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Bank Group**



**African Water Facility
Facilité africaine de l'eau**

*Mobilising Resources for Water in Africa
Mobiliser des ressources pour l'eau en Afrique*

African Water Facility Strategy 2017-2025

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Acronyms and abbreviations

AFD	Agence française de développement	MFI	Multilateral Finance Institution
AfDB	African Development Bank	NBI	Nile Basin Initiative
AHWS	Water Development and Sanitation Department	NBS	Nature-Based Solutions
AMCEN	The African Ministerial Conference on the Environment	NDF	Nordic Development Fund
AMCOW	African Ministers' Council on Water	NEPAD	New Partnership for Africa's Development
AU	African Union	NEPAD-IPPF	New Partnership for Africa's Development – Infrastructure Project Preparation Facility
AUSIF	African Urban Sanitation Investment Fund	OAU	Organization of African Unity
AWF	African Water Facility	OECD	Organization for Economic Cooperation and Development
AWV	African Water Vision	OP	Operational Priority
BCM	Billion Cubic Meters	OPEC	The Organization of the Petroleum Exporting Countries
BMGF	Bill and Melinda Gates Foundation	PoWCCC	Policy on Water Cross-Sector Coordination Committee
BNWPP	Netherlands Water Partnership Programme	PPF	Project Preparation Facilities
COVID-19	Coronavirus Disease of 2019	PPIAF	Public-Private Infrastructure Advisory Fund
DBDM	Development and Business Delivery Mode	PPP	Public-Private Partnership
DHI	Danish Hydraulic Institute	PSP	Private Sector Participation
EA	Executing Agency	RBM	Results Based Management
ECA	United Nations Economic Commission for Africa	RBO	River Basin Organization
EU	European Union	REC	Regional Economic Community
FAO	United Nations Food and Agriculture Organization	RMC	Regional Member Country
FIRM	Resource Mobilization Department (of the AfDB)	RMSAP	Resource Mobilization Strategy and Action Plan
GC	Governing Council	RWSSI	Rural Water Supply and Sanitation Initiative
GCF	Green Climate Fund	RWSSI-TF	Rural Water Supply and Sanitation Initiative – Trust Fund
GDP	Gross Domestic Product	SDG	Sustainable Development Goals
GMS	Gender Marker System	SME	Small and Medium-sized Enterprises
GWP	Global Water Partnership	SWOT	Strengths, Weaknesses, Opportunities and Threats
ICA	Infrastructure Consortium for Africa	TA	Technical Assistance
ICT	Information and Communication Technology	TF	Trust Fund
IDEV	Independent Development Evaluation	ToC	Theory of Change
IEA	International Energy Agency	TOR	Terms of Reference
IGRAC	International Groundwater Resources Assessment Centre	TRWR	Total Renewable Water Resources
IHA	International Hydrological Association	TYS	Ten-Year Strategy
IPCC	Intergovernmental Panel on Climate Change	UA	Unit of Accounting
IT	Information Technology	UN	United Nations
IWMI	International Water Management Institute	UN-DESA	United Nations, Department of Economic and Social Affairs
IWRM	Integrated Water and Resource Management	UNECA	United Nations Economic Commission for Africa
JMP	Joint Monitoring Programme for Water Supply and Sanitation by WHO and UNICEF	UNEP	United Nations Environment Programme
MDB	Multilateral Development Bank	UNESCO	United Nations Educational, Scientific and Cultural Organization
MDG	Millennium Development Goal	UNICEF	United Nations Children's Fund
MDTF	Multi-Donor Trust Fund	WASH	Water, Sanitation and Hygiene
MDWPP	Multi-Donor Water Partnership Programme		
MEL	Monitoring, Evaluation and Learning		

Executive Summary

This document presents the June 2021 revision of the Strategy of the African Water Facility for the period 2017-2025. The African Water Facility (AWF) is a special fund established in 2004, and hosted and managed by the African Development Bank (AfDB) at the request of the African Ministers' Council on Water (AMCOW). As a special fund, the AWF provides grants and technical assistance to support the preparation and implementation of water infrastructure projects and water management measures throughout Africa, thereby contributing to attainment of the African Water Vision 2025 as well as water-related Sustainable Development Goals (SDGs).

Since its establishment in 2004, the AWF's work programme has been guided by three strategies: the first strategy covered the period 2006-2011 (Phase I); the second strategy covered the period 2012-2015 (Phase II) and the third strategy, which is the subject of this revision, covers the period 2017-2025 (Phase III).

The revision of the AWF Phase III Strategy was necessitated by the decision in 2018 taken by the AWF's Governing Council and the Bank's Board of Directors to promote operational efficiency and effectiveness in supporting the attainment of the African Water Vision by integrating the AfDB's three water trust funds. The three water trust funds are the African Water Facility (AWF), the Rural Water Supply and Sanitation Initiative (RWSSI), and the Multi Donor Water Partnership Programme (MDWPP). A key objective of this strategy revision was to incorporate functions of the other two water trust funds into the AWF's scope of interventions. Other drivers for the Strategy revision include the need to address operational weaknesses highlighted by the 2019 Independent Evaluation of the AWF, and the need to align the Facility's operations with the Bank Group's new Water Policy (2020) and Water Strategy (2020).

A participatory and consultative process was followed in the revision of the Strategy. Key steps in the process included document review, key informant interviews, two focus group consultations, a SWOT workshop, and three large stakeholder consultations.

The revised AWF Strategy defines its long-term goal as "Improved quality of life for urban and rural communities in Africa". Its framework comprises 22 actions arranged under four Strategic Priorities, thus:

- **Strategic Priority 1: *Project preparation and promotion (65%)***. Comprises six strategic actions that support the preparation of investment-ready project proposals for improving urban and rural water supply, sanitation and hygiene services, agricultural water management and multipurpose water infrastructure development in Africa.
- **Strategic Priority 2: *Catalytic investments (20%)***. Comprises four Strategic Actions under which seed or gap financing is provided to catalytic projects that have the potential to triggering new projects, amplify beneficial impacts, replicate or pilot innovative business and financing models and technologies, and mobilize private sector financing.
- **Strategic Priority 3: *Investment promotion (5%)***. Comprises four Strategic Actions through which the AWF will market priority investment projects, and mobilize investment financing from public and private sources for water infrastructure projects in Africa.
- **Strategic Priority 4: *Water governance (10%)***. Comprises eight Strategic Actions that aim to strengthen the enabling environment for water investments in Africa, support capacity building and development of effective water governance systems in Africa, and improve knowledge management systems at AWF and in the RECs and transboundary water basins.

The first three strategic actions reinforce previous AWF Strategies, while the fourth is (re)introduced to accommodate functions related to the integrated RWSSI and the MDWPP, as well as interventions to facilitate more effective resource mobilization for infrastructure development in Africa.

Implementation of the Strategy is estimated to require € 62.15 million over the remaining five years of the Strategy at an average of €12.43 million annually. Key outputs will include the preparation of ten urban and ten rural WASH projects; two agricultural water management projects; and three multi-purpose water resources development projects. In addition, nine catalytic investment projects will be implemented and € 500 million invested in downstream investments to implement water infrastructure projects.

Strategy implementation will continue to take place under the AWF's governance framework composed of two main structures. The first is AWF's Governing Council (GC), which is responsible for determining the general policy direction of the AWF and comprises 13 members including AMCOW regional representatives, donors to the AWF and other stakeholders including NEPAD-AU Commission and UN-Water. The second main structure is the Bank's Board of Directors, which is the AWF's highest policy body.

CHAPTER 1: INTRODUCTION

1.1 OVERVIEW

Two decades have passed since the African Ministers' Council for Water (AMCOW) was formed to unite the African continent's fifty-four nations in developing the African Water Vision (AWV 2025). Three water trust funds were established to support the implementation of this Vision, all of which were hosted by the African Development Bank (AfDB). These were the Multi Donor Water Partnership Programme (MDWPP), the African Water Facility (AWF) and the Rural Water Supply and Sanitation Initiative (RWSSI). AMCOW's custodianship of RWSSI and the AWF have given these funds legitimacy to leverage the political will of Regional Member Countries (RMCs) to better collaborate, cooperate, finance and share understanding about the challenges facing their countries in relation to water and sanitation development.

Almost 20 years have passed, and a few prevailing trends are therefore important to recognize. First, despite significant investments in infrastructure, water insecurity remains a significant obstacle to the economic growth of the continent. Second, the financing of water for development is increasing in complexity. This results from the evolving context of Integrated Water Resources Management (IWRM), Transboundary Water Governance, and Rural and Urban Water Supply and Sanitation as discrete subsectors. As these subsectors have evolved, they have integrated and harmonized. While this is positive trend, institutions have been slow to respond by designing programmes across departmental lines. Third, the sources of financing for water from development partners have shifted towards multilateral organizations at the expense of diminishing bilateral aid (Rogerson and Barder, 2019). This has caused trust funds (TFs) to mushroom, becoming vehicles catering for specific development themes.

Despite these changes in the water resources management and development landscape, some problems remain intractable. The enduring challenge has been how to demonstrate benefits to end users when the timeframes to show results for accountability purposes are so short. Leveraging development funds to trigger state and private sector investments remains difficult due to relatively few bankable projects. State institutions have limited capacity to prepare projects adequately for financing. There are far fewer players in development finance operating on the continent, and they tend to be focused on the sub-regional level (AfDB/Universalialia, 2020).

A restructured AWF incorporating features of the RWSSI and MDWPP, is uniquely situated to implement the AfDB's Policy on Water (2020). No other facility on the continent has the benefit of the AfDB as an entry point to collaborate with African states and stakeholders to spark innovation to prepare projects for further investment and trial catalytic interventions.

Through partnerships with RMCs and development partners, the AfDB has been a major investor in the water sector. Between 2010 and 2019, the Bank invested UA 4.22 billion in water supply and sanitation service delivery, as a result of which 92 million people gained access to water services. Its new Policy on Water (2020) arrives when the AfDB's active portfolio in the African Water Development and Sanitation Department (AHWS) covers 101 projects across 41 countries (AfDB, 2020b).

The AfDB has embraced the challenge of water security by elaborating a new framework for water development. The over-arching objective of its Policy on Water (2020) is to enhance Africa's water security and transform water assets to foster sustainable, green and inclusive socio-economic growth and development (AfDB, 2020a). A minimum platform¹ of water security is proposed to ensure the continent can meet its development aspirations.

¹ The minimum platform refers to the tipping point of investments in water institutions and infrastructure, above which water investments make an increasingly positive contribution to growth and below which a society is highly vulnerable to water-related risks. AfDB (2020), Water Policy, p.2.

Three key reforms within the Bank will enable the AWF to implement this Strategy in a manner that feeds the results of the Bank’s Draft Water Strategy (2021-2025) and supports the implementation of the Bank’s Policy on Water. First, the decentralization of reforms through the Development and Business Delivery Model (DBDM) has allowed AfDB staff to work closely with their clients and effectively created a human resource capacity for implementation support across 41 countries in Africa. Second, the “One-Bank” policy within the AfDB has called for trust funds to be streamlined to enable greater efficiencies and effectiveness. Third, the Policy on Water Cross-Sector Coordination Committee (PoWCCC) is being established to take responsibility for coordinating the ‘One-Bank’ approach to implementation. This will replace the historical function the MDWPP held in facilitating linkages between the work of the water trust funds and other divisions within the Bank, such as the Agriculture, Human and Social Development Division or the Climate Change and Green Growth Department.

These external and internal shifts have necessarily influenced the future shape of the AWF, presented in this document, and provide the context within which a revised AWF Strategy has been prepared.

1.2 THE APPROACH FOR THE REVISED STRATEGY

The Strategy revision was triggered by the Governing Council (GC) recommendations in 2019. The development of a revised Strategy involved a thorough engagement process entailing 20 informant interviews, two focus groups and three stakeholder consultations in addition to three feasibility and integration studies to examine the legal instruments enabling the consolidation of the three Trust Funds and development of an operational implementation plan. The findings helped inform a SWOT workshop with stakeholders, followed by a second workshop to validate findings and a Theory of Change (ToC) workshop.

The revised AWF Strategy has drawn on findings from the AWF/RWSSI Review, recommendations of the RWSSI (2017) (NIRAS Indevlop (2017) and AWF evaluations (AfDB/Universalia, 2020), the AfDB’s Policy on Water (AfDB, 2020a), and Draft Water Strategy (2021-2025) (AfDB, 2020b).

1.3 THE AWF WATER FUNDS

1.3.1 Restructuring water trust funds in the Bank

In November 2020, the AfDB’s legal division confirmed that RWSSI and the MDWPP would need to be dissolved and their mandates integrated into a single AWF. The revised Phase III AWF Strategy follows this decision.² This section presents the trust funds (TFs), and explains how the AWF will be restructured to incorporate components of each.

1.3.2 African Water Facility

The AWF was established in 2004 to assist African countries with resources for the water and sanitation sector to successfully attain the AWF 2025. As a Special Fund, the AWF has provided grants and technical assistance (TA) to enable governments, non-governmental organizations (NGOs) and public-private partnerships to invest in Africa’s water resource sector. The AWF has operated over two periods; 2006-2011 (Phase I), 2012-2015 (Phase II), and is mid-way through its third, 2017-2025 (Phase III). During its first two periods, the AWF focused on project preparation, water knowledge, and water governance. The focus on knowledge management and governance yielded significant achievements in supporting the establishment and institutional capacity of River Basin Organizations (RBOs) and developing successful frameworks for greater transboundary cooperation in shared water resources; a theme which has been recognized and reprioritized in the AfDB’s Policy on Water (2020). In its third strategic period (2017-2025), the AWF moved away from governance and knowledge management themes and emphasized the increasing complexity of financing water and urban sanitation development

² The “how” is being addressed by a separate consultancy that is drafting the Operational Plan and legal instruments for a restructured AWF.

by prioritizing leveraging finance from the public and private sector. It has framed its catalytic investments strategic priority to demonstrate proof of impact, supporting innovation through pilot projects that can move to scale. It also established a new Strategic Priority focused on investment promotion, which has helped stimulate financing for project preparation.

The key element of adjustment to the AWF with respect to the integration of the three water trust funds, is the adjustment of its Phase III Strategy, mid-way of its implementation, to re-introduce a Strategic Priority on water governance – with a focus on capacity building, knowledge management and partnerships. The revised Strategy thus emphasizes knowledge management that strengthens monitoring, evaluation and learning systems to improve the capture and dissemination of results. This is a necessary precondition to enable the AWF to demonstrate effectiveness to development partners and encourage their participation in effective programmes. Attention to partnerships is critical to learning, using knowledge to improve programming and to enhance resource mobilization efforts. Partnerships are built on understanding innovation emerging from AWF’s research, and from scientific enquiries and private sector collaborations. Greater understanding of what has proved effective - or ineffective - will enable the AWF to be more strategic about sustaining impactful partnerships. Third, the reform takes into account the integration of the three water trust funds and will accommodate the operations of RWSSI and MDWPP.

1.3.3 Rural Water Supply and Sanitation Initiative

In 2003, AfDB in collaboration with AMCOW, launched RWSSI as a pan-African response to the rural water, sanitation and hygiene (WASH) crisis on the continent. RWSSI had three dimensions: it was a pan-African initiative to address Africa’s rural WASH challenges (RWSSI); it combined rural WASH programmes and projects financed by the AfDB (RWSSI-AfDB); and it was a trust fund providing grants (RWSSI-TF). Since 2006, RWSSI supported enabling water supply and sanitation infrastructure, water and sanitation policy and strategy development, programme and project preparation, and capacity building and training. Its main purpose has been to assist RMCs to move towards achieving sustainable rural water supply and sanitation services with the eventual goal of universal access. RWSSI-TF has provided funds to complement larger AfDB projects which RMCs have used to understand experience on the ground, as well as to strengthen the enabling environment and increase coordination and integration in the rural water sector. It also highlighted good practices in sanitation and hygiene projects and suggested ways to reach greater scale (RWSSI, 2018).

The RWSSI Phase III Strategy priorities are integrated into the restructured AWF in the following ways:

1. “Strengthen RWSSI by refocusing the initiative, mobilizing funding for the RWSSI-TF, and enhancing capacity, advocacy and communication”. This function is being dissolved as the function of the RWSSI TF no longer exists. Leveraging rural water supply is now a responsibility of the AWF goals in resource mobilization for water resource development and WASH services.
2. “Improve the enabling policy and institutional environment for increased and sustained access to rural WASH services through the development of sector-wide approaches, institutional structures, M&E and information systems”. This function is integrated into the AWF Strategic Priority 4 on water governance, knowledge management, capacity building, and partnerships.
3. “Increase investment for rural WASH by mobilizing finance and addressing backlog, especially for countries in transition”. This function is integrated into the AWF Strategic Priority I on project preparation and Strategic Priority 3 on investment promotion. Approximately 25% of the AWF’s annual programming budget is earmarked for working in fragile countries. At least half of targeted funds for fragile countries is focused on leveraging investments through project preparation in WASH and building climate resilience in rural areas.
4. “Enhance sustainability for rural WASH through promotion of improved operation and maintenance of WASH facilities, expansion of cross-sectoral linkages, and advocacy for improved sanitation and hygiene”. The operations and maintenance component of this function

is integrated into Strategic Priority 4 while the promotion of sanitation and hygiene is integrated into Strategic Priorities 1, 2 and 3 with a substantial focus on WASH delivery.

5. “Build sector knowledge and capacity for rural WASH at country level through knowledge products for policy reforms and evidence-based decision-making”. This function is integrated into Strategic Priority 4 on water governance. Knowledge management and communication, including monitoring and evaluation, has been identified as a weak point in the Phase III period of AWF’s work. RWSSI’s rich experience and extensive networks and partnerships will make a substantial contribution to developing this re-introduced AWF Strategic Priority.

Since RWSSI’s inception in 2003 to the end of 2019, the Bank had mobilized about €2.216 billion for rural WASH in Africa from its various funding windows, including €176.4 million of grant contributions from the RWSSI-TF. During this period, the Bank approved 88 rural WASH operations in 36 countries, of which 42 benefitted from a RWSSI TF contribution. Further, more than 133 million people gained access to clean water and 95 million people accessed sanitation, through the concerted efforts of RMCs, the Bank, other development partners as well as communities and households.

1.3.4 Multi-Donor Water Partnership Programme

In December 2002, the Water Partnership Programme (BNWPP) was established between the AfDB and the government of the Netherlands. The BNWPP was transformed into the MDWPP with the participation of the Canadian and Danish governments in March 2006. The objective of this Programme was to operationalize the AfDB’s IWRM Policy, enhance commitment among RMCs, and improve coordination. Areas of focus included outreach and knowledge sharing, support to the AfDB’s operations capacity, water information and data management, and transfer of best practice. The MDWPP catalyzed the establishment of RWSSI and the AWF, resulting in strengthened capacities for IWRM. It also enabled the AfDB to promote dialogue with regional actors on critical water sector issues. This fund has been largely dormant since 2012 but its value in positioning the AfDB as a player in continental and international discourse around the IWRM cannot be underestimated.

The core functions of the MDWPP being integrated into the AWF are as follows:

1. “Support to the AfDB’s operational capacity: Mainstream the IWRM approach in the AfDB’s water operations; develop new guidelines, checklists and manuals; strengthen the capacity of AfDB staff; and promote gender equality”. This function is transferred to the Strategic Priority 4 on water governance. The promotion of gender equality is addressed through the cross-cutting theme that features as a design element throughout the AWF’s programming.
2. “IWRM Outreach and Knowledge Sharing: Increase awareness on water issues and solutions, and the application of IWRM principles and tools”. This function is incorporated into the new Strategic Priority 4: water governance.
3. “Support Transfer of Best Practice and Experiences: Promote the transfer of appropriate technologies and innovative water management approaches to enhance efforts to meet the MDGs and the African Water Vision (AWV targets) and disseminate lessons”. This function is now addressing the SDGs and is integrated into the new water governance, knowledge management and partnerships Strategic Priority.
4. “Water Information and Data Management: Development of AfDB information systems to incorporate collection, analysis, and dissemination of information on all aspects of water and sanitation”. It is beyond the mandate of the AWF to coordinate data management systems beyond the projects it manages. Water information and data management systems is a function that is integrated into the Strategic Priority 4: water governance to ensure water information and data management systems are in place for all AWF projects. Strategic Priority IV elevates project data into knowledge systems which can be translated into knowledge products.

