The African Development Bank Group

WATER STRATEGY 2021 – 2025

Towards a Water Secure Africa

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT

FOREWORD

It is with great pleasure that I share with you the African Development Bank Group's Water Strategy 2021-2025: Towards a Water Secure Africa. This Strategy was approved by the Bank's Board of Executive Directors in November 2021.

The Water Strategy is underpinned by the Bank's new Policy on Water, approved in May 2021. The strategy has been developed to guide the implementation of the Policy on Water up to 2025, the sunset year of the African Water Vision 2025. It presents the Bank's strategic focus to support the achievement of several of the Bank's five priority goals with a focus on improving the quality of life for the people of Africa; the 2030 Agenda, notably the attainment of Sustainable Development Goal 6 (SDG 6) on water and sanitation; and the Africa Union's Agenda 2063: The Africa We Want.

Currently, the water situation on the continent is dire with very limited exploitation of its resources. Only 6% of cultivated land is irrigated and 11% of hydropower potential is utilized. Moreover, climate change is threatening water security and exacerbating reductions in total renewable water resources per capita for many countries. For example, the total renewable water resources per capita in Kenya have shrunk by 83% over the past 56 years. Access to water and sanitation services is very low: over 400 million people do not have access to basic drinking water services, over 750 million lack access to basic sanitation services, and over 700 million people have no access to handwashing facilities. Ominously, current levels of investments are outstripped by increases in population, and the number of unserved people is rising. As a result, there is a high incidence of disease that reduces the vitality and overall economic productivity of Africa.

In view of the above inadequacies and inequities, the Water Strategy aims to increase water security for Africa, where transformed water resources foster sustainable green and inclusive socio-economic growth and development. Four strategic aims have been identified as crucial to realizing the objective of the Water Strategy: 1) Achieving integrated and sustainable water resource management at regional and local levels; 2) Strengthening the delivery of water supply, sanitation, and hygiene (WASH) services; 3) Increasing the availability of sustainable water resources for food production and improved nutrition; and, 4) Increasing the sustainable development of water for energy, notably hydropower.

The Bank consulted widely and is grateful for the engagement and feedback of stakeholders from the continent and beyond.

Effective implementation of the Strategy calls for increased funding from all sources including the private sector and climate change funds; strengthened partnerships and coordination with development partners, the private sector, academic institutions, and civil society within the countries, regions and basin organizations; and strengthened capacities and knowledge of the resource, among others.

The Water Strategy is a call from the Bank to all stakeholders to come together in achieving a water-secure and socio-economically strong African continent. We invite all stakeholders and partners in the water sector to familiarize themselves with this Strategy.

Beth Dunford,
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ABBREVIATIONS

AfDB	African Development Bank Group
AHVP	Agriculture and Human Development Complex of the Bank
AHWS	Water Development and Sanitation Department of the Bank
AMCOW	African Ministers' Council on Water
ANRC	Africa Natural Resources Centre
AUSIF	Africa Urban Sanitation Investment Fund
AWF	African Water Facility
AWV	Africa Water Vision 2025
CWSA	Country Water and Sanitation Assessments
CSP	Country Strategy Paper
FAO	Food and Agricultural Organization
GCI	General Capital Increase
GW	Gigawatt
ICA	Infrastructure Consortium of Africa
IWRM	Integrated Water Resources Management
MIS	Management Information Systems
NAPs	National Adaptation Plans
NbS	Nature-based Solutions
NDCs	Nationally Determined Contributions
NEPAD	New Partnership for Africa's Development
NRW	Non-Revenue Water
OECD	Organization for Economic Co-operation and Development
OP	Operational Priority
PoWCCC	Policy on Water Cross-Sector Coordination Committee
REC	Regional Economic Community
RMC	Regional Member Country
RWSSI	Rural Water Supply and Sanitation Initiative
RWSSI-TF	Rural Water Supply and Sanitation Initiative Trust Fund
SDG	Sustainable Development Goal
SP	Strategic Pillar
TYS	Ten Year Strategy of the Bank (2013 – 2022)
UA	Unit of Account
UMDF	Urban and Municipal Development Fund for Africa
UN	United Nations
UNEP	United Nations Environment Programme
UWSS	Urban Water Supply and Sanitation
WASH	Water, Sanitation and Hygiene
WSS	Water Supply and Sanitation
WUA	Water User Associations

EXECUTIVE SUMMARY

I. **Water security underpins sustainable development and plays a crucial role in achieving the 2030 Agenda.** A 2018 UN Report[1] concluded that achieving SDG 6, ensuring water and sanitation for all, is essential for progress on all other SDGs, and conversely, the achievement of SDG 6 depends on the overall progress of the entire 2030 Agenda. It also concluded that the world is far from reaching SDG 6. For Africa, like elsewhere, water both enables and is impacted by many other sectors. Water is a necessity for life, indispensable for domestic consumption, also so essential for many economic sectors including agriculture and food production, energy production, transport, industry and tourism. Nearly 3 out of 4 jobs in the global workforce (3.2 billion people), are moderately or highly dependent upon access to water and water-related services[2].

Water is vital for the health of humans and the ecosystems they inhabit. During the Covid-19 pandemic, water, sanitation, and hygiene (WASH) interventions have been critical as a 'first line of defence'. Water is therefore managed at varying levels and competed for by a broad range of stakeholders.

II. **The development potential of Africa's water resources is constrained by a huge infrastructure gap which is holding back the continent's transformation and risks compounding the impacts of climate change.** The average per capita water withdrawal in Africa is less than 40% of the world's average; about 11% of the hydropower potential utilized[3] (from increased storage or run-of-river infrastructure); and only about 6% of cultivated land is irrigated, with the irrigable potential much higher. Increasing pressures and threats on water resources are intensified by demographic trends in Africa and the effects of climate change. In Africa, climatic change is especially pronounced with droughts and floods - annually responsible for at least 1,000 deaths, 13 million people seriously affected, and US$520 million in direct economic damages since the beginning of the millennium.

[1] United Nations (2018). Sustainable Development Goal 6 Synthesis Report 2018 on Water and Sanitation. New York

[2] UN World Water Development Report (2016), Water and Jobs.

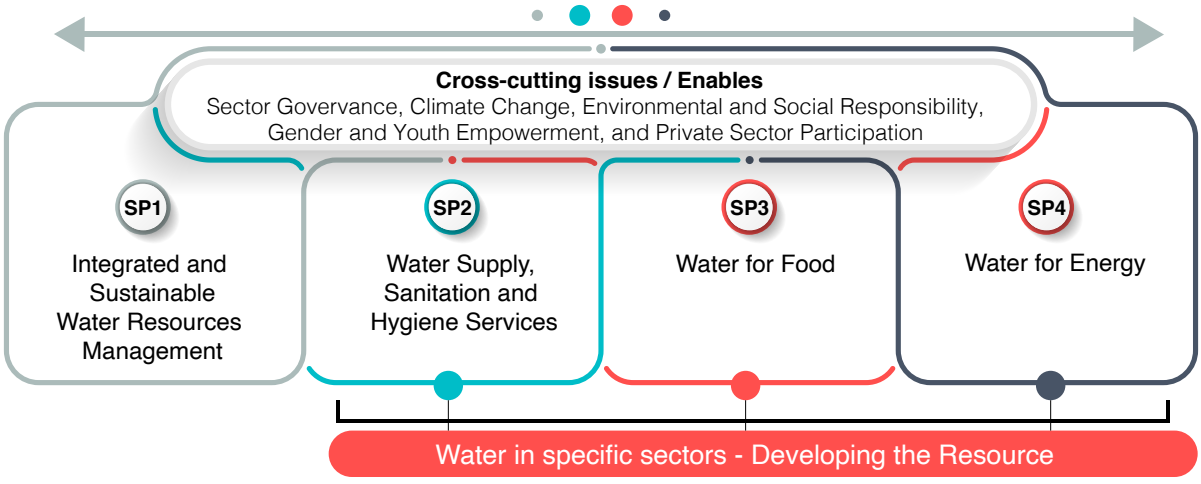
[3] International Hydropower Association (2020). Hydropower Status Report Sector Trends and Insights

III. **This Water Strategy presents the Bank's strategic focus and priorities to support the operationalization of its Policy on Water, and the achievement of its 'High 5' goal on improving the quality of life for the people of Africa.** It aims to reposition the Bank's support for Regional Member Countries (RMCs) towards attaining water security, a core objective of the ten-year strategy (TYS, 2013-22), the High 5 priorities, the Africa Water Vision 2025, the 2030 Agenda for Sustainable Development and the aspirations of the African Union's Agenda 2063, "The Africa We Want".

