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**FOR INFORMATION**

**MEMORANDUM**

**TO : THE BOARD OF DIRECTORS**

**FROM : Modibo I. TOURE  
Secretary General**

**SUBJECT : AFRICAN WATER FACILITY – QUARTERLY PROGRESS  
REPORT N° 2 - JANUARY TO MARCH 2007 \***

Please find attached hereto, the above-mentioned document.

**Attch.**

**cc: The President**

|  |                                       |            |                       |
|--|---------------------------------------|------------|-----------------------|
| <b>* Questions on this document should be referred to:</b> |                                       |            |                       |
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**Quarterly Progress Report No. 2**  
**January to March 2007**

**April 2007**

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# 1 INTRODUCTION

## 1.1 BACKGROUND

1.1.1 The African Water Facility (AWF) was instituted as Special Fund of the African Development Bank (AfDB) in May 2004 following the formal request from AMCOW to establish a fund to mobilize and apply resources to finance water infrastructure and water investment facilitating activities in Africa. In pursuing its Trustee function, the AfDB created the AWF within its organisational structure in April 2005, and appointed a Director and some key staff to kick start work. Following the initial period of consolidation in 2005, the AWF started its core operational activities in January 2006 when it started receiving and processing requests for funding. The work involved in establishing the AWF and its operational activities have been elaborated in the Annual Report for 2006.

## 1.2 PURPOSE AND SCOPE

1.2.1 The purpose of this Quarterly Progress Report is to inform all stakeholders on the status of progress on the various operational and organisational activities being undertaken by the AWF for the period of January to March 2007. The intended audience includes the AfDB Board, AWF Governing Council, AMCOW and its committees, and donors to the AWF.

1.2.2 This quarterly Progress Report has been prepared in response to the requirements of the AWF Operational Procedures section 9.2. It starts with a brief overview of 2007 operational Programme followed by a discussion on the progress made during the quarter, on coordination and organisational activities undertaken to consolidate the AWF, including the human resource capacity of the AWF, preparation of strategies, project support initiatives and outreach activities. The core operational activities are examined next, which focuses on the status of project approvals and appraisals. The financial status of the AWF is then reviewed, along with a discussion of critical financing issues. The final section presents a brief summary of the key results in the quarter, highlighting the main achievements and challenges facing the AWF in meeting its operational objectives.

## 1.3 OVERVIEW OF THE 2007 OPERATIONAL PROGRAMME

1.3.1 The 2007 indicative financing programme is a continuation of the 2006 programme in many respects, incorporating the lessons learned from operations to date, and contributing to achieving the objectives of the Operational Programme 2005-2009. The operational activities of 2007 focus on the following:

- **Project Appraisals:** preparing viable projects and building the pipeline for future investments, in particular the financing of small highly leveraged investment projects;
- **Project Implementation:** putting in place adequate resources and systems to ensure that projects under implementation proceed as planned;
- **Status Assessments:** continuation of regional and national diagnostic work and assessments, particularly for Information and Knowledge, Monitoring and Evaluation, and IWRM status in Regional Member Countries; and
- **Building Partnerships:** raising awareness and building synergy through creating partnerships, especially among Basin Organisations.

1.3.2 The AWF will also continue to consolidate its establishment in 2007 by refining its administrative and operational tools by the experience gathered so far. Some of the key internal coordination and management activities to be implemented are as follows:

- **Human Resources:** Prepare a long term Staffing Strategy and pursue staff secondment promises by various donor agencies and RMCs in order to have the full complement of professional staff at post in the AWF;
- **Operational Systems:** Finalise the Operational Manual and Application Guidelines, and develop appropriate tools for effective portfolio management throughout the project cycle;
- **Operational programme:** A profound review of the 2005-2009 Operational programme for the Facility through a process that involves AMCOW and other key stakeholders;
- **Communications:** Improve external and internal communications through implementation of the Communication Strategy;
- **Resource Mobilisation:** Increase funding to the AWF through implementation of the Resource Mobilisation Strategy;
- **Results Based Management:** Reinforce RBM principles and practices through development of monitoring and reporting tools based on RBM.

## 2 COORDINATION AND ORGANISATIONAL ACTIVITIES

2.0.1 This section reports on the various coordination and partnership activities and support to AWF operations. This includes building the human resources capacity of the AWF, the preparation of strategies and operational instruments, and undertaking many important outreach, partnership and communication activities.

2.0.2 The Facility is operating under a common directorship with the Water and Sanitation Department of the Bank. This was created as a result of the Bank's Institutional Reform where for the first time all water related initiatives and activities were brought under one framework. The integration of the AWF and other Bank water initiatives has facilitated better co-ordination, mutual learning and exchange of information. This has also helped in making quick decisions on the most appropriate instruments to support African countries, and to better coordinate relations with donor's and partners.

2.0.3 The AWF Governing Council welcomed the reforms that gave priority to infrastructure development with a special focus on water and sanitation, and recognized that the newly created Water and Sanitation Department would generate the much needed synergy in the Bank water agenda. However, the GC expressed concern about the workload of the Director to supervise the day-to-day work of the AWF together with his responsibility for the rest of the Department. In response, the Bank Management appointed an AWF Coordinator in March 2007, whose responsibilities are outlined in Section 2.1.