1.4 OUTLINING THE STRATEGY DOCUMENT

This document builds on the substantial foundations of both RWSSI and AWF, and embraces relevant dimensions of the MDWPP. The Strategy is organized in six chapters and eight annexes as follows:

Chapter 1 presents the introduction, purpose and scope of the Strategy. Chapter 2 presents the context of the water sector in Africa, and the Facility's comparative advantage. Chapter 3 presents the strategy, vision, long-term goals, theory of change, priorities and actions. Chapter 4 presents the strategy budget and approach for financing for implementation of the strategy. Chapter 5 presents the governance and institutional framework for implementation and risk analysis. Chapter 6 presents the conclusions.

Annex 1 is the Results Framework of the Revised Strategy 2017-2025. Annex 2 is the Detailed Budget of the Revised Strategy 2017-2025. Annex 3 has the relevant targets of the African Water Vision. Annex 4 are the aspirations of Agenda 2063. Annex 5 lists political declarations related to water and sanitation. Annex 6 has the SDG goals and targets related to water. Annex 7 contains the results of the SWOT analysis of the AWF and RWSSI. Finally, Annex 8 provides AWF's Communications Action Plan.

CHAPTER 2: STRATEGIC CONTEXT

2.1 THE WATER SECURITY SITUATION

Water is a critical resource supporting almost every economic sector in Africa. Water is both an ecosystem ‘good’, providing drinking water, irrigation and hydropower, and an ecosystem ‘service’, supplying people with utilities such as water purification, nutrients cycling, and supporting aquatic habitats. It also provides ‘cultural’ services for recreation, scientific research and religious practices. Given the critical importance of water to human and ecosystem health, and to socio-economic development, attaining water security is a fundamental aspiration of nearly all nations of the world.

UN-Water defines water security as “*the capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability.*” (UN-Water, 2013).

Africa is well endowed with water resources, with a large number of significant rivers and lakes, 63 of which are transboundary in nature (UNEP, 2010). Africa also has many groundwater aquifers, 83 of which are transboundary (IGRAC, 2014). Total annual freshwater withdrawals to support socio-economic activities on the continent amount to about 236 BCM, which is about 4.2% of the long-term average annual Total Renewable Water Resources (TRWR). The withdrawals are distributed amongst three main water-use sectors: agriculture (78.7% of withdrawals), municipality services (14.6%) and industry (6.7%) (FAO, 2021a).

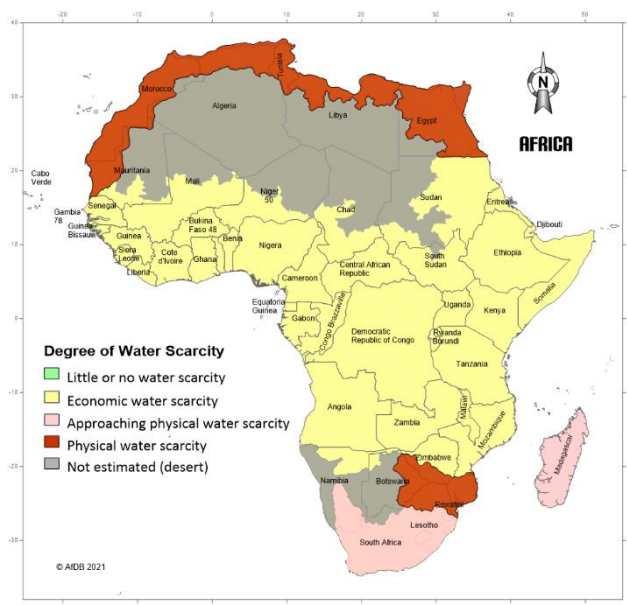


Figure 1: Areas of physical and economic water scarcity (Molden, 2007).

Yet despite the apparent abundance of water resources, many countries suffer from water scarcity and are not on course to attain water security. Africa’s water resources are unevenly distributed in space and time, with more than 50% of the continent’s resources concentrated in Central Africa, and less than 3% in North Africa, and rainfall in many parts concentrated over a few months. Per capita annual water availability on the continent is generally low, but exhibits considerable spatial variation, ranging from about 106 m³ in Libya, to 162,800 m³ in the Congo (FAO, 2021a).

A greater challenge to water security is economic water scarcity, which is produced by inadequate investment in water infrastructure, or incapacity to satisfy the demand for water even where water is abundant, and it now affects the majority of continent (Molden, 2017). A key indicator of economic water scarcity is the total capacity available for water storage to ease scarcity when supply is limited. On the continent, the 320 dams and reservoirs provide an average African per capita water storage of 796 m³/year, compared to the 6,150 m³/year available in North America.

Other factors affecting water security in Africa include the following: increasing degradation of aquatic ecosystems and watersheds driven by population growth and agricultural expansion; soil erosion and reservoir siltation; eutrophication; water pollution from untreated wastes; rapid urbanization, inadequate financing; weak policy and regulatory frameworks; low human and institutional capacity; and poor data and knowledge management systems (UNECA, 2000; NBI, 2012).

2.2 DEMOGRAPHIC CHANGES

Africa’s 54 states have a population of 1.373 billion in 2021 or 17.3% of the world population. The continent has an average annual growth rate of 2.5%, which is higher than the growth rate of South Asia (1.2%) and Latin America (0.9%). The continent also has the world’s youngest population: the median age is 19.7 years with 60% of the population under 25 (UN-DESA, 2019).

At current growth rates, Africa’s population will double by 2050, implying an additional 1.3 billion people requiring drinking water and sanitation over the next 30 years (Economist, 2020). This increased demand is outstripping current provision and is expected to impact the ability of cities to safely manage municipal wastewater and solid waste. The demographic trend will also increase demand for land and water for agricultural production. This increases pressure on water and entire ecosystems, and contributes to greater watershed degradation and water pollution.

This demographic growth is also the biggest driver of urbanization (Cohen, 2006). Much of the population (56.2%) resides in rural areas, but this is changing rapidly. The urban population in sub-Saharan Africa is growing at an annual rate of 4.1%, compared with a global rate of 2.0%, and by 2050, the proportion of people living in urban areas is projected to increase to 56%, many in slums (Palanivel, 2017). Africa will have the burden of servicing sprawling cities, where demand is projected to overwhelm existing infrastructure and the capacity of institutions to respond (AfDB, 2020b). Increased efforts are needed in integrated urban planning and infrastructure development to overcome these challenges.

2.3 WATER SUPPLY AND SANITATION

Access to water and sanitation in Africa is poor. About 400 million people lack even a basic water supply services, while 700 million people have no access to decent sanitation. Furthermore, about 200 million people are forced to practice open defecation, while 750 million people have no access to hygiene (JMP, 2021). Considerable disparity exists between rural and urban areas, with rural areas having half the service levels of urban areas. Considering the Bank Group’s principles of “*eliminating inequalities*”, this disparity calls for the Strategy’s focus on tackling rural WASH challenges.

Poor sanitation and the widespread use of contaminated water have many social and economic impacts and have been estimated to cost up to 5% of the combined gross national product in resulting morbidity and mortality (UNECA, 2014). Concerted efforts are needed to address this challenge. In northern Africa, the water supply and sanitation provision is better. About 90% of the population have access to water supply services, 83% to sanitation facilities and about 70% to hygiene services (JMP, 2021).

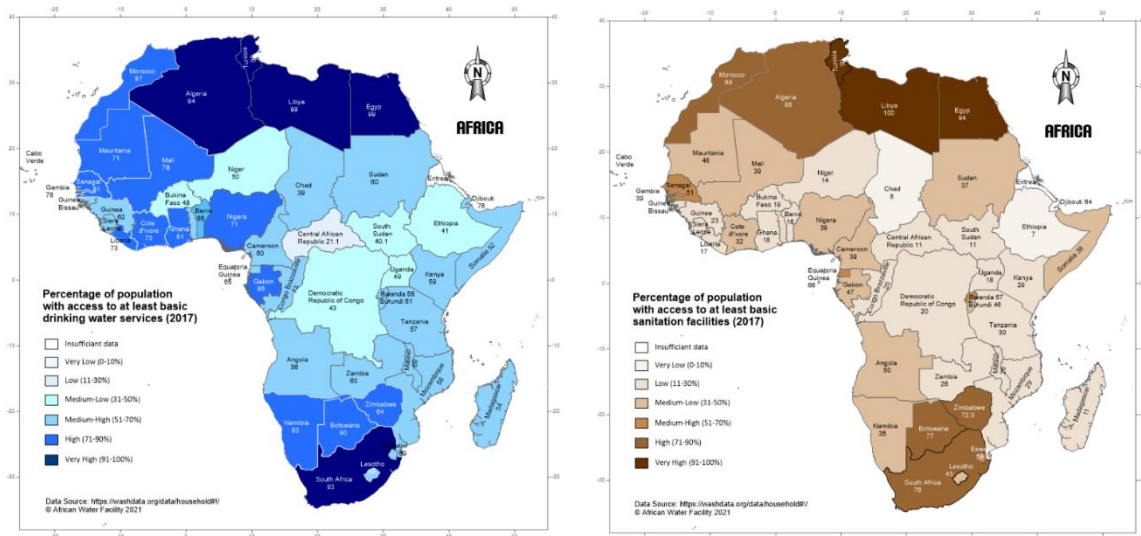


Figure 1: Access to at least basic water supply, and at least basic sanitation facilities in Africa (JMP, 2021)

2.4 WATER FOR FOOD SECURITY

The Food and Agriculture Organization of the United Nations (FAO) defines food security as “*physical, social and economic access for all people to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life*”.

Many countries in Africa cannot meet the food and nutritional needs of their populations. Food security depends on a sustainable food system, which comprises the production, processing, distribution, acquisition and consumption of food, including rural-urban connectivity and value chains. Food production in sub-Saharan Africa is hampered by many constraints, including high dependence on rainfed agriculture, inadequate irrigation schemes, widespread watershed degradation, low soil fertility, high prevalence of pests and disease and small land holdings. Other factors include institutional, policy and economic constraints (NBI, 2012).

Water, one of the important biophysical limitations to agricultural production, is vital across the agricultural value chain. Much of Africa, especially smallholder subsistence farmers, relies on rainfed agriculture which is highly vulnerable to climate change impacts and increasingly unreliable. Despite the challenges with rainfed systems, the level of irrigation development in Africa is estimated at only 10% of land used for food production (FAO, 2015). The irrigation potential is estimated at 42.5 million ha but currently only 32.8% has been developed for irrigation (FAO, 2016a). In three quarters of African countries, less than 200,000 ha is equipped for irrigation. To address the food security challenge, many countries now plan to greatly increase agricultural irrigation, which is expected to sharply increase water demand from agriculture, already responsible for about 79% of consumptive water use in Africa (FAO, 2021a).

2.5 WATER FOR ENERGY SECURITY

The International Energy Agency (IEA) defines energy security as “*the uninterrupted availability of energy sources at an affordable price*”. There are two aspects to managing energy security: a short-term ability to react promptly to sudden changes in demand; and long-term planning which makes investments to supply energy as socio-economic demands and environmental needs alter.

Energy security is a major development challenge, with some thirty countries experiencing regular power shortages and outages, costing their economies between 1-5% of GDP (Africa Progress Panel, 2017). Africa is richly endowed with abundant energy resources but has major issues with energy supply and reliable consumption. In 2018 Africa accounted for only 3.1% of the world’s total electricity production, despite being home to 17% of its people. Per capita electricity consumption in Africa is 567 kWh, which is the lowest consumption of any region of the world (IEA, 2020). About 600 million people (or half of the population) lack access to electricity (IHA, 2020) while 900 million have no access to clean cooking.

Africa’s energy deficit is stifling its economic growth and impacting job creation, agricultural transformation, and improvements in health, education and standards of living. Hydropower is an increasingly important energy source due to its renewable and pollution free nature, long economic life and low unit energy costs. The installed hydropower capacity in Africa in 2019 stood at 37.285 GW, or 2.8% of the world’s installed capacity (IHA, 2020). Only an estimated 11% of technical hydropower potential in Africa has been developed to date (IHA, 2020), but there are renewed efforts to develop the untapped hydropower potential, with many hydropower construction projects underway.

2.6 WATER FOR HEALTH

Improving access to drinking water makes a direct contribution to improving human health. Access to safe drinking water, and to decent sanitation and hygiene services, help to reduce the incidence of water-borne diseases and, hence, to improve the health of the population. Moreover, water and sanitation facilities are critical for the proper functioning of health, education and other public facilities. Lastly,

water is a critical input in food production (crops, livestock, fisheries) and food processing systems; and to child growth – related to reduction in stunted growth. Thus, water is inextricably linked to human health and development.

The world is currently under major health and economic crises stemming from the outbreak of the COVID-19 disease caused by a newly discovered coronavirus. By June 2020, all countries in Africa had confirmed cases and by May 2021 the number of deaths stood at 126,300, or 3.7% of global deaths (Statistica, 2021).

Regular handwashing with soap and water is the first line of defence against the spread of the virus. However, millions of people across Africa are without access to safe water and sanitation, constraining this critical safety measure. The estimated 314 million people living in densely populated informal settlements in Africa's cities are particularly vulnerable as self-isolation and lack of piped water at household level make handwashing difficult. Africa also lacks the capacity to deal with the pandemic because of its low tax-to-GDP ratios and high debt levels. Aid flows to Africa are likely to decrease in coming years due to a contraction of donor support.

The AfDB responded to the pandemic through the COVID-19 Rapid Response Facility (CRF), setting aside \$10 billion to help RMCs and the private sector respond to the health crisis. The AWF has mobilized € 27.5 million from the Nordic Development Fund (NDF) and Denmark to build resilience against future pandemics. Knowledge gained in relation to water, sanitation, and hygiene services will inform the design and implementation of future AWF projects.

2.7 CLIMATE CHANGE ADAPTATION AND MITIGATION

Africa is among the most vulnerable continents to the impacts of climate variability and change. Africa is experiencing warming temperatures, rising sea levels and extreme weather and climatic events. Future projections from the IPCC Fifth Assessment (AR5) indicate the temperature on the continent will rise faster than the global average. Key risks include shifts in the ranges of species and ecosystems; loss of coral reefs; sea level rise and degradation of coastal aquifers; increased drought and flooding; reduced crop and livestock productivity; famine and malnutrition; spread of diseases, and increased migration and refugees (Niang *et al.* 2014). Climate change, alongside conflict, instability and economic crisis, is now among the key drivers of rising hunger. In sub-Saharan countries, the number of undernourished people has increased by 45.6% since 2012 (FAO *et al.*, 2019).

The high vulnerability of Africa to global climate change is driven by a high natural fragility of its ecosystems, frequent droughts and floods, high dependence on rainfed agriculture, rapid population growth and low resilience to climate risks (Abebe, 2011). Conservative estimates put the current losses of African economies to impacts of climate change at 1-2% of GDP, or \$10-20 billion annually. Under a business-as-usual scenario, net economic costs are projected to rise to \$40 billion/year by 2025, equivalent to 2.7% of Africa's GDP (Watkiss *et al.*, 2010).

While highly vulnerable to impacts of climate change, Africa generally lags other continents in implementing climate change adaptation owing to weak institutional capacity, low investment in both human resource development and in scientific research on climate change, and poor coordination and implementation of existing policy and legislation. The Adaptation Gap Report for Africa (UNEP/AMCEN, 2013) indicates that by 2050, Africa's adaptation costs could rise to \$50 billion per year to keep global warming below 2°C, and up to \$100 billion per year, if warming exceeds 4°C by 2100. In the latter scenario, the mean economic cost is almost 10% of the continent's GDP (PACJA, 2009).

2.8 FINANCING WATER INFRASTRUCTURE DEVELOPMENT IN AFRICA

Water security is critical to achieve the Sustainable Development Goals (SDGs), and is largely dependent on infrastructure. Water and sanitation sector in Africa has the largest financing gap among infrastructure-related sectors. Estimates of Africa's water and sanitation infrastructure financing needs

range from \$55 - \$66 billion per year. The average level of commitment in the 2016-2018 period was \$13.3 billion, leaving an annual gap of \$43 - \$53 billion (ICA, 2018). This large financing gap is due to several factors, including low tariffs, lack of government financial capacity and limited Official Development Assistance, Multilateral Development Bank (MDB) and national government funds.

Central government budget has been the main driver of infrastructure investment. Domestic financial resources in sub-Saharan Africa have increased considerably in recent years resulting from debt relief, increased revenue collection, the commodity price boom, and, improved macroeconomic and institutional policies (Sy, 2017). Figure 3 shows the distribution of water sector financing.

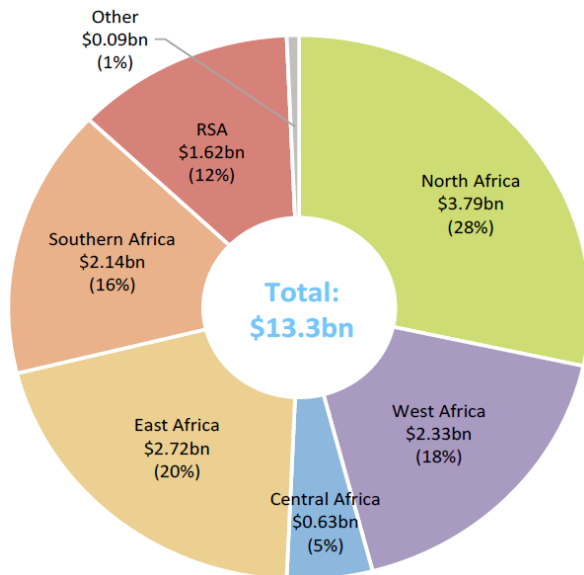


Figure 2: Total Africa water sector financing by region, 2018 (source ICA, 2018)

A number of changes are necessary to bridge the infrastructure financing gap including increasing funding; encouraging private finance where the public sector retains responsibility for ownership and asset operations; and giving equal importance to maintaining infrastructure assets and developing new infrastructure to reduce capital replacement costs (ICA, 2018). Private sector financing of infrastructure in Africa in 2018 totaled \$11.8 billion, about 94% of which was in the energy and ICT sectors, and only 2% (\$256 million) committed to the water sector.

A growing number of actors in Africa remain interested in participating in the water sector but lack the capacity to identify investments or the scale to invest alone. Most African governments intend to increase their use of Public Private Partnerships (PPPs) and broad financing modalities but the sector has lacked dynamic support to broker multilateral partnerships and other transformative solutions.

A growing number of actors in Africa remain interested in participating in the water sector but lack the capacity to identify investments or the scale to invest alone.

Improving project preparation and the pipeline of quality, feasible projects is another measure designed to address the sector infrastructure deficit. Over two decades, a number of Project Preparation Facilities (PPFs) have emerged in Africa (including the Bank’s new Urban and Municipal Development Fund). Some focus on upstream activities related to the enabling environment, while others are more transaction oriented but none focus exclusively on the water sector, and the preparation of water projects represents a very small fraction of their activities, usually limited to hydropower. The AWF is the only PPF in Africa to have exclusive focus on project preparation in the water sector and NEPAD-IPPF has appointed it to prepare all its water related transboundary infrastructure projects.

More funding to PPFs is needed to develop ideas to the prefeasibility stage and to prioritize them. Equally important, these funds need to go beyond the projects financed by large international financiers, to include smaller projects that domestic financing sources could finance. These are the types of interventions that have been supported through the AWF’s catalytic investment priority.

2.9 POLICY FRAMEWORK

2.9.1 The African Water Vision 2025

The African Water Vision 2025 was prepared under the leadership of the African Development Bank (AfDB) and the Economic Commission for Africa (ECA). Facing rising degradation of water from natural and human causes, the Vision represented a growing recognition of the role water plays in poverty eradication and sustainable development. The Vision set as its long-term goal the attainment of “An Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation, and the environment.”

A framework for action was defined along with milestones and quantitative, time-bound targets. The framework contains 28 targets organized under four themes: (1) improving governance of water resources; (2) improving water wisdom; (3) meeting urgent water needs; and (4) strengthening the financial base for desired water future. The targets for 2025 are shown in Annex 3.

2.9.2 The African Union's Agenda 2063

Agenda 2063: The Africa We Want is Africa's blueprint for socio-economic transformation into a future global powerhouse. Agreed by heads of state as they marked the 50th anniversary of the formation of the OAU/AU, African leaders re-dedicated the continent to attaining the vision of "*An integrated, prosperous and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena.*" Agenda 2063 is the roadmap by which the continent will achieve this vision over five decades, and follows a long-standing pan-African drive for unity, self-determination, freedom, progress and collective action. Its adoption marked a strategic shift in focus from decolonization, the struggle against apartheid and attainment of political independence, towards inclusive social and economic development, integration, democratic governance, and peace and security. Agenda 2063 describes the desired situation for Africa with respect to human wellbeing and socio-economic development. The aspirations are shown in Annex 4. Water-related sectors relate to Aspiration 1, which is "a prosperous Africa based on inclusive growth and sustainable development".