IV. **The goal of the Water Strategy, aligned with both the African Water Vision and the Policy on Water, is "increased water security for Africa, where transformed water resources foster sustainable, green and inclusive socio-economic growth and development"[4].** The Bank seeks to be the premier partner to achieve water security for inclusive and sustainable growth in Africa, with the strategy based on four strategic objectives (or pillars) that acknowledge the importance of water across multiple dimensions (see figure 1 below). Pillar 1 sets a framework for success across the other three pillars; the latter pillars correspond to the three areas of focus in the Policy on Water. The pillars are:

- **Pillar 1: Achieve integrated and sustainable water resources management,** through assessment of the resource and its ecosystems; as well as supporting institutions and the broader enabling environment.
- **Pillar 2: Strengthen the delivery of water supply, sanitation, and hygiene (WASH) services** to become sustainable, resilient, and inclusive, through increased investments, institutional support, and sustainability in both urban and rural areas
- **Pillar 3: Increase the availability of sustainable water resources for food production and improved nutrition,** including improved agricultural water management and investments which sustain fisheries and support ecosystems.
- **Pillar 4: Increase the sustainable development of water for energy in terms of hydropower potential,** thus complementing the New Deal for Africa Strategy and acknowledging the importance of energy for water security.

Figure 1 : The Pillars of the water strategy



V. **Cross-cutting enablers for the Strategy include partnerships, private sector participation, gender and youth empowerment, environmental and social responsibility, and mitigating climate change.** Sector reforms and governance, including capacity-building and knowledge generation are key to ensuring quality and sustainable results. Internal and external expertise in these cross-cutting enablers will be necessary to support the outcomes targeted by the strategic pillars.

VI. **In implementing the Strategy, the Bank will deploy its complete range of non-fi-**

[4] While "water security" has different meanings for some actors, the Bank adopts the UN-Water definition (see Box 1).

nancial and financial instruments as well as the extensive expertise of Bank staff to provide high quality dialogue and implementation support. In doing so, the Bank will be (i) scaling up, deepening, and disseminating knowledge and analytical work; (ii) fostering more conducive enabling environments including comprehensive policy reforms; (iii) increasing financing and strengthening the support to programs and projects through enhanced partnerships, and (iv) operating as "One Bank" as it serves RMCs. The Bank will track progress towards goals through indicators and targets aligned with other strategies in the Bank and presented in the Strategy's Results Measurement Framework.

1. INTRODUCTION

Brief Context

1.1. Water security[5] (see Box 1) underpins sustainable development. Water, in adequate quantity and quality, is essential for all aspects of life and sustainable development. Due to its centrality to each of the three sustainable development dimensions of society, economy and environment, water plays a crucial role in the 2030 Agenda. A 2016 UN-Water publication[6] explored many of the complex interlinkages between the water sustainable development goal (SDG 6) and the other SDGs and highlighted the importance of mainstreaming water into the policies and plans of other goals, and of managing the connections between them. A 2018 UN Report[7] concluded that achieving SDG 6 is essential for progress on all other SDGs, and equally, the achievement of SDG 6 depends on the progress of the entire 2030 Agenda. It also concluded that the world is far from reaching SDG 6. Water is also the main medium through which climate change influences ecosystems, aquatic living resources, and thus food, livelihoods, and the well-being of societies. However, the benefits of drinking water supply can only be fully realized when there is also access to improved sanitation and adher-

Box 1: Definition of water security

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.

Water security encapsulates complex and interconnected challenges and highlights water's centrality for achieving a larger sense of security, sustainability, development and human well-being [...]" (UN-Water, 2013).

5 While "water security" has different meanings for some actors, the Bank adopts the UN-Water definition.

6 UN-Water, 2016: Water and Sanitation Interlinkages across the 2030 Agenda for Sustainable Development. Geneva

7 United Nations (2018). Sustainable Development Goal 6 Synthesis Report 2018 on Water and Sanitation. New York

ence to hygienic practices. During the Covid-19 pandemic, water, sanitation, and hygiene (WASH) have been a major 'first line of defence,' illustrating the cruciality of water to health.

1.2. The water sector is complex as it affects many other sectors, therefore necessitating integrated and collaborative development and management. Water is a necessity for life, indispensable for human consumption and so essential for economic sectors including agriculture and food production, energy production, transport, industry, tourism and for the functioning of entire ecosystems. It is therefore managed at many points and competed for by a broad range of users. Water is also a major job 'enabler'. Nearly 3 out of 4 jobs in the global workforce (3.2 billion people), are moderately or highly dependent upon access to water and water-related services[8]. Water is also a common carrier for various pollutants - domestic, agricultural, and industrial - that may render it unsuitable for other users and for ecosystem integrity. Water use, wastewater generation and environmental sanitation impact the sustainability of this resource, making upstream and downstream management essential. When managed in an integrated manner, development priorities can be unlocked, together with climate adaptation and climate change mitigation.

1.3. Water can be a major driver of conflict. For eight consecutive years from 2007, water crises were among the top five risks likely to generate conflict according to the World Economic Forum's Global Risk Report. Root causes like extreme weather events, natural and man-made disasters, climate change effects, biodiversity loss and ecosystem collapse, interstate conflict and large scale-involuntary migration are regular topics for peace dialogue.

Rationale for the AfDB Water Strategy

1.4. The Water Strategy presents the Bank's strategic focus and priorities to support the operationalization of its Policy on Water, and the achievement of the 'High 5' on improving the quality of life for the people of Africa. It aims to reposition the Bank to better support Regional Member Countries (RMCs) towards attaining water security as a core objective of the Bank's ten-year strategy (2013-22) and its High 5 priorities, the Africa Water Vision 2025, the 2030 Agenda for Sustainable Development and the aspirations of the African Union's Agenda 2063, "The Africa We Want".

1.5. Under the 2000 Integrated Water Resources Management (IWRM) Policy, the Bank developed a large portfolio of programs in water supply and sanitation, in water for food and through two major initiatives9 (see Annex 4). The Bank's Policy on Water, which supersedes the 2000 IWRM Policy, took into account critical lessons and recommendations from the 2005-2016 evaluation of the Bank's Support to the Water Sector[10]. Key recommendations included: (i) enhancing the Bank's integrated approach to water resources development and management, going beyond water supply and sanitation and agricultural water management; (ii) prioritizing sanitation by focusing on needed policy shifts and the introduction of new models; (iii) deepening efforts to increase innovative financing mechanisms including private sector participation (PSP); and (iv) reinforcing institutional capacity of RMCs and the performance of service providers.

1.6. The Policy on Water will be implemented through a series of medium-term strategies11, including this Strategy. The Policy on Water intends that the Water Strategy should align with the water components of other Bank strategies and go beyond the typical activities of the WASH sector managed by the Water Development and Sanitation Department.

1.7. Specifically, the Water Strategy will:

i) Support the operationalization of the Bank's Policy on Water and a more coordinated conceptualization of the Bank's strategic direction in the water sector by articulating the Bank's interventions to support attainment of water security in its RMCs;

ii) Contribute to other strategies guiding the Bank's activities to support the achievement of the High 5 on improving the quality of life for the people of Africa[12];

iii) Orientate and guide the Bank's water teams on the goals and directions of the

[8] UN World Water Development Report (2016), Water and Jobs.

