

AFRICAN WATER FACILITY

OPERATIONAL PROGRAMME FOR 2005-2009

OCTOBER 2005

This document was approved at the Second meeting of the African Water Facility Governing Council held in Tunis on October 31, 2005.

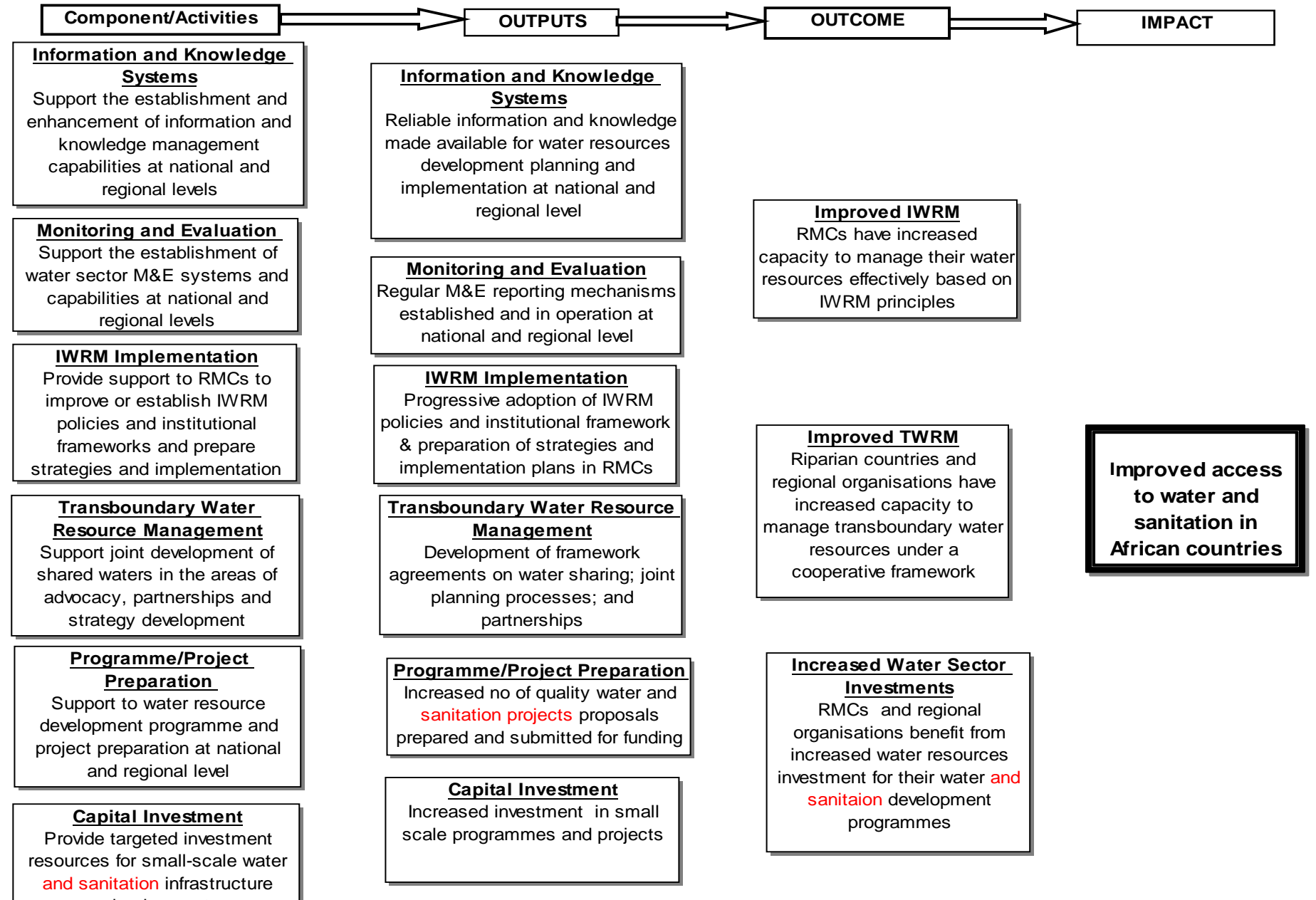
The Governing Council (GC) has thirteen (13) members comprising five (5) persons appointed by AMCOW on a sub-regional basis, one (1) member appointed by the Bank, one (1) member appointed by the African Union under the NEPAD, one (1) member appointed by U.N. Water Africa, five (5) members appointed by Donors to the Water Fund. Presently, the AMCOW members are Ministers in Charge of Water of Algeria, Congo-Brazzaville, Ethiopia, Lesotho, and Senegal. The donor's members are from Austria, Canada, EU, France, Norway (representing also Sweden and Denmark). The Chair of the GC is his H.E. Dr Abu Zeid, Egyptian Minister of Water Resources and Irrigation.

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LIST of ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
AMCOW	African Council of Ministers
AWF	African Water Facility
CBOs	Community Based Organization
CSP	Country Strategy Paper
EC	European Commission
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EDF	European Development Fund
GC	Governing Council
GWP	Global Water Partnership
IDB	Islamic Development Bank
IGAD	Inter Governmental Authority on Development
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
PRSP	Poverty Reduction Strategy Paper
RBO	River Basin Organizations
REC	Regional Economic Communities
RMC	Regional Member Country
RWSSI	Rural Water Supply and Sanitation Initiative
SADC	Southern African Development Community
STAP	Short Term Action Plan (under NEPAD)
TWRM	Transboundary Water Resource Management
UA	Unit of Account
WHO	World Health Organisation
WRM	Water Resource Management
WSS	Water Supply and Sanitation
WWC	World Water Council

AFRICAN WATER FACILITY LOGIC MODEL



Logical Framework Analysis for the African Water Facility

HIERARCHY of OBJECTIVES, (COST, million Euro)	EXPECTED RESULTS	REACH (BENEFICIARIES)	PERFORMANCE INDICATORS, SOURCE, PERIODICITY	INDICATIVE TARGETS and TIMEFRAME	RISKS > MITIGATION STRATEGIES
<p>GOAL: RMCs meet the targets and goals for the water sector that were established by the African Water Vision and the Millennium Development Goals (MDGs)</p>	<p>IMPACT: Improved access to water and sanitation in African countries</p>	<p>Urban and rural population</p>	<p>Indicators:</p> <ul style="list-style-type: none"> Water secured to meet basic needs (water supply, food, energy) Access to safe water and sanitation services Better livelihood (reduction in water related disease, higher school enrolment, gender empowerment) <p>Source: National statistics and reports on MDGS, UN JMP report, ADB reports Periodicity: Annual review</p>	<p>By year 2009,</p> <ul style="list-style-type: none"> Increase in per capita storage capacity % increase in access to safe water and sanitation % increase in progress to meet the other MDG targets related to water 	<ul style="list-style-type: none"> Failure to mobilize sufficient funds for investment >Design a resource mobilisation strategy under leadership of AMCOW and NEPAD Inadequate AWF institutional capacity > increase number of permanent professional staff; pressure for secondments; develop relationships with ADB operations departments; use consultants to meet short term needs Failure to prioritize water in national strategies > strengthen political commitment and ensure that AMCOW plays a pro-active role Conflict situations and lack of political commitment to cooperate on TWRM > awareness creation and dialogue.
<p>OBJECTIVES: Improving the enabling environment and strengthening water resources management so as to attract the massive and appropriate investments necessary to achieve the national and regional objectives</p>	<p>OUTCOMES:</p> <ul style="list-style-type: none"> RMCs have increased capacity to manage their water resources effectively based on IWRM principles Riparian countries and regional organisations have increased capacity to manage transboundary water resources under a cooperative framework RMCs and regional organisations benefit from increased water resources investment for their water sector development programmes 	<ul style="list-style-type: none"> RMC national governments; Regional and sub regional organisations; Water users Donors and financing agencies; 	<p>Indicators:</p> <ul style="list-style-type: none"> % of RMCs with IWRM policies and strategies No of shared river basins with effective shared vision framework and joint programme Level of investment to meet basic services <p>Source: National statistics and reports, AMCOW & ADB reports, regional and international organizations reports Periodicity: Annual</p>	<p>By year 2009:</p> <ul style="list-style-type: none"> All RMCs with IWRM based policies, strategies and implementation plans All the 10 prioritised basin defined by NEPAD and AMCOW having vision frameworks and joint programmes % of increase in investment for basic water needs 	<ul style="list-style-type: none"> Failure to prioritize water in national strategies > strengthen political commitment and ensure that AMCOW plays a pro-active role Conflict situations and lack of political commitment to cooperate on TWRM > awareness creation and dialogue.
<p>ACTIVITIES</p> <p><u>Information and Knowledge Systems:</u> Support the establishment and enhancement of information and knowledge management capabilities at national and regional levels (Euro 16 million)</p>	<p>OUTPUTS</p> <p><u>Information and Knowledge Systems</u> Reliable gender disaggregated information and knowledge made available for water resources development planning and implementation at national and regional level</p>	<ul style="list-style-type: none"> RMC national governments; Regional and sub regional organisations; Local / municipal authorities Communities NGOs, CSO and private sector; Donors and financing agencies; International organisations, Research institutions 	<p><u>Information and Knowledge:</u></p> <ul style="list-style-type: none"> Progress of country situation assessment and definition of standards and no of countries covered No of countries for which existing information has been strengthened or new ones established Progress in establishing regional information system Improvement in type and quality of gender disaggregated data and information used for planning and implementation of water resources development <p>Sources: National reports; regional reports prepared by AMCOW; AWF quarterly and annual progress Periodicity: Regular monitoring of progress in RMCs. Regular annual reporting by AMCOW and AWF</p>	<p><u>Information and Knowledge:</u></p> <ul style="list-style-type: none"> Country status assessment and definition of standards completed in all RMCs by December 2006 At least 20 countries with reliable info. systems by year 2009. At least 20 countries with better quality data for IWRM. Regional mechanisms on information sharing and information systems fully operational by year 2009. 	<ul style="list-style-type: none"> Failure to prioritize water in national strategies > strengthen political commitment and ensure that AMCOW plays a pro-active role Conflict situations and lack of political commitment to cooperate on TWRM > awareness creation and dialogue.
<p><u>Monitoring and Evaluation:</u> Support the establishment of water sector M&E systems and capabilities at national and regional levels (Euro 8.5 million)</p>	<p><u>Monitoring and Evaluation:</u> Regular M&E reporting mechanisms established and in operation at national and regional level</p>	<ul style="list-style-type: none"> RMC national governments; Regional and sub regional organisations; Local / municipal authorities Communities NGOs, CSO and private sector; Donors and financing agencies; International organisations, Research institutions 	<p><u>Monitoring and Evaluation:</u></p> <ul style="list-style-type: none"> Progress on country situation assessment and agreement on monitoring indicators No of countries for existing systems are strengthened or new once established Progress in establishing partnership at national and regional level Improvement in quality and regularity of M&E in national and regional decision processes <p>Sources: National reports; regional reports prepared by AMCOW; AWF quarterly and annual progress Periodicity: Regular monitoring of progress in RMCs. Regular annual reporting by AMCOW and AWF</p>	<p><u>Monitoring and Evaluation:</u></p> <ul style="list-style-type: none"> Country assessments and definition of monitoring indicators completed by December 2006. At least 15 countries producing regular and reliable M&E reports by 2009 5 regional M&E mechanism and systems operational by year 2009. 	<ul style="list-style-type: none"> Failure to prioritize water in national strategies > strengthen political commitment and ensure that AMCOW plays a pro-active role Conflict situations and lack of political commitment to cooperate on TWRM > awareness creation and dialogue.