### 2.1 HUMAN RESOURCES

2.1.1 The status of staffing and the organizations seconding staff to the AWF is summarised in Table 2.1 below. The AWF is currently constituted of a Director, who is also the Director

of the AfDB Water Supply and Sanitation Department; a Coordinator, who assumed his role on March 1<sup>st</sup>, 2007; five professional staff (3 Technical Assistants and 2 Bank seconded staff); a Communications Officer (under a Program for Senior Analyst which will be ending in May 2007) and an Administrative Assistant (common to the Bank's Water Supply and Sanitation Department), and full time AWF Secretary since November 2006. In addition to the staff, consultants have been recruited to undertake specific operational activities. Staffs from the Water and Sanitation Department and other Bank Departments and Units have contributed significantly to the Facility's activities in areas of project identification, appraisal and review, processing of disbursements and preparation of legal documents.

**Table 2.1 AWF Staff Situation**

|    | <b>Title</b>                                    | <b>Seconding Organization</b> | <b>Contract Ending Date</b> |
|----|---|-------------------------------|-----------------------------|
| 1  | Director  | AfDB                          |                             |
| 2  | Coordinator                                     | AfDB                          |                             |
| 3  | Chief Water Operations Officer                  | AfDB                          |                             |
| 4  | Chief Water Policy Officer                      | AfDB                          |                             |
| 5  | Principal Water and Sanitation Expert           | Austrian government           | 31 October 2007             |
| 6  | Principal Water Resources Management Specialist | Norwegian government          | 31 December 2007            |
| 7  | Principal Monitoring and Evaluation Specialist  | French government             | 31 December 2007            |
| 8  | Administrative Assistant                        | AfDB                          |                             |
| 9  | Communications Officer                          | AfDB                          |                             |
| 10 | Secretary                                       | AfDB                          |                             |

2.1.2 A very important addition to the staff team has been made over the past quarter. On March 1<sup>st</sup>, 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. His responsibilities include leading the AWF staff team; planning and coordinating all activities; overseeing ongoing operations; providing technical advice; participating in resource mobilization efforts; ensuring synergistic actions with partners and donors; and in general ensuring that the AWF meets its objectives.

2.1.3 The following process is underway to increase the staffing capacity of the Facility:

- The Bank is further strengthening its support and commitment by approving, in the past quarter, the recruitment of two additional water experts to be seconded to the Facility. The applications are under review for interviews by mid-May 2007.
- DFID (The United Kingdom Department for International Development) has accepted to support the Finance position. The applications are under review for interviews by mid-May 2007
- Denmark has accepted to second a Socio-economist/Gender Specialist. The vacancy has been published.

- Egypt has recently agreed to second a Water Resources Specialist. The discussions are going on with the Government to finalize the agreement.

2.1.4 It is anticipated that the above measures will result in the addition of 5 more professional staff in addition to the newly appointed Coordinator, by the end of June 2007. This will bring the total number of full-time professional staff to 11. This will certainly help to reduce the pressure of the work and create capacity to handle more activities. The AWF will continue its discussions with other potential donors who have indicated interest to second Technical Assistance professionals. In particular, support will be needed to renew the positions of the three seconded TA professionals whose contracts end this year.

2.1.5 Over the longer term, staffing needs are much greater than earlier envisaged. The activities and the mandate of AWF, the small size of most projects, the wide range of eligible beneficiaries including NGOs, and the large number of partnership building activities are areas that require additional professional staff. In addition, there is need for additional general services staff in view of the administrative burden of organising events and handling logistics. To better assess and plan for the future needs, the AWF intends to prepare a Staffing Strategy as part of the broader review of its Operational Programme (see Section 2.2).

## **2.2 PREPARATION OF STRATEGIES AND OPERATIONAL INSTRUMENTS**

2.2.1 The ongoing preoccupation of the AWF in 2007 is the development of the operational instruments and internal capacity building. This consists of revision of the Operational Programme and preparation of the Operations Manual, Operational Procedures and Application Format. These are discussed in turn:

2.2.2 *Operational Programme:* The AWF Operational Programme 2005-2009 was prepared in the last quarter of 2005 in consultation with the Governing Council. It will be revised in 2007 taking into account the experience of the implementation of operational activities which will better inform the revision. Furthermore, the Governing Council of the Facility directed that the review of the Operational Programme be undertaken in close consultation with AMCOW TAC and EXCO, and other key stakeholders, to ensure that the operational focus and areas of intervention are in line with the overall goals and priority of AMCOW.

2.2.3 Generally the process for revision will follow a three tier approach where firstly the basic issues will be identified and expounded jointly by AWF and AMCOW TAC, secondly this will be subjected to inputs from the broader AWF stakeholders, and finally the revised operational programme will be prepared for approval by the GC.

2.2.4 In line with the above broad approach, AWF prepared a concept note that was shared with AMCOW TAC at the meeting held in Nairobi on Feb 14-16, 2007, and in Abuja on March 4-6, 2007. The concept note outlined the broad objectives of the review process, the role of AMCOW TAC and AMCOW EXCO in the review, and the work breakdown and timeline leading to completion. Following the discussions in these two meetings, AMCOW TAC has recommended that AMCOW EXCO set up a committee of 10 TAC members to work with African Water Facility and the AfDB to review the operational programme.