[9] The African Water Facility (AWF) and the multi-donor RWSSI Trust Fund (RWSSI-TF).

[10] Evaluation of the AfDB's Support to the Water Sector (2005-2016). Beyond Infrastructure Development toward Service Delivery and Behavioral Change, AfDB, January 2020

[11] Policy on Water, Section 6.1: "These strategies comprise the Water Sector Strategy (2021-2025), revised African Water Facility Strategic Plan (2021-2025), the Natural Resources Strategy (2015-2020), Feed Africa Strategy for Agricultural Transformation in Africa (2016-2025), the Strategy for a New Deal on Energy for Africa (2016-2025), among others."

[12] For Quality Health Infrastructure; Gender and for Employability, and Job Creation (planned delivery in 2021)

water-food-energy nexus in Africa, and the Bank's additionality; and,

iv) Serve as a tool for dialogue and engagement with countries, development partners and private sector on water management, planning, investments, and sector governance.

1.8. The Strategy builds on an extensive consultative process involving water sector staff and an interdepartmental task team in the Bank with the desire to provide unified guidance for water-related efforts across the Bank. It also draws on a broad review of literature and situation assessment, as well as the lessons and recommendations from independent evaluations of the water sector at the Bank. Recognizing that several other Bank strategies will have components that are relevant for water, this document provides links with these separate strategies on 'what matters most' in terms of the Bank's impact with its RMCs.

1.9. Implementation of this Strategy will be tailored to the specific context of every country through linkages to Country Strategy Papers (CSPs) and programming reports, and in collaboration with all-inclusive river basin organisations and regional economic communities. This Strategy does not develop blueprints for each country or circumstance; but defines a broad menu of approaches and results under each identified operational priority.

2. WATER SECURITY AND SANITATION IN AFRICA - STATUS AND KEY CHALLENGES

2.1. The centrality of water security for attaining quality and sustainable socio-economic development is expressed by the Africa Water Vision 2025 (AWV) for "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". Whether for providing potable water for domestic use in rural and urban communities; improved sanitation services; water for industries, irrigation, aquaculture development or energy production; protection from floods or droughts; or protecting valuable ecosystems, water is the key input that Africa needs to manage and develop. However, challenges continue to constrain the ability of countries to harness this resource as this section will explore.

Water resource knowledge and collaboration at regional and national levels

2.2. Despite recent progress and investment, the formal knowledge base for water resources in Africa remains limited and fragmented. In a context of greater water-related extremes, water scarcity and increasing demands, acquiring adequate qualitative and quantitative information about the state of water resources is a prerequisite for monitoring water resources and strengthening water security. In shared river basins and aquifers, absence of basic data and knowledge of flows and their variability constrains cooperative management.

2.3. Increasing pressures and threats to water resources are intensified by demographic trends in Africa. As the fastest growing region of the world, Africa's population is expected to grow to about 2.5 billion people by 2050[13], with substantial increases in both rural and urban populations. The urban population in Africa will reach one billion, with significant urban sprawl. Coupled with economic transformation, this demographic shift will lead to increasing demand on water for domestic, industrial, aquatic foods and fisheries, agricultural and energy uses, and greater anthropogenic pollution. These factors will exacerbate the urban water security challenge, with demand overwhelming existing

[13] https://population.un.org/wpp/Publications/Files/WPP2019_DataBooklet.pdf

infrastructure and impairing the capacity of institutions to respond. In addition, millions of people live in and around water basins where water use exceeds renewable supply, with significant environmental effects including drying rivers, depleted aquifers, and deteriorating ecosystems. Unless steps are taken to mitigate these risks, between 350 to 600 million people will be at risk of increased water stress by the 2050s[14], a potential driver of mass migration.

2.4. Inadequate resilience to hydrometeorological variability and climate change will lead to significant economic losses. Climate change and increasing variability will exacerbate water stress in areas that are already significantly affected. Climatic change in Africa is especially pronounced with droughts and floods - annually responsible for at least 1,000 deaths, 13 million people seriously affected, and $520 million in direct economic damages since the beginning of the millennium[15]. Additionally, the annual cost of adapting to climate change in sub-Saharan Africa is estimated at $30-50 billion (or 2-3% of regional GDP) by 2030[15]. Sustainable water resources management is crucial to strengthening resilience and the capacity to adapt to climate-related hazards (SDG Target 13.1); while adequate wastewater treatment can contribute to climate change mitigation objectives.

2.5. Africa is endowed with vast water resources including but not limited to rivers, lakes and underground aquifers. At the continental level, Africa's 3,931 km3 of total renewable water resources represents 9% of the world's total. Availability varies, spatially and temporally due to global water cycle differences. Values range from 276.3 m^3/capita for Algeria in the Northern Africa region, to 78,329 m^3/capita for Gabon in the Central Africa region, in 2018[16,17]. A number of countries in Africa are already facing dramatic reductions in total renewable water resources per capita, due to population growth. This could be exacerbated due to climate change impacts and uncoordinated development plans. In Kenya, for example, the total renewable water resources per capita have shrunk by 83% over the past 56 years. By comparison, the global average reduction between 1962 and 2017 is estimated at 57%[16,17]. The relative availability of water resources and human pressure will therefore be key factors in assessing sustainability in management and water use, and significantly impact Africa's future development paths.

2.6. The development potential of Africa's water resources is constrained by a huge infrastructure gap. The current low level of water management in Africa denies economies and people access to the resource and is restraining the continent's transformation: (i) Africa only withdraws about 210 m^3/year per capita of water for economic activities which is less than 40% of world's average of 512 m^3/year per capita[17]; (ii) per capita reservoir storage capacity is very low in most African countries at less than 400 m^3 compared to 3,370 m^3 in Brazil and 3,245 m^3 in Australia[18]; (iii) only about 6% of cultivated land is irrigated; and (iv) about 11% of the hydropower potential is utilized[19] from increased storage or run-of-river infrastructure. The primary challenge, therefore, is to build the necessary infrastructure to harness water's socio-economic potential, and to ensure ecosystem integrity.

Gaps in water supply and sanitation service delivery impede social and economic growth

2.7. Limited access to even basic water services in most of Africa is constraining human dignity, health, productivity, and gender equity. Despite significant efforts, access to safe water supply for domestic and economic use, and provision of sanitation services remain low in Africa[20], and is inadequately prioritized and underfunded. The number of people unserved is still rising, and there are significant inequalities between rural and urban populations. According to the Joint Monitoring Programme (JMP) data[21], in 2017 over 424 million Africans (over a third of the total population) did not have access to "at least basic" water services; with over 84% of these living in rural areas. In addition, only 55% of health care facilities in the least developed countries have basic water services. It is estimated that each year, 17 million women in these countries give birth in health centres with inadequate

[14] Moyer, J.D., Bohl, D.K., Hanna, T., Mayaki, I. and Bwalya, M. (2018). Africa's path to 2063: Choice in the face of great transformation. Denver, CO and Midrand, Johannesburg: Frederick S. Pardee Center for International Futures and NEPAD

[15] Adapting to Climate Change in Sub-Saharan Africa. In Regional Economic Outlook, April 2020, Sub-Saharan Africa. IMF.

[16] https://knoema.com/atlas/Gabon/topics/Water/Internal-Renewable-Water-Resources/Internal-renewable-water-resources-per-capita

[17] FAO AQUASTAT

[18] Institute for Transformative Technologies (ITT), 2019. 50 Breakthroughs: Critical Scientific and Technological Advances Needed for Sustainable Global Development.

[19] International Hydropower Association (2020). Hydropower Status Report Sector Trends and Insights

[20] Progress on household drinking water, sanitation and hygiene 2000-2017. Special focus on inequalities. New York: United Nations Children's Fund (UNICEF) and World Health Organization (WHO), 2019.