Logical Framework Analysis for the African Water Facility (continued)

HIERARCHY of OBJECTIVES (COST, million Euro)	EXPECTED RESULTS	Reach (BENEFICIARIES)	PERFORMANCE INDICATORS, SOURCE, PERIODICITY	INDICATIVE TARGETS and TIMEFRAME	ASSUMPTIONS/ RISKS /MITIGATION
ACTIVITIES <u>IWRM Implementation:</u> Provide support to RMCs to improve or establish IWRM policies and institutional frameworks and prepare strategies and implementation plans (Euro 43.5 million)	OUTPUTS <u>Integrated Water Resource Management</u> Progressive adoption of IWRM policies and institutional frameworks, and preparation of strategies and implementation plans in RMCs		<u>Integrated Water Resource Management</u> <ul style="list-style-type: none"> Assessment of the status of IWRM in RMC Number of RMCs supported to strengthen or develop a comprehensive IWRM Framework. Source: AWF annual report/ AMCOW Report Periodicity: Regular monitoring of progress in IWRM in RMCs. Regular annual reporting by the AWF	<u>Integrated Water Resource Management</u> <ul style="list-style-type: none"> Assessment of the status of IWRM in all RMC, by June 2006 At least 18 RMC supported in specific areas of IWRM by 2009 	
<u>Transboundary Water Resource Management:</u> Support joint development of shared waters in the areas of advocacy, partnerships and strategy development (Euro 42 million)	<u>TWRM: Transboundary Water Resource Management</u> Development of framework agreements on water sharing; joint planning processes; and partnerships		<u>TWRM: Transboundary Water Resource Management</u> <ul style="list-style-type: none"> Number of river basins for which shared visions and cooperative frameworks are developed. Number of RBOs strengthened for effective implementation Source: Reports by NEPAD, AMCOW, RBOs; AWF annual report Periodicity: Regular monitoring of progress of activities of RBOs and RECs	<u>TWRM: Transboundary Water Resource Management</u> <ul style="list-style-type: none"> Cooperative frameworks and shared vision program memes developed for at least the 7 shared basins and rivers by 2009 10 RBOs strengthened with adequate capacity by 2009 	
<u>Programme/Project Preparation:</u> Support to water resources development programme and project preparation at the national and regional level (Euro 20 million)	<u>Programme/Project Preparation:</u> Increased number of quality water and sanitation projects proposals prepared and submitted for funding		<u>Programme/Project Preparation:</u> <ul style="list-style-type: none"> Number of projects/programmes prepared/appraised through AWF support Number of projects/programmes which receive funds Pipe line of projects built each year Source: National, regional and ADB reports, AWF annual Reports Periodicity: Monitoring by AWF on annual basis	<ul style="list-style-type: none"> Pipe line of projects built each year starting by end 2006. Projects programme prepared which receive funds by 2009 	
<u>Capital Investment:</u> Provide targeted investment resources for small-scale water and sanitation infrastructure development	<u>Capital Investment:</u> Increased investment in small scale programmes and projects		<u>Capital Investment</u> <ul style="list-style-type: none"> Number of projects that are implemented Overall increase in investments on projects Source: National, regional and ADB reports, AWF annual Reports Periodicity: Monitoring by AWF on annual basis	<ul style="list-style-type: none"> Projects and volume of financing by end 2009. 	

1 INTRODUCTION

1.1 BACKGROUND

1.1.1 The African Water Facility (AWF) is an initiative led by the African Council of Ministers (AMCOW) to mobilize resources to finance water resources development activities in Africa. The Facility has been established within the context of the Africa Water Vision and the Millennium Development goals (MDGs). The African Development Bank is hosting the Facility on the request of AMCOW.

1.1.2 The purpose of the Facility as defined in the Instrument establishing the Facility is to pool the resources mobilized from donors to finance water infrastructure and water investment facilitating activities in Africa.

1.1.3 The Instrument provides that the resources of the Water Fund shall be devoted primarily to water resources projects and programmes focused on:

- Integrated Water Resources Management (IWRM)
- Capacity Building
- Policy, legal and Institutional Reform
- Knowledge and Information building or dissemination
- Developing and Implementing a Regulatory Framework
- Effective Management of Shared Waters
- Monitoring and Evaluation
- Environmental Management
- Strategic capital investment programmes and projects implementation

1.1.4 On the basis of the objective of the Facility and intervention areas provided in the instrument, the operational areas of the Facility have been determined to create the conditions for increased investment in the Water sector in Africa. Two broad areas of support have been defined in that regard: i) Improving the enabling environment to attract more investments; and ii) Direct capital investment for the purpose of triggering larger investment for sustainable development.

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 2000, the WHO estimated that nearly 40% of Africans do not have access to safe water and adequate sanitation facilities. The level of water resource exploitation is 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 too 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.

1.2.3 This financing gap is a critical, driving factor behind the creation of the AWF. In accordance with these needs, the Facility therefore focuses on providing funding towards improving the enabling environment so as to attract the massive investments necessary to achieve the regional water development targets; and on making appropriate and strategic investments in the water sector.

1.3 ESTABLISHMENT AND CONSOLIDATION

1.3.1 The AWF was legally established with the approval of the Board of Governors of the African Development Bank, at the annual meeting in Kampala on 25 May, 2004, of the Instrument Establishing the African Water Facility 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.

1.3.2 The Bank has made commitment to establish the Facility and organize its office as part of its contribution. In this respect it has made a pledge to contribute USD 2.3 million over a three years period in support of the Facility, in the form of office space, staff secondments and other logistical administrative needs.