2.9.3 Political declarations on water and sanitation

Over the past two decades, numerous declarations and commitments by African Heads of State and Ministers of Water have formed the policy framework for the water sector at the continental level. The relevant commitments are shown in Annex 5. The declarations emphasize interventions to attain sustainable water resources management and development, and universal access to water and sanitation.

2.9.4 The African Development Bank Group's 10 Year Strategy and High Five

In 2013, the Bank's Board approved a Ten-Year Strategy (TYS), titled "*At the Center of Africa's Transformation*" for the period 2013-2022. It has two overarching objectives, namely (a) the achievement of inclusive growth; and (b) the transition to green growth through five priorities: infrastructure development, regional economic integration, private sector development, governance and accountability, and skills and technology. The TYS also highlighted three areas of special emphasis: gender, fragile states, and agriculture and food security.

In September 2015, as a contribution to the challenges of the SDGs and Paris Climate Agreement, the Bank scaled up investments under the TYS, and re-focused its interventions in the *High Five for Transforming Africa*. The priorities are: light up and power Africa; feed Africa; industrialize Africa; integrate Africa; and improve the quality of life for the people of Africa. These five priorities are also critical priorities in the Agenda 2063 for Africa, developed in partnership with the African Union.

2.9.5 The African Development Bank Group Policy on Water (2021)

The African Development Bank Group Policy on Water (2020) replaces the Bank's Integrated Water Resources Management Policy of 2000. The Policy presents the Bank's vision for water, which is: *an Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation and the environment.* The mission of the Bank in relation to water is: *to be the premier partner in achieving water security for inclusive and sustainable growth in Africa.*

The overarching objective of the Water Policy 2020 is: to enhance Africa's water security to foster sustainable, green, and inclusive socio-economic growth and development. The policy outlines priority areas for its interventions in water: (a) water supply and sanitation, (b) agricultural water management; (c) sustainable water use for energy production; (d) urban development; (e) transportation; (f) industry and tourism, and (g) water-related disaster risk management. The policy's principles include water

security being recognized as a key outcome for inclusive growth; and that promoting sustainable and equitable access to water is an enabler for the SDGs.

2.9.6 The African Development Bank Group Water Strategy 2021 – 2025

The Water Strategy 2021-2025 is a key tool for operationalizing the Bank’s Water Policy (2021) and working towards achieving the Bank’s ‘High 5’ goal on improving the quality of life for the people of Africa. It articulates the medium-term strategic focus and priorities of the Bank with respect to water and seeks to strengthen the Bank’s support for the attainment of water security. This shift in focus is in line with the Bank’s Ten-Year Strategy (TYS, 2013-22) and the High 5 priorities. It aligns with the Africa Water Vision 2025, the 2030 Agenda for Sustainable Development and the aspirations of the African Union’s Agenda 2063. Under the Strategy, the Bank has adopted the UN-Water definition of water security and sets its goal as “*increased water security for Africa, where transformed water resources foster sustainable, green and inclusive socio-economic growth and development*”.

The Strategy is based on four strategic objectives (or pillars): (a) achieve integrated and sustainable water resources management; (b) strengthen the delivery of water supply, sanitation, and hygiene (WASH) services to become sustainable, resilient, and inclusive; (c) increase the availability of sustainable water resources for food production and improved nutrition; and (d) increase the sustainable development of water for energy from hydropower. The revised Strategy maps onto the with operational priorities (OP) defined to provide areas of emphasis in the Bank’s actions (OP), outlined in Figure 4.

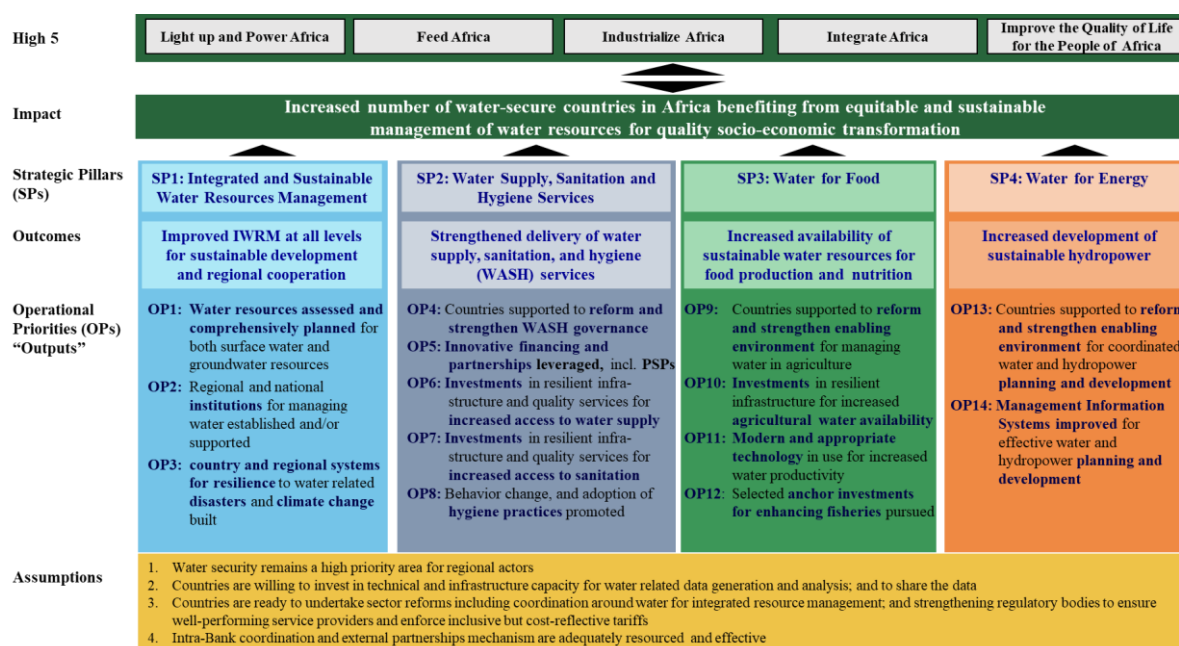


Figure 3: The Strategic Pillars and Operational Priorities of the Bank’s Water Strategy 2021-2025

2.9.7 AMCOW Policies and Strategies

(i) *AMCOW Policy and Strategy for Mainstreaming Gender in the Water Sector in Africa (2011)*. The policy serves as a guiding framework for AMCOW, RMCs and other stakeholders, to mainstream gender in their water-related policies, programs, actions and investments. The Strategy identified seven objectives to be pursued in mainstreaming gender in the water sector in Africa. These are: (1) supporting formulation and implementation of policies on gender; (2) enhancing human and financial resources to support gender mainstreaming; (3) developing gender approach for project implementation at all levels in the water sector; (4) preparing and sharing knowledge and information products on gender; (5) strengthening human and institutional capacity to support gender mainstreaming; (6) strengthening cooperation and coordination mechanisms in the water sector with respect to gender mainstreaming; and (7) developing and implementing monitoring and

evaluation systems for gender mainstreaming. Countries were expected to tailor implementation of the Strategy to the realities of local context and existing experience.

- (ii) *AMCOW Strategy 2018-2030*, prepared with input from AHWS and AWF, among others. The Strategy adopts the SDG 6 on clean water and sanitation as the cornerstone goal for AMCOW over the Strategy period, in recognition of the pivotal role of water and sanitation in attaining the other SDGs on eliminating poverty (SDG 1); eliminating hunger (SDG 2), good health and well-being (SDG 3); affordable and clean energy (SDG 7); decent work and economic growth (SDG 8); and sustainable cities and communities (SDG 11).

The Strategy adopts as its vision, the AMCOW Vision, which is “A water secure Africa with safe sanitation for all”. Four Strategic Priorities have been identified for the strategy, namely: (1) ensuring water security; (2) ensuring safely managed sanitation and hygiene; (3) promoting good water governance and transboundary water cooperation; and (4) strengthening AMCOW’s governance and operational effectiveness. Under each Strategic Priority, a number of Actions have been defined that will be promoted by AMCOW to support attainment of the objectives of the strategy and the AMCOW Vision. Many of these actions have been adopted and are part of the Revised AWF Strategy 2017-2025. The strategy places emphasis on four cross-cutting issues: (1) climate change; (2) sustainable financing; (3) monitoring and evaluation; and (4) gender equality and youth empowerment; and includes actions to address concerns related to the four issues.

- (iii) *The AMCOW Policy and Strategy for Youth in the Water and Sanitation Sector in Africa (2013)*, developed with input from several youth groups in Africa. The strategy was prepared in recognition by AMCOW of the contribution that youth can make to improving water resources management, and promoting greater access to water and sanitation, through their role as agents of change, their capacity for creativity and innovation; their dedication, their energy and ability to mobilize peers. The Objective of the Strategy is “To ensure youth engagement for the sustainable development and management of the water and sanitation sector towards social and economic prosperity for Africa.” The Strategy identifies five programme focus areas for youth engagement, namely (1) mobilizing youth energy and enthusiasm for action towards social and economic productivity; (2) preparing young people to build careers and play a productive role in the water and sanitation sector; (3) tapping youth creativity and openness to change through innovation; (4) ensuring that youth have a voice in decision-making; and (5) utilizing the social networking skills and habits of modern young people to promote a cross-sector/broadened sector approach to water and sanitation. A number of indicative activities are outlined in the Strategy to provide guidance for its implementation. The strategy also outlines implementation roles for various stakeholders who include the AU, REC and RMCs.

- (iv) *The African Sanitation Policy Guidelines (ASPG; 2021)* are intended to provide guidance to African governments on review, development and implementation of sanitation policies. A review of sanitation policies and strategies undertaken by AMCOW in 2019 revealed that sanitation policies and strategies in many African countries did not include all elements of excreta management across the service chain, and generally did not address equity concerns to ensure that everyone has access to safely managed sanitation. The ASPG sets out to address these weaknesses. The Guidelines contain background information, definition of key terms, advice on policy development processes, and suggested content for a national sanitation policy, including sample policy statements. Each country is expected to adapt the recommendations in the guidelines to their local context. Among other things, the policy guidelines are expected to inform the implementation of the AWF’s programme on non-sewered urban sanitation, and the preparation of the new AUSIF Fund.

2.9.8 The Sustainable Development Goal Targets

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At its heart are the 17 Sustainable Development Goals (SDGs), which call for urgent common global action. The SDGs

recognize that ending inequalities requires inter-connected strategies to improve health and education, and spur economic growth while tackling climate change and working to preserve oceans and forests.

The SDGs build on decades of work by countries and the UN, and a number of goals relate to water. The most prominent is the SDG 6 focusing on universal access to safe water, sanitation, and hygiene. Several other goals support sustainable management and development of the world's freshwater resources and are summarized in Annex 6. The AWF Strategy will support these goals and targets.

2.10 SWOT ANALYSIS

In September 2020, a workshop to assess the Strengths, Weaknesses, Opportunities and Threats (SWOT) of the AWF was conducted as part of the preparation for the revised AWS Strategy. It was conducted virtually with 31 participants drawn from the AWF, RWSSI, AHWS, other Bank Departments, partners (AMCOW and Global Water Partnership) and the study consultants (Universalia). The results of the analysis informed the Strategy design and are summarized in Annex 7.

2.11 DEVELOPMENT PHILOSOPHIES

The restructured AWF is underpinned by four core development philosophies: Green Growth, Nature-Based Solutions, the Circular Economy, and water, food and energy nexus. These philosophies inform the AWF's outlook, and types of interventions it will prioritize, under the revised Strategy.

2.11.1 Green Growth

Green growth permits job creation and economic growth while reducing emissions, improving efficiencies in using natural resources, and protecting ecosystems (World Bank, 2012). Green growth implies selecting economic activities that combine environmental and social development while minimizing harm to the environment or human welfare by carefully minimizing impacts. For the AWF, this means pursuing inclusive economic growth through projects that invest in ecological infrastructure and resource management, and that build resilience to natural disasters and enhance food security.

2.11.2 Nature-Based Solutions

Nature based solutions (NBS) to development challenges are solutions that are inspired and supported by nature, are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience to impact of climate change. The approach uses non-traditional solutions to address environmental issues, such as flooding or soil erosion. NBS move away from traditional methods of infrastructure development involving "grey" constructed structures towards integrated infrastructure which combines natural, green, and grey elements. NBS helps reduce risk from natural disasters (Mariana, 2019).

2.11.3 Circular Economy: Designing for the Future

At its core, the circular economy prioritizes regenerative resources by using renewable, reusable, non-toxic resources for materials and energy. The key production processes involve using recycled materials, water, or by-products from another process and recovering waste for reuse and recycling. This work will be an explicit focus in the implementation of this Strategy.

2.11.4 Water-food-energy-environment nexus

The Water-Energy-Food nexus is an approach for addressing the multiple and interrelated challenges of ensuring water security, energy security and food security while safeguarding ecosystems and ensuring the sustainability and productivity of land and water resources. The approach requires development experts to move away from sectoral silos and pursue coordinated and integrated approaches to investment planning and development.

2.12 AWF'S VALUE PROPOSITION

2.12.1 Value Proposition

The value proposition of the AWF is: *The AWF is the key instrument for facilitating the attainment of water security on the African continent through its support to mobilization of resources for the African water sector, incorporating innovative approaches for financing water infrastructure development, and promoting rural and urban WASH, through project preparation, providing catalytic financing and promoting investment, knowledge management and partnerships.*

This proposition is derived from the experience of three of the most established Water TFs, and the breadth of 54 countries and staff to implement this goal. Furthermore, AMCOW's role in governing the AWF indicates the RMCs' support to work through the AWF to achieve their development aspirations.

2.12.2 The comparative advantage of the AWF

The AWF and RWSSI-TF's historical approach to seeking out innovation through pilots and research has allowed them to be the front-runners for future AfDB investments. The restructured AWF draws on the experience of both Funds by creating an enabling environment for water sector reforms.

The development philosophies above have been longstanding features of the AfDB's Water TFs' interventions. The new AWF will, through implementing this Strategy, make these dimensions explicit. The unique aspects of the AWF confer a comparative advantage as the premier instrument to promote water sector infrastructure development and improve water security in Africa. The AWF:

1. Is the only African Project Preparation Facility entirely focused on water and sanitation.
2. Has proven ability to leverage financing for water and sanitation sector infrastructure.
3. Provides support to all stages of the project preparation continuum, from resource development planning and project identification, through to project structuring and transaction services.
4. Has the latitude to prepare projects for development partners such as governments, development banks, bilaterals, multilaterals, philanthropic organizations, NGOs, and the private sector.
5. Is a well-recognized vehicle to address adaptation to climate change, with nearly all projects fostering integrated, sustainable, and climate-smart development of water resources.
6. Has a proven track record in promoting Urban Ecological Infrastructure bringing urban scientists and practitioners together in a partnership to support resilient and sustainable cities.
7. Has experience in scaling up alternative solutions, specifically targeting the link between small successful pilots that challenge the status quo, and traditional, large-scale investments that have changed little over the past decade.
8. Has experience in employing a range of mechanisms to mobilize private sector investments, by preparing and promoting AfDB projects, co-financing with commercial financiers, and facilitating risk mitigation products.
9. Operates a transparent, accountable business delivery system with the support of the AfDB's facilities, human resources, tools, and safeguards, with reasonable administrative costs.
10. Was founded by AMCOW, which has provided long-standing leadership to the governance of the AWF, and continues to enable member countries to set the strategic direction of the AWF in ways that align with their domestic needs and priorities.

The AWF does not have a competitor, against which to be compared. Its would be competitors – the RWWSI and MDWPP – are being subsumed into the AWF. Its uniqueness stems from its exclusive focus on the water sector, it blending of infrastructure interventions with non-infrastructure measures (like capacity building and improving water governance), in promoting investments alongside project preparation, and having a continent-wide reach. The closest sister institution is the NEPAD-IPPF, with which it collaborates in co-funding of projects. The NEPAD-IPPF is solely focused on infrastructure project preparation; supports four sectors (transport, energy, water and ICT), and normally targets large regional infrastructure prioritized by RECs and the African Union.

CHAPTER 3: THE STRATEGY

3.1 VISION, MISSION AND GOAL STATEMENTS

The vision, mission and goal statements of the restructured AWF were developed through a participatory process involving the Bank, the AWF, and external partners and stakeholders. They provide clear, aspirational goals accompanied by reasonable and achievable targets.

Vision

An Africa where there is equitable use and sustainable management and development of water resources for poverty alleviation, socioeconomic development, regional cooperation, climate resilience and environmental protection, and where there is universal access to safe water supply, sanitation, and hygiene services.

(Excerpt from African Water Vision)

Mission

To be the premier water instrument in Africa, providing a coordinating platform for water sector development partners while facilitating the mobilization of finances for priority water infrastructure, and supporting the strengthening of capacity and knowledge for water infrastructure development in Africa, all for the purpose of reinforcing the attainment of water security on the African continent.

Long-term Goal of the Strategy

Improved quality of life for urban and rural communities in Africa.

3.2 THEORY OF CHANGE

A theory of change (ToC) maps why a way of working will be effective, and demonstrates how change happens in the short, medium and long term to achieve the intended impact.

The revised AWF Strategy introduces a range of interventions from project preparation, through investment finance mobilization, to improving water governance and knowledge management. Various inputs will go into the implementation of the Strategy, which include grants from donor countries, MFIs and foundations; co-funding from RMCs and Project Preparation Facilities; in-kind contributions from RMCs and the Bank, administrative budget support from the Bank, and staff time. These inputs will be combined and applied to prepare bankable, climate-resilient projects, implement catalytic projects, and mobilize investment finance for the prepared investment projects. Other inputs will be used to build climate resilience of the water sector and strengthen the enabling environment for investments. These immediate outputs, sustained over the years, and with the assumption of attracting greater investment into the sector, will lead to greater water-related goods and services enjoyed by the beneficiary rural and urban communities (including drinking water, decent sanitation, food and nutrition and clean energy), ultimately resulting in improved quality of life for them. A schematic representation of the ToC is shown in Figure 5, and in the results framework in [Annex 1](#).

3.3 STRATEGIC PRIORITIES

The Vision and Goals of the Strategy 2017-2025 are achieved through actions organized under intervention areas termed ‘Strategic Priorities’. Four Strategic Priorities have been defined through a consultative process and are consistent with, and expand upon, the pillars of AWF’s previous strategies.

Strategic Priority 1: Project preparation and promotion

Strategic Priority 2: Catalytic investments

Strategic priority 3: Investment promotion

Strategic Priority 4: Water governance

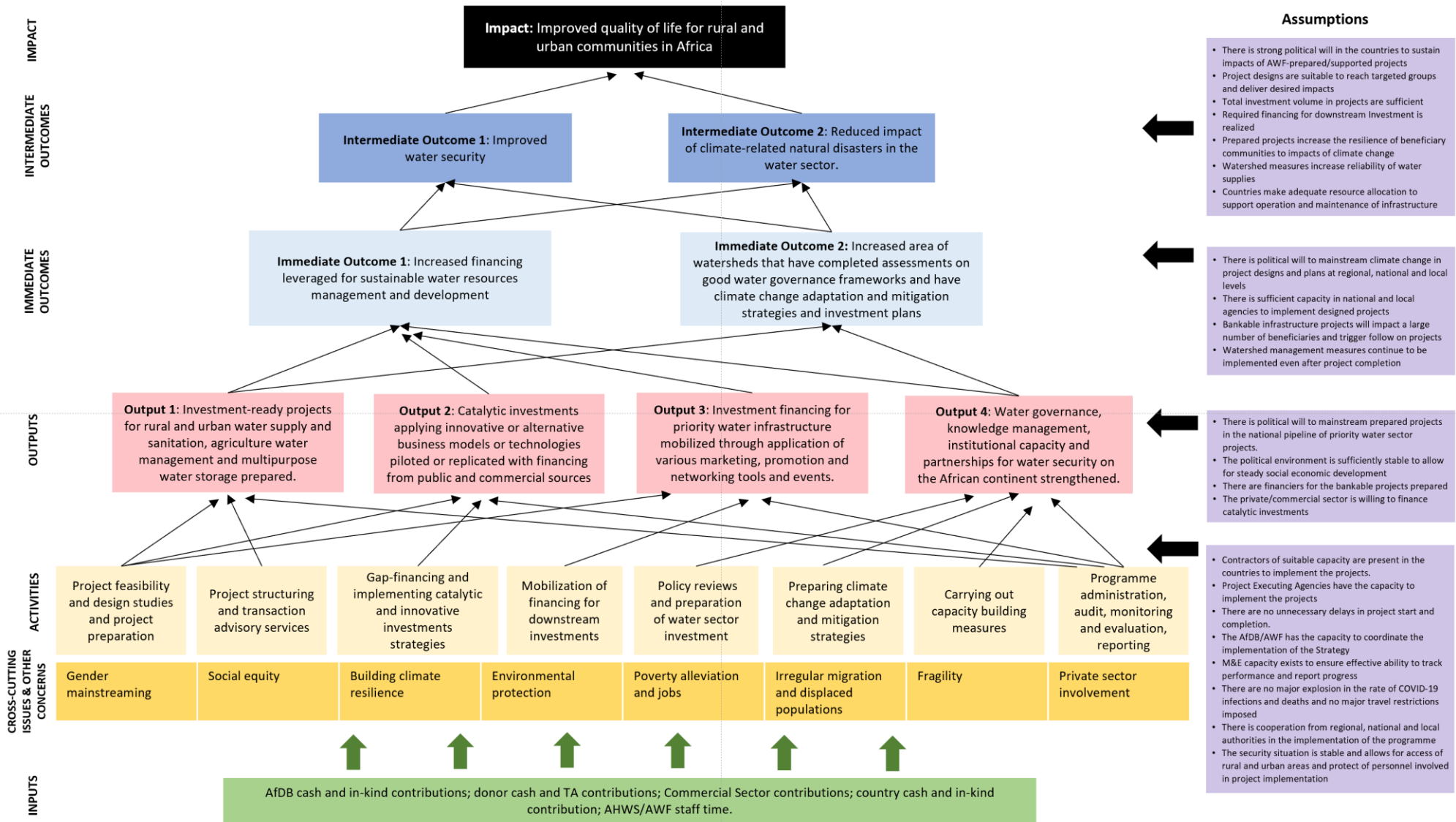


Figure 4: Theory of Change for the revised AWF Strategy 2017-2025

3.4 STRATEGIC ACTIONS

3.4.1 Specific interventions

Under each strategic priority, a set of strategic actions is articulated that support the generation of outputs. The strategic actions describe actions which realize the goals of the strategy.