[21] The WHO/UNICEF Joint Monitoring Programme (JMP) website https://washdata.org/ data extracted in September 2019.

water, sanitation, and hygiene. Several studies have linked inadequate WASH to chronic malnutrition (stunting) through social, environmental, health-related, and economic deprivation pathways[22].

2.8. **There is very low access to basic sanitation and hygiene services in sub-Saharan Africa and increasing numbers of unserved people.** In 2017, over 750 million people lacked access to "at least basic" sanitation services; with 513 million (or 68%) of them living in rural areas[23]. The number of people without access to basic sanitation in 2000 was 496 million – indicating the situation is deteriorating. In addition, 730 million people had no access to handwashing facilities. Less than 20% of the wastewater generated in Africa is treated, with significant environmental degradation. WASH practices are also associated with malnutrition through diarrheal disease and parasitic infections. The countries where poor sanitation and open defecation are most widespread have the highest number of deaths of children aged under 5 years as well as the highest levels of malnutrition and poverty. This perpetuates a vicious cycle of disease and poverty. Sanitation and hygiene crises cause heavy economic and social losses, equivalent to at least 4.3% of Africa's annual Gross Domestic Product[23].

2.9. **A recent review of African water utilities indicated that failure to perform routine maintenance increases overall capital replacement costs by at least 60%**[24]. African water utilities are plagued with levels of Non-Revenue Water (NRW) as high as 50%, with an average NRW of 30.3%[24] against a benchmark of 20%. High levels of NRW are the result of poor governance and constrained policy environments.

2.10. **Financially struggling utilities are unable to operate sustainably and fail to attract meaningful private sector financing, resulting in reduced investment.** Low water services tariffs compared to the cost of service generally lead to low collection of water bills and incentivize high usage of water. This results in lower revenues, leading to higher losses that drive up costs that cannot be recovered. This situation unleashes a downward spiral that has led to the poor state of water services which is unfortunately familiar in many parts of Africa.

2.11. **From a gender perspective, women and girls are affected disproportionately by poor access including carrying the burden of fetching water, and enduring the lack of adequate water, sanitation, and hygiene (WASH) facilities in schools and health facilities.** Limited access to WASH services impacts maternal health and nutritional status, as well as the quality of care provided to children. At the same time, women continue to be under-represented in positions of authority at all levels, from community WASH committees to within ministries and international institutions that intervene in water.

Gaps in financing water supply, sanitation, and hygiene

2.12. **Current financing levels for WASH are much lower than estimates for the attainment of SDGs.** While the annual capital costs of meeting SDG targets 6.1 and 6.2 in Africa are estimated at $39.7 billion per year[25], the 2017 Infrastructure Consortium of Africa (ICA) report showed that the average annual sector funding for water and sanitation in Africa between 2012 and 2017 was $12.7 billion or about a third of the capital investment needs. Considering operation and maintenance (O&M) costs as well as the costs for climate change adaptation highlights the huge funding gap. Private sector funding to the water sector in Africa is minimal – in 2017, it was $ 19 million out of a total of $13.18 billion.

Governance challenges lead to ineffective management, and contributing to conflicts

2.13. **Inadequate collaboration and coordination among countries and regional organizations in resource management compromises the potential for greater regional development and fuels conflict.** Most of Africa's water bodies are shared between multiple countries; the continent has about 80 transboundary water basins and 38 transboundary aquifers, with 33% of the population living in regions relying on these shared resources. Collaboration around these resources is necessary to ensure peaceful and sustainable development and resource management. Efforts on collaboration, cooperation, dialogue and policy coherence among countries and regional organizations in the management of these resources are limited and fail to stimulate the integration the continent needs.

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[22] Reducing stunting in children: Equity considerations for achieving the global targets 2025. (2018). Retrieved February 16, 2021, from https://www.who.int/publications/i/item/9789241513647

[23] Camissa Multi-Stakeholder Statement on Achieving Access to Adequate and Equitable Sanitation and Hygiene for All and Ending Open Defecation in Africa by 2030.

[24] Performance of Water Utilities in Africa, Caroline van den Berg and Alexander Danilenko 2017, the World Bank.

[25] Guy Hutton and Mili Varughese, WSP 2016: The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene.

2.14. Many of the challenges of water management in Africa are rooted in weak water governance26. Most countries meet few of the 12 principles of water governance[27]. Water management commonly suffers inadequate policies and institutions, lack of comprehensive resource assessment, and basin planning frameworks. These issues constrain effective water resource development and management and compromise the resilience of systems. Moreover, responsibilities for managing water and enhancing food production are often in separate government jurisdictions, bringing additional layers of complexity.

Contribution of the Bank to the Sector in the last 20 years

2.15. The Bank has a large portfolio of completed and ongoing water-related projects. The Bank's water sector projects typically support infrastructure for socio-economic development; water resource management for productive uses, disaster risk management and ecosystem integrity; policy dialogue and institutional and human capacity strengthening for improved sector governance; and knowledge management. During the implementation of the previous Policy, about 60% of the portfolio addressed water supply, sanitation and hygiene. Irrigation and hydropower comprised 19%, water and the environment 15% and multinational operations supporting transboundary water resources management comprised 4%. These occur in urban and rural areas and at national and regional levels, targeting the needs of the poor, including women, children, the youth, and vulnerable groups. Between 2010 and 2019, the Bank invested UA 4.22 billion in water supply and sanitation services delivery, resulting in an estimated 92 million people gaining, or are gaining, access to improved WSS services. More information is given in Annex 4.

[26] Water governance defined by OECD as "the range of political, institutional and administrative rules, practices and processes (formal and informal) through which decisions are taken and implemented, stakeholders articulate their interests and have their concerns considered, and decision-makers are held accountable for water management.

[27] OECD, 2015: OECD Principles on Water Governance. This notion on governance is guided by 12 principles, related to three dimensions: (i) Effectiveness (Policy Coherence; Clear Roles and Responsibilities; Capacity; and Appropriate Scales Within Basin Systems); (ii) Efficiency (Regulatory Frameworks; Data and Information; Financing; and Innovative Governance); and, (iii) Trust and Engagement (Integrity and Transparency; Stakeholder Engagement; Monitoring and Evaluation; Tradeoffs Across Users, Rural and Urban Areas and Generations).

3. OBJECTIVES AND STRATEGIC APPROACH

Guiding Principles

3.1. The Water Strategy operates on the key guiding principles elaborated in the Bank's Policy on Water, namely: (i) Attainment of water security at all levels should be recognized as a fundamental requirement for inclusive and sustainable growth; (ii) Equitable social welfare and economic growth require application of the IWRM approach; (iii) Promoting sustainable and equitable access to water services helps to achieve the SDGs; and, (iv) Shared water resources management and development should be recognized as a key driver for regional economic integration.

3.2. In addition, Bank water interventions will align with the principles entrenched in the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda of Action (2008). Combined, these are: (i) Ownership: RMCs set their own objectives on achieving SDG 6 and have more say over their development processes; (ii) Alignment: the Bank aligns behind these objectives and uses local systems; (iii) Harmonization: the Bank works with RMCs and others to coordinate, simplify procedures and share information to avoid duplication; (iv) Results: RMCs and their development partners, including the Bank, focus on development results and results measurement; (v) Mutual accountability: the Bank and other development partners are accountable for development results; (vi) Inclusive partnerships: All partners - including the Bank and other donors, developing countries, foundations and civil society - participate fully; and, (vii) Capacity development - to build the ability of RMCs to manage their own future.

3.3. The Bank will exercise selectivity and prioritization in its water sector interventions by focusing on areas where it can demonstrate concrete comparative advantage and value addition. It will therefore focus on financing resilient and sustainable infrastructure[28], strengthening institutions, and engaging in evidence-based policy dialogue with RMCs- in line with the Bank's Selectivity Guidelines[29].