1.3.3 Some significant milestones realised since the Facility became effective include:

- The office of the Facility has been established by the Bank with the provision of office spaces and facilities and appointment of key personnel. The Director of the Facility was appointed in April 2005, and two senior professional staff were recruited and joined the Facility in July and August 2005.
- The first inaugural meeting of the AWF Governing Council was held on 8 July 2005 in Tunis. At this meeting the Governing Council a) Adopted its “Rules of Procedure”; b) Elected Dr. Mahmoud Abou Zeid, Egyptian Minister of Water Resources and Irrigation, as Chair; c) Adopted the “Euro” as the Currency of Denomination of the AWF Special Fund; and d) Approved the “Areas of Intervention and Operational Focus for 2005.
- The draft Operational Procedures was also submitted to the GC during the inaugural meeting for review. The GC commented on the document and recommended submission to the ADB Board for approval. Subsequently, the Board approved the Operational Procedures on 19th October 2005.

- Advocacy work geared to the popularization of the objectives of the Facility and resources mobilisation has been undertaken at various regional and international forums.

1.4 PURPOSE AND SCOPE OF THIS DOCUMENT

1.4.1 The Instrument establishing the African Water Facility states that the Governing Council ‘shall approve the operational focus of the Fund and the proposed areas of interventions’. In this regard, an indicative medium term action programme to be implemented in 2005-2009 was developed during the initial stages of the AWF. This was reviewed by the Governing Council during its meeting in July 2005, and a request was made that a more detailed five year implementation plan and budget be prepared for review at the second meeting of the Governing Council, which is to be held at end of October, 2005.

1.4.2 This document has been prepared in response to this request. Its purpose is to better define and describe the operational focus and areas of intervention of the Facility over the coming five years and provide an overview of the work plan for 2006, including the performance indicators based on results-based management (RBM) framework. It contains:

- An update of the goals and objectives of the Facility, focused on the three main outcomes to be achieved
- Definition of a logical framework for the Facility.
- A detailed description of the main components to be implemented, with corresponding activities, outputs and indicators
- A five year implementation plan and indicative allocation of resources for 2005-2009
- Resource mobilisation to date, and estimation of the overall funding gap
- An operational focus and indicative budget for 2006
- A description of the performance assessment and risk management mechanisms, under a results based management approach

1.4.3 This operational programme will be reviewed and updated on an annual basis to reflect more complete information on needs and resource availability; experience gained from implementation; and the demand driven nature of the programme. The next revision will be considered by the Governing Council in October 2006, together with the 2007 operational focus and financing programme.

2 OVERVIEW OF THE FACILITY

2.1 OBJECTIVES AND FOCUS OF INTERVENTION

2.1.1 The overall goal of the African Water Facility (AWF) is to contribute to the efforts to reduce poverty and promote sustainable development in Africa. The Facility will assist RMCs to meet the targets and goals for the water sector that were established by the African Water Vision and the Millennium Development Goals (MDGs). Through the interventions of the Facility, it is expected that the rural and urban population in African countries will realise improved access to water and sanitation services that will promote socioeconomic development.

2.1.2 The more immediate objective is to attract and make effective use of increased and appropriate investments needed to achieve the national and regional objectives. This implies providing support to improve the enabling environment for sustainable national and regional water resources management, to prepare projects and programmes for immediate capital investments, and to provide direct resources for strategic investments. To realise this, all interventions under the Facility will focus on achieving the following three main outcomes:

- **Improved Integrated Water Resources Management:** RMCs have increased capacity to manage their water resources effectively based on IWRM principles that set the stage for coherent and sustainable investments;
- **Improved Transboundary Water Resources Management:** Regional organisations manage transboundary water resources under a cooperative framework which fosters investments with shared benefits;
- **Increased Water Sector Investments:** RMCs and regional organisations projects and programmes through increased investments resulting from sound investment climate, better preparation, and availability of funding.

2.1.3 To be able to achieve these outcomes, three corresponding main areas of intervention have been identified hereunder. The detailed activities are described in the subsequent sections:

- **Implementation of National IWRM:** Provide support to RMCs to improve or establish IWRM policies and institutional frameworks, and prepare strategies, investments programmes and implementation plans;
- **Transboundary Water Resource Management (TWRM):** Support joint development of shared waters in the areas of advocacy, partnerships and joint development programmes of mutual benefits;
- **Capital Investment:** Support to water resources development programmes and projects preparation at national and regional level in order to have a pool of viable projects that will attract immediate investments interventions; Provide targeted investment resources for small-scale water infrastructure development.

2.1.4 In addition, interventions will be made under two other crosscutting components which are designed to provide broad support to the IWRM, and TWRM activities.

- **Information and Knowledge :** Support the establishment and enhancement of information and knowledge systems and management capacities at national and regional level to support water resources management
- **Monitoring and Evaluation:** Support the establishment of water sector M&E systems and capabilities at national and regional levels to foster water development effectiveness

2.1.5 The Logic Model of the Facility shown on page iii presents the operational focus of the Facility along the lines noted above, with brief description of the short-term outputs to be realised under each of the components. More detailed descriptions of the types of activities and projects/programmes that will be supported under each component are outlined in the following sections.

2.1.6 A range of indicators will be used to measure progress as a result of interventions under the Facility. These are summarised in the Logical Framework Analysis shown on pages

iv, v, and Annex 1 and detailed in various sections of this document. The indicators and targets related to the three main outcomes are:

- All RMCs will have IWRM based policies, strategies and implementation plans by 2009 paving the way for sustainable water sector investments;
- All the ten prioritised basins defined by NEPAD having shared vision frameworks disposed to attracting joint investment programmes;
- Percent increase in investments for basic water needs.

2.1.7 The areas of interventions were developed during the establishment of the Facility and reflect the broad consensus reached through this process. The components and activities are formulated from the outcomes of studies, strategies and action plans presented at various stakeholder workshops and conferences, and is therefore a broad representation of the priorities of RMCs.

2.1.8 Given the limited resources available under the Facility, these specific areas of intervention were selected to address the core issues of creating an enabling environment for sustainable water resources investment in Africa. To address the full range of development needs requires a much larger resource allocation and concerted partnership by regional stakeholders and the international community as indicated in the African Water Vision and Framework for Action. The AWF resources will be applied to selected activities that have high leveraging effect on other funds and add value to existing and ongoing efforts.

2.2 GUIDING PRINCIPLES

2.2.1 Water resources management as used in this document is the integrating concept comprising the institutional framework (legal, regulatory and organizational roles), management instruments (regulatory and financial), and the development, maintenance and operation of infrastructure (including water storage structures and conveyance, sanitation and wastewater treatment, and watershed protection). An integrated water resources management perspective ensures that social, economic, environmental and technical dimensions are taken into account in the management and development of water resources.

2.2.2 The conception, development and implementation of the AWF operational programme is guided by the broad principles, supported by AMCOW and forged by the international community as necessary to ensure sound sustainable outcomes from interventions. The principles generally referred to as the Dublin/Rio principles are as follows:

- Freshwater is a finite and vulnerable resource, essential to sustain life, development and the environment;
- Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels;
- Women play a central part in the provision, management, and safeguarding of water;
- Water has an economic value in all its competing uses, and should be recognized as an economic good;

2.2.3 Emanating from these broad principles are approaches that have emerged over many years of application which enhance ownership, effectiveness and sustainability of interventions. The approaches include the following:

- **Demand-responsiveness:** provides a framework for stakeholders to make choices on what they want and can afford and grounded on the principle that interventions should only be made to beneficiaries that express a demand for such services;
- **Participation:** refers to the process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them thus making services and service providers more responsive and accountable to beneficiaries;
- **Gender equality:** the interest and contribution of women, men and the vulnerable in society are taken into consideration in policy formulation, capacity development and planning, development and operations of water sector investments;
- **Environmental sustainability:** allows for ensuring a certain level of environmental and social quality in order to protect and improve water resources quality and quantity for sustainable development.

2.2.4 These principles and approaches underpin all AWF interventions in planning designing, implementing, managing, monitoring, operating and maintaining water sector projects.

3 IMPLEMENTATION OF NATIONAL IWRM

3.0.1 The overall objective of this component is to provide support to RMCs to improve or establish IWRM policies, institutional frameworks and capacity development, as well as prepare strategies, programmes and implementation plans, necessary to attract appropriate national and international investments in the sector. 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 manage their water resources effectively based on IWRM principles.

3.0.2 The main output will be the progressive adoption of IWRM policies and institutional frameworks, and preparation of strategies and implementation plans in RMCs, and the impact on more coherent investments in the Water sector. This output will be measured using the following indicators and targets:

- Assessment of the status of IWRM in all RMCs, by June 2006
- Number of RMCs supported to strengthen or develop comprehensive IWRM framework, with at least 3 RMCs supported in 2006 and 5 each year afterwards up to 2009

3.0.3 The various types of IWRM support will focus on the following sub-components and activities:

3.1 INFORMATION AND KNOWLEDGE

3.1.1 The objective of this sub-component is to support the establishment and enhancement of information and knowledge management capabilities at national level in coordination with all the concerned stakeholders. As a result, reliable information and knowledge will be made available for water resources development planning and implementation at national and

regional levels. The data and information generated will be gender-disaggregated as appropriate. As a result, there will be increased quality and sustainability of investments due the provision of comprehensive information and more solid and credible investment programmes based on improved needs assessment.

