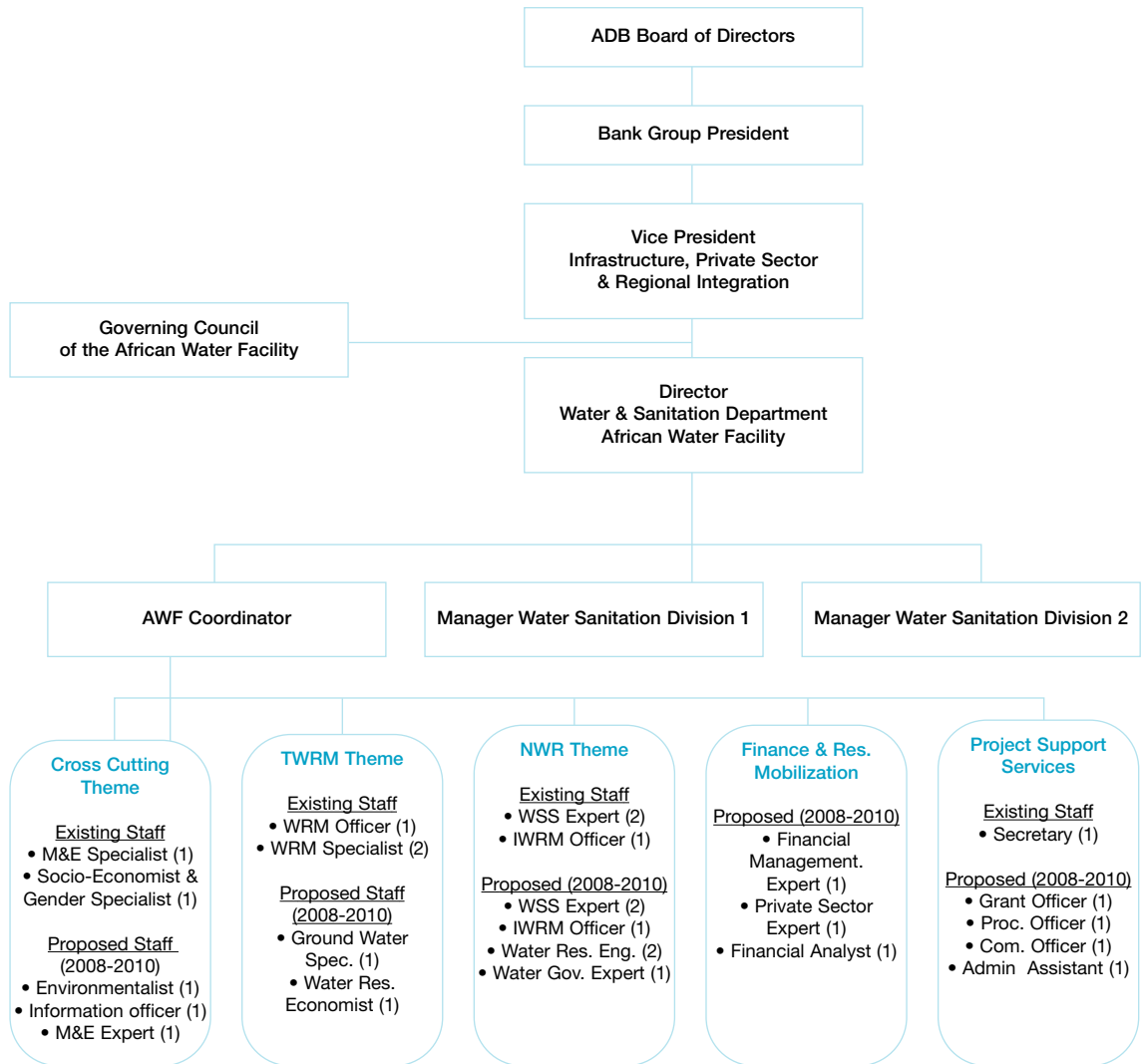
ties aimed at creating the conditions for increased water sector investments. This will consist of: improving the enabling environment for sustainable water resources management; preparing projects and programmes for immediate funding; and providing resources for direct capital investment for the purpose of triggering larger investments.

5.5 To undertake all these activities and achieve planned targets, AWF will require resources both for investment as well as for administration. It is estimated that the Facility will require about €51.2, €75.3 and €109.4 million per year, or €236.0 million over the next three years, to achieve the plans outlined in this document. Staffing requirements are also considerable to achieve these objectives, with plans for the AWF to have 25 full time professionals in place by 2010.

5.6 It is further estimated that, in total, the AWF will need about €192.8 million of fresh money taking into account current balance from the previous pledges of €67 million, to meet planned operational commitments up to the end of 2010. It will also need to hire another 16 professional staff over this time period with funding from the Facility, the Bank and donors.

Annex

Organisational Framework for Year 2010



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