3.4. The Bank will deepen partnerships with key development partners to comprehensively address the selected priorities in view of the huge financial and capacity requirements to deliver water transformation in Africa, Likewise, support for policy and institutional work which enables the participation of the private sector is a key principle.

Vision, Goal and Theory of Change

3.5. The contextual challenges are significant, but not insurmountable. Indeed, there are great opportunities in the next five years to meet the development challenges of water in Africa. As a strong participant and validator of the African Water Vision 2025 (AWV), the Bank is committed to realizing the Vision's goals. This Strategy aligns with the AWV goals and is oriented towards the same 2025 timeframe.

3.6. The Vision of the Strategy, aligned with AWV 2025 is "A water secure Africa where there is equitable and sustainable use and management of water resources for quality socio-economic transformation." In attaining this Vision, the Bank seeks to be "the premier partner in achieving water security for inclusive and sustainable growth in Africa".

3.7. The Goal of the Strategy follows from that Vision - and is defined as "Improve Africa's water security and transform its water resources to foster sustainable, green and inclusive socio-economic growth and development"[30].

3.8. The Strategy is anchored on four strategic objectives or pillars acknowledging the importance of water across multiple dimensions and contributing to achieving the High 5s. Each of the four Strategic Objec-

[28] The International Institute for Sustainable Development (IISD) defines sustainable infrastructure assets as those which: (i) lower carbon and environmental footprints; (ii) protect and otherwise optimize the use of natural ecosystems; (iii) prove resilient to changing climates; (iv) underscore compliance on core labor standards; (v) trigger technological and industrial innovation; (vi) increase investment in education and research and development (R&D); (vii) increase employment; (viii) demonstrate financial viability; (ix) crowd-in domestic investors and businesses; (x) increase foreign direct investment; and (xi) bring value for money for taxpayers and investors.

[29] Sharpening the Bank's Strategic Focus - A Proposal to Increase the Bank's Selectivity, January 2021 or later version.

[30] While "water security" has different meanings for some actors, the Bank uses here the UN-Water definition (Box 1).

tives or Pillars (SPs) reflects outcomes that the Strategy will deliver to achieve the goal of the Strategy, as illustrated in Figure 2. Pillar 1 sets a framework for success across the other three pillars; while the other pillars correspond to the three areas of focus in the Policy on Water. The pillars are:

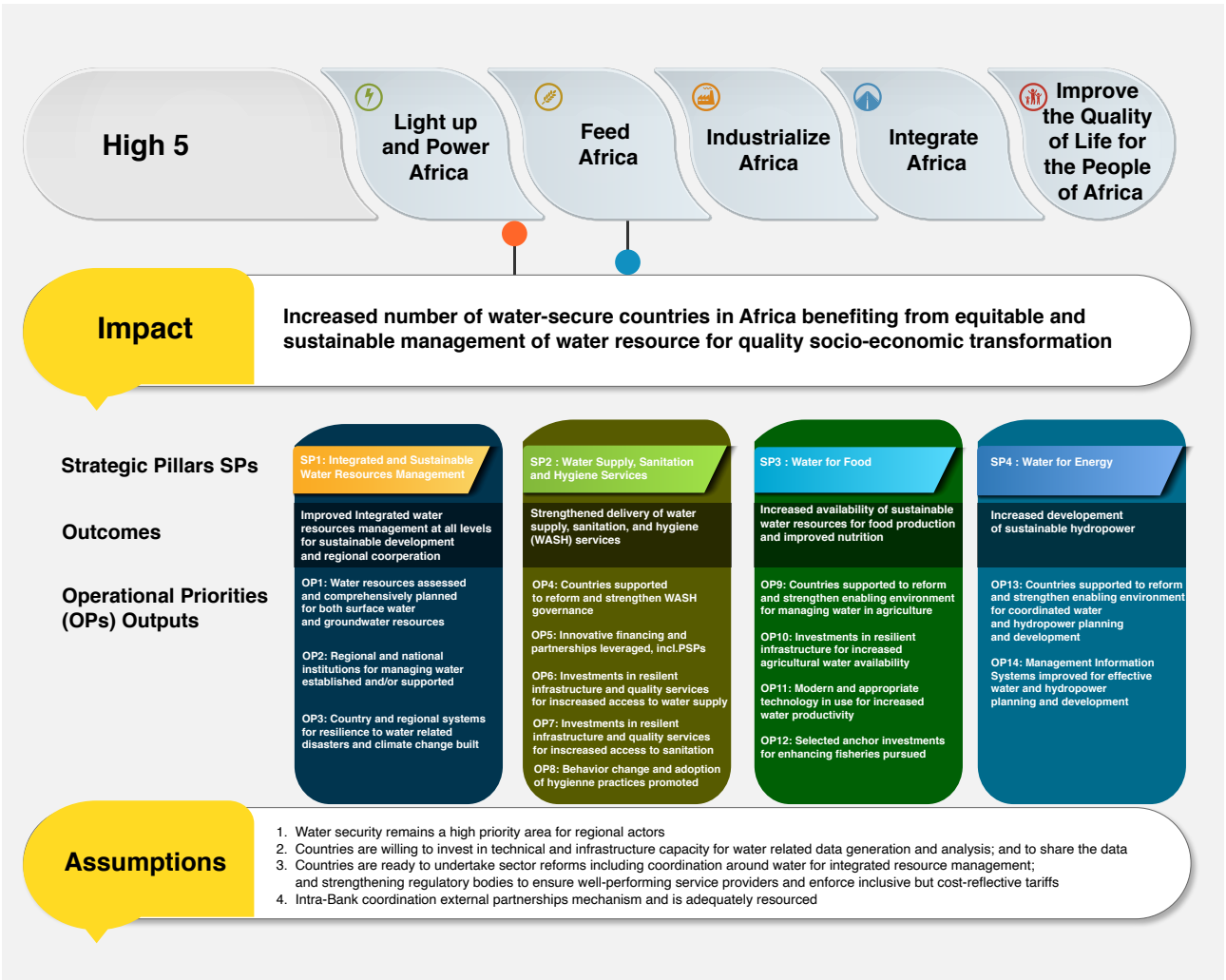
i) **Pillar 1: Integrated and sustainable water resources management,** through assessment of the resource and its ecosystems; as well as supporting institutions and the broader enabling environment.

ii) **Pillar 2: Strengthen the delivery of water supply, sanitation, and hygiene (WASH) services to be sustainable, resilient, and inclusive,** through increased investments, institutional support, and sustainability in both urban and rural areas.

iii) **Pillar 3: Increase the availability of sustainable water resources for food production and improved nutrition,** including improved agricultural water management, and investments to sustain fisheries and supporting ecosystems.

iv) **Pillar 4: Increase sustainable development of hydropower,** thus complementing the New Deal for Africa Strategy, while also acknowledging the importance of energy for water security.

3.9. To achieve the outcomes represented in each Strategic Pillar, the Bank will focus on a series of Operational Priorities (OPs). A total of 14 OPs contribute to the specific desired outputs that support the Strategic Pillars. The OPs give focus where the Bank will selectively act in a leadership role while responding to the needs of RMCs. These OPs include existing areas where the Bank has demonstrated experience, or new areas where the Bank has committed to engage at the request of its member countries.



3.10. For each Operational Priority, the Strategy describes selected areas of emphasis, which are inputs to achieve the planned outputs and outcomes. The areas of emphasis remain broad but may outline some examples of programs already underway or envisioned. They will follow well-proven methods of engagement at the Bank: (i) scaling up, deepening, and disseminating knowledge and analytical work; (ii) reforming and strengthening enabling environments; and (iii) increasing financing and strengthening support to programs and projects. These approaches are discussed further in Section 5 describing implementation.

3.11. Cross-cutting enablers are also important for the Strategy – they clarify what the Bank will emphasize across each of the Operational Priorities. These enablers include capacity-building, knowledge development, partnerships, private sector participation (PSP), gender and youth empowerment, environmental and social responsibility, and responding to climate change. Internal and external expertise in these cross-cutting enablers will be necessary to support the broader outputs of each OP. The cross-cutting enabler of "strengthening water governance" is of primary importance, and links several of the OPs[31].