2.2.5 The process of reviewing the AWF operational programme in a significant way has recently been launched with the preparation of a more comprehensive Issues Note that will provide the framework for the review activities. The Issues Note, which has just been finalised, will be distributed to the AMCOW TAC members designated to undertake the review work with AWF. The first review meeting with the AMCOW TAC is planned for the end of April, 2007 to discuss and agree on the review modalities and process.

2.2.6 **AWF Operations Manual:** The AWF has prepared a draft Operations Manual to support the project cycle activities by supplementing certain relevant portions of the existing Bank Operational Procedures with the view to facilitate faster processing of operations. This has included detailed tools, guidelines and formats to support the identification, preparation, appraisal and implementation of projects.

2.2.7 After testing the draft manual for close to one year now, a better adapted manual can now be finalised incorporating experience gained to date - in particular methods for fast tracking preparation and project processing. This process has been ongoing in the last quarter with the hiring of a consultant to assist in the preparation of the revised manual.

2.2.8 **Operational Procedures:** The present Operational Procedures, which were approved by the Board of the AfDB on 19<sup>th</sup> October 2005, were intended to kick-start the operations of the Facility. It is noted in the Operational Procedures document that they must be revised not later than 31 December 2007, to incorporate lessons learnt from their use in the operations of the Facility. As a result, the AWF has recently started the process of undertaking this revision, which is being done alongside the revision of the Operations Manual.

2.2.9 **Application Format** As well, a temporary application format for submission of project proposals has been developed and tested. It has been placed on the AWF website to make it widely accessible. A more formal one is under development, using a results based management format. It will be completed during the course of the year in concurrence with the Operations Manual.

## 2.3 OPERATIONAL SUPPORT INITIATIVES

2.3.1 The AWF continues to carry out a number of important activities in support of project operations using internal administrative funds. These include:

2.3.2 **Participation in workshops related to AWF projects:** AWF staff has participated in several other workshops and working group meetings that are directly related to projects that the AWF are supporting. These include:

- i) Attended the workshop on the Preparation of the Strategic Action Plan for the Congo River Basin, held in Kinshasa, DRC from Jan 24-25, 2007. The workshop was convened to discuss the strategic approach on the long term development of the Congo Basin. Discussions centred on the evolution of CICOS into an inclusive river basin institution and the best strategy for the establishment of a strong and effective organization to manage the vast resources of the Congo Basin.
- ii) Participated in the General Assemblies of the African Network of Basin Organisations (ANBO) and the Network of Trans-boundary Basin Organisations, held in Johannesburg from 4 to 7 March 2007. Extended a statement from AWF at the plenary session and presented a paper at the TWRM Workshop with the title:

“National IWRM – the Backbone of TWRM”. Met with AWF recipients from OMVS, ANBO, Lake Chad, NBA etc. to discuss projects and opportunities. New basin organisations expressed interest in AWF cooperation.

**2.3.3 *Project preparatory and appraisal activities:*** AWF staff and consultants regularly undertake missions and engage in various other important activities related to project identification, preparation and appraisal. Highlights of some significant activities that were done in the first quarter of 2007 include:

- i) Met with the Volta Basin Authority to prepare the basis for the appraisal of the Volta-HYCOS request and discuss the completion and final accounts/auditing of the AWF support to the creation of the Volta Basin Authority.
- ii) Identification of investment project preparation for Egypt, Mozambique and Botswana in cooperation with the Bank Agriculture and Agro-Industry Department

## **2.4 OUTREACH AND PARTNERSHIP ACTIVITIES**

2.4.1 The AWF has been involved in several activities to strengthen its regional and international relationships and to forge cooperation and good working relationship with other actors in the African water sector.

**2.4.2 *Participation in AMCOW related meetings:***

- i) Participated in the AMCOW Technical Advisory Committee (TAC) Sub-Committee meeting held in Nairobi Kenya from Feb 14 to 16, 2007 to review Bank led and hosted water initiatives and programmes, including those of the AWF. The objective of the review was to assess progress and identify issues that may need ministerial attention and make recommendations for action by the full AMCOW TAC meeting. AMCOW has given special attention to the Bank led programmes and initiatives as demonstrated by the close review undertaken by the special TAC Subcommittee constituted to specifically look at the 9 reports submitted on the Bank activities in Nairobi.
- ii) Participated, as the AfDB and AWF representative, in the full AMCOW TAC meeting held in Abuja from March 4-6, 2007, that deliberated on the recommendation of the Nairobi Sub-Committee meeting. Important decisions and recommendations were made for consideration by the AMCOW EXCO and the general assembly meeting proposed for end of April, 2007. These included the need for action to improve the status of resources mobilization for the AWF Water Fund, and the recommendation for the EXCO to set up Committee of 10 AMCOW TAC members to work with the AWF in the review the Operational Programme. The Committee should also provide general support and advice to the AMCOW members on the Governing Council.

