

# AFRICAN WATER SECTOR: FRAMEWORK & OPPORTUNITIES



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## Executive Summary

This report explores the Institutional & Policy Framework that governs initiation, award & implementation of water sector projects in Africa along with a list of major water projects in pipeline for the African region. The report has been compiled with a view to facilitate project exports from India in African region.

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# AFRICAN WATER SECTOR: Framework & opportunities

## BACKGROUND

The scarcity of water resources in Africa has been well known. In fact a UNDP report published in 1999 found potential “water wars” likely in areas where rivers and lakes are shared by more than one country. Presence of large number of beneficiary states with their own interest to protect made the issue more complex. Nile Basin Initiative (NBI) was created to address this issue. NBI Member States include Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, Sudan, Tanzania and Uganda. Eritrea is as an observer.

The “water war” scare turned a boon in disguise as an early action on the matter paved way for historical Nile Basin Initiative and similar process was adopted for finding a solution to other water disputes in Africa. The success in finding solutions to the water disputes through dialogue & co-operation has encouraged African states to adopt similar model in other sectors of development.

It is encouraging scenario that the “water war” scenario is being replaced by “water for peace” ideology. An example of one such initiative is “African Water Facility (AWF)”.

A thematic paper titled “Transboundary Waters: Sharing Benefits, Sharing Responsibilities”, encompassing details of the subject and contact details of key officials in UN-Water department is also available for interested Project EPC members.

## SIGNIFICANCE

### FOR INDIAN PROJECT EXPORTERS

The key takeaways for India Project Exporters from the background note are as follows:

- 1) It would be ideal to start marketing initiatives through one of the facilitation bodies like “AWF” since they could provide links and insights into decision making structures of co-operating states.
- 2) These agreements result in complex decision making structures and processes, which is not a desirable scenario for any corporate interested in taking up projects in water sector, however it is offset by significantly reduced geo-political risk for any trans-border project thereby reducing the cost of money for these projects.
- 3) Once a company establishes its credentials with one of these co-operative bodies it would be relatively easier to bid for other infrastructure development projects in the states who are party to these agreements.

# INITIATIVES & INSTITUTION

## AFRICAN WATER FACILITY (AWF)

The African Water Facility (AWF) is an initiative led by the African Ministers' Council on Water (AMCOW) to mobilize resources to finance water resources development activities in Africa. The African Development Bank (AfDB) hosts the facility on the request of AMCOW.

The AWF was legally established by the Board of Governors of the African Development Bank, at its Annual Meetings in Kampala on 25 May 2004 by approving the "Instrument" for the establishment of the African Water Facility Special Fund.

The AWF's operations are guided by its "Governing Council" and implemented according to the rules of its host agency, the African Development Bank. Procurement and disbursement are conducted by applying fast-track procedures.

The AWF Governing Council approves the operational focus of the Facility and the proposed areas of intervention; the "Board of Directors" of the African Development Bank has the mandate to approve "operational procedures" and the financing of projects and programmes.

AWF applies fast-approval and flexible procedures and can provide support to communities as well as to national and multinational institutions.

### **AWF > OBJECTIVES:**

The major objectives of the African Water Facility are to attract and make effective use of increased and appropriate investments needed to achieve national and regional water sector targets in Africa.

Two broad "areas of support" have been defined in that regard:

- Improving the enabling environment to attract more investments
- Direct capital investments for the purpose of triggering larger investments for sustainable development, focusing on Integrated Water Resources Management (IWRM) at the national level and Transboundary Water Resources Management (TWRM) at the regional level (AMCOW/NEPAD priorities).

### **AWF > AREAS OF INTERVENTION:**

In accordance with the original AWF Operational Strategy, its resources are applied primarily to projects and programmes focused on the following four themes:

- Strengthening water governance, resulting in African countries and regional organizations having increased capacity to govern their water resources effectively based on Integrated Water Resource Management (IWRM) principles and transboundary cooperative arrangements to foster regional cooperation and integration.
- Investments to meet water needs, resulting in advances made in meeting water needs through direct project investments and adoption of innovative technologies and approaches as well as preparing high impact investment projects.

- Strengthening the financial base, resulting in African countries and regional organizations benefiting from increased financial resources due to an improved environment for sustainable financing and better availability and access to funds.
- Improving water knowledge, resulting in increased capacity for informed decision-making at all levels to guide water sector development planning and implementation for results.

### **AWF > THREE STRATEGIC PRIORITIES 2012-2016**

The Strategic Plan 2012-2016 provides that the main objective of the AWF and its measure of success be primarily the mobilization of financing for investment and that its strategic priorities be synergetic and articulated around this goal.

These are concentrated in three areas of operational focus:

#### **1. Preparing Investment Projects - to mobilise investment funds**

AWF provides financial and technical assistance for the preparation of pre-feasibility and feasibility studies, investment plans, and structured public, private and PPP operations with the aim of ensuring that investment projects are bankable, feasible and can be successfully and appropriately implemented. All of these activities are necessary conditions for securing investment financing. The Facility also supports small strategic - innovative and catalytic - investment projects, comprising the realisation of small scale water and sanitation infrastructure, notably in Fragile States and community initiatives, implemented to stimulate up-scaling.