[31] The Strategy indicates specific Operational Priorities associated with "strengthening water governance" in each of the Pillars (namely, OP1, OP2, OP4, OP9 and OP13). While some shared elements are acknowledged, the Bank will highlight them as separate OPs, in order to increase ownership, visibility, and action.

4. SETTING PRIORITIES UNDER THE STRATEGIC PILLARS

4.1. The Strategic Pillars (SPs) or strategic objectives emphasize a broad and integrated approach and define "where" the Bank will engage. Operational Priorities (OPs) define in greater detail the areas of emphasis (i.e., "what" the Bank will engage on and the outputs). An overview of the SPs and their corresponding OPs is shown in Figure 2.

Strategic Pillar 1: Integrated and Sustainable Water Resources Management

4.2. As described in the Policy on Water, the Bank acknowledges that an integrated approach to managing water is the key to balancing competing social, economic and ecological uses. RMCs, river basin organizations and regional organizations must have an understanding of the quality, quantity, and variability of the water resource - as well as the nature of ecosystems services - if water resources are to be managed effectively and efficiently. They must also have the instruments and frameworks in place to plan for economic development when considering future interactions. These could include: the potential consumptive and non-consumptive uses of various sectors (agriculture, energy, transportation, ecosystems); the potentially destructive elements of droughts and flooding; and the upstream and downstream effects of one use upon another. These frameworks are particularly important for riparian countries that share common water resources. Collectively, the knowledge and frameworks allow RMCs, all-inclusive river basin organisations and regional organizations to formalize the interactions often described as the "Water-Energy-Food-Ecosystems-Nexus". The key outcome anticipated under this Pillar is improved integrated water resources management at all levels contributing to both sustainable development and regional cooperation. Its success will be indicated by an increase in the number of countries with effective integrated water resources management instruments.

4.3. To effectively deliver on this strategic pillar, the Bank will focus on three OPs.

OP1: Water resources assessment and integrated planning of both surface water and groundwater resources at regional, national, and sub-national levels

4.4. Understanding the functioning of hydrological systems and the connections between various uses of water resources is a critical and foundational need for countries to develop a path to water security. Subsequently, countries and regions need to use that information as the basis for planning and decision making on efficient use, protection, and restoration of freshwater water resources[32]. Such understanding is also the basis for the dynamic allocation of resources and for development of jointly agreed, integrated and economically efficient agreed multi-purpose projects. The outputs for this priority will include an increase in the use of effective integrated planning systems for efficient and equitable water resources management, sector knowledge products and tools, as well as increased and agreed-upon multi-purpose projects.

4.5. The Bank will accelerate high-impact knowledge management. Such projects may include databases and templates for evidence-based cumulative impact assessments, more robust spatial analysis related to buffer zones and increased access to hydrometeorological data. Part of the Bank's support will be related to Country Water and Sanitation Assessments (CWSAs), as described in Section 5. The Bank will also support knowledge efforts within both regional and national institutions to provide a good understanding of the water resource itself and to promote water use efficiency, including data on river flows, climatology, and ecosystem status. Trust Funds, such as the African Water Facility and Climate Funds, will be used for some assessments, to reflect the catalysing impact such assessments will have on other Bank activities.

4.6. The Bank will support and emphasize agreed-upon multi-purpose projects, as stated in the Policy on Water – including promoting private sector participation. Multi-purpose water projects, that have the consent of all stakeholders, by their nature require internal and regional coordination to maximize positive impact across sectors and minimize possible negative impacts. They can also provide positive templates as countries build their own capacity to manage water in a more integrated and sustainable manner. However, the inherent complexity of such projects is significant. They are often time-consuming to prepare and difficult

[32] Though the Strategy is focused on the use of freshwater resources, in unique circumstances, desalination technology of saltwater or brackish water may need to be considered as a solution to reduce pressure on freshwater resources.

to manage given the number of actors involved at the national level; and this difficulty increases when more than one country is involved. Such projects should be taken on with full awareness of the substantial internal support needed.

OP2: Strengthen regional and national institutions for cooperative management of shared waters for peace, economic development, and ecosystems preservation

4.7. Strong institutions and the right policy environment are important prerequisites to achieve the goals of integrated and sustainable water resources management. The upstream-downstream relationships and need for sharing benefits between water users are both a challenge and opportunity. In Africa, where so many river basins are shared and where conflict is still an issue especially with current and future demands and climate patterns, the development of the right institutions can create cooperative arrangements for sustainable water management and development. A key output of this priority will be an increase in effective all-inclusive basin organizations. Other correlative outputs will include strengthened policy environments, biodiversity and ecosystem conservation applying the "source to sea" concept, and greater engagement by women and youth.

4.8. The Bank will deepen its support to programs that create or strengthen regional water management institutions, as a foundation for other investments in shared basins (e.g., agroindustry and other industries, storage infrastructure, aquaculture, and energy). Good templates for these regional institutions exist, such as the Senegal River Basin Organization (OMVS), and others are making progress. Helping new institutions to grow, professionalize, and gain credibility, helps both the Bank and RMCs create stability for other follow-on investments. The Bank is in a unique position of trust to support these regional programs. The Bank will similarly support the development of government ministries and cross-ministry institutions within RMCs, Regional Economic Communities, and sub-national basin management institutions. As Pillar 3 (Water for Food) establishes, the Bank will endeavour to link these institutions to "blue economy" efforts involving fisheries development.

4.9. The institutional building of OP2 will support the resources planning approach of OP1. Cooperative arrangements and coordination among strengthened all-inclusive institutions lead to more robust management and economic development. The Bank will continue to use its convening power to catalyse such efforts at both national and regional levels (see Annex 3).

OP3: Resilience to water-related disasters, water pollution, climate variability and climate change through risk management, technology, and infrastructure

4.10. Given increasing climate variability and climate change on the African continent, RMCs need to develop risk management capabilities to deal with sea-level rise, flooding and drought, and to control pollution as a prerequisite and context for other water-related investments. In many parts of Africa, GDP growth tracks closely with major floods and droughts since systems and infrastructure are still insufficient to reduce the effects of such extreme events. These strategies will include catchment management measures using Nature-based Solutions (NbS)[33] and ecosystem services approaches to stabilize water flows, and they will be developed in the overall context of climate resilience. The Bank will support investments in both ecological (green) and built (grey) infrastructure to improve efficiencies and effectiveness. Special consideration will be given to watershed source protection for the "water tower" highlands of major African river basins. The arid zones of the Sahel, Northern Africa and Horn of Africa regions will require special focus and will be a priority. Pollution and water quality, and integrated watershed management will be emphasized, with special focus on reuse and recycling and improving the livelihoods means of the basin population. These capabilities will also relate to hydropower impacts under climate change, and thus interact with the priorities of Pillar 4 - Water for Energy. This is especially important due to the climate mitigation impact of a shift to clean energy over carbon-intensive energy production. The output from this OP will be an increase in effective water-related disaster preparedness plans at all levels and early warning systems; improved water quality; and a reduction in mortality and economic impact from flooding and drought.