**2.4.3 *Participation in workshops and conferences:*** AWF staff has also participated in several other consultative workshops and conferences to foster co-operation, harmonize activities, and consolidate partnerships. These include:

- i) Participated in the EU-WI Africa Working Group Meeting, held in Ouagadougou. Presentation of AWF with the focus on AWF’s special qualities as a demand responsive water sector development funding instrument.

- ii) Speaker at UN's World Water Day, 21 March. The subject of the presentation was: "The roles of IWRM/TWRM in the achievement of the MDGs and the Africa Water Vision 2025 with special emphasis on the contributions of AWF and other donors as change-makers.
- iii) Participated in a workshop on "*Water Demand Management in the Mediterranean-Policies and Progress*", held in Zaragoza, Spain from 19 to 21 March 2007. The workshop was organised by the Blue Plan organisation and was attended by about 70 participants from most Mediterranean countries including Morocco and Tunisia in North Africa. Contributed to the panel discussions on the role of donors in water demand management within the framework of overall support to national and transboundary IWRM.
- iv) Participated in the 5<sup>th</sup> World Water Forum kick-off Conference held in Istanbul Turkey from March 19 and 20, and assisted in the conceptualisation of the Forum themes and the regional agenda. It is anticipated that the AWF will renew its coordinating role that it played at the 4<sup>th</sup> WFF, where it took the lead in ensuring effective African participation, and at the same time broadened the exposure and promoted the interests of the Facility

## **2.5 COMMUNICATIONS ACTIVITIES**

2.5.1 Following the approval of the Communications Strategy in 2006, the AWF has been actively implementing various strategy recommendations. For example, external communications related to the activities and achievement of the water initiatives are being regularly undertaken to improve the visibility and reaffirm the credibility of the AWF. These include regular press releases, publishing of articles in the regional and international media, exchange of information with partners, presence at international water events, etc.

2.5.2 The AWF is also coordinating its communications activities with those of the AfDB Water and Sanitation Department (OWAS) and the Bank in general, thus improving its internal information network. For example, the AWF has been benefiting from OWAS staff missions to disseminate information on AWF mission, mandate and achievements.

2.5.3 The AWF continues to work at developing and improving its new website, which was launched in October 2006, and can be accessed at [www.africanwaterfacility.org](http://www.africanwaterfacility.org). The key messages and background documents, project descriptions and appraisal reports, application procedures, contact details, relevant news items and various other AWF reports and publications are continuously posted on the website whenever they became available.

## **2.6 TRAINING**

2.6.1 AWF staff and consultants participated in a training seminar on Managing for Results: Skills in Results Based Management, held in Tunis from February 8-9, 2007. The seminar had the following specific objectives:

- i) To develop a shared understanding of the changing context of development policies and relations with development partners and how this is shaping RBM-related Monitoring and Evaluation within the AWF.

- ii) To increase understanding of the basic principles of RBM-based M&E and increase familiarity on how to use results information generated by AWF and OWAS to monitor performance of outputs and outcomes.
- iii) To explore strategies for improving the participation of AWF and OWAS staff and partners in the coordination of M&E activities at the corporate-level.

2.6.2 A one week training session on the use of SAP for processing projects was conducted by the Bank's Information Technology Department. This training will enable AWF staff to enter and process projects through the SAP system

### 3 OPERATIONAL ACTIVITIES

3.0.1 The Operational activities consist of the various projects/programmes implemented with the support of the AWF. It also includes the associated support initiatives which are financed from AWF internal funds and implemented directly by AWF staff. This section provides an overview of the implementation status of projects, focusing on project appraisal activities, as well as a brief discussion of disbursement and financial status.

#### 3.1 STATUS OF PROJECT APPRAISALS:

3.1.1 Project appraisals gathered momentum in the third quarter of 2006 when a large number of project proposals were received. This momentum has continued into the first quarter of 2007. Table 3.1 below presents a summary of projects under appraisal by the AWF, and the stages they have reached in the processing cycle. A more detailed description of the projects which are under review for approval or appraisal is shown in Annex 1.

**Table 3.1 Projects under Approval and Appraisal Process**

| <b>Projects Under Approval Process</b>  | <b>Amount in Euro</b> |
|---|-----------------------|
| 1. Strengthening information and knowledge of water resources of Congo River Basin.     | 450,000               |
| 2. Harvesting Rainwater by Roof Catchments in Uganda.                                   | 460,000               |
| 3. IWRM Action Plan for Niger (PANGIRE)   | 661,000               |
| 4. Development of planning framework for rural water and sanitation in Lesotho.         | 400,000               |
| 5. Congo River Basin Strategic Action Plan  | 1,990,000             |
| 6. Sustainable access to water in three rural districts in Mozambique                   | 1,100,000             |
| 7. Formulation of IWRM and land use plan for Mauritania                                 | 500,000               |
| 8. Kiboun and Tende Rivers Integrated Watershed Management, Kenya                       | 2,000,000             |
| 9. Support to water sector financing policy and strategy development. Congo Brazzaville | 1,200,000             |
| 10. Water Charter for Lake Chad Basin   | 715,000               |
| 11. Water supply and sanitation study in 16 districts of Central African Republic.      | 1,600,000             |
| <b>Total of projects under approval process</b>   | <b>11,076,000</b>     |