3.4.2 Strategic Priority 1: Project preparation and promotion

Problem description: There is an inadequate number of well-prepared bankable water infrastructure projects in Africa. This is a major contributor to the low flow of investment finance to the water sector, and to the small number of water infrastructure projects implemented each year on the continent.

Context: The key problem in water sector financing, particularly in Africa, is the lack of bankable projects. This is largely due to a lack of capacity across governments, regional and river basin organizations, and to inadequate funding for up-stream preparatory work, with financiers focusing more on down-stream results. Project preparation has been an important pillar in the AWF portfolio for the past ten years and valuable experience has been gained in identifying and preparing projects and mobilizing follow-on investments for implementation.

Solution: Support the preparation of investment-ready project proposals that aim to improve urban and rural water supply, sanitation and hygiene services, agricultural water management and multipurpose water infrastructure development in Africa. Where necessary, support may include the provision of project structuring and transaction advisory services in collaboration with the Bank's Legal Department and other partners. These activities will lead to the preparation of projects that are bankable and ready to secure financing. Furthermore, for each of the projects prepared under the Strategy, resources for downstream investment will be mobilized before closure of project preparation activities. The development philosophies elaborated under Section 2.11 will be brought to bear in the design and preparation of investment projects.

Interventions: The preparation of investment projects and programmes will continue to dominate AWF funding. It will continue its approach to provide flexibility of entry points (early, mid, or late stage) for requests for funding. This will vary depending on the project's level of readiness. The AWF aims to bring the projects to an investment ready stage (for funding by government, private sector and development partners), or to financial closure (for AfDB projects). Key activities undertaken under this Strategic Priority include feasibility studies, design studies, environmental and social impact assessments, bidding document preparation and the provision of project structuring and transaction advisory services in collaboration with the Bank's Legal Department and partners such as Africa Legal. There will also be increased collaboration with other trust funds and departments of the bank, including NEPAD-IPPF and UMDf, to increase co-funding for investment projects.

Project Preparation Strategic Actions:

- SA-1.1: Support feasibility and design studies leading to preparation of investment-ready, gender-informed, climate-resilient **urban WASH** project proposals.
- SA-1.2: Support feasibility and design studies leading to preparation of investment-ready, gender-informed, climate-resilient **rural WASH** project proposals.
- SA-1.3: Support feasibility and design studies leading to preparation of gender-informed, climate-resilient **national WASH** investment strategies and programmes.
- SA-1.4: Support feasibility and design studies leading to preparation of investment-ready, gender-informed and climate-resilient **agricultural water management** projects.
- SA-1.5: Support feasibility and design studies leading to preparation of investment-ready, gender-informed and climate-resilient projects for **multi-purpose** water resources management and development.

SA-1.6: Coordinate and facilitate processes leading to mobilization of investment financing for bankable projects prepared by the AWF.

3.4.3 Strategic Priority 2: Catalytic investments

Problem description: A significant part of Africa’s population lacks access to decent water, sanitation, and hygiene services, and has inadequate infrastructure to support productive use of water resources. Conventional approaches relying too heavily on inefficient public water utilities and departments, that fail to allow for technological innovation or exclude a role for the private sector in service provision along the value chain in water-related sectors, will be unable to bridge the gap.

Context: The sector needs alternative business models as well as programmatic investments and implementation to accelerate access to water related services and to attract additional investment to the sector. AWF’s experience from its 25 pilot projects is that due to high transaction costs, there is limited impact in reaching scale and therefore significant interventions are needed to support scale. Catalytic investments complement the project preparation and investment promotion Strategic Priorities by providing limited but strategically utilized investments at the late-stage development phases.

Solution: Deploy small investments or seed funding to support catalytic investment projects with the potential to trigger new projects, amplify beneficial impacts, replicate, or pilot innovative business models, financing instruments, and technologies, and mobilize private sector financing. AWF will focus its investments on projects with the greatest opportunities for impact in terms of the number of beneficiaries and funding leveraged. AWF will invest in projects where its funding provides the critical impetus for the project to happen or become viable or where the participation of the Facility’s concessional funds triggers private players to increase their financing. The AWF will also develop programmes through which grants will be available on a pilot scale to demonstrate, or test and learn from, new approaches or technologies in WASH, agricultural water management, and multipurpose water infrastructure development. The Facility will also mobilize resources to support the adoption of innovative financial instruments that aim to improve the attractiveness of investment projects to potential donors, or improve the enabling environment to pave way for the Bank’s lending operations. Priority will be given to fragile countries in deployment of catalytic resources.

Interventions: To ensure leverage, AWF will only finance alongside other investors, and will not finance more than 33% of the project cost. However, for programmatic investments, in the absence of co-financiers, AWF will finance the total project cost. The leverage factor (i.e. AWF investment compared to total project investment) will be used as a selection criterion. Investments in innovation and private sector entities will be aligned with pro-poor considerations. For example, support will be prioritized for innovative sanitation technologies that are more geared to low-income urban residents than traditional sewers. Private sector participation in water utilities and water-related sectors will also be promoted as it has been demonstrated to drive improved efficiency in service provision, helping support sustainable services. Innovative financing instruments with the potential to attract private investments will also be promoted.

Catalytic Investments Strategic Actions:

SA-2.1: Replicate or pilot innovative or alternative business models and technologies to provide water-related goods and services, through the public or commercial sector.

SA-2.2: Mobilize private sector financing (viability gap financing) and apply it to support basic water and sanitation services for rural and urban populations, irrigation schemes that benefit smallholder farmers (often women and the youth), and small-scale hydropower systems.

SA-2.3: Mobilize programmatic investments to catalyze additional resources independently or through co-financing to support priority and/or innovative WASH projects.

SA-2.4: Mobilize financing for innovative financing instruments and use them to attract investment for individual WASH projects or pooled resources for the investment in the sector.

3.4.4 Strategic Priority 3: Investment promotion

Problem description: A significant proportion of investment-ready water infrastructure projects are unable to attract financing which perpetuates the problem of low infrastructure development in Africa.

Context: Current financing for water sector infrastructure development is far below the level needed to meet the SDG targets and other national development aspirations. Financing is dominated by the public sector because efforts to stimulate private sector engagement in the water sector have been largely unsuccessful. While other sectors have scaled up private investments, the water sector has experienced an inertia around private financing. Investment promotion is therefore particularly important to connect public and private players. There is also low awareness in the market about risk-mitigation products like guarantees, and a lack of sophistication, product knowledge, and experience about structuring projects and arranging appropriate products for a specific project is deterring the use of guarantees and risk insurance. A greater use of such products would increase financial flows to the water sector.

Solution: Support investment promotion activities that link project developers with potential finance, market priority investment projects, and mobilize higher levels of investment financing for water infrastructure projects in Africa. Prioritize attracting fresh private sector finance into the water sector.

Interventions: The target projects for promotion are bankable water sector projects prepared by RMCs, RECs, RBOs and other actors in Africa, that have not secured downstream investment financing. To mobilize downstream financing the AWF, together with RMCs, will arrange roundtables with prospective investors for supported projects before completion. The AWF will also participate in regional and international events where there are opportunities to meet donors and discuss the portfolio of priority water infrastructure projects. AWF will pursue a range of marketing and networking activities to advocate for, and promote water sector investment opportunities, while strengthening coordination and information sharing on advances made in water sector financing. Relevant partnerships will be forged with a diverse range of stakeholders, including with the AfDB's Africa Investment Forum, the ICA platform and the Project Preparation Facilities Network they coordinate such as Sanitation for All. A multi-pronged approach will be taken to mobilize private sector financing including engagement with private sector foundations and commercial financiers, sponsors and operators to increase their involvement in the water sector. It will also include providing project structuring and transaction advisory support services to increase the uptake of investment projects, and enhance the regulatory environment for private and commercial finance under Strategic Priority 4.

Investment Promotion Strategic Actions:

SA-3.1: Coordinate and facilitate processes leading to the mobilization of investment financing for bankable urban and rural WASH projects, agricultural water management projects, and multipurpose water infrastructure development projects in Africa, giving priority to fragile countries.

SA-3.2: Establish and operate a networking platform in the AHWS/AWF and strengthen communication tools to better market investment project opportunities and connect project sponsors with potential financiers, while also growing the proportion of women-owned businesses operating in the sector.

SA-3.3: In collaboration with other specialized Bank Departments, provide insurance guarantee brokerage services to assist project owners with risk mitigation measures. This activity will complement marketing and networking by providing a more formal service to increase the uptake of investment opportunities.

SA-3.4: Establish and operate³ the African Urban Sanitation Investment Fund (AUSIF).

³ The scope of the AUSIF programme includes the establishment and initial operation of the new fund. This Strategic Action assumes that AWF will be the host institution for the Fund. However, it is recognized that the eventual host institutions could be different.

3.4.5 Strategic Priority 4: Water governance

Problem statement: The enabling environment at all levels for the planning, preparation, and implementation of water infrastructure projects, and for the sustainable management and development of water resources in Africa is weak and unable to effectively support socio-economic development, environmental sustainability, and climate resilience.

Context: At the heart of Strategic Priority 4 is improving water governance, defined as “*the set of rules, practices, and processes ... through which decisions for the management of water resources and services are taken and implemented, stakeholders articulate their interest and decision-makers are held accountable*” (OECD, 2016). Policy and regulatory frameworks that facilitate IWRM practices and good water management are weak in several countries, sub-regions and transboundary water basins in Africa. Institutional frameworks are also typically weak and fragmented. Strengthening the enabling environment and building capacity should be an integral part of any sustained effort to enhance sector governance in Africa. Access to data and information on water resources improves understanding of water issues and supports governance processes. However, investment in knowledge management remains low, and development and operation of formal knowledge systems for water resources and WASH systems is still limited in many parts of Africa. In shared river basins and aquifers, absence of basic data and knowledge of flows and variability represents a constraint for cooperative management and development of transboundary water resources (AfDB, 2020b). Knowledge management and communication, including M&E, has been identified as a weak point in the Phase III period of AWF’s work. RWSSI’s rich experience and extensive networks and partnerships will make a substantial contribution to this new AWF strategic priority.

Solution: Contribute to the development of effective water governance systems and an enabling environment for water development and sanitation investments in Africa by supporting the development and review of policy and regulatory frameworks, and of capacity building of water sector institutions at national/subnational, REC and RBO levels. The substantial rural experience of RWSSI, and longstanding experience of the AWF in working with transboundary River Basin Organizations, will be helpful to achieve this.

Interventions: The key interventions under Strategic Priority 4 will include: strengthening mechanisms for cross-sectoral coordination and stakeholder engagement at national/subnational, REC and RBO levels; supporting reviews of water sector policies and regulations; promoting sector-wide approaches; strengthening information and knowledge systems at REC and RBO levels; strengthening capacity of urban and rural institutions in the RMCs; strengthening AWF’s knowledge management and communications systems in partnership with knowledge-generating institutions and networks, such as the Integrated Water Management Initiative and Global Water Partnership; ensuring the flow of knowledge and information on water resources and WASH; creating entrepreneurship opportunities for SMEs and African youths in rural and urban settings; and nurturing partnerships essential for increasing the visibility of the AWF. Priority will be given to fragile countries in interventions aimed at strengthening water sector policy, legal and institutional framework of the RMCs. Building on the experience and lessons from the operations of the RWSSI Trust Fund, the Strategic Priority 4 will be used to support, through a grant component, the Bank’s lending operations in the RMCs. Grants in such cases will serve as a catalyst in addressing the enabling environment for sustainability requirements for integrated water resources management⁴ and development. Partnerships to be created under the

⁴ Water Resources Management is the process of planning, developing, and managing water resources, in terms of both water quantity and quality, across all water uses. It includes the institutions, infrastructure, incentives, and information systems that support and guide water management. Water resources management seeks to harness the benefits of water by ensuring there is sufficient water of adequate quality for drinking water and sanitation services, food production, energy generation, inland water transport, and water-based recreational, as well as sustaining healthy water-dependent ecosystems and protecting the aesthetic and spiritual values of lakes, rivers, and estuaries. Water resource management also entails managing water-related risks, including floods, drought, and contamination. The complexity of relationships between water and households, economies, and ecosystems, requires integrated management that accounts for the synergies and trade-offs of water’s great number uses and values. From: World Bank. (2017, September 20). Water Resource Management. <https://www.worldbank.org/en/topic/waterresourcesmanagement#2>. Retrieved November 26, 2021.

Strategic Priority 4 will be with sovereign and non-sovereign entities (such as think tanks, utilities, RBOs and International NGOs) to support programme implementation, and with Centers of Excellence and water research institutions and their networks, to promote knowledge production, sharing and learning.

Water Governance Strategic Actions:

- SA-4.1: Support the improvement of policy, legal and institutional frameworks for water resources management⁴ and development at RMC, REC and transboundary RBO levels.
- SA-4.2: Support the development of gender-informed, climate resilient and nature-based integrated water resources and sanitation investment strategies at REC and RBO levels.
- SA-4.3: Improve water sector knowledge bases, monitoring and reporting systems and information management systems at RBO, REC and continental levels.
- SA-4.4: Support the development of climate change adaptation and mitigation strategies and action plans, and the improvement of early warning systems and hydrometeorological and hydroclimatic monitoring networks, including remote sensing applications, at REC, RBO and RMC levels.
- SA-4.5: Build the capacity of water sector institutions at REC, RBO and RMC levels in areas of water governance, and water resources management and development.
- SA-4.6: Build the capacity of Bank staff and Bank departments in areas of Integrated Water Resources Management.
- SA-4.7: Develop and operate a platform in AHWS/AWF for sharing experience, innovation and best practices in water management amongst stakeholders.
- SA-4.8: Nurture and sustain partnerships essential for achieving the AWF's mission.

3.5 SPECIAL FOCUS: FRAGILE COUNTRIES

The AfDB's new Policy on Water (2020) has prioritized working in fragile countries as a core objective. The Bank's interventions in fragile or transition countries is guided by the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019; extended to 2021). The Strategy defines fragility as "*a condition of elevated risk of institutional breakdown, societal collapse or violent conflict*" and identifies drivers including economic, social, political, and environmental dimensions.

The Fragility Strategy recognizes that often demands for inclusion and equity underlie the drivers for fragility. The Strategy prioritizes three focus areas: (a) strengthening state capacity and establishing effective institutions; (b) promoting resilient societies through inclusive and equitable access to employment, basic services, and shared benefits from natural resources; and (c) enhancing the Bank's leadership role in policy dialogue, partnerships and advocacy on issues of fragility. One of the approaches introduced under the 2014-2019 Fragility Strategy is the systematic application of a *fragility-lens* to identify, respond to, and prevent fragility, and build resilience. Thinking "out of the box" and piloting innovative approaches lies at the heart of the Bank's actions.

The AWF and RWSSI were historically committed to working in fragile countries. The revised AWF Strategy will continue this commitment and contribute to the first two priorities of the Bank's Fragility Strategy. At least 25% of AWF resources will be earmarked for fragile countries. Special focus will be given to enhancing the enabling environment in fragile countries through improving water governance, building capacity and strengthening data and knowledge management systems.

3.6 CROSS-CUTTING ISSUES

3.6.1 Overview of cross-cutting issues

Cross-cutting issues are those with an important bearing on all aspects of programmatic work and requiring special focus. Consideration for cross-cutting issues will feature in the revised AWF Strategy and will be integrated into all stages of programmes and projects, from identification and planning to monitoring and impact assessment. The main cross-cutting issues considered under the strategy are gender mainstreaming, poverty alleviation and social inclusion, and climate change.

The main entry points for incorporation of cross-cutting issues in AWF projects is at the project design stage. Hence, terms of reference for preparation of AWF projects typically include instructions on how to address the cross-cutting issues under the project. The main tools used to monitor and assess the extent to which cross-cutting issues have been mainstreamed in project design and implementation are the Project Appraisal Report (PAR) and Project Completion Report (PCR). One is an ante-project evaluation, and the second is a post-project evaluation. In addition, the preparation of bankable projects is an opportunity to ensure the incorporation of cross-cutting issues in feasibility and detailed project designs. The revised AWF manual will contain further guidance on mainstreaming and reporting the cross cutting issues.

3.6.2 Gender equity and equality

Gender mainstreaming and women's empowerment activities in the AfDB are guided by the Bank's Gender Strategy 2021-2025 which is premised on three pillars, one of which is increasing women's access to social services through infrastructure improvements. The revised AWF Strategy, by supporting water infrastructure development, will thus make a direct contribution to the attainment of the Bank's Gender Strategy goals. The Strategy adopts a Gender Marker System (GMS) through which development projects are categorized and monitored based on their expected contribution to gender equality and women's empowerment.

The AWF aims to promote consideration of gender and social equality themes in the context of water resources development and WASH service delivery in Africa. Women and girls are often the primary users, providers and managers of water and sanitation in their households, and the guardians of personal and domestic hygiene. It is critical that gender inequities in water resources access and empowering women in the use and management of the resource are incorporated within AWF's investment project preparation work as a cornerstone of equitable and sustainable development. Similarly, priority will be given to innovative projects that contribute to gender equality in supporting catalytic investments. Attempts will be made to attract gender-focused investors, pro-poor business financiers and other niche funds. At the organizational level, the AWF will strive for gender equality in its staffing and work to lift barriers to the hiring, retention, and promotion of women through a raft of workplace measures⁵.

Monitoring and evaluating the AWF's gender activities will be of vital importance to establish AWF's track record and will in turn attract investors. Annexed to the Bank's Gender Strategy are detailed guidelines on applying the Gender Marker System across the project lifecycle; how to mainstream gender considerations in project and programme monitoring, and how to mainstream gender thinking in the High Fives implementation. These tools are important assets to improve gender mainstreaming under the AWF's monitoring and evaluation system, and in ensuring that data and information generated is disaggregated by sex, allowing for their real impact on women and girls to be measured.

3.6.3 Poverty alleviation and social inclusion

Improving water management is inextricably linked to poverty alleviation. Ensuring that the poor have access to safe drinking water and improved sanitation is critical to improving their health, access to

⁵ Examples of measures that could be adopted include creating and implementing anti-discrimination policies, inclusive mentoring programmes, flexible schedules, impartial performance reviews, etc.

education, addressing gender inequalities and improving their quality of life. Water is not only vital for human wellbeing but also supports economic production processes in sectors such as agriculture, aquaculture, energy, industry, mining and forestry. Some estimates suggest 78% of jobs globally are dependent on water (UNESCO 2016). Water resources management and development interventions are essential to create jobs and improve livelihoods for the poor, eradicate hunger, reduce urban squalor and ensure environmental sustainability. It follows that AWF projects focusing on water can help drive job creation and poverty alleviation. Employment creation will therefore be a criterion for project selection and highlighted in project preparation and catalytic investment activities.