3.1.2 The following activities will be supported:

- Undertake an assessment of the overall situation per country
- Establish the standards and mechanisms for information management in the water sector
- Establishment or strengthening of national water information management systems
- Collection and analysis of water data and related information

3.1.3 Other activities that may be supported include:

- Promotion of best practices, innovative technologies
- Promotion of partnerships with education and research institutions, and undertaking of education and awareness programmes
- Research programmes and compatible research activities

3.1.4 The following indicators and targets will be used to measure progress:

- Country assessments and definition of standards for all RMCs completed by December 2006
- Number of countries for which standards and mechanisms are established. By 2009 all RMCs will have appropriate mechanisms.
- Number of countries for which existing information systems are strengthened or new ones established. By 2009 at least 20 countries will have reliable information systems.
- Improvement in the type and quality of data and information used for planning and implementation of water resources development. By 2009 at least 20 countries will have better quality data for IWRM.

3.2 MONITORING AND EVALUATION

3.2.1 The overall objective of this sub-component is to support the establishment of water sector M&E systems and management capabilities at national and regional levels in consultation with stakeholders. As a result, improved M&E standards and methodologies will be developed, and regular M&E reporting mechanisms will be established and become operational in RMCs. The availability of timely and regular monitoring and evaluation results will enhance planning, implementation and management of water sector investments. This will also serve as a tool for RMCs for managing for results in the Water sector, as agreed upon in the Paris Declaration on Aid Effectiveness in March 2005 (Ownership, Harmonisation, Alignment, Results and Mutual Accountability).

3.2.2 Support will be provided for the following activities:

- Assessment of the overall situation for each country to establish the baseline

- Provide support to the proposed African regional monitoring and evaluation mechanism for water supply and sanitation in accordance with the mandate given at the Paris Declaration¹
- Development of national monitoring indicators and standards
- Promote agreement among the main stakeholders on appropriate indicators to monitor, under the leadership of AMCOW
- Establishment or strengthening of national monitoring and evaluation systems and institutions.
- Programmes or project impact assessments

3.2.3 The following indicators and targets will be used to measure progress:

- Country assessments completed by December 2006.
- Monitoring indicators and standards developed by December 2006.
- Agreement on monitoring indicators reached by 2007.
- Number of existing national M&E systems strengthened or new systems developed. At least 18 countries will be producing regular and reliable M&E reports by year 2009.

3.3 POLICY DEVELOPMENT AND REFORMS

3.3.1 The objective of this sub-component is to provide support to RMCs to improve or establish IWRM policies and institutional frameworks that are conducive to the equitable and sustainable development and management of national freshwater resources. As a result, the implementation capacities of RMCs will be strengthened with an appropriate IWRM based enabling environment. This will improve the climate for water sector investments to be undertaken due to increased efficiency, effectiveness and sustainability of infrastructure projects. To achieve this, support under this sub-component will focus on reform related activities such as:

- Development of guidelines to give direction to the formulation and review of water policies and legislation in RMCs
- Formulation of national water policies and institutional frameworks
- Drafting of legislation and the design of related sector reforms
- Development of regulatory instruments
- Development of norms and standards
- Develop strategic frameworks and guidelines

3.3.2 The following indicators and targets will be used to measure progress:

- Assessment of the status of IWRM in all RMCs, in 2006
- Number of RMCs supported to strengthen or develop comprehensive IWRM framework, with at least 3 RMCs supported in 2006 and 5 each year afterwards up to 2009

3.4 PLANNING AND IMPLEMENTATION

¹ The declaration of the “International Conference for the Attainment of the MDG for Water in Rural Africa” Paris 1 April 2005

3.4.1 The objective of this sub-component is to facilitate effective IWRM at the national level through planning, strategy and programme development and implementation. . This will include the deliberate and sustainable participation of stakeholders at all levels. Activities that will be supported include:

- Promotion of awareness, stakeholder participation and strengthening of coordination
- Ensure prioritization of water in PRSP and in national action plans to meet the MDGs
- Preparation of IWRM strategies, national action plans and related investment programmes, and support their implementation
- Development of a framework for private sector participation and public-private and public-public partnerships
- Preparation of integrated water resources master plans
- Capacity building, involving assessment of institutional and human resource capacities, design of appropriate measures to strengthen capacities, and implementation of training programmes and institutional strengthening measures.

3.4.2 The following indicators and targets will be used to measure progress:

- Number of RMCs supported to prepare IWRM strategies, action plans and programmes, with at least 3 RMCs supported in 2006 and 5 each year afterwards up to 2009
- Water is prioritised in PRSPs and national strategies by 2007

3.5 ENVIRONMENTAL MANAGEMENT

3.5.1 The objectives under this sub-component are to undertake environmental management activities in support of IWRM implementation. These activities will go to sustain and improve the water environment in order to protect the quality and quantity of water resources. Activities under this component will focus on:

- Environmental risks and natural disasters management
- Development of environmental policy and strategic frameworks
- Capacity development in strategic environmental assessment and monitoring
- Strategic environmental impact assessments
- Public awareness of environmental

3.5.2 The following indicators in tandem with those given in 3.4.2 will be used to assess progress on sound environmental management actions:

- National IWRM policies reflecting environmental concerns,
- Established institutional capacity and readiness,
- Enhanced public awareness on environmental issues

3.6 MAINSTREAMING SOCIAL CONCERNS

3.6.1 The objectives are to undertake social analysis on a systematic basis in support of IWRM implementation. This will ensure mainstreaming of social concerns in water resources management activities. Social analysis and mainstreaming will focus on:

- Development of social policy and strategic frameworks
- Capacity development in strategic social impact assessment and monitoring

- Poverty, and vulnerability
- Gender
- Public awareness on social issues

3.6.2 The following indicators in tandem with those given in 3.4.2 will be used to assess progress in mainstreaming social issues:

- National IWRM policies reflect social concerns,
- Established institutional capacity
- Enhanced public awareness on social issues

4 TRANSBOUNDARY WATER RESOURCES MANAGEMENT

4.0.1 The overall objective of this component is to support the joint development of shared waters in the areas of advocacy, partnerships and strategy development. This will be achieved through facilitating political will, development of legislative frameworks, promotion of cooperation, mobilisation of resources, and planning joint development programmes able to attract investments.

4.0.2 It is expected that this will lead to an overall outcome of improved TWRM, with regional organisations having increased capacity to manage transboundary water resources under a cooperative framework. The cooperative environment for sustainable TWRM and funding for investments intended to yield shared benefits for the riparian countries will be improved. These outcomes will be measured using the indicators of progress towards management of shared river basin under cooperative framework arrangement, and implementation of joint programmes, for at least the 10 shared river basins that have been prioritized by AMCOW and NEPAD. The priority river basins in this regard comprise:

- West Africa: Senegal, Niger, Volta;
- Central Africa: Lake Chad, Congo;
- East Africa: Nile (which includes Victoria and Kagera);
- Southern Africa: Zambezi, Okavango, Orange/Senqu;
- North Africa: Shared aquifers in North Africa (including the Nubian Sandstone aquifer and the Northern Sahara Aquifer System).

4.0.3 By their nature, TWRM processes requires special skill, substantial resources and takes a long time to yield fruit. Also there are multiple actors intervening in the various basins, in particular in the larger basin systems. Consequently AWF interventions in TWRM will be strategically targeted at activities that will add value and achieve quick measurable results with small funds, and when there is real need to complement the existing donors in the field.

4.0.4 The main outputs are the development of framework agreements on water sharing, joint planning processes and partnership arrangements. These will be measured using the following indicators:

- Number of river basins for which shared visions and cooperative frameworks are developed. At least 10 shared river basins that have been prioritized by NEPAD will be covered by 2009;

- Regional programme elaborated and agreed upon for all the RBOs of the 10 river basins by 2009;
- Number of RBOs strengthened for effective implementation, with at least five RBOs having adequate capacity for TWRM by 2009.

4.0.5 The various types of TWRM support will focus on the components described in sections 4.1 to 4.5 below:

4.1 INFORMATION AND KNOWLEDGE

4.1.1 The objective of this sub-component is to support the establishment and enhancement of information and knowledge management capabilities at regional or RBO level in coordination with all the concerned stakeholders, particularly work already undertaken by regional and international organizations (UN Water Africa, JMP, WSP-World Bank, GWP etc). As a result, reliable information and knowledge will be made available for shared water resources management at regional levels.