**Table 3.1 (Continued)**

| <b>Projects Under Appraisal Process</b>  |   | <b>Amount in Euro</b> |
|--|---|-----------------------|
| 1.                                       | Lake Chad Water and Environmental Observatory   | 500,000               |
| 2.                                       | Solar powered water pumping systems for agriculture in Burkina Faso.  | 150,000               |
| 3.                                       | Solar and wind pump technology installation for community water supply schemes, Ethiopia                    | 2,000,000             |
| 4.                                       | Innovative Technologies for Low Cost Integrated Water and Sanitation Project for Poor Communities in Ghana. | 300,000               |
| 5.                                       | Effective Innovative Water Supply Management for Urban Poor in Ghana.                                       | 1,100,000             |
| 6.                                       | Arusha Sanitation Master Plan, Tanzania.  | 400,000               |
| 7.                                       | Seychelles Water Development Plan 2005-2025.  | 500,000               |
| 8.                                       | Provision of WSS for rural communities in Dodoma Region, Tanzania   | 350,000               |
| 9.                                       | Support to Liberia Water Sector Reform.   | 2,000,000             |
| <b>Total of projects under appraisal</b> |   | <b>7,300,000</b>      |

3.1.2 During the period under review, 11 projects (totalling Euro 11.1 million) for which the appraisal reports have been completed and, as of the writing of this report, are being reviewed for approval in April or May. In addition, the appraisal process of another 9 projects (Euro 7.3 million) is well underway, with approval of most of these projects expected within the second quarter of 2007.

## **3.2 PROJECT COMMITMENTS**

3.2.1 As of the end of March, a total of 9.5 million Euro has been committed (see Table 3.2). However, 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 second quarter. This should raise the total commitments to almost 26 million by 30<sup>th</sup> June. Total commitments should rise to 38.8 million Euro by the end of September, and at least 43.6 million by year end (this could increase further as more projects are identified and undergo appraisal later in the year).

**Table 3.2 Project Commitment Profile as of 31<sup>st</sup> March 2007**

| <b>Current Project Status (End of March 2007)</b> | <b>No.</b> | <b>Total Value</b> | <b>Commitment Profile</b> |                  |                   |                   |                   |
|---|------------|--------------------|---------------------------|------------------|-------------------|-------------------|-------------------|
|   |            |                    | <b>2006</b>               | <b>Q1-2007</b>   | <b>Q2-2007</b>    | <b>Q3-2007</b>    | <b>Q4-2007</b>    |
| Completed   | 1          | 165,000            | 165,000                   | 0                | 0                 | 0                 | 0                 |
| Under Implementation                              | 7          | 3,879,568          | 3,879,568                 | 0                | 0                 | 0                 | 0                 |
| Approved but Awaiting Signature                   | 7          | 5,443,200          | 5,443,200                 | 0                | 0                 | 0                 | 0                 |
| Under Approval Process                            | 11         | 11,075,645         | 0                         | 0                | 11,075,645        | 0                 | 0                 |
| Under Appraisal                                   | 9          | 7,300,000          | 0                         | 0                | 5,350,000         | 1,950,000         | 0                 |
| Identified for Appraisal                          | 16         | 15,729,500         | 0                         | 0                | 0                 | 10,969,500        | 4,760,000         |
| <b>TOTAL</b>                                      | <b>51</b>  | <b>43,592,913</b>  | <b>9,487,768</b>          | <b>0</b>         | <b>16,425,645</b> | <b>12,919,500</b> | <b>4,760,000</b>  |
| <b>CUMULATIVE</b>                                 |            |                    | <b>9,487,768</b>          | <b>9,487,768</b> | <b>25,913,413</b> | <b>38,832,913</b> | <b>43,592,913</b> |

### 3.3 PROJECT DISBURSEMENTS

3.3.1 An amount of Euro 694,405 has been disbursed from January to March on one project. Processing of the first disbursement for an additional six projects that are under implementation is underway. Table 3.3 presents the disbursement profile up to the end of 2007 for projects likely to be committed in 2007. As can be seen, disbursements of 3.8 to 6.7 million Euro per quarter are planned over the remainder of the year, amounting to 11.4 m Euro by the end of September and 16.9 m Euro by year end.

**Table 3.3 Project Disbursement Profile as of 31<sup>st</sup> March 2007**

| Current Project Status<br>(End of March 2007) | No.       | Total<br>Value    | Disbursement   |                |                  |                   |                   |
|---|-----------|-------------------|----------------|----------------|------------------|-------------------|-------------------|
|   |           |                   | 2006           | Q1-2007        | Q2-2007          | Q3-2007           | Q4-2007           |
| Approved                                      | 15        | 10,783,543        | 165,000        | 695,405        | 3,270,793        | 1,441,785         | 755,332           |
| Under Processing                              | 36        | 32,809,370        | 0              | 0              | 573,250          | 5,212,248         | 4,800,000         |
| <b>TOTAL</b>                                  | <b>51</b> | <b>43,592,913</b> | <b>165,000</b> | <b>695,405</b> | <b>3,844,043</b> | <b>6,654,033</b>  | <b>5,555,332</b>  |
| <b>CUMULATIVE</b>                             |           |                   | <b>165,000</b> | <b>860,405</b> | <b>4,704,448</b> | <b>11,358,481</b> | <b>16,913,813</b> |

3.3.2 Project disbursements are not yet flowing smoothly due to various problems with initiating administrative procedures between the AWF and the Bank on one hand and the ability of the beneficiaries to meet project disbursement conditions on the other. These internal difficulties are 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 urgently taking steps to accelerate the process through staff training and building capacity of Recipients early in the project cycle.