4.11. In line with its strategic frameworks on adaptation and resilience, such as the Bank Group Climate Risk Management and Adaptation Strategy as well as the Africa Disaster Risks Financing (ADRiFi) Programme,

[33] Nature-based Solutions (NbS) play an important role in providing safe, clean and regular water flows - from wetlands that contribute to carbon sequestration, water quality protection, coastal protection, groundwater/soil moisture regulation, flood regulation and biodiversity support; to forests that reduce erosion and help keep water free of sediment. Integrating NbS into conventional water system infrastructure planning is cost-effective and will reduce climate vulnerability across Africa.

and in collaboration with other partners[34], the Bank will support several institutional and technology-driven initiatives to increase resilience to climate variability. The Bank will support climate-smart development through proactive adaptation to the impacts of climate change and building resilience into the design of all new investments. Additionally, integrated projects such as described in OP1 may be seen through a climate resilience lens. Much of the work in this OP will be in the form of technical assistance, including: (i) accurate and timely water and hydrometeorological information; (ii) analytical and technical assistance, together with the development of institutional capacity for risk management, including early-warning systems; (iii) supporting countries to access financing for climate change adaptation and mitigation in line with their Nationally Determined Contributions (NDCs) and to develop their National Adaptation Plans (NAPs). In Africa, agriculture is the topmost priority for adaptation, mentioned by 45% of NDCs, followed closely by water, forestry and health[35]; and (iv) infrastructure development planning to mitigate increasing climate variability. Strategic support for technology deployment (such as through the ClimDev Special Fund[36] managed by the Bank) will underpin the Bank's efforts on this OP, including remote sensing, telemetry for data networks and climate analysis.

Strategic Pillar 2: Inclusive, Sustainable and Climate Resilient Water Supply, Sanitation and Hygiene (WASH) for all

4.12. This Pillar outlines what the Bank - together with a broad set of key stakeholders including other development partners - will emphasize in supporting RMCs to address the numerous challenges of meeting the

[34] Such as with the UNECA, AUC and the World Bank led Africa Climate Resilient Investment Facility (AFRI-RES); see: https://www.worldbank.org/en/programs/africa-climate-business-plan/investment-facility for cooperation on proactive adaptation and resilience building for water resources in Africa; and the AfDB-hosted Africa Region office for the Global Center on Adaptation (GCA).

[35] AfDB, 2019. Analysis_of_Adaptation_Components_in_African_NDCs_2019.pdf

[36] See https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/climate-for-development-in-africa-climdev-africa-initiative

WASH SDGs and improve access to safe water and sanitation, a basic human right.[37] During the Covid-19 pandemic, WASH interventions have been critical as a 'first line of defence' in infection management. WASH interventions are most effective when implemented as a package of "full service-chain" solutions to achieve sustainable services. An integrated, holistic WASH program has three interdependent building blocks: (i) the development and strengthening of the enabling environment; (ii) the development of sustainable and resilient water supply and sanitation infrastructure and delivery of services; and (iii) the promotion of behaviour change, and the adoption of hygiene practices. Integrated approaches enable the provision of water for multiple purposes including livestock, crop farming and industrial use. Provision of water for industrialization enhances local productivity and improves the sustainability of investments. The key outcomes anticipated under this Pillar are the increased and sustainable access to at least basic water and sanitation services (this includes safely managed services) and the adoption of recommended hygiene behaviours. Others include the reduction in water-related diseases, open defecation free communities, menstrual hygiene management and increased enrolment in schools for girls, and jobs for both youth and women.

4.13. Within SP2, the Bank will focus on five OPs which align with areas of greatest impact and a comparative advantage the Bank can offer.

OP4: Reform and strengthen enabling environments for WASH services

4.14. A strong enabling environment for WASH solutions is based on three building blocks of water governance - effectiveness, efficiency, and stakeholder trust and engagement[27;38]. By developing these building blocks, more stakeholders (including citizens) effectively participate in policy dialogue and in the design of activities; and the private sector, and research and learning institutions are encouraged to engage and commit. The Bank will help strengthen the sector's mutual accountability mechanism by supporting multi-stakeholder platforms such the Joint Sector Review (JSR) to encourage joint review and planning for WASH service delivery. The Bank will continue to support dynamic and up-to-date database management system both for water supply and sanitation infrastructure, and associated information. As a result, water supply, sanitation and hygiene programs be better implemented and managed. The Bank will promote the professionalisation of rural water services and also support integrated urban (water) planning. Bank-managed trust funds such as the African Water Facility, the Rural Water Supply and Sanitation Initiative and the Urban and Municipal Development Fund for Africa (UMDF) will contribute to achieving this OP. Strengthening the enabling environment will also involve supporting countries to prepare NAPs from their NDCs; to reduce vulnerabilities to climate change, enhance infrastructure resilience, sustain services, and contribute to economic development. Measures could include building institutional structures and coordination mechanisms for adaptation action to increase synergies between sectors and reduce unnecessary duplications; technical assistance and investments to support efforts to mainstream climate resilience into development planning and implementation; and managing climate-induced health risk. The output is an increase in the number of countries operating with an enabling environment for increased and sustainable WASH development and a corresponding contribution to jobs.

4.15. The Bank will use the sectoral knowledge derived from its operations in RMCs, as well as its analytical and sector experience, to identify and prioritize policy reforms that clarify the 'rules of the game', empowering national institutions to deliver on their missions with accountability for results. The Bank will support the design and implementation of policies that address full life-cycle cost-reflective services tariffs and cost recovery mechanisms while considering affordability concerns and encouraging the participation and inclusion of all stakeholders. Emphasis on cost recovery has a strong link to creditworthiness of the WASH sector and has historically been a major impediment to PSPs. In collaboration with the African Ministers' Council on Water, AMCOW, the Bank will support the implementation of the African Sanitation Policy Guidelines. The Bank will support capacity-building of utilities, policymakers, coordination and regulatory institutions, and other key stakeholders.

OP5: Innovative financing and partnerships including private sector participation (PSP) to increase sustainable access to water supply, sanitation, and hygiene services

[37] Resolution 18/1 of the United Nations Human Rights Council (2011); https://www.right-docs.org/doc/a-hrc-res-18-1/

[38] The Sanitation and Water for All partnership refers to five building blocks of : Sector Policy Strategy; Institutional arrangements; Sector Financing; Planning, monitoring, and review; and Capacity development. https://www.sanitationandwaterforall.org/about/our-work/priority-areas/building-blocks

4.16. The WASH sector continues to experience the highest financing gap among all infrastructure sectors in Africa, with significant potential for private financing to participate in its transformation. The sector calls for the mobilization of all available financing with appropriate security packages in order to attract donors, private operators, local, regional, and public financing to facilitate investments and optimize the cost of development considering the comparative advantage of all actors. As a first step, policies leading to cost recovery, supply chain frameworks, and increased efficiency in the use of public funding of WASH activities will attract more PSP, which can in turn increase efficiency of operations. The feasibility of providing investment financing through sovereign loan instruments and full-cost recovery especially for urban water systems will be assessed. Cost recovery and private sector participation, however, will be designed with affordability in mind to ensure compliance with UN General Assembly resolution 64/292 and to achieve the strategic goal of inclusive, sustainable, and climate-resilient WASH programs. The outputs of this OP include increased PSP in the financing and management of sector operations; and increased financing for WASH using Bank and co-financing sources.

4.17. The Bank will increase its portfolio of "bankable projects"[39] to demonstrate to the private sector and support countries that critical risks that could impede private sector engagement can be successfully addressed. Working with other development partners, the Bank will use its full set of instruments to "de-risk" the identified pipeline of projects. For example, the Bank will utilize existing climate and green funds and donor financing to reduce the cost of private financing, in addition to supporting the preparation of feasibility studies. The Bank will emulate projects like the Kigali Bulk Water project (Annex 3) which blended public finance, donor finance assistance, and private finance to develop the first large-scale independent water production scheme in Rwanda. Strengthening the enabling environment to reduce the perception of political and regulatory risks, introducing cost-reflective services tariffs and increasing efficiency in sector management will all create conducive conditions for PSP. As part of the promotion of professionalised rural water services delivery, the Bank will support creation of bankable investment opportunities for rural markets through, for example, clustering of areas into more attractive options for capacitated providers. This will also provide jobs, especially for women and youth entrepreneurs.

4.18. Given the importance of public finance in developing water and sanitation infrastructure and services, the Bank will help countries improve public financial management in the WASH sector, supporting the development of medium-term integrated budget frameworks; and ensuring that effective and efficient selection, appraisal, implementation, and monitoring and evaluation arrangements for projects are in place.