4.1.2 Support will be provided for the following activities:

- Assessment and definition of regional information systems
- Establishment of regional information systems
- Collection and analysis of water data and related information
- Regional research programmes and compatible research activities

4.1.3 The following indicators and targets will be used to measure progress:

- Assessment of status of regional information systems reached by first quarter 2006
- Progress in establishing regional information systems, with regional mechanisms on information sharing systems fully operational in 10 RBOs by 2009

4.2 MONITORING AND EVALUATION

4.2.1 The overall objective of this sub-component is to support the establishment of water sector M&E systems and management capabilities at regional or RBO levels, in coordination with all concerned stakeholders, particularly work already undertaken by regional and international organizations (UN Water Africa, JMP, WSP-World Bank, GWP, WWC etc). As a result, improved M&E standards and methodologies will be developed, and regular M&E reporting mechanisms will be established and become operational at the regional level.

4.2.2 Support will be provided for the following activities:

- Promote agreement among the main stakeholders on appropriate standards, indicators and M&E systems
- Establishment of regional monitoring and evaluation systems and institutions

4.2.3 The following indicators and targets will be used to measure progress:

- Agreement on monitoring indicators in 2006
- Progress in establishing regional partnerships
- Regional/RBO M&E systems covering the 10 RBOs operational by 2009
- Improvement in quality and regularity of M&E in regional decision processes

4.3 ADVOCACY, LEGISLATIVE FRAMEWORK

4.3.1 The objective of this sub-component is to support advocacy and legislative processes on water sharing. The outputs relate to the development of framework agreements on water sharing. Activities that will be supported include:

- National, regional and international advocacy to facilitate political will, action and dialogue
- Preparation and implementation of shared vision programmes
- Development of cooperative framework and harmonization of legislation
- Elaboration and adoption of regional framework conventions for TWRM
- Preparation of guidelines for ratification and application of international WRM conventions

4.3.2 The following indicators and targets will be used to measure progress:

- Number of river basins for which shared visions and cooperative frameworks are developed. At least 10 shared river basins that have been prioritized by NEPAD and AMCOW will be covered by 2009
- Legislative frameworks developed in all 10 basins by 2009
- Guidelines for ratification of international conventions prepared by 2007

4.4 COOPERATION AND RESOURCE MOBILISATION

4.4.1 The objective of this sub-component is to strengthen inter-basin and intra-basin cooperation and coordination among basin states, and to mobilise resources for regional water projects. As a result, regional organisations will be better able to manage transboundary water resources in a cooperative manner in partnership with international organisations and the private sector. To achieve this, the following activities will be supported:

- Facilitate political dialogue and consensus building, and mobilise political support
- Promote cooperation and coordination in all river basins
- Capacity building in RBOs.
- Development of public-private partnerships and a framework for private sector participation
- Assist RBOs in resource mobilisation

4.4.2 The following indicators and targets will be used to measure progress:

- Number of RBOs strengthened through cooperative arrangements, 10 RBOs having adequate capacity for TWRM by 2009

4.5 PLANNING AND STRATEGY DEVELOPMENT

4.5.1 The objective of this sub-component is to support the development of effective TWRM strategies and implementation plans. As a result, regional organisations will be able to put in place mechanisms to guide the continuous and consistent development of transboundary water resources based on coherent strategic goals and joint planning processes. To realise this, support will be given for the following activities:

- Assessment of potentials and opportunities at the basin level

- Preparation of integrated river basin master plans and feasibility studies
- Preparation of medium to long term strategic frameworks
- Coordinated regional water use planning and programme development
- Development of realistic implementation plans
- Environmental and social analysis

4.5.2 The following indicators and targets will be used to measure progress:

- Regional programme elaborated and agreed upon, where they do not exist, for all the remaining RBOs of the 10 river basins by 2009
- River basin master plans prepared for 5 basins by 2009.
- Donors support to some projects from the joint programmes

5 CAPITAL INVESTMENT INTERVENTIONS

5.0.1 The types of support which will be provided under this component consist of the preparation of projects and programmes for immediate funding and direct investments as discussed below.

5.1 PROJECT AND PROGRAMME PREPARATION

5.1.1 The objective of this sub-component is to support the preparation of water resource development programmes and projects, at national and regional levels, which will lead to proposals submitted for funding. Priority will be given to projects that will attract public and private participation and lead to immediate capital investments.

5.1.2 Support activities will focus on preparatory activities to make a project attractive (short term studies, execution studies, Public Private Partnership, tender documents, etc.). Focus areas include WSS, agriculture, hydropower, environment, multi-purpose uses, water transport, and tourism.

5.1.3 Private sector participation (PSP) in the Water sector has great potential in several areas of AWF interventions. The AWF would provide the necessary support to attract private sector participation, whenever possible, in line with the Country policy and regulatory framework. This could involve helping the Country to develop the required tools, guidelines and legal agreements that will promote competitiveness and help small towns and communities deal with private operators as well as developing local cadre of artisans and small scale service providers, etc...

5.1.4 The AWF will make use of existing pipelines of projects in the RMCs and Regional organizations, which are already identified and prepared with donors support, and which require small support to move them into the financing phase. In order to proceed, strong collaboration and partnerships will be developed with different donors intervening in the Water sector in Africa. The first step in this regard will be to built synergy with the African Development Bank Group interventions as well as collaborate closely with World Bank, EU, Arab Funds, IDB, bilateral donors, etc.

5.1.5 The following indicators and targets will be used to measure progress:

- Number of projects/programmes prepared/ through AWF support by 2009

- Number of projects/programmes which receive funds by 2009
- Pipe line of projects built each year starting by end 2006

5.2 DIRECT INVESTMENTS

5.2.1 The objective of interventions under this component is for the AWF to provide targeted and strategic investment for water infrastructure development, that have major impact on local communities and to scale up investments in the Water sector. It is also intended to promote best practices and attract more investments. As a result, RMCs will benefit from water resources development through increased investments.

5.2.2 This will be achieved by the Facility through the provision of capital grants for the development of water infrastructure. In this manner the Facility hopes to:

- Leverage other resources by combining AWF grants with other funds available from Donors or the local and international private sector;
- Promote synergies by implementing investments in combination with other facilitating activities;
- Address the need for relatively small-scale projects at the community level;
- Emphasise a learning-by-doing approach.

5.2.3 The short term output will be increased investments in Water sector particularly in small scale programmes and projects involving local communities, innovative water technologies and multipurpose water uses. This will be measured using the following two indicators:

- Number of projects that are implemented
- Overall increase in investments on projects

5.2.4 The operational focus for capital investment interventions has been consolidated under the following two sub-components:

- Leverage resource from donors and private sector financing
- Small scale projects financing

a) Leverage resources from donors and private sector financing sources

5.2.5 The focus here is to identify small capital investment requirements which could leverage investment funds from other donors and from private sector sources. Very often, in order to promote private sector participation in some projects there is the need for some public sector investments to trigger the process. The AWF will be selective with this kind of support and carefully target resources only in situations where the intervention will make a real difference in order to bring about a successful operation.

b) Small-scale Projects

5.2.6 The range of small scale Projects that may be supported is wide. The AWF will support projects that would promote innovation and best practices, emphasise learning by doing, and reinforce the efforts of communities to effectively access water resources services. Some of the projects are described below.

5.2.7 **Pilot projects:** These are vehicles for improving quality and promoting innovations in order to scale-up major initiatives. This will be achieved by supporting demonstration projects that would initially validate and measure transferability of major lessons learned from existing good practice in local contexts. Support will be given to innovative pilot projects that:

- Emphasis the piloting of national and regional initiatives that contribute to accelerate the achievement of MDG targets and related national and regional goals;
- Offer the opportunity for the scaling up of worthwhile lessons from successful projects and research results;
- Make use of the potential for rapid impact by building on local initiatives to quickly expand access to water;
- Involve the application of new technologies;

5.2.8 **Use of innovative technology:** Support will be provided to projects that utilize simple and appropriate gender sensitive technology and promote local manufacturing and dissemination of technologies with the involvement of community, local private sector and NGO. Emphasis will also be given to up-scaling and commercialization of research results focused on the rural areas in Africa. Development of innovative technologies will enhance the effectiveness of small-scale projects. Some of these technologies may include:

- Development of water lifting, conveyance and distribution systems;
- Community water quality improvement;
- Water harvesting and storage facilities;
- Mini hydro-power and renewable energy for water use.