Social inclusion is another important consideration which will be applied in project design, and in policy reviews, initiated under the revised strategy. Social inclusion is the process of righting social injustices and improving the ability, opportunity, and dignity of the disadvantaged. Within every society, certain groups may be excluded from legal systems, political processes, land tenure systems, social services or labour markets, on the basis of their social identity, which may be across dimensions such as gender, age, location, occupation, race, ethnicity, citizenship, religion, disability or economic status. The preparation of projects and programmes under the revised strategy will include improving the understanding of social exclusion in the beneficiary community and incorporating targeted measures to ensure that marginalized groups receive equitable benefits from the Facility's resources.

This revised AWF Strategy ensures that gender and marginalized groups are a core stream of its knowledge production and knowledge management efforts in order to inform project design. The delivery of basic water and sanitation services to marginalized groups will be emphasized at the project design stage under Strategic Priorities 1 and 2.

A development challenge that is growing in significance is that of malnutrition, particularly stunting in children under two years of age. Stunting undermines economic productivity and slows down the progress of developing countries. Stunting, which is mainly caused by low dietary intake of essential nutrients, is worsened by poor sanitation and hygiene practices, due to related loss of body fluids and nutrients.

The Bank's Multi-sectoral Nutrition Action Plan (2018-2025) seeks to promote investments that are nutrient-smart in key sectors like water supply, sanitation and hygiene. Priority interventions in the WASH sector include promoting the use of proven water treatment methods, such as filtration, boiling and safe storage in clean, covered containers; providing access to hygienic sanitation facilities that safely remove and treat fecal matter; improving environmental sanitation practices; promoting hand-washing campaigns; and promoting education to support behavior change with respect to hygiene. Other interventions include promoting backyard vegetable gardening and incorporating nutrition education to farmer groups in agricultural water management projects. These types of nutrition-smart interventions will be mainstreamed in project preparation activities under Strategic Priority 1 and Strategic Priority 2.

3.6.4 Climate Change Adaptation and Mitigation

In line with the AfDB's Policy on Water (2020), the AWF Revised Strategy (2017-2025) incorporates climate change adaptation and mitigation as a cross-cutting theme. Any infrastructure project accepted for preparation by the AWF will be assessed through the lens of climate adaptation, disaster risk reduction and climate change mitigation. Accordingly, the AWF will select projects that are clearly aligned to supporting RMCs in implementing their National Adaptation Programme of Action and their Nationally Determined Contributions to the Paris Agreement.

The AWF will support adaptation to climate change by funding projects that accelerate socio-economic development in Africa through increased water and food security, economic development, and improvements in livelihoods. The AWF will support mitigation to climate change through measures such as developing renewable energy sources, watershed afforestation, sustainable land management and policy and strategy formulation on integrated climate change adaptation and mitigation.

The AWF will promote climate change adaptation through risk-based designs of water infrastructure, and through the use of nature-based solutions. In line with the Draft Water Strategy (2021-2025), this will include technical assistance on hydrometeorological information, including early-warning systems and analytical and technical assistance in institutional capacity for risk management and infrastructure development to mitigate against increased climate variability (AfDB, 2020b). The AWF's approach to incorporating climate change considerations in WASH projects will be guided by the WASH Climate Resilient Development Strategic Framework approach developed by UNICEF and GWP (UNICEF/GWP, 2017).

Box 3.2: Building climate resilience across the water sector

Water Resources Management: The AWF funds activities aimed at enabling countries to understand the impact of climate change and variability on water resources management and supports the development of strategies and action plans to achieve water security. The AWF's projects also support the implementation of concrete actions to adapt to negative impacts of climate change, such as ecosystem-based adaptation and the recharge of natural aquifers. The AWF funds Water Resources Management both at national and transboundary level.

Information Management: Data, information and knowledge is the basis for water resources management and for understanding climate change impacts. AWF supports the enhancement of information management and monitoring systems that provide a foundation for project preparation.

Water for Multipurpose Uses: Building community resilience to climate change requires a holistic approach to water management and use. Multiple water use approaches can contribute significantly to the socio-economic development of a community and therefore its resilience to climate change. The AWF's promotion of projects that support multiple uses of water is nurturing a wider set of stakeholders engaging in a circular economy.

Water Supply and Sanitation: Building resilience of water supply and sanitation services to climate change impacts requires more resilient infrastructure as well as climate responsive planning, management, and governance of supply options. In urban water and sanitation projects the AWF supports Integrated Urban Water Management, which can contribute significantly to both climate change resilience and socio-economic development.

Water for Agriculture: Improving agricultural and land management practices to strengthen productivity and resilience to climate change are issues which many AWF projects address, through activities such as improving control and management of on-farm water resources, watershed protection, and piloting more productive agriculture water technologies such as use of rainwater harvesting for multi-purpose use. Projects may also be aimed at helping small scale farmers adapt to climate change and ensure sustained agriculturally based livelihoods.

[Source: 2016 African Water Facility Strategy 2017-2025]

CHAPTER 4: FINANCING THE STRATEGY

4.1 THE IMPORTANCE OF FINANCE FOR THE STRATEGY

Successful implementation of the Revised Phase III AWF Strategy (2017-2025) will depend on AWF's ability to mobilize sufficient and timely financial resources. The revision of the Strategy has taken place in a challenging environment, with potential donors facing the prospect of large deficits due to the COVID-19 pandemic, an urgent global crisis to support refugees and displaced persons, increasingly frequent famines and disasters requiring assistance, the volatility of global markets, and the possible onset of a widespread recession. To achieve its targets, intensive resource mobilization efforts will be undertaken, particularly those identified in the Resource Mobilization Strategy and Action Plan (RMSAP 2018-2020). The RSMAP will be updated as necessary.

Preparation of the revised Strategic Plan was underpinned by the active involvement of AMCOW. Going forward, AMCOW and the AWF's Governing Council Chair will continue their involvement in the implementation of the updated AWF's Resource Mobilization Strategy and Action Plan to ensure its success.

4.2 FUNDING REQUIREMENTS TO ACHIEVE THE STRATEGY GOALS

Implementation of the Strategy is estimated to require €62.15 million over 5 years (or an average of € 12.43 million annually). The highest demand is expected to relate to Strategic Priority 1, and the least for the new Strategic Priority 4 on governance, knowledge management, capacity building and partnerships. The Strategy targets the mobilization of € 500 million to implement investment projects with priority given to AWF-prepared projects. This includes resources planned for the new AUSIF. A summary budget is shown in Table 1, while a detailed budget can be found in Annex 2.

Table 1: *The budget of the revised AWF Strategy 2017-2025*

Strategic Priorities of the Strategy	Grants & Administrative Budget Support (€ mil)	Technical Assistance (€ mil)	Investment finance to be mobilized (€ mil)
Strategic Priority 1: Project Preparation and Promotion	40.50	0.00	0.00
Strategic Priority 2: Catalytic Investments	10.50	2.00	75.00
Strategic Priority 3: Investment Promotion	2.85	0.25	425.00
Strategic Priority 4: Water Governance	5.40	0.65	0.00
Total	59.25	2.90	500

4.3 FINANCING COMPOSITION

4.3.1 Overview

Implementation of AWF's Revised Strategy 2017-2025 will be financed from four main sources. The sources, which are in line with the RMSAP 2018-2020, are:

For Grants and Administrative Budget Support

1. Traditional and new donors, including RMCs, developed countries, foundations, and other development financing institutions and facilities.
2. Administrative budget support from the African Development Bank Group.
3. Climate finance institutions.

4. Mobilizing co-funding from various sources, including MFIs, RMCs and others.
5. Exploring partial cost-recovery, through a number of mechanisms.

For investment financing:

6. Traditional sources of financing, including loans from developed countries, multi-lateral financial institutions (MFIs), foundations and other development financing institutions.
7. Non-traditional sources, who will include private sector finance, climate funds, and other emerging funds.

Financing mechanisms that will be employed include MFI investment finance, blended finance, impact bonds and partnerships with the private sector.

In addition to financing to support the implementation of the Revised Strategy, the AWF will require resources to build staff technical capacity and strengthen administrative systems and tools. In the past, donors have provided Technical Assistance (TA) to support staff development in various areas including Monitoring and Evaluation (supported by France), Water Resources and Climate Change (supported by Austria and the Nordic Development Fund), and in gender mainstreaming and communications. Technical Assistance is expected to continue to support the implementation of the Revised AWF Strategy 2017-2025.

4.3.2 Broadening the Base

Securing grant resources from development partners, philanthropic organizations and African governments will remain the main sources of funding for this strategic period. The AWF will undertake more intense and targeted resource mobilization drives to broaden the finance base available. Attracting funding from climate finance mechanisms will be further explored. Table 2 below shows past and current donors of the AWF and RWSSI, as well as proposed new donors to broaden the donor base.

Table 2: Current, Past and Potential Donors

PAST AND CURRENT DONORS		POTENTIAL NEW DONORS (RMSAP)
<p>Bilateral Donor Agencies</p> <ul style="list-style-type: none"> • Australia • Austria: Austrian Development Agency and the Ministry of Finance • Canada: Global Affairs Canada • Denmark: Ministry of Foreign Affairs • France - Agence française de développement, • Germany: Ministry for Economic Cooperation and Development • Norway: Norwegian Agency for Development Cooperation • Spain • Sweden: Swedish International Development Cooperation Agency • Switzerland: Swiss Agency for Development and Cooperation • The Netherlands: Ministry of Foreign Affairs • United Kingdom: Foreign, Commonwealth & Development Office 	<p>Regional Member Countries</p> <ul style="list-style-type: none"> • Algeria • Burkina Faso • Chad • Egypt • Nigeria • Senegal <p>MFIs and Foundations</p> <ul style="list-style-type: none"> • African Development Bank • Bill and Melinda Gates Foundation (BMGF) • European Union (EU) • Green Climate Fund • Islamic Development Bank • Nordic Development Fund (NDF) • OPEC Fund for International Development 	<ul style="list-style-type: none"> • Adaptation Fund (AF) • Belgium: Ministry of Development Cooperation • Finland: Ministry of Foreign Affairs • Global Centre for Adaptation • Global Environment Facility • Ireland: Ministry of Foreign Affairs • Italy: Ministry of Foreign Affairs • Land Degradation Neutrality Fund (Fund of United Nations Convention to Combat Desertification) • Luxembourg: Ministry of Foreign Affairs • Spain: Cofides (Spanish Development Finance Institution) • Other African Countries

4.3.3 Targeted Funding

AWF finances its operations from a pool of flexible donor funds. The GC encourages unrestricted funding while allowing AWF to make targeted Calls for Proposals to cater for specific priorities. The AWF will continue to respond to donors' needs through special windows to facilitate contributions for the implementation of the Strategy, addressing specific AWF priorities.

4.3.4 Mobilizing Co-Funding

The AWF seeks to increase monetary co-funding from its grant recipients, development partners and other PPFs in order to expand its reach in meeting the huge demand for water-related projects. Co-financing brings expertise and diverse perspectives of partners, and greatly improves a project's prospects to secure a contribution to follow-on investments. Furthermore, the preparation of large infrastructure projects often requires significant amounts of money, beyond what the AWF can make available. Over the past decade, monetary co-financing amounted to 14% of AWF-funded preparation projects. The AWF seeks to increase this to 25% through the following means:

- **External PPFs and development partners** will continue to join forces through parallel co-financing, by identifying distinct components for financiers to support in line with their respective procedures and approval schedules, limiting such co-funding to about 30% for an individual AWF project. Maximizing co-funding involves seeking preferred partnerships with certain organizations and identifying financiers at the project identification stage and through Investment Promotion activities.
- **Internal co-funding from other PPFs or windows within the AfDB** have historically provided about 30% of funding to AWF projects. The AWF will continue to partner in this way but to avoid delays in approval, co-funding will be identified well in advance of appraisal.
- **Incremental cost of development projects** involves estimating the 'baseline cost' of projects (in a scenario without climate change) and the incremental cost (due to climate change adaptation), and mobilizing the incremental cost from Climate Funds such as AF, GEF, GCF.
- **Recipient co-funding** will be prioritized as a way to broaden the AWF's financial base. Such funding has previously been limited to small monetary contributions towards some local costs, therefore co-funding will now be identified well in advance of appraisal to allow for budgeting by the recipients. The AWF will develop criteria and methodology to determine the appropriate level of co-funding for grant recipients on an individual basis.

4.3.5 Partial Cost-Recovery Mechanisms

At present, the AWF provides non-redeemable grants and does not charge for its services. Introducing cost recovery is a means of improving the financial sustainability of the AWF, and to achieve more with funding. Cost recovery also provides an incentive to shorten and accelerate the project preparation process. However, not all projects are suitable for cost-recovery (especially up-stream preparation work) or will succeed in attracting finance, making donor replenishments irreplaceable. The NEPAD-IPPF, another multi-donor trust fund and infrastructure project preparation facility, already applies cost-recovery mechanisms that the AWF could learn from. The NEPAD-IPPF had to amend its instrument of establishment to be able to apply cost-recovery methods.

Within the provisions of the existing *Instrument for Establishment of the African Water Facility*, the AWF will explore the possibility of applying the following two cost-recovery mechanisms:

- **Reimbursable Grants:** A revolving mechanism is envisaged where the grants advanced to recipients would be partially repaid to the AWF at financial closure from any follow-on investment funding. The funds would then be re-invested in new projects. If, however, the preparatory activities do not reach financial closure, the advance may be written off as a grant.
- **Fee-based services:** Success fees may be charged by the AWF for taking a project to financial closure, which would incentivize the AWF towards success and stop the preparation of any projects deemed unlikely to succeed (i.e. to fail fast). Fees may also be applicable to investment promotion activities in the form of membership dues, advisory or brokerage fees.

Another approach that will be explored, and will not require modification of legal instruments is targeted soliciting from RMCs – approaching RMCs that are recipients of AWG grants, and requesting them to contribute to the facility to benefit other RMCs.

Where it is established that there is a strong constraint from the existing legal framework to applying the above cost-recovery methods, the ease and possibility of modifying the AWF's legal framework will be explored. This seems to be a possibility, given that there already is a precedent from the NEPAD-IPPF that has modified its establishment instrument to allow it apply cost-recovery measures on a case-by-case basis.

4.4 MAIN CONTRIBUTIONS TO THE TRUST FUND

4.4.1 Bilateral Donor Countries

Key donor countries clusters in the past for the AWF and RWSSI have included Austria, Burkina Faso, Canada, Denmark, EU, France, Italy, Nigeria, Norway, Sweden, Switzerland and The Netherlands. These and other countries will be approached to make flexible contributions, based on the renewed Results Framework and Financing Plan. Financing will be associated with achievable, realistic, and measurable targets. Consultations with donor countries have so far yielded a range of intent and commitment.

4.4.2 Foundations

Contributions from foundations typically stem from strong alignment with the philanthropic objectives of such organizations. Currently, the AWF has relatively limited interaction with them (except for the BMGF), but they hold great potential for involvement in specific areas of AWF's work. The developing African Urban Sanitation Investment Fund (AUSIF) will aim to develop a pipeline of investment projects that will support RMCs to meet the SDG targets in urban sanitation and mobilize financial resources to support such objectives. It is being financed by the BMGF and managed by the AWF. The objectives are clear, aligning with the AWF Strategic Priorities as follows: (a) develop a pipeline of investment projects; (b) promote catalytic investments that can attract additional funding from the private sector, partners and governments; and (c) promote investment to mobilize increased funding for the urban sanitation sub-sector.

4.4.3 The Private Sector

Public sources are simply insufficient to bridge the huge financing gap in Africa. Effective actions are therefore needed to increase financing from the private sector, for infrastructure investments as well as service delivery operations and maintenance. The challenge is formidable but AWF is well positioned to assume a greater role to achieve traction with the private sector in the water sector.

The AWF will identify options for PPP arrangements in projects prepared and sensitize governments (or relevant public sector agencies) on the process to engage the private sector (or vice versa). Under Strategic Priority 4, the AWF will support review of policy and regulatory frameworks to allow for greater private sector involvement in water resources management and development.

Given the increasing importance of attracting private sector financing, the AWF will step up efforts to meet financiers' fiduciary and safeguarding requirements and ensure that, where possible, projects are prepared and structured to a bankable level. This may include financing environmental and social impact assessments, Resettlement Action Plans, as well as transactional advisory services for financial and legal structuring. Activities will focus on leveraging private finance, which often involves blending concessional and commercial funds. AWF will also seize opportunities to transform or restructure projects that have been prepared for concessional financing to become more bankable. This may include unbundling projects to identify components that can be financed with private sector investments. Roles for SMEs will be actively explored in the entire value chain of urban and rural water delivery and access to safe sanitation. Furthermore, collaboration and co-financing with private sector-oriented project developers will be undertaken as a means to further build the pipeline.

CHAPTER 5: IMPLEMENTING THE STRATEGY

5.1 ENHANCING OPERATIONAL EFFICIENCY AND EFFECTIVENESS

To achieve the objectives of the Strategy, the AWF will take a range of actions to improve operational efficiency and enhance project quality by investing more in the project development and implementation phases. Some of these actions are described below.

5.1.1 Project Identification and Selection

At the identification and screening phase, the Facility will strengthen its interaction with applicants to ensure project concepts are fully defined. It will improve the screening process by updating eligibility and selection criteria, to maintain a high-quality project portfolio and develop a strong pipeline of potential projects. A flexible approach will be taken to build the project pipeline based on the following:

- **The on-demand approach** has been the main window for submitting funding requests to the AWF as it is an open and flexible mechanism. Unsolicited proposals are screened for eligibility before entering the pipeline. This may help private sector proposals which tend to be more transaction-based.
- **Proactive project identification** where the AWF will continue to engage with AMCOW, governments, RBOs, RECs and development partners to identify high potential projects. This may call for rapid assessments of infrastructure needs as part of upstream activities.
- **Call for Proposals** can identify potentially interesting projects although some projects may be poorly prepared and require considerable development by the AWF before inclusion in the project pipeline. Where such calls for proposals are used, the AWF will assign a strong team (including consultants) to manage the process and undertake the necessary dialogue.
- **A programmatic approach** will be increasingly used in water resources development planning and development at basin level. A typical programme could consist of an initial water resources development and investment planning exercise followed by the preparation of one or more projects identified and prioritized by the stakeholders (whether RBO or government).

5.1.2 Project Appraisal and Implementation

Fast-tracking project appraisal and implementation with specialist input: To efficiently handle the large number of projects planned under the Strategy, the AWF will fast track appraisal and implementation by increasing the technical guidance given by AHWS Task managers to AWF projects through the Internal Working Group Mechanism. The AWF will also engage consultants to support the Executing Agencies (EA) of AWF funded projects, and to assist AWF task managers with project preparation and investment promotion activities. This will enable highly specialized professionals to support project appraisal activities (including preparation of TOR for feasibility studies), or in managing a call for proposals. It will also help ensure quality at entry as the AWF increasingly engages in complex multi-disciplinary and innovative projects seeking both public and private sector financing. To help reduce the timespan for approval, the AWF will also explore options for greater delegation to the Director and Vice President.

Speeding up procurement processes: The main cause of delay in AWF-funded projects is procurement handled by the EAs. The AWF may assist EAs to recruit a consultant or technical assistance (TA) where the capacity of the EA is low. Such TA may support the EA in recruiting a consulting firm to undertake a feasibility study, and in supervising it during the study. These actions should greatly improve implementation time frames as well as final quality. Furthermore, the AWF will consider the use of ‘advance contracting’ and other provisions established in the Bank’s procurement policy to ensure consulting firms onboard in a timely manner and minimize start-up delays. This may include greater use of country procurement systems where countries meet the criteria. During the implementation stage, the Facility will insist on AWF’s review of feasibility study reports, procurement and project performance monitoring, taking rapid and firm remedial action where needed.

5.2 PERFORMANCE MANAGEMENT AND MEASUREMENT

5.2.1 Project Appraisal and Implementation

The AWF will adopt a comprehensive and integrated results based management (RBM) system to yield consistent data over time and allow the Facility to demonstrate its development effectiveness and measure its impacts. The objectives of this structured approach are to: (a) enable the assessment and monitoring of progress towards attaining AWF’s goals; (b) strengthen the measurement of ongoing results, and achievements in completed activities; (c) promote participation of staff and partners in the monitoring and review of impact of AWF’s work; (d) improve the quality and timeliness of reporting, enhancing feedback and decision-making; and (e) establish an approach for benchmarking to contribute to a mid-term or final performance evaluation. Implementation of the RBM system involves testing specific development interventions, measuring their effects, and reviewing the lessons learned with stakeholders and participants. Table 3 summarizes the planned RBM framework and its application within the AWF. The AWF will invest in building the capacity of its staff to create the integral tools and templates required for the development and operationalization of this system.