### 3.4 FINANCIAL STATUS

3.4.1 For the period under review funds have been received from France (€800,000) and Norway (€144,531.50). The major outstanding commitment is that of the EU, who have pledged €20 million. Negotiations with the EU Commission have been ongoing since 2005, but still the initial payment remains stalled due mainly to the issue related to the Instrument establishing the AWF being subject to the documentation for EUC financial contribution. The AWF was established on the basis of the terms contained in the Instrument and any contribution to the AWF would have to be in accordance with the terms of the Instrument, a principle which has been accepted by all other donors. There is still a strong desire on behalf of the EU to conclude a contribution agreement, but resolution of this impasse will no doubt have to involve high level discussions between the Bank and the EU - a process which is currently ongoing.

3.4.2 The availability of funds to support operational activities may become a critical issue in the second quarter of 2007 if outstanding fund commitments are not quickly received. As shown in Table 3.2, a total of 25.9 million Euro could be committed by the end of June 2007, which is more than the available amount of Euro 20.4 million. There is urgent need for the donors to make good their commitments and proceed with the disbursement of their remaining contributions.

## 4 KEY RESULTS

### 4.1 ACHIEVEMENTS

4.1.1 In the first quarter of 2007 the AWF continues to achieve good results in its core business of supporting African countries and relevant organisations to access and apply funds in support of critical water and sanitation sector development needs. Some of the main achievements are summarised below:

4.1.2 **Project processing:** Eleven (11) new projects are at advanced stages of processing as of the end of March 2007, at a total investment cost of about Euro 13.9 million. It is expected that all of these projects will be approved in April or May 2007. In addition, the appraisal process of another 9 projects (Euro 7.3 million) is well underway, with approval of most of these projects expected within the second quarter of 2007. This will bring the total number of project commitments to 35, amounting to Euro 27.9 million.

4.1.3 **Key actions taken to strengthen the AWF:** Some key outputs relating to the establishment and strengthening of the AWF continue to be achieved in 2007. In particular, the Operational Programme is in the process of being revised. As well, the AWF is in the process of finalising its Operations Manual and the revision of the Operational Procedures. Due to the novelty of the type of projects the AWF supports in comparison to the mainstream operations of the African Development Bank, this is often learning by doing process for the Facility.

4.1.4 **Strategic operational support by the AWF:** The AWF has carried out a number of important activities in support of project operations using internal administrative funds. In particular, staff have actively participated in the workshop on the Preparation of the Strategic Action Plan for the Congo River Basin. AWF staff and consultants have also undertaken many missions to prepare and appraise projects.

4.1.5 **Outreach and partnership:** The AWF has been involved in many outreach and partnership activities to strengthen partnerships and create awareness about the AWF. These include the AMCOW Technical Advisory Committee and Executive Committee meetings. Staff have also attended and participated in several other consultative workshops and conferences to foster co-operation and consolidate partnerships. As well, the AWF has been actively elaborating on and implementing various recommendations of the recently completed Communication Strategy, including further development of its website.

4.1.6 **Continued 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 appraisal and review tasks, 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 expenses budgets for 2007.

## 4.2 MAIN CHALLENGES

4.2.1 There are two main challenges that continue to preoccupy the AWF. These are discussed in turn:

4.2.2 ***Need to enhance donors' commitment:*** The availability of funds to support operational activities may become a critical issue in the second quarter of 2007 if outstanding fund commitments are not quickly received. The total value of the projects which could be committed by the end of June 2007 amounts to 25.9 million Euro. While the amount of funds committed by the various donors amounts to just over Euro 60.1 million, the amount of funds actually paid up to the end of March 2007 (plus accrued interest) totals only Euro 20.4 million. It is urgent for donors to make available the committed resources.

4.2.3 ***Portfolio management and implementation performance:*** The AWF should ensure a quick implementation and disbursement for the approved projects. This is certainly one of the key challenges to foster resource mobilization.

4.2.4 ***Inadequate AWF institutional capacity compare to the wide ranges of interventions:*** The AWF continues to face a challenge in ensuring that adequate human resources are available to undertake the large amount of interventions that are planned and necessary over the remainder of the year. For example, the tasks of assisting recipients to prepare projects which offer value, and undertaking project appraisals and supervisory activities, require considerable professional inputs. The need for much larger numbers of staff is all the more evident when one considers the small size of most projects and the wide range of eligible beneficiaries including catering for increased number of NGOs. As well, due to the large number of partnership building activities, the administrative burden of organising events and handling logistics is quite heavy, and therefore additional general services staff are also needed. The revision of the operational programme together with the appropriate staffing strategy to better define professional staff requirements is one action that is underway to resolve this issue.