5.2.9 **Projects that increase access to services:** Capital investment support will be provided for small-scale projects that reinforce the efforts of communities, NGOs, and water user associations. The scaling-up of successful small scale projects will be given emphasis. Some of the possible areas for which capital grants may be made are as follows:

- **Water Supply and Sanitation:** expanding water supply and sanitation access with enhanced hygiene education components; providing water harvesting and storage facilities; implementing water quality improvement activities at community or household level; multipurpose water uses such as expanding existing projects, such as water for livestock or small-scale household irrigation schemes to cover domestic use;
- **Agricultural water use:** providing small scale irrigation schemes; constructing small dams (with proper environmental and social safeguards) for various uses; providing water lifting or conveyance and distribution systems to harness water for various agricultural uses.
- **Environmental Management:** wetlands protection; community level water shed management.

6 IMPLEMENTATION PLAN FOR 2005-2009

6.1 OVERALL IMPLEMENTATION

6.1.1 A five year implementation plan for the AWF has been developed and is designed to achieve the maximum impact in line with the anticipated outcomes mentioned above. Ongoing activities to the end of 2009 will consist of a wide range of facilitation and capital investment interventions, in conformity with the areas of support that have been indicated in preceding section.

6.1.2 A concerted action of consultation and review of potential programmes and projects will be undertaken to build a credible pipeline for support. The actual nature and intensity of activities that will be implemented will depend on the projects that will be submitted to the Facility for consideration. In view of the demand driven nature of the request for support from the Facility, these would be established through a process of reviewing existing initiatives that has already gained stakeholder consensus, and receiving submissions from regional, sub regional and national organizations and governments. As a result, it is not possible at the present time to clearly quantify the types of projects and programmes that will be implemented. The general guidelines for project selection are summarised in section 6.2 with the detailed process outlined in the Operational Procedures of the Facility, as approved by the ADB Board of Directors on 19 October 2005..

6.1.3 For planning purposes an assessment of the expected areas and amounts of intervention has been done to define a realistic operational programme that takes into consideration the achievements expected on the road to the global target of the Programme, as well as the available resources and implementation capacity. In addition, the indicative pipeline will reflect the international commitment to MDG targets, regional and national commitments expressed through AMCOW, the 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.

6.1.4 Some preliminary activities will start during the last quarter of 2005, in the areas of Information and Knowledge, and the Monitoring and evaluation, in line with the Governing Council approval at its meeting on 8 July 2005. The year 2006 will be actually the main year for starting the implementation of the 2005-2009 programmes. The primary focus in the 2006 operational financing programme will be to prepare the ground-work for concrete support to the African countries in subsequent years. The important building blocks of the AWF's 2006 strategic agenda are i) regional and national diagnostic work and assessments; ii) raising awareness and building synergy through creating partnerships; iii) preparing viable projects and building the pipeline for investments; and iv) starting facilitating interventions in some countries and some regional organisations, v) starting financing some small scale projects. By the end of 2006 the AWF would have achieved the following:

- Completed regional and some national diagnostic and assessment reports regarding water information management, monitoring and policy environments;
- Complete the preparation of projects ready for immediate financing ;
- Started support to some countries in knowledge and information, monitoring and evaluation, and policy strengthening;
- Started support to projects preparation for some countries
- Started support to some River Basin Organisation (RBO)
- Started support to specific small scale projects with great value added in term of scaling up investments.

6.1.5 Based on these considerations, cost estimates for 2005-09 have been made to establish the total and yearly financial requirements. As can be seen, the cost for the overall programme implementation from 2005 to 2009 is estimated to be Euro 500 million. Of this, capital investment will require the bulk of resources, Euro 376 million (75% of the total). The requirement for implementation of IWRM activities is estimated to be Euro 54.04 million (11%), TWRM as Euro 55.5 million (11%), and organizational and administrative activities as Euro 14.46 million (3%). Table 1 below provides the breakdown of the estimated yearly and total financial requirements for the five year programme of the Facility.

Table 1: Schedule of Activities and Financial Requirements for 2005-09 (million Euros)

ACTIVITY	2005	2006	2007	2008	2009	Total	%
IWRM							
Information and Knowledge	0.02	2.00	1.00	1.00	1.00	5.02	
Monitoring and Evaluation	0.02	3.00	1.00	1.00	1.00	6.02	
Policy Development and Reforms		3.00	6.00	5.00	4.00	18.00	
Planning and Implementation		3.00	7.00	7.00	6.00	23.00	
Environmental Management		0.50	0.50	0.50	0.50	2.00	
<i>Sub-total</i>	0.04	11.50	15.50	14.50	12.50	54.04	11%
TWRM							
Information and Knowledge		2.00	3.00	3.00	3.00	11.00	
Monitoring and Evaluation		1.00	1.00	0.50	0.50	3.00	
Advocacy, Legislative Framework		2.00	4.00	4.00	5.00	15.00	
Cooperation, Resource Mobilization		2.50	3.00	3.00	3.00	11.50	
Planning and Strategy Development		3.00	4.00	4.00	4.00	15.00	
<i>Sub-total</i>		10.50	15.00	14.50	15.50	55.50	11%
Capital Investment							
Leverage capital investment			10.00	76.00	100.00	186.00	
Small Scale Projects		5.00	20.00	50.00	95.00	170.00	
Programme/Project Preparation		5.00	5.00	5.00	5.00	20.00	
<i>Sub-total</i>		10.00	35.00	131.00	200.00	376.00	75%
Organization and Administration	0.01	3.00	3.70	3.75	4.00	14.46	3%
TOTAL	0.05	35.00	69.20	163.75	232.00	500.00	100%

6.1.6 Cost Assumptions: It should be noted that costs indicated in Table 1 are not based on actual requests from beneficiaries. The indicative cost allocations that have been made are based on estimates from similar activities undertaken by various stakeholders including the ADB as well as cost estimates from the NEPAD Short-term Programme. Sample cost estimates were developed based on experience for some activities including policy and strategy development, monitoring and evaluation system development, preparation of shared basin development master plan and then applied to the anticipated number of actions in each category. These costs and their allocation are very indicative and are proposed as a starting point to launch the AWF activities. They will be update during the year 2006, based on

actual requests and demand trend, and taking into account the first set of projects appraised and approved. The Governing Council will consider the updated programme in October 2006. Meanwhile, the quarterly progress report of the AWF will allow all the stakeholders to monitor the progress of the AWF activities

6.2 SELECTION AND PRIORITISATIONS OF INTERVENTION

a) Outlines of selection criteria defined in the AWF Operational Procedures

Ceilings for Grants

6.2.1 The floor of EUR 50,000 and a ceiling of about EUR 5,000,000 have been established for accommodating the financing of various categories of activities during the two year period of validity of the Operational Procedures.

Recipient Eligibility

6.2.2 Regional member countries of the ADB, political subdivisions or agencies thereof as well as regional agencies or institutions concerned with water resource development in Africa shall be eligible to receive financing or other assistance from the resources of the AWF. The recipients therefore include the following:

- i) Central Governments;
- ii) Local Governments and Municipalities;
- iii) NGOs or civil society organisations;
- iv) Community-based organizations, (CBOs);
- v) Regional, sub-regional and sectoral organization (Regional Economic Organizations, River Basin Organizations, etc).

NGO/CSO Eligibility

6.2.3 In order to streamline the eligibility of NGOs and Civil society organisations they will need to fulfil criteria establishing their credibility and track record in the water sector. Such organization should:

- i) Be a non-governmental organization committed to the continent's or national development priorities and that the proposed activities will be implemented in Africa;
- ii) Be Africa-based or provide evidence of partnership with African institutions;
- iii) Provide evidence of currently valid legal registration under the laws of the African country in which it is operating, as well as evidence of a certificate to carry out business in the country in which it intends to carry out the relevant activity, if different from the place of legal registration;
- iv) Have appropriate organizational and management capacity, including a governing board;
- v) Show the existence of a sound financial system - including clear accounting and budgeting standards, financial statements, a transparent budgeting process, audited accounts and other indicators that confirm their capacity to assume fiduciary responsibility for African Water Facility resources

- vi) Provide evidence of competence, based on past performance, to carry out proposed activities;
- vii) Demonstrate credibility, knowledge of local values, networks and structures required to carry out the indicated activities;
- viii) Have their proposals supported by the national government as evidenced by a letter signed by the appropriate official of the government, at the Ministerial level, indicating that the country supports the request as being consistent with national priorities. This letter must be sent together with the application for support.

Project Eligibility

6.2.4 To be eligible for financing under the AWF, proposed activities and projects must fall into one or more of the areas of intervention, and within the focus defined by the Governing Council. All the projects financed by the Facility should have clear performance indicators with good expected outcomes and clear targets.