Table 3: Developing and Applying the RBM Framework in AWF

PERFORMANCE TARGET	TARGET	PERFORMANCE INDICATORS
Results culture fostered within AWF.	AWF RBM system development and application.	<ul style="list-style-type: none"> Attitudes, approaches, methods and application of RBM within a strategic and operational context. Level of perceived utility and effectiveness of RBM processes and instruments by AWF, stakeholders and clients.
Enhanced competencies and capacities to make evidence-based and RBM decisions.	Management leadership, staff motivation and engagement in application of RBM.	<ul style="list-style-type: none"> Number and type of qualitative or quantitative results targets in Strategic and Annual Plans. Degree of ownership of results by AWF, AfDB senior management and AMCOW Board. Feedback from clients on quality of performance reporting.
Enhanced communication on results.	Internal and external documents and reports referencing RBM approach.	<ul style="list-style-type: none"> Number, quality and content of reports produced. Type of and content of feedback, and level of satisfaction expressed by clients.
Strengthened contribution delivering development results.	Causality (attribution) and sustainability of results.	<ul style="list-style-type: none"> Number of interventions with positive feedback. Reports demonstrating achievement of stated performance targets / results.

5.2.2 RBM Framework and AWF Monitoring

Monitoring and evaluation (M&E) supports programme design, development, and implementation. M&E at both the Facility and project level will provide understanding and assurance that objectives are being delivered according to agreed expectations and ensure the AWF meets its Strategy and operational objectives and mandate. In addition to ensuring the AWF’s accountability, M&E will support policy development and strategic planning, inform budgets and funding discussions, and contribute positively to programme improvement, oversight, and operations. The information will serve as a link in a feedback loop, supporting learning and strategic and higher-level decision-making (see Figure 6). The

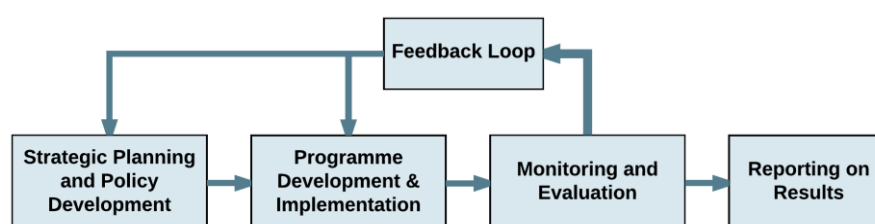


Figure 5: Approach to Monitoring and Evaluation for AWF (source: United Nations Evaluation Group: National Evaluation Capacity Development, 2017)

M&E system can support awareness-raising and meaningful engagement on AWF's work amongst a range of stakeholders, and stimulate investment in the AWF from donors, RMCs and the private sector.

The African Development Bank operates a Results Measurement Framework (RMF) (2016-2018) that is designed to measure and enhance the Bank's development impact. The Bank's performance is tracked at four levels: Level 1 tracks development progress across Africa; Level 2 measures the Bank's contributions towards development in all its operations; Level 3 assesses the quality of the Bank's operations; and Level 4 monitors the Bank's efficiency as an organization. The AfDB's RMF focuses on monitoring progress towards the High Fives to which the AHWS and AWF make a considerable contribution. The AWF's own RMF is designed to feed into the Bank's RMF, mainly at Level 2 to Level 4 performance tracking.

The 2019 evaluation of the Facility recognized that improvements were needed to AWF's monitoring systems to ensure they can measure progress or lack of progress at quarterly and annual intervals, and over longer periods in the implementation of the Revised Phase III AWF Strategy (2017-2025).

5.2.3 The AWF 2020 – 2025 Strategy Results Framework

The Results Framework of the Strategy provides an important foundation for the AWF's RBM system and will help the AWF and AfDB team keep an eye on the achievement of its Strategic Priorities. Investing the time and effort to establish a monitoring plan will yield a comprehensive and powerful tool to promote, measure and assess development results (World Bank, 2012). The revised AWF Strategy Results Framework, which addresses the expected results at impact, intermediate and immediate outcome levels is presented in Annex 1.

5.3 GOVERNANCE AND INSTITUTIONAL FRAMEWORK

5.3.1 Governance

As a Special Fund administered and managed by the AfDB, the institutional framework for the AWF will remain unchanged. Some of the core reforms outlined in the Revised AWF III Strategy, however, are still outstanding and will be addressed urgently as indicated below.

The AWF has a dual governance structure. The first line of governance is the Governing Council (GC), responsible for determining the general policy direction of the AWF. It will continue to approve the operational focus of the Fund (defined by this Strategy) and the proposed areas of intervention, and review documents such as annual reports, work plans, budgets, audit reports, and proposals of the Water Facility before they can be submitted to AfDB's Board of Directors for final policy guidance and approval. The Governing Council is made up of thirteen members comprising five persons appointed by AMCOW on a sub-regional basis; one member appointed by the Bank; one member appointed by the African Union under the New Partnership for Africa's Development (NEPAD); one member appointed by U.N. – Water Africa; five members appointed by donors to the Water Fund; and the Bank Director responsible for of the Water Fund who shall be an *ex-officio* member. The donors representing the donor community in the GC could be reviewed to ensure sustained championing of rural water supply following the dissolution of the RWSSI Regional Water Committee and Steering Committee. Reporting outcomes of GC decisions will be shared with the new Policy on Water Cross-Sector Coordination Committee (PoWCCC), to be established following its approval under the Bank's new Policy on Water.

The second line of governance in the AWF structure relates to the oversight role of the Bank. This is initially assumed by the Director of the AHWS, representing the Bank in providing supervision of day-to-day AWF operations. The Director's daily oversight is complemented by the work of AWF's Oversight Committee, which was established by the Bank President in 2005 to monitor and report to the Board on financing approvals by AWF's management, and monitor the Bank's compliance to its trusteeship responsibilities to the AWF. The Bank's Board of Directors is the AWF's highest policy body and approves its legal instruments and any modifications to them. It also approves all operational procedures, control systems, work plans, budgets, reports, programmes, and strategies.

Being housed by the AfDB allows the AWF to benefit from the Bank’s capacity in many areas. These include legal support, procurement, financial management systems, monitoring and evaluation, communication and translation services. The AWF can also draw on the Bank’s capacity at regional and national levels to support its activities. These institutional services of the Bank to the AWF will remain intact. There are, however, areas for improvement in how the shared services of the AfDB are rendered to the restructured AWF, discussed below.

Greater coordination across departments within the AfDB is critical for the successful achievement of the Revised Phase III AWF Strategy’s objectives. The new Policy on Water calls for the establishment of a Policy on Water Cross-Sector Coordination Committee (PoWCCC) with “adequate capacity, resources and appropriate skills” to oversee implementation of the policy. The PoWCCC will be an intra-AfDB coordination mechanism to support cross-sectoral integration and has been designed to undertake decentralized coordination promoting a nexus approach for food, energy, and water. The PoWCCC will not “govern” the AWF but serve as a critical conduit of information to enable greater collaboration across the AfDB, such as the Climate Change and Green Energy Fund Department, the Agriculture Human and Social Division, the Urban Development Division, and the Private Sector, Infrastructure and Industrialization Division. The PoWCCC will assume one of the critical functions historically played by the MDWPP, that of raising awareness of IWRM principles across the AfDB (AWF, 2019).

5.3.2 Legal Considerations for the Institutional Framework

There are two key aspects related to the legal framework of the AWF that may need to be revisited to enable the AWF better meet its development expectations. The first issue relates to the need to promote greater private sector investment. The existing legal framework does not permit the AWF to fund for-profit entities. However, with the growing emphasis on private sector engagement within the AfDB’s new Water Policy and draft Water Strategy, and the Strategic Priority 3 in this Revised AWF Phase III Strategy, the AWF is set to increase its engagement with private sector entities, and work to create an enabling environment for SMEs in the water and sanitation sector. Revision of the legal instrument is needed to permit grant allocations to SMEs, where appropriate, to strengthen their viability.

The second proposed area of legal reform relates to cost recovery. Since its establishment in 2005, the AWF has provided non-redeemable grants, without charge. Introducing cost recovery could provide a means to improve the financial sustainability of the AWF. The Operational Plan being drafted for refining the legal instrument of the AWF will explore the potential of introducing cost-recovery in the AWF.

5.3.3 Budget Allocation to Strategic Priorities

At the start of the Phase III Strategy for the AWF (2017), the budget allocated to the project preparation Strategic Priority moved from 60% to 75%.

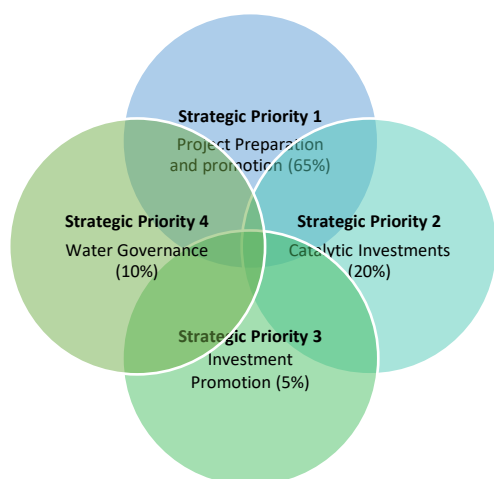


Figure 6: Budget allocation across the four Strategic Priorities of the revised AWF Strategy 2017 - 2025

The Review of the AWF found that the allocation of resources to this Strategic Priority had proved disproportionate and had prevented sufficient resources being allocated to the catalytic investments and investment promotion Strategic Priorities to make substantive progress in implementation. In addition, the new Strategic Priority on knowledge management and partnerships requires a package of resources for programming. As such, the revised AWF III Strategy proposes reducing the fund allocation to project preparation and promotion from 75% to 65% in the remainder of the implementation of the

Strategy with 20% more to catalytic investments, 5% to investment promotion, and 10% to water governance. The rationale for keeping project preparation with over half the AWF budget is that addressing the downstream financing gap of \$14 billion/year requires greater attention to facilitating bankable projects, which is the focus of Strategic Priority 1.

5.4 ADDITIONAL OPERATIONAL AND ORGANISATIONAL REFORMS

To improve delivery on the Strategy, the restructured AWF will enhance the way it relates to the AfDB, continue addressing its human resources, proactively pursue reforms related to shared resources, and enhance communication.

5.4.1 Enhancing the Relationship with AfDB

The AWF is an important asset for the AfDB and its role in helping to achieve the new Policy and Strategy on Water requires greater cooperation between the two. The AWF has been cooperating with the Bank's Water Supply and Sanitation Department (AHWS) in preparing investment projects. Projects where the two entities have cooperated include the Komadugu-Yobe Water Resources Strategic Action Plan preparation in Nigeria, and the Chimoio and Inhambane Urban Sanitation Study in Mozambique. Under the revised Strategy, the AWF will increase efforts to enhance alignment in pipeline planning of AfDB projects. The AWF will proactively target uncovering areas of innovation in finance or new technologies, such as replicating ways to transform wastewater into energy. Through closer cooperation with the AfDB, the AWF will be better positioned to scale up small interventions through its own programming for water sector investments. It will also contribute to a strong pipeline of quality water infrastructure projects that the AfDB could finance. The AWF will also collaborate with AHWS's Transboundary Waters Programme and strategically apply grants under Strategic Priority 4 to undertake transboundary water resources assessment, support policy and institutional framework and build knowledge systems to complement the Bank's lending activities.

5.4.2 Human Resources

Both AWF and RWWSI have previously struggled to achieve their targets due to capacity constraints (RWWSI, 2017). To address this in the restructured AWF, an organizational culture will be developed to embrace effective learning systems through better knowledge management and communication of results. With a strong staff complement of fourteen, the AWF requires several core skills to be put in place to effectively deliver its mandate including: Knowledge Management Specialist, Communications Specialist, as well as a Rural Water and Sanitation Champion.

The AWF may not have the resources in place to fill these posts with its current administrative budget.⁶ The planned intensive resource mobilization efforts, through implementation of AWF's Resource Mobilization Strategy and Action Plan (as mentioned in section 4), will address this challenge in the medium-term. In the interim, measures that are increasingly employed to address the capacity gaps include the following: (i) taking further advantage of the One-Bank approach and drawing on the immense expertise within the AfDB, including AHWS Task Managers, to fill these capacity gaps and support AWF Task Managers in project implementation. The AWF will benefit from this job-sharing arrangement as long as the tasks required are clearly outlined and well managed to ensure a high level of performance across the restructured AWF, without hindering the existing support already provided within the AfDB; (ii) Funding vacant positions through Technical Assistance/long term consultancy support from donors to meet specialized or specific capacity needs. The ADA is one of the donors who have provided such support; and additional resources are being recruited with support from the NDF; (iii) use of long-term consultants to cover vacant positions, and the engagement of short-term consultants as needed, from the AWF's administrative budget; and, (iv) engaging with the AfDB to assign more Bank staff to work within the Facility.

⁶Three of these were identified in Recommendations of the AWF Evaluation (2020), steps are already underway for recruiting an M&E specialist by mid-2021.

5.4.3 Shared Services

The AWF will proactively pursue measures to address bottlenecks in project approval processes and increase efficiencies in use of shared services, particularly institutional support services (legal and procurement services).⁷ Suggested reforms within the AfDB have proposed greater use of dedicated support assigned to particular TF specialists. Communications, public awareness, and outreach are support services that will be cost-effective for the restructured AWF fund to draw on in the short term.

5.4.4 Communication and Marketing

The Facility will upgrade its communications activities to enhance its visibility, transparency, outreach, and ability to mobilize resources for implementation of the Strategy. The improvement of the Facility's external and internal communications will be carried out in conjunction with AfDB's Communications and External Relations Department (PCER), the Agriculture, Human and Social Development Complex (AHVP) and AMCOW.

The AWF will focus on building the brand image of the Facility as a unique and legitimate African initiative that produces quality projects with high-leverage and sustainable, high-impact outcomes. Content gathering will be at the heart of the AWF's Communications Action Plan (see Annex 8) and will aim to support better articulation of the Facility's role, provide evidence of the needs of communities, and showcase the impact of the Facility's interventions. Communication will also demonstrate the support of donors and other partners in attaining objectives, and their contribution to the sustainable management and development of water resources on the African continent. An essential and urgent task in the communications action plan will be for the AWF GC and AfDB/AWF management to promote AWF in sector events and in discussions with development partners and potential financiers.

For every project that benefits from AWF funding, a communication package will be developed to capture knowledge about it. The package will include 6-10 quality photos, up to three case studies, a media release; and a video to be shared on social platforms. The Communication Specialist will organize capacity building sessions for AWF/AHWS staff on key content including taking photos, writing impact stories, and identifying interesting content. The AWF will also endeavor to share content (such as newsletter articles, social media posts, blog articles) with AMCOW, donors and other AWF partners, and will organize communication events in collaboration with stakeholders such as on World Water Day, World Toilet Day and at international events like the Africa Water Week, Stockholm Water Week, World Water Forum to raise awareness of the AWF's work.

5.5 RISK MANAGEMENT AND MITIGATION

Key risks and mitigation strategies are outlined below.

Table 4: Key risks and mitigation considerations for the Strategy

Risk	Mitigation considerations
Instability from conflict and insecurity in some of the countries, endangering project workers and affecting implementation.	<ul style="list-style-type: none">• Targeting investment to the neediest communities, thereby contributing to addressing disparities in society and promoting conflict mitigation.• Working closely with security personnel at city and national level; and adjusting travel and work plans based on security advice.
Inadequate budgetary allocation to the WASH sector to sustain impacts.	<ul style="list-style-type: none">• Working with national and city authorities on selected high priority projects recommended by the national officials.

⁷ These proposals for reform on shared services have come from a benchmarking of the Bank's trust fund policy, which raised this issue in the context of all trust funds, as well as a recent FIRM review. (Integration Report 2019, p.24).

Risk	Mitigation considerations
Inadequate investment financing mobilized for implementation of prepared projects.	<ul style="list-style-type: none"> Placing emphasis on marketing of investment opportunities, general investment promotion and resource mobilization. Maintaining partnerships with other water sector donors to help bridge funding gaps.
Inadequate counterpart financing mobilized from project beneficiaries (public & private).	<ul style="list-style-type: none"> Maintaining close contact with the beneficiaries, among others means, through AMCOW, and direct contact with commercial entities, to give priority to selected projects for implementation.
Weak implementation of environmental and social safeguards especially at implementation stage of prepared AWF projects	<ul style="list-style-type: none"> Training Task Managers and staff of grant recipient institutions on Bank safeguard policies and their application in the project cycle. Continue emphasis on environmental and social safeguards at Project Appraisal and Project Completion reporting. Provide support to RMCs to strengthen the enabling environment for investments including strengthening policy and legal framework for managing environmental and social issues under development projects.
Fiduciary risk — risk of fraud and corruption.	<ul style="list-style-type: none"> Training project implementing agencies on the Bank’s polices, rules, procedures and manuals on financial management, procurement, contract management, etc. The training should also cover the Bank’s Anti-corruption Guidelines; and Standard Conditions of Trust Funds. Carrying out anti-corruption checks during supervision missions; External audit of the AWF and its projects.
Execution risk – risk of poor project management and delayed outputs due to weak capacity of Project Executing Agencies.	<ul style="list-style-type: none"> Incorporating capacity building measures for Executing Agencies and key stakeholders in the project scope; Enhancing project supervision and implementation support, including using AfDB/AWF regional and national staff; Building networks and strategic alliances with partners and establishing interagency committees to increase the pool of national experts to support project implementation.
Financial sustainability – risk of unsuccessful resource mobilization in the face of changed priorities due to the COVID-19 pandemic.	<ul style="list-style-type: none"> Implementing the AWF resource mobilization strategy, in collaboration with FIRM and other Bank Departments; Strengthening partnerships with AMCOW as guided by the Partnership Framework and conducting joint resources mobilization, and bringing on board new potential financiers; Intensifying investment promotion activities.
COVID-19 – risk of continued programming disruption due to the pandemic.	<ul style="list-style-type: none"> Increasing use of IT tools for virtual meetings and missions; Increasing frequency of engagement with Project Executing Agencies. Using local sub-contractors to support internal contractors who are unable to travel to project areas.

CHAPTER 6: CONCLUSIONS

The Revised Phase III AWF Strategy (2017-2025) has been designed to integrate the core functions of the MDWPP and RSSWI into a restructured AWF. The Strategy has introduced revisions to the AWF's Strategic Priorities (Pillars) to enable its goals to be achieved. These revisions have been recalibrated to respond to the changing needs of the users of this Strategy.

The Strategy's success depends on how it is integrated into the AfDB. Fortunately, the Strategy arrives at an opportune moment when a series of reforms are also underway within the AfDB. These reforms are expected to improve the enabling environment for the AWF to draw on institutional resources within the AfDB to work more closely with RMCs in addressing their diverse water-related challenges.

These reforms begin at the policy level with the new Policy on Water (2020), raising the visibility and importance of water across the AfDB by supporting the implementation of the 'High 5' priorities aligned with the Ten-Year Strategy (2013-2022). The new AWF can better support the achievement of the AfDB's new Policy on Water as the integration of the Water Funds deepens the implementation of IWRM principles and supports RMCs in their efforts towards attaining water security.

Operationally, reforms within the AfDB associated with the One-Bank approach help embed the objective of water security across AfDB policies, strategies, guidelines, and operations. The approach seeks to maximize the impact of the AfDB's resources and promote a coherent approach towards the water sector by engaging the diverse range of water security stakeholders (including those in agriculture, natural resources, energy, transport, human development, and the private sector). The new Policy on Water (2020) has been designed to integrate the One-Bank model by proposing that the Policy be implemented through medium-term strategies of key sectors across the institution.⁸ This helps enhance the AWF's efforts to augment multi-purpose water projects, emphasize multiple water use and promote circular economies through its sanitation interventions. Finally, the increased prominence of partnerships in the revised AWF Strategy will help streamline the AfDB's approach to the consultations and dialogue with external stakeholders that are needed to implement the Policy on Water (2020).