## ANNEX 1: LIST OF PROJECTS UNDER APPROVAL AND APPRAISAL PROCESS

| Project Title, Origin, Budget, Duration   | Project Objectives and Components  | Expected Benefits and Value Added   | Partners in Implementation  | Status                         |
|---|--|---|---|--------------------------------|
| <b>Projects Under Approval Process</b>  |  |   |   |                                |
| 1. Strengthening the water database, information and knowledge of the water resources of the Congo River Basin. 450,000 EURO, 12 months           | To strengthen the database , information and knowledge about the Congo River basin by undertaking socio-economic, biodiversity and aquatic resources, and gender situation assessment  | Data and information for planning and development of the water resources made available   | AWF, CICOS Basin Countries (Cameroon, Central African Republic of Congo, Democratic Republic of Congo, Angola, Burundi, Tanzania, Rwanda, Zambia) | Under appraisal.               |
| 2. Harvesting Rainwater by Roof Catchments in Uganda. Submitted by Network for Water and Sanitation, Uganda (NETWAS-U). 460,000 EURO, 24 months   | To build capacity of the community to install RWH systems and manage them by undertaking installation of RWH schemes in three districts in each of the regions and by conducting training programme on the management of the RWH   | Access to water supply improved in 9 districts and the management component of RWH developed  | AWF, NETWAS-U, AfDB Country Office, DWD   | Under processing for approval. |
| 3. Niger (PANGIRE)-IWRM Action Plan for Niger, Submitted by Niger Ministry of Water Environment and Anti-Desertification. 661,000 EURO, 16 months | To develop a National IWRM Action Plan for effective implementation of integrated water resources management and associated investment programme in Niger by undertaking IWRM framework, sector reform, development plans, financing the IWRM M&E and water information systems  | A national IWRM action plan prepared for the long term development of, and investments in, the water sector   | AWF, PANGIRE, Ministry of Water Environment and Anti-Desertification  | Under processing for approval. |
| 4. Development of planning framework for rural water and sanitation in Lesotho. Submitted by Dept. of Rural Water Supply. 400,000 EURO, 6 months  | To accelerate the increase in coverage rates from greater knowledge of demand and supply parameters and better management of existing facilities. Geo-referenced database of community water and sanitation conditions prepared, unit costs derived and cost estimating model developed, capacity of users strengthened and investment plans prepared. | Sector agencies have capacity to manage water and sanitation facilities based on knowledge of their conditions vis-à-vis demands and cost of maintenance and expansion. | AWF, Dept. of Rural Water Supply.   | Under processing for approval. |
| 5. Congo River Basin Strategic Action Plan Submitted By CICOS. 1,990,000 EURO, 18 months  | To prepare an all inclusive strategic action plan for the Congo River basin as an input to and International Donors Conference on the Congo through the preparation of a strategic action plan and organization of Conference  | Base for regional co-operation and development of the water resources prepared  | AWF, CICOS, Basin Countries   | Under appraisal.               |
| 6. Sustainable access to water in three rural districts in Mozambique Submitted by NGO ESSOR. 1,100,000 EURO, 24 months                           | To support provision of sustainable access to WSS and reinforcement of hygiene practices in Mozambique's three districts by training of communities and NGOs on WASH and construction of WSS schemes   | Community and local NGO capacity to implement and maintain WSS schemes strengthened and WSS access for 24,000 inhabitants.  | AWF, NGO ESSOR, 4 Local Administration in Mozambique  | Under processing for approval. |
| 7. Formulation of IWRM and land use Plan for Mauritania, Submitted by Government of Mauritania. 500,000 EURO, 24 months                           | To formulate an IWRM and land use Plan for Mauritania, through the development of IWRM and land use framework, land and water use strategies and reform, building capacity for M&E   | Improved water governance to enhance development and investment in the water sector   | AWF, Government of Mauritania, UNDP, EU Commission  | Under processing for approval. |

|  |  |   |   |                                |
|--|--|---|---|--------------------------------|
| 8. Kiboun and Tende Rivers Integrated Watershed 9. Management, Submitted by Government of Kenya. 2,000,000 EURO, 24 months   | To improve the productivity and sustainability of Land Use Systems and Water Conservation in Kenya, by using appropriate technology  | Introduction of Community Based Integrated Watershed Management techniques  | AWF, AfDB, Government of Kenya  | Under processing for approval. |
| 10. Support to a water sector financing policy and strategy development. Submitted by the Government of the Republic of Congo (Brazzaville). 1,200,000 EURO, 16 months | To formulate sectoral policies and strategies for water and sanitation, to carry out an institutional and technical diagnostic of the sector, to establish the action plan for meeting the MDG targets for Water and Sanitation, and to prepare priority work. | Improved institutional and technical framework of the sector leading to financing of priority projects.   | AWF, Ministère de l'Énergie et de l'Hydraulique                             | Under processing for approval. |
| 11. Water Charter for Lake Chad Basin Submitted by LCBC. 715,000 EURO, 21 months   | To provide support to the LCBC to create and pursue the signing of a Lake Chad Water Charter between the 5 riparian states as political and legal instrument for effective water sharing, common investments, and environmental management.                    | Equitable and predictable water resources allocations between countries and sectors to facilitate water resources development and water sector development. | AWF, NEPAD, LCBC, Basin countries (CAR, Cameroon, Nigeria and Niger, Sudan) | Under processing for approval. |
| 12. Water supply and sanitation study in 16 districts of CAR. Submitted by the Government of the Central African Republic. 1,600,000 EURO, 16 months                   | Preparation of feasibility studies, preliminary and detailed work plans for the supply of drinking water and sanitation services, including grey water reuse and rain water collection, and organization of a mini round table of donors.                      | Water supply and sanitation program available for improving access to water and sanitation for 525,000 inhabitants, and to mobilize resources.              | AWF, Gouvernement de la République de Centrafrique                          | Under processing for approval. |