6.2.5 In considering a request for financing, due consideration is given to the following:

- i) Political commitment of the country with respect to appropriate prioritization of the water sector such as inclusion of water as a priority within the PRSP or any Development Programme of the country demonstrating a clear indication of the importance accorded to the sector;
- ii) Relevant self-help measures being taken by the recipient;
- iii) Beneficiary should demonstrate the sense of ownership and commitment through active participation in the activities proposed for funding;
- iv) Beneficiaries should have a credible record and shall also ensure the effectiveness and sustainability of the institutions and investments through adequate operations and maintenance (O&M), cost recovery and budgetary support;
- v) Due consideration should be given to environmental and social impact to ensure sustainability, and
- vi) Clear indicators with defined targets are mandatory for all projects and programmes. The principle of beneficiary contribution shall be applied to all investment activities and could be in cash or the cost of providing facilities, services, staff and equipment.

b) Specific priority setting for Capital Investments

6.2.6 Having selected eligible projects there is the need to prioritise their implementation in accordance with the existing capacity and funding available. This is achieved through the use of criteria related to their leverage effect on additional funding, ease of implementation and value-added. In the light of limited resources, the selection of priority activities under each component is based on optimising resource utilisation and results using the following criteria:

- i) Projects that need minimum amounts of money to be implemented but with great impact;
- ii) Activities that can be implemented quickly with proposals already prepared;
- iii) Activities that produce quick and fast results;
- iv) Activities requiring relatively small amount of funds but with high impact and recipient capacity to implement;

- v) Projects that require relatively small amounts of money to take off but which will unleash other investment funds that would otherwise not be available;
- vi) Projects that will trigger larger investments from other donors;
- vii) Projects already identified by other agencies, subject to the activity fulfilling beneficiary national priorities and demonstrate recipient ownership;
- viii) National activities backed by strong demand and commitment from national authorities;

- ix) Regional activities that already have African and international consensus and has been determined to add distinct value to an ongoing process.

7 RESOURCE MOBILIZATION

7.0.1 Considerable resources will have to be mobilised over the next five years to support the operations of the Facility. As can be seen in Table 1 above, the target of the Facility is to mobilise Euro 500 million to implement the programme (2005-09). The resource mobilisation efforts are being lead by AMCOW and the Governing Council, with the support of the Bank. So far, the European Commission, Canada, France, Norway, Austria, Sweden and Denmark have made commitments for financial support to the Facility. Resources mobilisation efforts are underway to get support from the USA and some Arab and European countries.

7.0.2 Table 2 below provides the current status of contribution commitments and amounts already paid into the Facilities account. The commitments made as at the end of Sept. 2005 from seven donors amounts to Euro 59.65 million. In addition, the Bank has committed to contribute approx. Euro 1.8 million over a 3 years period for office space, permanent staff, running and other administrative costs.

7.0.3 By en September 2005, effective payment of Euro 6.91million (\$Can 10 million from Canada and Euro 100,000 from Austria) has been made to the Facility's account. The others donors are at different stage of making good their commitments. Nevertheless, by the end of the year, all of the planned first payments are expected to be deposited with the Facility. This will result in an additional Euro 7.95 million available. Furthermore, there will be payments made in 2006 under the existing commitments. The amounts have not yet been decided upon, but for the purposes of this planning exercise estimates have been made based on the amounts outstanding and the planned payments periods. These are also shown in Table 2. The total additional finance that could become available in 2006 amounts to Euro 20.32 million. This will result in a total allocation of Euro 35.18 million available for disbursement in 2006.

Table 2: Status of Resource Commitments and Payments (million Euros)

Donor	Resource Commitments			Modalities of Payment				
	Amount (million)	Exchange Rate to Euro ²	Amount	Payment Period	Paid amount	Planned 2005	Estimated 2006	Total at end of 2006
EU	Euro 20.0		20.00	2 year			10.00	10.00
Canada	Can \$ 20.0	1.47	13.63	3 year	6.81		3.41	10.22
Norway	NOK 30.0	7.92	3.79	3 year		1.27	1.20	2.40
Sweden	SEK 45.0	9.45	4.76	3 year		1.60	1.60	3.20
Denmark	DKK 40.0	7.45	5.37	5 year		1.15	2.11	3.26
Austria	Euro 0.10		0.10	1 year	0.10			0.10
France	Euro 12.0		12.00	5 year		4.00	2.00	6.00
Total			59.65		6.91	8.02	20.32	35.18

² Exchange Rate applied are for June 30, 2005 as provided by the Treasury Department of the ADB (Apart for Canada where the rate for the actual date of transfer in the AWF Account was used)

7.0.4 It is evident that there is a huge shortfall between the amounts of resources committed and required for the next five years. Only about 60 million Euro of the total needed of Euro 500 million has been committed, which represents just 12% of the total. Support for the AMCOW lead resources mobilization effort will be strengthened over the next year in an attempt to make up for the shortfall.

8 PARTNERSHIPS AND COORDINATION

8.0.1 Interventions by the Facility constitute only a small part of the overall financial requirements to meet the basic water and sanitation needs. It is important to develop partnerships with the many organizations active in the African water sector. To enable the maximum benefit to be derived from the linkages between the Facility and the programmes and initiatives of other partners in the water sector, it is essential that appropriate coordinating mechanisms be established at the institutional level to coordinate and harness synergy.

8.0.2 The AWF Governing Council (GC), as part of its mandate defined in the Instrument, is responsible for initiating discussions for the General replenishment of the resources of the AWF Fund. Therefore, the GC will develop a strategy for resource mobilization and take the necessary actions for its implementation.

8.0.3 The Governing Council of the Facility would, ensure coordination of the activities and programmes of the different stakeholders. AMCOW will take the lead to provide the coordination of the various water initiatives in the Region. The AWF would assist AMCOW by developing and facilitating the coordination strategies. The fact that AMCOW is spearheading the initiative and is strongly represented in the Governing Council of the Facility already creates a good opportunity to ensure that all the programmes to be supported by the Facility fit into the national and regional programmes of the RMCs, along with the support programmes of the donor community. In addition, NEPAD, UN Water Africa (which represents UN agencies active in the water sector in Africa) among others, are also represented in the Council.

8.0.4 In order to implement national IWRM and TWRM, major actors such as the Global Water Partnership (GWP), the World Water Council (WWC), other multilateral institutions such as the World Bank and the European Union (EU), Islamic Development Bank (IDB) and bilateral agencies, will be consulted and partnerships forged to harness the synergy and avoid duplication of efforts.

8.0.5 Coordination at national level would be primarily achieved through the PRSPs. The mechanisms for developing the PRSPs involve discussion of the national programmes of the various institutions, governments, donors, MDBs and NGOs and how they can fit within the overall country water integrated management plan. It would also involve discussions on programme harmonization between different donors.

8.0.6 At the multilateral and bilateral level, the AWF would collaborate with a number of concrete programmes that are being developed and implemented in Africa. These include the ADB, World Bank, EU Water Initiative, Nordic countries, Canada, France and other donors. A particular attention will be given within the ADB to ensure synergy with the other initiatives managed by the Bank in the Water sector, like the NEPAD trust Fund

(Transboundary Water Management), the Rural Water Supply and Sanitation Initiative activities, and the Water Partnership Programme.

9 PERFORMANCE ASSESSMENT

9.1 RESULTS BASED MANAGEMENT

9.1.1 The AWF will be managed using a Results Based Management approach. In this document, the first attempts to set up RBM frameworks for the AWF is presented. An overall Logical Framework Analysis for the AWF is presented in pages iii and iv. In it the goals, objectives and main activities of the Facility are shown, along with expected outcomes and outputs, indicators for measuring results achieved, and the principal risks.

9.1.2 The Results Based Management approach will be developed further in the Operations Manual and discussed with stakeholders. Common indicators will be defined and agreed upon with all stakeholders. The results (outputs and outcomes) and indicators will be used to select, appraise and monitor projects and programmes under the Facility. A reporting mechanism will be developed in the Operations Manual which would specify the details of the reporting system in terms of intermediate and final outcomes, periodicity and format of the reports.

9.2 PERFORMANCE MONITORING AND EVALUATION

9.2.1 It is intended that the monitoring and evaluation of the African Water Facility will be based on a results based management approach. The development and implementation of the RBM monitoring and evaluation system is one of priority operational activities, with this Operational Programme the first step in that direction. The logical framework of the programme provides the appropriate tool for such monitoring. The progress in achieving the performance is detailed in annex 1, with the defined indicators.

9.2.2 The effectiveness and efficiency of the Facility at the management and operational level would be monitored and evaluated systematically and periodically. Data will be collected regularly on activity-level inputs, outputs and processes to ensure they are proceeding as expected and are contributing to relevant intermediate results and specific objectives. The indicators shown in the Logical Framework and other sections of this document will be used as a basis to monitor progress.

9.2.3 A reporting mechanism will be developed which will specify the details of the reporting system in terms of intermediate and final outcomes, periodicity and format of the reports. The annual and quarterly reports will be based on the RBM. In addition to the normal monitoring mechanism of the Bank, the Facility would also be evaluated in 2009 after the first five years of implementation.