#### **2. Enhancing Water Governance - to create a conducive environment for effective and sustainable investments**

AWF provides financial and technical assistance for the design and implementation of national, regional and transboundary water policies, strategies as well as IWRM plans that lead to investment plans and resource mobilization strategies, among others, to improve the governance of the water sector, attract investments and ensure that the growth of the water sector is carried out in a sustainable way.

#### **3. Promoting Water Knowledge - for the preparation of viable projects and informed governance leading to effective and sustainable investments**

AWF provides funding for the development and implementation of water information systems, M&E and knowledge products, for informed management of water resources and improved decision-making at national, regional and transboundary levels.

### **AWF > FINANCING & PROCUREMENT**

All grants of the AWF are approved by the AfDB Board of Directors or by AWF management, as delegated by the Board within the levels of approval authority.

The Euro has been defined as the official currency of AWF. Submitted projects are eligible between the floor of € 50,000 and the ceiling of €5,000,000.

The modes of procurement of goods and services under the Facility shall essentially be governed by the existing Rules of Procurement of the African Development Bank, as modified by the present operational procedures.

Where they exist, national procurement procedures may be used when they respond to international standards and found consistent with the underlying principles of Bank procurement policies.

## NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)

The New Partnership for Africa's Development (NEPAD), an African Union strategic framework for pan-African socio-economic development, is both a vision and a policy framework for Africa in the twenty-first century. NEPAD is a radically new intervention, spearheaded by African leaders, to address critical challenges facing the continent: poverty, development and Africa's marginalisation internationally.

NEPAD provides unique opportunities for African countries to take full control of their development agenda, to work more closely together, and to cooperate more effectively with international partners.

NEPAD manages a number of programmes and projects in six theme areas. These themes are:

- Agriculture and Food Security.
- Climate Change and National Resource Management.
- Regional Integration and Infrastructure.
- Human Development.
- Economic and Corporate Governance.
- Cross-cutting Issues, including Gender, Capacity Development and ICT.

## WATER AND SANITATION PROGRAM (WSP)

The Water and Sanitation Program (WSP) is a multi-donor partnership administered by the World Bank to support poor people in obtaining affordable, safe and sustainable access to water and sanitation services.

WSP is an independent, donor-funded program administered within the Department of Energy, Water and Transport in the Sustainable Development Network Vice Presidency of The World Bank. To read more on WSP and its governance structure, please see our Council Charter. Take a moment to see our Publications, News, and Events to discover what WSP is doing today.

### WSP > MANAGER

Ms. Jaehyang So is Manager of the Water and Sanitation Program (WSP), a multi-donor partnership administered by the World Bank to support poor people in obtaining affordable, safe, and sustainable access to water and sanitation services. Under Ms. So's leadership, WSP designed and is implementing a results based program in its 24 focus countries and globally.

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## WATER SECTOR PROJECTS IN PIPELINE

The AWF is currently evaluating more than 30 project proposals.

Over 25 out of these are coming from stakeholders at the national level while six are of regional nature and were encouraged by the AWF as strategic regional initiatives.

Current projects in the pipeline include:

### Multinational (Malawi/Tanzania)

- Detailed Design of Songwe River Basin Development = €3,000,000.

### Multinational- ENTRO

- Baro-Akobo-Sobat Multipurpose Water Resource Development Study project-Project Proposal = €2,000,000.

### Nigeria

- Reoptimization of the Tiga and Chalawa Gorge Dams = €1,000,000.

### Republic of Congo

- Congo support sector reform and rural WSS = €1,647,000.

### Ghana

- Design for service: A Novel Reuse-oriented Approach to improving the long-term operation of sanitation Facilities in Ghana = €480,000.

### Ethiopia

- Development of Dam Safety Directive, design and Guidelines = €2,000,000.

## Multinational

- Plan d'action de gestion durable des ressources en eau de la Mano River

## Multi-GHARP-KRA

- Piloting the tested integrated RHM systems and complementary technologies in ASAL districts of Ethiopia and Uganda, as well as continue replication and up-scaling of the tested RHM systems in Kenya = €1,270,000.

## Uganda

- Domestic Rainwater Harvesting Program for Improved Health and Livelihoods in SW Uganda districts = €2,564,000.

## Benin

- Levier d'accès à l'eau et l'assainissement pour les communautés et autorités locales du Bénin = €2,000,000

## ZAMBIA

- Programme for the Development of Multipurpose dams = €2,000,000.

## Multinational

- ECOWAS IWRM Indicators Project-Regional West African Water Observatory = €1,300,000.

## Zambia

- Water Resources Development Project = €2,000,000.

## Multi-CEN-SAD

- Réalisation de la Monographie des ressources en eau de l'espace CEN-SAD = €1,200,000.



## Multinational

- Feasibility Study for the Shire Zambezi Waterways Projects = €1,388,310.

## Cote d'Ivoire

- Plan de Developpement de l'hydraulique humaine = €1,173,857.

## Mali

- BOOT-Préparation de projet: Alimétation en eau potable de la ville de Bamoko = €1,500,000.

## Multinational

- Plan d'Action de Gestion durable des ressources en eau de la rivière Mano = €1,987,230.

## Cap Vert

- Etude de mobilization des Eaux = €1,427,622.

## Madagascar

- National IRWM Plan = €1,841,000.

Sources: AWF, NEPAD, WSP, UN, WORLD BANK, BBC ARCHIVES

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