The level of decentralization within the AfDB, through the development and business delivery model has created an environment ready to host the restructured AWF's projects and supporting greater RMC engagement through the Fund's deep access to human resources across fifty-four countries. This, combined with the One-Bank model of job sharing, affords the AWF access to expertise across specialist areas of energy, agriculture, climate financing, urban development, gender, and knowledge management departments and divisions. No other Water Trust Fund on the continent has this reach and access to such depth of skills. This organizational approach will further support the revised Strategy and is well placed to enable its successful implementation.

⁸ Section 6.1 of the Water Policy (2020) includes the Water Strategy (2021-2025) as the primary vehicle for implementation of the Water Policy, Natural Resources Strategy (2015-2020), the Strategy for Africa's Agricultural Transformation (2016-25), the Strategy for a New Deal on Energy for Africa (2016-2025), amongst others.

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ANNEXES

Annex 1: AWF Results Framework 2020-2025

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Indicators	Baseline (2021)	Target by 2025	
IMPACT	Improved quality of life for Africans through strengthened capacity to manage and develop water resources for sustainable, equitable and climate-resilient growth.	1. Reduction in under-5 mortality rates; and population mortality rates from water-related infectious diseases in beneficiary communities (SDG 3.2.1)	1. To be determined (TBD)	1. 5%; and 5%	<ul style="list-style-type: none"> Records of health facilities in cities and rural districts. National Ministry of Health statistics National Statistics Office records
		2. Reduction in proportion of children under five years who are stunted (SDG 2.2.1)	2. TBD	2. 2%	
INTERMEDIATE OUTCOMES	INTERMEDIATE OUTCOME 1: Improved water security	1.1. Number of people in rural areas that have gained access to (a) at least basic water sources and (b) safely managed water supplies; percentage of whom are female (SDG 6.1.1)	1.1. (a): 0 (b): 0 ; 51%	1.1. (a): 1.25 M (b): 1.25 M; 51%	<ul style="list-style-type: none"> AWF annual progress reports Project completion reports and design reports. Records of the water and sanitation utilities and departments Records of city authorities and rural water departments National Statistics Office records National household survey data Ministry of Health records Ministry of Water records Data and reports from international agencies (WHO, UNICEF, UN-Water, etc.)
		1.2. Number of people in urban areas that have gained access to (a) at least basic water sources and (b) safely managed water supplies; percentage of whom are female (SDG 6.1.1)	1.2. (a): 0 (b): 0 51%	1.2. (a): 0.325 M (b): 1.325 M 51%	
		1.3. Number of people in rural areas that have gained access to (a) at least basic, and (b) safely managed sanitation facilities; percentage of whom are female (SDG 6.2.1)	1.3. (a): 0 (b): 0 ; 51%	1.3. (a): 1.44 M (b): 0.36 M; 51%	
		1.4. Number of people in urban areas that have gained access to (a) at least basic, and (b) safely managed sanitation facilities; percentage of whom are female (SDG 6.2.1)	1.4. (a): 0 (b): 0 ; 51%	1.4. (a): 0.95 M (b): 0.25 M ; 51%	
		1.5. New water storage capacity created (MCM)	1.5. 0	1.5. 45 MCM	<ul style="list-style-type: none"> AWF annual progress reports; program reports and project completion reports. Records of water and sanitation utilities and departments Ministry of Water records Ministry of Energy records Ministry of Agriculture records
		1.6. Additional population served by water storage infrastructure; percentage of whom is female (indirectly related to SDG 6.1.1)	1.6. 0 51%	1.6. 500,000 51%	
		1.7. Additional area of agricultural land equipped for irrigation (ha) (indirectly related to SDG 2.4.1)	1.7. 0	1.7. 25,000 ha	
		1.8. Number of people who have benefited from investments in agricultural water management; percentage of whom are female	1.8. 0	1.8. 50,000 people 51%	
		1.9. New installed power generation capacity (MW) (indirectly related to SDG 7.1.1, 7.1.2, and 7.2.1)	1.9. 0	1.9. 10 MW	
		1.10. Number of people who have gained access to hydropower; percentage of whom are female (SDG related to SDG 7.1.1.)	1.10. 0	1.10. 25,000 people 50%	

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Indicators	Baseline (2021)	Target by 2025	
	INTERMEDIATE OUTCOME 2: Reduced impact of climate-related natural disasters in the water sector.	2. Reduction in number of people affected by water-related natural disasters (%) (related to SDG 13.1.1)	2. TBD	2. 2%	<ul style="list-style-type: none"> Data and reports from international agencies (UNDRR EM-DAT etc.); and national disaster management authorities
IMMEDIATE OUTCOMES	IMMEDIATE OUTCOME 1: Increased financing leveraged for sustainable and gender-responsive water resources management and development (resource mobilization for and post-closure of AWF prepared projects)	1.1. Leverage factor, and amount of downstream investment financing leveraged for rural water supply and sanitation projects	1.1. TBD	1.1. 1:25; € 381.25 M	<ul style="list-style-type: none"> AWF progress reports Ministry of Water records in RMCs Regional water department records
		1.2. Leverage factor and amount of downstream investment financing leveraged for urban water supply and sanitation projects	1.2. TBD	1.2. 1:25; € 381 M	<ul style="list-style-type: none"> AWF progress reports Ministry of Water records in RMCs Water utility ; City authority records
		1.3. Leverage factor and amount of downstream investment financing leveraged for agricultural water management	1.3. 1:29	1.3. 1:30; € 75 M	<ul style="list-style-type: none"> AWF progress reports Ministry of Water / Agriculture records
		1.4. Leverage factor and amount of downstream investment financing leveraged for multipurpose water infrastructure projects	1.4. 1:29	1.4. 1:30; € 225 M	<ul style="list-style-type: none"> AWF progress reports Ministry of Energy/ Electricity records Ministry of Water Records
		1.5. Proportion of all AWF SP1 and SP2 operations categorized as gender mainstreaming (i.e., GEN 1 to GEN III) based on the GMS ⁹ (%)	1.5. TBD	1.5. 100	<ul style="list-style-type: none"> AWF appraisal and project completion reports
	IMMEDIATE OUTCOME 2: Increased area of watersheds that have completed assessments on good water governance frameworks and have climate change adaptation and mitigation strategies and investment plans	2.1. Catchment area (km ²) with climate change adaptation and mitigation strategies (indirectly related to SDG 13.2.1)	2.1. 0	2.1. 100,000 km ²	<ul style="list-style-type: none"> AWF progress reports, project completion, and design reports. Ministry of Water records Records of national climate institutes.
		2.2. Number of national and transboundary water basins supported to improve water management frameworks (indirectly related to SDG 6.5.1 and SDG 6.5.2)	2.2. 0	2.2. 3	<ul style="list-style-type: none"> AWF annual progress reports Project completion reports and design reports. Records of RECs and RBOs
		2.3. Number of water basins with IWRM Plans and Investment Strategies, using AWF support (indirectly related to SDG 6.5.1)	2.3. 7	2.3. 8	
		2.4. Proportion of new AWF project preparation and catalytic investment projects that are screened for climate risks and categorised in accordance with the Banks CSS. (%)	2.4. 0	2.4. 100	
	STRATEGIC PRIORITY 1: PROJECT PREPARATION AND PROMOTION				
OUTPUT 1: Investment-ready projects for rural and urban water supply and sanitation, agriculture water management and multipurpose water infrastructure development prepared.					
OUTPUT 1	Output 1.1: Bankable urban water supply, sanitation, and hygiene project proposals	1.1. Number of investment ready, gender-informed, climate-resilient urban water supply, sanitation and hygiene project proposals prepared	1.1. 17	1.1. 27	<ul style="list-style-type: none"> AWF Annual Reports Project supervision reports

⁹ The African Development Bank - Gender Marker System (GMS): <https://www.afdb.org/en/documents/african-development-bank-gender-marker-system-gms>

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
	Indicators	Baseline (2021)	Target by 2025	
Output 1.2: Bankable rural water supply, sanitation, and hygiene project proposals available.	1.2. Number of investment ready, gender-informed, climate-resilient rural water supply, sanitation and hygiene project proposals prepared	1.2. 4	1.2. 14	<ul style="list-style-type: none"> • Project Feasibility and design reports • Project Completion Reports • Tender documents for infrastructure projects • Project Proposals • Reports of international investment events at which the AWF has participated. • Policy review reports • Draft policies • Knowledge products prepared by the AWF. • Physical inspection of knowledge systems
Output 1.3: National water supply, sanitation and hygiene investment strategies and bankable project proposals available.	1.3. Number of gender-informed, climate-resilient national water supply, sanitation and hygiene investment strategies and bankable project proposals prepared	1.3. 0	1.3. 2	
Output 1.4: Bankable water infrastructure project proposals available for increasing agricultural water management.	1.4. Number of investment ready, gender-informed, climate-resilient infrastructure project proposals prepared for increasing agricultural water management	1.4. 10	1.4. 12	
Output 1.5: Bankable multi-purpose water resources management and development project proposals available.	1.5. Number of investment ready, gender-informed, climate-resilient multi-purpose water resources management and development project proposals prepared	1.5. 2	1.5. 5	
Output 1.6: Investment financing mobilized (by Project Implementation Units (PIUs) of AWF projects) for bankable urban and rural WASH projects, agricultural water management projects and multipurpose water infrastructure development projects prepared by the AWF.	1.6. Number of bankable projects prepared and amount of investment financing mobilized directly by PIUs before project closure (indirectly related to SDG 6.a.1 and SDG 10.b.1)	1.6. 24; €1,527 M	1.6. 2 € 1,627M	
STRATEGIC PRIORITY 2: CATALYTIC INVESTMENTS				
OUTPUT 2: Investment financing for priority water infrastructure mobilized through application of various marketing, promotion and networking tools and events.				
Output 2.1: Innovative or alternative business models and technologies replicated or piloted.	a. Number of innovative or alternative business models and technologies that have been replicated or piloted	2.1. 0	2.1. 2	<ul style="list-style-type: none"> • AWF Annual Reports • Project supervision reports • Project Feasibility and design reports • Project Completion Reports • Tender documents for infrastructure projects • Project Proposals • Reports of international investment events at which the AWF has participated. • Policy review reports • Draft policies • Knowledge products prepared by the AWF • Physical inspection of knowledge systems
Output 2.2: Private sector financing mobilized and applied to support basic water-related projects	1.1. Amount of new private sector resources mobilized for viability gap financing and number of projects to which it has been applied	2.2. 0	2.2. 2	
Output 2.3: Programmatic investments mobilized and applied to support priority and/or innovative WASH projects.	2.3. Amount of programmatic investment financing mobilized to support priority and/or innovative WASH projects	2.3. 0	2.3. € 7 M	
Output 2.4: Financing for innovative financing instruments mobilized and applied to attract investment for individual WASH projects or pooled resources for the investment in the sector.	2.4. Financing mobilized to support the application of innovative financial instruments	2.4. 0	2.4. € 2M	
STRATEGIC PRIORITY 3: INVESTMENT PROMOTION				
OUTPUT 3: Investment financing for priority water infrastructure mobilized through application of various marketing, promotion and networking tools and events.				

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Indicators	Baseline (2021)	Target by 2025	
OUTPUTS	Output 3.1: Processes for mobilization of investment financing coordinated and facilitated, and investment financing mobilized for bankable urban and rural WASH projects, agricultural water management projects and multipurpose water infrastructure projects.	3.1a Number of bankable WASH projects and amount of investment financing mobilized (indirectly related to SDG 6.a.1 and SDG 10.b.1) 3.1b Number of bankable agricultural water management projects and amount of investment financing mobilized (indirectly related to SDG 6.a.1 and SDG 10.b.1) 3.1c Number of bankable multipurpose water infrastructure development projects and amount of investment financing mobilized. (indirectly related to SDG 6.a.1 and SDG 10.b.1)	3.1a 0 3.1b 0 3.1c 0	3.1a 1 project; € 25 M 3.1b 2 project; € 100 M 3.1c 2 project; € 50 M	<ul style="list-style-type: none"> • AWF Annual Reports • Project supervision reports • Project Feasibility and design reports • Project Completion Reports • Tender documents for infrastructure projects • Project Proposals • Reports of international investment events at which the AWF has participated • Policy review reports • Draft policies • Knowledge products prepared by the AWF • Physical inspection of knowledge systems
	Output 3.2: Operational networking platform and strengthened and communication tools in the AHWS/AWF	3.2. Number of years during which the networking platform for linking project developers and potential funders is operational.	3.2. 0	3.2. 4	
	Output 3.3: Project owners provided with insurance guarantee and risk mitigation services for their services.	3.3. Number of projects to which insurance guarantee brokerage services have been provided	3.3. 0	3.3. 2	
	Output 3.4: The African Urban Sanitation Investment Fund (AUSIF) established and operated	3.4. Amount of investment financing mobilized for AUSIF (indirectly related to SDG 6.a.1 and SDG 10.b.1)	3.4. 0	3.4. € 150 M	
STRATEGIC PRIORITY 4: WATER GOVERNANCE					
Output 4: Water governance, knowledge management, institutional capacity, and partnerships for water security on the African continent strengthened.					
OUTPUTS	Output 4.1: Improved policy, legal and institutional frameworks for water resources management and development at RMC, REC and transboundary RBO levels.	4.1a Number of policies, legal and institutional framework reviews completed at REC and RMC levels (indirectly related to SDG 6.5.1) 4.1b Number of policies, legal and institutional framework reviews completed at transboundary water basin levels (indirectly related to SDG 6.5.1 and SDG 6.5.2)	4.1. 0	4.1. 2 frameworks	<ul style="list-style-type: none"> • AWF Annual Reports • Project supervision reports • Project Feasibility and design reports • Project Completion Reports • Tender documents for infrastructure projects • Project Proposals • Reports of international investment events at which the AWF has participated • Policy review reports • Draft policies • Knowledge products prepared by the AWF • Physical inspection of knowledge systems.
	Output 4.2: Gender-informed, climate resilient and nature-based integrated water resources investment strategies - RBO levels.	4.2. Number of gender-informed, climate resilient and nature-based integrated water resources management plans and investment strategies prepared at RBO or REC levels (indirectly related to SDG 6.5.1 and SDG 6.5.2)	4.2. 0	4.2. 1	
	Output 4.3: Improved water sector knowledge bases and information management systems available at REC and RBO levels.	4.3. Number of knowledge bases and information management systems improved at REC and RBO levels (indirectly related to SDG 6.5.1 and SDG 6.5.2)	4.3. 0	4.3. 1	
	Output 4.4: Climate change adaptation and mitigation strategies and action plans available at all levels; and improved early-warning systems and hydrometeorological and hydroclimatic	4.4a Number of climate change adaptation and mitigation strategies/ action plans prepared at RMC, REC and transboundary RBO levels. (indirectly related to SDG 6.5.1, SDG 6.5.2 and SDG 13.2.1)	4.4a 0	4.4a 1	

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Indicators	Baseline (2021)	Target by 2025	
	monitoring networks available at REC and RBO levels.	4.4b Number of improved early-warning systems and hydro-meteorological/ hydro-climatic monitoring networks (indirectly related to SDG 6.5.1).	4.4b 0	4.4b 1	
	Output 4.5: Strengthened capacity of water sector institutions at REC, RBO and RMC levels for water governance, and water resources management and development.	4.5. Number of countries supported to (a) strengthen O&M of rural WASH; (b) improve cross-sectoral coordination; (c) increase sanitation and hygiene advocacy; and (d) number of RECs and RBOs supported to improve water governance (indirectly related to SDG 6.5.1, SDG 6.5.2 and SDG 6.b.1).	4.5. (a) 3 (b) 2 (c) 0 (d) 4 REC and 10 RBO	4.5. (a) 5 (b) 4 (c) 2 (d) 5 REC and 11 RBO	
	Output 4.6: Strengthened capacity of Bank staff and Departments for IWRM.	4.6. Number of female and male Bank staff that have received training in IWRM.	4.6. 0	4.6. 10 and 20, resp.	
	Output 4.7: A platform for communication, networking and knowledge sharing on water available in the AHWS/AWF.	4.7. Number of information and knowledge products disseminated by the AWF.	4.7. 0	4.7. 25	
	Output 4.8: Partnerships essential for sustaining the AWF's mission nurtured.	4.8. Number of partners in the AWF's database.	4.8. 0	4.8. 100	
	KEY ACTIVITIES			INPUTS	
	<ul style="list-style-type: none"> • Reviewing funding applications received at the Facility • Identifying Executing Agencies and setting up project management structures • Procuring engineering firms to carry out project preparation • Conducting reviews of policy, legal and institutional frameworks of water-related sectors at national and transboundary water basin levels • Carrying out project feasibility and design studies • Implementing catalytic investments in partnership with private financiers • Carrying out project structuring • In support with other Bank Departments, providing brokerage services to support project developers with risk-mitigation measures • Mobilizing resources for downstream investments, arranging roundtable events and marketing bankable water sector investment opportunities • Participating in international events and gatherings, and marketing investment projects there • Developing and operating a networking platform to enhance interactions between project developers and potential financiers • Procuring communication firms to design and produce knowledge and information products, disseminating knowledge products, developing and operating a knowledge portal for sharing of experiences, innovation, and best practices. • Designing and implementing capacity building measures. • Nurturing and sustaining partnerships • Providing technical oversight and supervision of project activities in the beneficiary countries • Carry out training of AWF and country staff. • Preparing quarterly, half-yearly and annual progress reports • Conducting annual financial audits of the Programme • Carrying out mid-term review of the Programme • Preparing final project audits and writing Project Completion Reports. 			<ul style="list-style-type: none"> • Administrative budget support from the AfDB • Financial contributions from other development partners • Financial contributions from private and commercial sector • Financial and in-kind contribution from beneficiary countries • Donor-funded TA • AfDB/AWF staff time 	

Annex 2: Detailed Budget

COMPONENT	Quantity	Grants (€ mil)	TA and Administrative Budget Support (€ mil)	Downstream Investments Amount (€ mil)
STRATEGIC PRIORITY 1: PROJECT PREPARATION				
<i>Output 1.1:</i> Investment ready, gender-informed, climate-resilient urban water supply, sanitation, and hygiene project proposals available	10 projects	13.75		
<i>Output 1.2:</i> Investment ready, gender-informed, climate-resilient rural water supply, sanitation, and hygiene project proposals available	10 projects	13.75		
<i>Output 1.3:</i> Gender-informed, climate-resilient national water supply, sanitation and hygiene investment strategies and programs prepared; and bankable WASH projects available	2 projects	3		
<i>Output 1.4:</i> Investment ready, gender-informed, climate-resilient infrastructure project proposals for increasing agricultural water management available.	2 projects	2.5		
<i>Output 1.5:</i> Investment ready, gender-informed, climate-resilient multi-purpose water resources management and development projects available.	3 projects	7.5		
<i>Output 1.6:</i> Investment financing mobilized for bankable urban and rural WASH projects, agricultural water management projects and multipurpose water infrastructure development projects prepared by the AWF.	2 projects			100
STRATEGIC PRIORITY 2: CATALYTIC INVESTMENTS				
<i>Output 2.1:</i> Innovative or alternative business models and technologies for provision of water-related goods and services through the public or commercial sector replicated or piloted.	2 projects	2		
<i>Output 2.2:</i> Private sector financing (viability gap financing) mobilized and applied to support basic water and sanitation services for rural and urban populations, irrigation schemes that benefit smallholder (often women and the youth) farmers, and small-scale hydropower systems.	2 projects	1.5		25
<i>Output 2.3:</i> Programmatic investments mobilized and applied to catalyze additional resources independently or through co-financing to support priority and/or innovative WASH projects.	7 projects	6	1	50
<i>Output 2.4:</i> Financing for innovative financing instruments mobilized and applied to attract investment for individual WASH projects or pooled resources for the investment in the sector.	2 Projects	1	1	
STRATEGIC PRIORITY 3: INVESTMENT PROMOTION				
<i>Output 3.1:</i> Processes for mobilization of investment financing coordinated and facilitated, and investment financing mobilized for bankable urban and rural WASH projects, agricultural water management projects and multipurpose water infrastructure development projects.	WASH: 1 project Agriculture: 2 projects Multipurpose : 1 project	0.15 0.10 0.05		25 100 50
<i>Output 3.2:</i> A networking platform established and operated in the AHWS/AWF and communication tools strengthened as a means for marketing investment project opportunities and connecting project sponsors with potential financiers, while also growing the proportion of women-owned businesses operating in the sector.	Networking and marketing platforms and tools operated and maintained for 4 years	0.05	0.15	