10 RISKS AND MITIGATION MEASURES

10.0.1 An analysis of assumptions and risks forms an important part of RBM. The main risks that apply to the overall goals/objectives and outcomes of the Facility are discussed below, along with mitigating strategies.

10.0.2 **Insufficient funds:** The main risk with regards to the implementation of this operational programme is related to failure to mobilize sufficient financial resources over the coming two years, particularly for the capital projects. Designing a resource mobilization strategy under the effective leadership of AMCOW and NEPAD, backed by a strong implementation capacity through the Facility's office, would contribute to addressing this risk. Should adequate resources not be made available in the short to medium term alternate scenarios such as scaling down of activities will be examined.

10.0.3 **Inadequate AWF institutional capacity:** There is a risk that the Facility will not have adequate human resources to undertake all the planned activities over the next few years. This is a very real risk given the large amount of interventions that are planned, and the limited staff currently in place. To mitigate this risk the Facility will maintain its proactive approach to pressure for secondments from donor organisations, develop relationships with Bank Operations Departments that are responsible for preparing Bank initiated programmes and projects, and use consultants as necessary to meet short term needs. Increasing the number of permanent professional staff will be examined as a priority to enhance in-house capacity.

10.0.4 **Failure to prioritize water in national strategies:** Lack of national commitment will affect development of programmes for implementation by the Facility. Mitigation strategies include strengthening political commitment and ensuring that AMCOW plays a pro-active role.

10.0.5 **Conflict situations and lack of political commitment** to cooperate on transboundary resources management could affect the achievement of the expected outcomes. Mitigation strategies involve awareness creation and dialogue.

11 CONCLUSIONS AND RECOMMENDATIONS

11.0.1 The African Water Facility (AWF) has been established to assist RMCs to meet the targets and goals for the water sector that were established by the African Water Vision and the Millennium Development Goals (MDGs). Through the interventions of the Facility there will be increased investments in the Water sector leading to improved access to water and sanitation in African countries. To realise this, all interventions under the Facility will be directed to improve the enabling environment for sustainable national and regional water resources management, to prepare projects and programme for immediate capital investments, and to provide resources for strategic direct capital investments. To realise this, all interventions under the Facility will focus on achieving the following three main outcomes:

- **Improved Integrated Water Resources Management:** RMCs have increased capacity to manage their water resources effectively based on IWRM principles that set the stage for coherent and sustainable investments;
- **Improved Transboundary Water Resources Management:** Regional organisations manage transboundary water resources under a cooperative framework which fosters investments with shared benefits;

- **Increased Water Sector Investments:** RMCs and regional organisations projects and programmes through increased investments resulting from sound investment climate, better preparation, and availability of funding.

11.0.2 This operational programme has been developed to provide more details on the range of activities that will be implemented over the coming five years to realise these outcomes, and the associated resources required. In addition, a Results Based Management approach has been defined to enable effective management of the Facilities operations. The current indicative programme is aimed at kick-starting the operations of the African Water Facility. It is intended that the experience which will be gained in its implementation over the coming months will be used to revise the programme for consideration by the Governing Council in October 2006 by taking into account the lessons learned.

11.0.3 It is in the context of the above consideration that the Governing Council is invited to approve the Operational Programme for 2005 to 2009 as outlined in this document.

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Annex 1: Summary of Results, Performance Indicators and Targets

Components/Outputs	Performance Indicators	Base-line	Planned Result Each Year				Target and Year
			2006	2007	2008	2009	
Implementation of National IWRM							
OUTCOMES: RMCs have increased capacity to manage their water resources effectively based on IWRM principles	Number of RMCs with effective water resource use in line with IWRM						All by 2009
OUTPUTS: Progressive adoption of IWRM policies and institutional frameworks, and preparation of strategies and implementation plans in RMCs	Assessment of the status of IWRM in RMC		All 53 RMCs				All by 2006
	No of RMCs with policies and strategies based on IWRM principles.						All by 2009
COMPONENTS/ACTIVITIES							
Information and Knowledge Systems Reliable information and knowledge made available for water resources development planning and implementation at national level	Progress of country situation assessment		All 53 RMCs				All RMCs by 2006
	Number of countries for which standards and mechanisms are established.						All RMC by 2009
	Number of countries for which existing information systems are strengthened or new ones established		3*	5	5	7	20 by 2009
Monitoring and Evaluation: Regular M&E reporting mechanisms established and in operation at national and regional level for water resource planning and development effectiveness	Progress on country situation assessment and development of monitoring indicators and standards		All 53 RMCs				All by 2006
	Agreements on monitoring indicators		Underway in all 53 RMCs				All by 2007
	Number of existing national M&E systems strengthened or new systems developed		3*	5	5	5	18 by 2009
Policy Development and Reforms implementation capacities of RMCs will be strengthened with an appropriate IWRM based enabling environment	Assessment of the status of IWRM in all RMCs, by June 2006		All 53 RMCs				All by 2006
	Number of RMCs supported to strengthen or develop comprehensive IWRM framework		3*	5	5	5	3 in 2006 and 5 each year afterwards
Planning and Implementation the deliberate and sustainable participation of stakeholders in the implementation of IWRM at all levels	Number of RMCs supported to prepare IWRM strategies, action plans and programmes		3*	5	5	5	3 in 2006 and 5 each year afterwards
	Water is prioritised in PRSPs and national strategies						All by 2007
Environmental Management and Social Analysis provision of environmental management and social analysis inputs in support of IWRM	Appropriate environmental management and social analysis undertaken in support of the IWRM planning and implementation activities						As required
Transboundary Water Resource Management							
OUTCOMES: Riparian countries and regional organisations have increased capacity to manage transboundary water resources under a cooperative framework	No of shared river basins benefiting from joint programmes under a shared vision framework, where it does not yet exist						All the 10 prioritised basins defined by NEPAD by 2009
OUTPUTS: Development of framework agreements on water sharing; joint planning processes; and partnerships	Number of river basins for which shared visions and cooperative frameworks are developed.			3* shared visions / 1 framework agreement dev.			10 shared basins and rivers by 2009
	Number of RBOs strengthened with adequate resources allocated to water			Underway in 4*			10 RBOs by 2009

*The number of countries/RBOs to be supported is given as assumption and will change according to the actual demand.

Components/Outputs	Performance Indicators	Baseline	Planned Result Each Year				Target and Year
			2006	2007	2008	2009	
TWRM (cont'd)							
Information and Knowledge Systems Reliable information and knowledge made available for water resources development planning and implementation at regional level	Assessment of status of regional information systems		10				All by 2006
	Progress in establishing regional information system		Underway in 2 RBO				At least 10 RBO by 2009
Monitoring and Evaluation: Regular M&E reporting mechanisms established and in operation at national and regional level	Agreement on monitoring indicators		10 river basins				By Dec. 2006
	Support given for the development of regional M&E systems in each of the 5 RBO		Underway in 3 RBO				All 10 systems operational by 2009
Advocacy, Legislative Framework development of framework agreements on water sharing	Number of river basins for which shared visions and cooperative frameworks are developed.		3 shared visions developed	1 framework agreement			10 shared river basins by 2009
	Legislative frameworks developed						10 basins by 2009
	Guidelines for ratification of international conventions		Completed				Completed by 2007
Cooperation and Resource Mobilization regional organisations better able to manage transboundary water resources in a cooperative manner in partnership with international organisations and the private sector	Number of RBOs strengthened through cooperative arrangements		2 cooperation 4 capacity building 3 resource mobilization				4 RBOs having adequate capacity for TWRM by 2009
Planning and Strategy Development regional organisations will be able to put in place mechanisms to guide the continuous and consistent development of transboundary water resources based on coherent strategic goals and joint planning processes	Regional programme elaborated and agreed upon for all the RBOs		1 river basin				10 river basins by 2009
	River basin master plans prepared			Underway in 3 basins			5 basins by 2009.
Capital Investment							
OUTCOMES: RMCs and regional organisations benefit from increased water resources investment for their water sector development programmes	Level of investment to meet basic services						% of increase in investment for basic water needs
OUTPUTS: Increased investment in small scale investment programmes and projects	Number of projects that are implemented						Projects by end 2009.
	Overall increase in investments on projects						Volume of financing by end 2009.
Programme/Project Preparation: Increased number of quality water sector proposals prepared and submitted for funding	Number of projects/programmes prepared/appraised through AWF support						Projects and programmes prepared by 2009
	Number of projects/programmes which receive funds						Projects/programme which receive funds by 2009
	Pipe line of projects built each year						Pipe line of projects built each year starting by end 2006.

N.B. The target for some indicators will be provided later, based on actual evolution and implementation. At least the concerned indicators are defined to help for the monitoring purpose.