### **Projects Under Appraisal Process**

|   |   |  |   |  |
|---|---|--|---|--|
| 1. Lake Chad Water and Environmental Observatory, Submitted by Lake Chad Basin Commission. 500,000 EURO, 19 months  | To Strengthen the capacity of the Lake Chad Basin commission to collect, analyze and provide updated and timely information in a cost effective and sustainable manner by installing a water and environmental observatory based on earth observation data using the TIGER Initiative | A functioning geo-information system made available for Lake Chad member countries to serve as a base for co-operation and development | AWF, LCBC, Basin countries (CAR, Cameroon, Nigeria, Niger and Sudan)        | Under appraisal.                           |
| 2. Solar powered pumping systems for agriculture in Burkina. Submitted by Association Jeunesse Espoir pour la Promotion Agropastorale au Burkina (A.J.E.P.AP/B). 150,000 EURO.    | Pilot project for agricultural production using solar powered pumping systems in the Sub-Saharan zone of Burkina Faso.  | Access to water for agriculture using solar powered pumping, which is a novel type of pumping method for the region.                   | AWF, Association Jeunesse Espoir pour la Promotion Agropastorale au Burkina | Under appraisal.                           |
| 3. Solar and windmill pump technology installation for community water supply schemes in Ethiopia, Submitted by Ministry of Water Resources of Ethiopia 2,000,000 EURO, 24 months | To improve access to water by using innovative technologies, by drilling boreholes and fitting with appropriate solar or wind pumps and creating awareness on solar and wind pumps  | Introduction of innovative technology option as to accelerate the effort towards meeting the MDGs                                      | AWF, Ministry of Water Resources and the Local community                    | Under appraisal. Consultant just recruited |

|   |   |   |   |                       |
|---|---|---|---|-----------------------|
| 4. Innovative Technologies for Low Cost Integrated Water and Sanitation Project for Poor Communities in Ghana. Submitted by New Energy. 300,000 EURO, 24 months   | To extend access to water supply and sanitation to poor communities by construction of water supply and sanitation, promotion of hygiene and sanitation, practices and building capacity on the operation and maintenance WSS schemes   | Access to basic water supply and sanitation improved. Innovative technology using solar pasteurization and ecological sanitation piloted  | AWF, New Energy   | Under appraisal.      |
| 5. Effective Innovative Water Supply Management for Urban Poor in Ghana: Public/Private/NGO Partnership. Submitted by Training Research and Networking for Development Group (TREND). 1,100,000 EURO, 36 months | To strengthen pro-poor urban water sector policy & strategies at all levels with effective operational TPP and developing models for peri-urban areas & small towns by strengthening capacity of national & local sector agencies & stakeholders including local private sector & NGOs to plan & implement effective PPP/TPP management programs and develop a framework for sector learning and, knowledge sharing . | Access to basic water supply and sanitation improved and a partnership arrangement involving public private and NGO tested  | AWF, TREND  | Under appraisal.      |
| 6. Arusha Sanitation Master Plan. Tanzania. 400,000 EURO  | Develop Strategic Sanitation Plan for comprehensive and coherent sanitation investment.   | Sanitation and urban environmental management investments will address the real demands of the inhabitants of the municipality  | Arusha Municipal Council  | Under appraisal       |
| 7. Seychelles Water Development Plan 2005-2025. Submitted by Public Utilities Corporation. 500,000 EURO   | Prepare Water Development Plan up to 2025 focusing on increasing supply sources, reducing water demand and water reuse.   | Meet demand for water by all users, prepare plans for comprehensive water sector investment leading to fund mobilisation.   | AWF, Public Utilities Corporation, Water and Sewerage Division                        | Under appraisal.      |
| 8. Provision of WSS for rural communities in Kongwa and Chamwino districts, Dodoma Region, Tanzania. Submitted by Ufudiko-NGO. 350,000 EURO   | To contribute to the improvement of access to water supply and sanitation provisions through the creation of awareness, building capacity providing water and sanitation schemes  | Access to water and sanitations improved and communities capacity the systems strengthened  | AWF, Lay, volunteers International association, Ufudiko-NGO, Maji ne Maendeleo Dodoma | Under appraisal.      |
| 9. Support to Liberia Water Sector Reform. Submitted by Gov of Liberia. 2,000,000 EURO  | Implement a reform agenda of the water sector through the development and government endorsement of policy, strategy, regulation and legislation instruments.   | Water sector reformed and restructured to address comprehensively the rational and sustainable development of water resources of the country. The creation of favourable environment for increased sector investments inflows | Ministry of Lands, Mines and Energy   | Appraisal in progress |