COMPONENT	Quantity	Grants (€ mil)	TA and Administrative Budget Support (€ mil)	Downstream Investments Amount (€ mil)
<i>Output 3.3:</i> Insurance guarantee brokerage services provided by the AWF in collaboration with other specialized Bank Departments to assist project owners with risk mitigation measures.	2 projects		0.10	
<i>Output 3.4:</i> The African Urban Sanitation Investment Fund (AUSIF) established and operated	The new AUSIF facility operated for 5 years	2.5 ¹⁰		150
STRATEGIC PRIORITY 4: WATER GOVERNANCE				
<i>Output 4.1:</i> Improved policy, legal and institutional frameworks for water resources management and development at RMC, REC and transboundary RBO levels.	2 policy review studies at RMC and REC levels 1 policy review study at RBO level	0.20 0.10		
<i>Output 4.2:</i> Gender-informed, climate resilient and nature-based integrated water resources investment strategies available at RBO levels.	1 plan	0.10		
<i>Output 4.3:</i> Improved water sector knowledge bases and information management systems available at REC and RBO levels.	1 information system	0.25		
<i>Output 4.4:</i> Climate change adaptation and mitigation strategies and action plans available at REC, RBO and REC levels; and improved early-warning systems and hydrometeorological and hydroclimatic monitoring networks available at REC and RBO levels.	1 Climate change vulnerability study 1 monitoring system	0.25 0.25	0.25	
<i>Output 4.5:</i> Strengthened capacity of water sector institutions at REC, RBO and RMC levels for water governance, and water resources management and development.				
• Countries supported to strengthen O&M of rural WASH	2 countries	2.00		
• Countries supported to improve cross-sectional coordination	2 countries	0.60		
• Countries supported to increase sanitation and hygiene advocacy	2 countries	0.60		
• No. of RECs and RBOs supported to improve water governance and IWRM	1 REC and 1 RBO	0.60		
<i>Output 4.6:</i> Strengthened capacity of Bank staff and departments for Integrated Water Resources Management and climate resilience	30 bank staff trained	0.20	0.10	
<i>Output 4.7:</i> An operational platform for communication, networking and knowledge sharing on water available in the AHWS/AWF - operated and maintained for 5 years	1 platform	0.25	0.25	
<i>Output 4.8:</i> Partnerships essential for sustaining the AWF's mission nurtured	Partnerships nurtured for 5 years		0.05	
Total		59.25	2.90	500

¹⁰ As mentioned in section 3.4.4 and Footnote 3, the actual investment for the AUSIF will depend on the final hosting institution that will be selected from the study to establish the Fund

Annex 3: Targets of the African Water Vision for the year 2025

African Water Vision Target

1. By 2025, 100% of countries should have completed development of IWRM policies and carried out institutional reform.
2. By 2025, enabling environment for regional cooperation on shared waters should be in place for 100% of river basin organizations in Africa
3. By 2025, systems for information generation, assessment and dissemination should be established in 100% of countries and 100% of transboundary water basins.
4. By 2025, review of global experiences should be completed, and sustainable financing for information generation and management implemented in 90% of the countries, and in three established basins.
5. By 2015, public awareness on capacity building for Integrated Financial Resource Management completed in 100% of countries; partnerships for strategic assistance formed in 60% of the countries; national research institutes should be established in 2 countries; and gender and youth concerns mainstreamed in 100% of countries.
6. By 2025, reduce by 95% the proportion of population without access to safe and adequate water supply, and safe and adequate sanitation.
7. By 2025, increase by 60% the water productivity of rain-fed agriculture and irrigation; and increase by 100% the size of irrigated area.
8. By 2025, develop 25% of potential of water for agriculture, hydropower, industry, tourism, and transportation at national level.
9. By 2025, implement in 100% of river basins measures for conservation and restoration of environment, biodiversity, and life-supporting ecosystems.
10. By 2025, measures for effective management of drought, floods and desertification should be operational in 100% of countries.
11. By 2025, 100% of countries should be implementing pricing and full cost recovery for water investments; there should be increasing participation of the private sector in water and sanitation financing, and the financing required for urgent water needs should be secured from national and international measures.

Annex 4: The key aspirations of Agenda 2063

Aspiration	Goals	Priority Areas
Aspiration 1: A prosperous Africa based on inclusive growth and sustainable development.	(1) A high standard of living, quality of life and wellbeing for all citizens	<ul style="list-style-type: none"> • Incomes, jobs and decent work • Poverty, inequality, and hunger • Social security and protection including persons with disabilities • Modern and livable habitats and quality services
	(2) Well educated citizens and skills revolution underpinned by science, technology, and innovation	<ul style="list-style-type: none"> • Education and STI skills driven revolution
	(3) Healthy and well-nourished citizens	<ul style="list-style-type: none"> • Health and nutrition
	(4) Transformed economies	<ul style="list-style-type: none"> • Sustainable and inclusive economic growth • STI driven manufacturing / industrialization and value addition • Economic diversification and resilience • Hospitality/tourism
	(5) Modern agriculture for increased productivity and production	<ul style="list-style-type: none"> • Agricultural productivity and production
	(6) Blue/ ocean economy for accelerated economic growth	<ul style="list-style-type: none"> • Marine resources and energy • Ports operations and marine transport
	(7) Environmentally sustainable and climate resilient economies and communities	<ul style="list-style-type: none"> • Sustainable natural resource management and biodiversity conservation • Sustainable consumption and production patterns • Water security • Climate resilience and natural disasters preparedness and prevention • Renewable energy
Aspiration 2: An integrated continent; politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance.	(8) United Africa (federal or confederate)	<ul style="list-style-type: none"> • Framework and institutions for a united Africa
	(9) Continental financial and monetary institutions are established and functional	<ul style="list-style-type: none"> • Financial and monetary institutions
	(10) World class infrastructure traverses Africa	<ul style="list-style-type: none"> • Communications and infrastructure connectivity
Aspiration 3: An Africa of good governance, democracy, respect for human rights, justice and the rule of law.	(11) Democratic values, practices, universal principles of human rights, justice and the rule of law entrenched	<ul style="list-style-type: none"> • Democracy and good governance • Human rights, justice, and the rule of law
	(12) Capable institutions and transformative leadership in place	<ul style="list-style-type: none"> • Institutions and leadership • Participatory development and local governance
Aspiration 4: A peaceful and secure Africa.	(13) Peace, security and stability preserved	<ul style="list-style-type: none"> • Maintenance and preservation of peace and security
	(14) A stable and peaceful Africa	<ul style="list-style-type: none"> • Institutional structure for AU instruments on peace and security
	(15) A fully functional/operational APSA	<ul style="list-style-type: none"> • Fully operational and functional APSA pillars
Aspiration 5: An Africa with a strong cultural identity, common heritage, shared values and ethics.	16) African cultural renaissance is preeminent	<ul style="list-style-type: none"> • Values and ideals of pan Africanism • Cultural values and African renaissance • Cultural heritage, creative arts, and businesses
Aspiration 6: An Africa, whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children.	(17) Full gender equality in all spheres of life	<ul style="list-style-type: none"> • Women and girls' empowerment • Violence and discrimination against women and girls reduced
	(18) Engaged and empowered youth and children	<ul style="list-style-type: none"> • Youth empowerment and children
Aspiration 7: Africa as a strong, united, resilient and influential global player and partner.	(19) Africa as a major partner in global affairs and peaceful co-existence	<ul style="list-style-type: none"> • Africa's place in global affairs. • Partnership
	(20) Africa takes full responsibility for financing her development	<ul style="list-style-type: none"> • African capital market • Fiscal system and public sector revenues • Development assistance

Annex 5: List of political declarations and commitments on water and sanitation (source: DHI, 2016a)

No.	Short Form	Description of Declaration
AU Heads of State Declarations		
1.	Sirte 2004	Sirte Declaration on the Challenges of Implementing Integrated and Sustainable Development in Agriculture in Africa, signed by AU Heads of States. Ex/Assembly/AU/Decl. 1 (II).
2.	Sharm El Sheikh 2008	The ‘Sharm El-Sheikh Commitments’ for Accelerating the Achievement of Water and Sanitation Goals in Africa’, signed by AU Heads of States, Sharm El-Sheikh, Egypt, July 2008. Assembly/AU/Dec. (XI).
Ministerial Declarations and Outcome documents		
3.	PANAFCON 2003	The Pan-African Implementation and Partnership Conference on Water gave rise to the African Ministerial Commitments on Implementation and Partnerships for Achieving the Water and Sanitation Targets, committed to by AMCOW Ministers.
4.	AMCOW 2007	Brazzaville Declaration African Ministers’ Council on Water (AMCOW) Brazzaville, Republic of Congo, on 31 May, 2007 that established the Annual Africa Water Week and recommended an MoU with the World Bank Water and Sanitation Programme.
5.	AMCOW 2008	Ministerial Declaration on Accelerating Water Security for Africa’s Socio-Economic Development, issued during the first African Water Week, March 2008.
6.	eThekwini 2008	The eThekwini Declaration, eThekwini Commitments on Sanitation, AfricaSan+5 Conference on Sanitation and Hygiene, Durban, South Africa, February 2008 — the International Year of Sanitation. It is a commitment by African Water Ministers to accelerate the attainment of sanitation MDGs
7.	Sirte 2008	Declaration of the Ministerial Conference on Water for Agriculture and Energy in Africa: The Challenges of Climate Change, Sirte 17 December, 2008
8.	Johannesburg 2009	Carrying forward the Sharm El-Sheikh Commitments on Water and Sanitation adopted by the African Union Assembly of Heads of State and Government: “a sprint to the finish line”. Issued by AMCOW during the 2nd Africa Water Week in Johannesburg, November 2009. It is a roadmap for the implementation of the Sharm El-Sheikh Declaration.
9.	AMCOW Gender 2011	‘AMCOW Policy and Strategy for Mainstreaming Gender in the Water Sector in Africa’, 2011.
10.	AMCOW 2013	Outcomes of the 11 th meeting of the Executive Committee of the African Ministers’ Council on Water, 6th June, Cairo, Egypt (11 th EXCO meeting) which endorsed a proposal or a water-specific SDG and approved a grant from the Bill and Melinda Gates foundation for supporting sanitation.
11.	Tunis 2013	Tunis Outcome Document for the Water Sector post-2015 Thematic Consultations, 1 March 2013.
12.	AMCOW Gender 2014	‘AMCOW Policy and Strategy for Mainstreaming Gender in the Water Sector in Africa’, 2014.
13.	Gender 2014	Ministerial Declaration, Adopted by Ministers at the Gender, Water and Development Conference, East London, South Africa, 5 November 2014.
14.	N’gor 2015	‘N’gor Declaration on Sanitation and Hygiene’, adopted by African Ministers responsible for water and sanitation on 27 May 2015 at AfricaSan4, Dakar, Senegal.

Annex 6: Development Goals and Targets of the 2030 Agenda for Sustainable Development

(Extract of water-related targets and indicators)

SDG Goals	SDG Targets
Goal 1. End poverty in all its forms everywhere.	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p> <p>1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</p>
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	<p>2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>
Goal 3. Ensure healthy lives and promote well-being for all at all ages.	<p>3.2 By 2030, end preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.</p> <p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.</p>
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<p>4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.</p>
Goal 6. Ensure availability and sustainable management of water and sanitation for all.	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p> <p>6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.</p> <p>6.6 By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</p> <p>6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.</p>

SDG Goals	SDG Targets
	6.b Support and strengthen the participation of local communities in improving water and sanitation management.
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	<p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p>
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	<p>11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p> <p>11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels.</p>
Goal 12. Ensure sustainable consumption and production patterns	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
Goal 13. Take urgent action to combat climate change and its impacts	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning.</p>
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<p>15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species.</p> <p>15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.</p> <p>15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.</p>

Annex 7: Results of SWOT analysis of the AfDB Water Trust Funds

THEME	STRENGTHS	WEAKNESSES
Human Resources	<ul style="list-style-type: none"> Use of the AfDB human resources in different countries gives the Water Trust Funds a reach that it would otherwise never have. Can implement projects across the continent using existing human resources in water, energy, agriculture at country level. 	<ul style="list-style-type: none"> Insufficient Human Resources, with staff not mapped to strategic needs. For a long time RWSSI had only one staff member serving as a Focal Person. The rest of the members of the team have been consultants for RWSSI. Task managers doing a great job but not much focused on RWSSI. The One Bank Approach and reliance on other existing staff within the AfDB has not helped deliver results. Most of the Task managers are also doing work on other issues, which make it difficult to report on AWF/RWSSI activities. Tendency is to focus on bigger projects. Portfolio analysts support the entire department, and it becomes a challenge to support the AWF in addition.
Governance		<ul style="list-style-type: none"> Weaker governance structure for RWSSI in providing strategic guidance and direction. Governance mechanisms have offered limited support for RWSSI. There was a very participatory process that led to the development of the phase III Strategy but it was difficult to put into implementation. There were many weaknesses, but the strengths were never validated. Each pillar had crucial needs. These pillars were adopted because they had value but there was a lack of resources to move them forward. As such, the strengths of RWSSI preceded the phase III strategy with no new strengths to speak of. AWF Governance structure has not allowed continuous engagement with RMCs.
Finance	<ul style="list-style-type: none"> Administration of the trust fund by the AfDB as a financial instrument that uses bank procedures and rules that guarantees transparency. This gives development partners confidence regarding accountability mechanisms being well established. The Bank has been a supporter of the Trust Funds through in-kind support in core staffing of some key positions. This has enabled institutional memory. 	<ul style="list-style-type: none"> Resourcing of the Funds has been weak due to, among other things, weak marketing, and generally weak capacity for resource mobilization.
Communication	<ul style="list-style-type: none"> AWF has worked on a pitch document to present to funders and during this process, it was revealed within the AfDB that AWF has done many excellent things. In terms of value for money, for donors, there is a sense of strong accountability to what funders have wanted. The products are good but the people to promote the achievements to donors are missing. 	<ul style="list-style-type: none"> A lot of work is being done under the Trust Funds, but the greatest weakness is documenting and communication Communication staffing within the AfDB is a challenge as there is no one dedicated to the AWF and there is a tendency to resort to hiring consultants. Communication of Results has been weak. Many institutions tend to amplify their impact, from little investment to show they can do this because they have prioritized communications.
M&E		<ul style="list-style-type: none"> The Monitoring systems are structured around the Bank's KPIs, but this does not allow reporting on Impact and Results of the Trust Funds to wider stakeholders. There is no dedicated M&E staff to the Water Trust Funds and therefore little focus on their reporting needs.
Gender		<ul style="list-style-type: none"> It has been difficult to mainstream gender issues in the operations of RWSSI and AWF.
Partnerships	<ul style="list-style-type: none"> Partnerships are strong at facility level. 	

THEME	OPPORTUNITIES	THREATS
Human Resources	<ul style="list-style-type: none"> • Building on the two regional staff in Eastern Africa and Southern Africa through positions in Central and Western Africa. • Need a dedicated position for supporting on activities that are supporting Rural WASH in the framework of the AWF. 	
Governance	<ul style="list-style-type: none"> • Review governance structure to operationalize the relationship with AMCOW in order to expedite decisions of the GC and allow for better fundraising. • President of AMCOW and chair of GC, should be given a stronger mandate to raise funds for its Water Funds (AWF and RWSSI). 	<ul style="list-style-type: none"> • Africa has been struggling to keep the peace because of water issues. This could escalate.
Finance	<ul style="list-style-type: none"> • Need to take better advantage of existing administrative procedures in place within the Bank that saves on HR needs within the AWF/RWSSI. • How to leverage on the two TFs (going forward) by better positioning the integrated AWF to receive AfDB contributions. • Ensuring that the Bank occasionally gives the Trust Funds money to enable it better leverage additional funds from development partners, RMCs, and the private sector. 	<ul style="list-style-type: none"> • Need to focus more on climate change or else it will be more complicated to receive funds.
Communication	<ul style="list-style-type: none"> • Need for a dedicated role for comms, can be part of an existing role of the AWF portfolio. This position needs to make use of the AfDB's communication systems. • Revisit communications to have greater advocacy role by using the internal tools of the Bank that are available. This can help achieve better resource mobilization and raise awareness. • Using the RWSSI TF Webinars is an important feature to communicate engagement on key issues. 	<ul style="list-style-type: none"> • Trust Funds are not able to communicate with the people that really matter.
M&E	<ul style="list-style-type: none"> • Integrate KPIs of subsumed funds to the AWF's KPIs to motivate the task managers and ease reporting. 	<ul style="list-style-type: none"> • One risk specific to the integration is that there may be a lack of focus compared to RWSSI before.
Gender		
Partnerships	<ul style="list-style-type: none"> • The AWF is working with partners on mobilization of resources. • There is possibility of using AMCOW to bring in RMC partners. • Need to strengthen partnerships to better mobilize resources. • Going forward, there is need and opportunity to broaden partnerships by engaging in more sectors that relate to water such as public health, and creating new partnerships around the SDGs. 	

Annex 8: AWF's Communications Action Plan

This Action Plan will be adapted each year as part of the Annual Work Plan and Budget preparation

Communication strategic objective
<p>The main objective of AWF's Communication Plan is to support the Facility in achieving its overall goal of resource mobilization and increased investments in the water sector in Africa. The Plan also enables AWF to advocate and inform stakeholders on its operational activities.</p> <p>The specific objectives are as follows:</p> <ul style="list-style-type: none">• Communicate AWF's mission, mandate and expected results to enhance its perception as a 'Major Water Sector Financing Instrument in Africa'• Raise awareness of target stakeholders on AWF's progress in the achievement of its strategic and operational activities and results.• Serve as a communication tool to support AWF's resource mobilization efforts
Key audiences
<p>Key water sector institutions in all African countries and at regional water and economic institutions, African Development Bank, other multilateral development Banks and International Financing Institutions, all AWF's partners, general public, journalists, etc.</p> <p>On social media: influential bloggers, social media leaders, politic leaders, etc.</p>
Indicative Key Messages
<p>This list will be revised and elaborated regularly to address contemporary issues and findings.</p> <ul style="list-style-type: none">• The AWF is the only Project Preparation Facility (PPF) in Africa that is exclusively focused on the water sector.• The Facility has proven ability for leveraging investment financing for water sector infrastructure development.• The Facility provides support to project owners at all stages of the project preparation continuum thereby ensuring a high-quality process and outcomes.• The Facility pursues a multi-sectoral (drinking water, sanitation, energy, agriculture, climate change, etc.) focus on water and has the capacity to prepare projects that meet the requirements of a broad range of development partners.• AWF pays close attention to cross-cutting issues including gender and social equity, stakeholder participation, job creation and poverty alleviation.• AWF's can support projects in all African countries, including those in fragile situation.
Communication Products
<p>Including:</p> <ol style="list-style-type: none">1. FACT SHEETS (online and pdf version):<ul style="list-style-type: none">• One on the AWF, including the mission, goals and objectives, operations, impact, etc.• Project related – giving general information on the project, including objectives, beneficiaries, deliverables and impacts.2. PRESS RELEASES<ul style="list-style-type: none">• At least two press releases (PR) for each approved project, at the beginning and on completion. The first PR will announce the launch of the project and subsequent PRs will highlight the successes and challenges encountered by the project. The documents will be released on the AWF website, Bank website, and social media platforms. It will also be shared with the main AWF stakeholders and Media.3. COMMUNICATION PACKAGE <p>For every project that benefits from AWF funding, a communication package will be developed to capture knowledge about the project. The package will include:</p> <ul style="list-style-type: none">• 6-10 quality photos• Project Brief• 2 - 3 case studies (including social media message), especially for catalytic investment projects,• 1 video documentary (including its version for social media) <p>These documents will be released on the AWF website, social media platforms and will be shared with the main AWF stakeholders and Media.</p>

4. NEWSLETTER, WEBSITE AND SOCIAL MEDIA MANAGEMENT

An editorial roster for the website and social media will be developed to ensure their regular updating. It is planned to have at least two posts per day. Task managers, experts and donors will be encouraged to write blogs, articles and other impact stories.

5. PRESS CONFERENCE, CAMPAIGNS AND CELEBRATION

For each international day related to water or international meeting, the AWF will provide:

- Press release or write up
- Social media toolkit (including messages, hashtags and Tags, ShareCards, video, etc.),
- Possibly a virtual meeting (Webinar/Press Conference) after participation in an international meeting.

Dissemination Strategy

Communication team will use the AWF digital platforms and those of the Bank to disseminate its content. It will also ensure a massive dissemination of video content, photos, press releases, and case studies through local media (with the help of country offices).

Typical Key moments

- World Water Day
- World Toilet Day
- AWF anniversaries
- International events: Africa Water Week, World Water Week, World Water Forum, etc.

Timeline / sequencing of actions

In addition to the annual work plan, a more detailed timeline of activities will be developed on a quarterly basis taking into account key moments