OP6: Increase access to and use of improved water supply through sustainable and resilient infrastructure investments and quality delivery of services

4.19. Few countries are expanding access to water services in step with demographic growth and most citizens who lack access to water services live in rural areas. More effective, resilient, and efficient provision of water supply infrastructure and sustainable delivery of water supply services will be achieved as a result[40]. Increased focus will be on use of renewable energy sources, notably hydro, wind and solar, for water and sanitation infrastructure and services, through strategic investments and at scale. Reduced levels of Non-Revenue Water (NRW) for utilities and lower operational costs for service providers will allow them to focus on delivery of water services for the rural population. The main output for this OP is sustainable, inclusive, and resilient water supply infrastructure and services leading to an increase in the number of people with access to at least basic water services.

4.20. The Bank will support programs that lead to the professionalization of utilities, with performance expectations of commercial businesses. This support will encourage corporatization of water utilities and increased PSP in the management of water utilities. The Bank will support water utility reforms to improve managerial autonomy and capacity, promote performance-based management contracts such as leases and affermages, and use efficient practices such as digitalization, reduce technical losses, and deliver effective and efficient commercial practices such as metering, billing and collection and sound customer services. Alongside network expansion, the Bank will support the mainstreaming of a culture of information and knowledge management, as well

[39] The Bank will continue to provide support to project preparation facilities like the NEPAD-Infrastructure Project Preparation Facility and the AWF in addition to long-term support to RECs and RBOs to progressively build their capacity.

[40] Water supply solutions will be tailored to specific country situations, including the needs of coastal cities for example.

as asset maintenance and results, ultimately addressing NRW and improving sustainability.

4.21. The Bank will finance investments in urban, peri-urban and rural water supply infrastructure including the rehabilitation and/or upgrading of existing systems and the financing of some operating costs (i) on a degressive and transitional basis of utilities that are corporatized, where there are clear plans and a commitment to reach financial sustainability in the medium term[41]; and, (ii) to re-establish water services in transition countries while they pave the way for the medium and long-term development of their water services.

4.22. The Bank will assist RMCs in preparing rural water supply strategies and fully costed action plans. The Bank will devote additional resources to finance sub-sector investments in countries in transition and support the sustainability of rural WASH systems, and the development of real-time information management systems to help map various WASH infrastructure, generate geospatial data, and strengthen service response. This will also include setting up of knowledge management platforms for sharing best practices, and human-interest stories. Rural water supply and sanitation activities are strong entry points to address climate resilience in fragile country environments. WASH service delivery will be integrated in the water-related investments of other sectors dealing with public health and urban, rural and community development, underscoring the link between this Strategy and the Health Infrastructure and Skills Development Strategies[42]. In line with OP4, the Bank will support the creation of results-oriented dedicated and resourced rural water supply agencies and strengthen existing ones.

OP7: Increase access to and use of improved sanitation services through sustainable and resilient infrastructure investments and quality delivery of services

4.23. Just as access to water supply fails to meet demand, few countries are expanding access to sanitation services at rates high enough to keep pace with demographic growth. Access to basic sanitation services lags far behind access to basic water services. The output from this OP will be sustainable, inclusive, and resilient sanitation infrastructure and services leading to an increased number of people with access to at least basic sanitation services.

4.24. The Bank will step up its support for inclusive and gender-responsive sanitation services[43]. The Bank will assist RMCs to develop sanitation policies, strategies and action plans based on its analytical and knowledge work. The Bank will scale up its current program aimed at fostering City-Wide Inclusive Sanitation (CWIS) approaches through the African Urban Sanitation Investment Fund (AUSIF) program and continue to support capacity building and the professionalization of private sanitation operators to improve urban sanitation and the circular economy.

4.25. The Bank will support programs that promote low-cost and appropriate technologies and systems. These programs will extend from containment to treatment, to reuse and disposal. They will address the appropriate scale, including decentralized small-bore sewerage systems when technically, economically, and financially justified in urbanized high-density areas and peri-urban areas; and traditional pit latrines with slabs – an affordable option on the SDGs' sanitation ladder that could eliminate open defecation, especially in rural areas.

4.26. The Bank will support programs that help generate demand for sanitation and strengthen the supply of sanitation products and services. The Bank will step up its assistance to support investments along the sanitation value chain from sludge, solid waste and wastewater containment, collection, transport, treatment, and reuse while assessing their mitigation potential. The Bank will support the use of innovative financing solutions, such as subsidized products or services through voucher systems, cash-transfers, or results-based financing to strengthen the sanitation market and foster commercial demand.

4.27. The Bank will support RMCs to invest in WASH services for institutions like public health facilities, schools and refugee/displaced persons' camps while ensuring, through an effective participatory approach, that appropriate operation and maintenance are in place. This should lead to sustainable services that will enhance gender equality and generate better school and health outcomes.

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[41] Three to five years' time span can be considered as the transitional period for such support. A financial model for the development, operation and maintenance of the urban water sector taking into account improved efficiencies, progressive tariffs and investments to address increased access will determine the level of this support.

[42] Strategies under preparation for delivery in 2021.

[43] Including issues related to other forms of environmental sanitation (solid waste, urban drainage, faecal sludge management).

OP8: Promote behaviour change and adoption of appropriate hygiene practices

4.28. Hygiene refers to the conditions and practices which prevent the spread of diseases, the safe disposal of excreta and wastewater, and the safe management of water from source to end use and handwashing with soap[44]. Only 15% of the population had access to even a basic hand washing facility with soap and water in their living accommodation in 2015[45]. The output from this OP will be behaviour change including a reduction in open defecation and overall improved environmental sanitation, as well as increased use of handwashing with soap. Promotion of good hygiene practices at critical times (e.g., after defecation and disposal of child faeces, prior to preparing and handling food, and before eating) will have a significant impact on health and nutrition outcomes – as elaborated in the AfDB Multi-Sectoral Nutrition Action Plan (2018-2025). The Bank will support RMCs to invest in triggering behaviour change and demand creation in communities, schools and public health facilities.

4.29. The Bank will assist RMCs to promote the adoption of the three hygiene practices with the greatest demonstrated impact on health: (i) handwashing with soap at critical times with a special focus on children; (ii) safe disposal and management of excreta (including children's faeces) and wastewater; and (iii) safe water handling from point of collection to end use. In addition, community-based approaches to behaviour change, including handwashing in schools, and demand-led sanitation will be promoted. The Bank will support programs that aim to use health and agriculture extension services to support sustained behaviour change and transitioning to open defecation free rural and peri-urban areas.

Strategic Pillar 3: Water for Food

4.30. The ability to help establish sustainable food production is always among the highest priorities for water resources planning in Africa. As noted in the Policy on Water: "strategic use and management of water is key to both water and food security, particularly in pursuance of SDG 2, which seeks to end hunger, achieve food security and improved nutrition and promote sustainable agriculture. Water for full or supplementary irrigation may sustainably increase the viability of agriculture in many regions. Maintaining water quality levels and flows can sustain fisheries that provide another large source of food (and protein) for Africa. Livelihoods - including jobs for the youth - and family food security can be greatly increased by the integrated management of water.

4.31. The outcome for this SP is increased availability and efficient use of water for food production and ultimately improved nutrition, while minimizing negative impacts. Increased water availability will come in terms of "more crop per drop" or increased water productivity, as well as bringing more land into production. Strategic Pillar 3 thus supports the food security and nutrition outcomes of the Strategy for Agricultural Transformation in Africa ("Feed Africa")[46]. Additionally, since increased food production through water availability depends upon profitable value chains, the development of appropriate agro-processing is linked to this Pillar, as well as to Pillar 4 - Water for Energy. The OPs of this pillar interact with and are complemented by those of SP1 which address areas that have relevance to food production including flood control, watershed management, and groundwater recharge management[47].

4.32. Within the Water for Food pillar, the Bank will focus on four OPs.

OP9: Reform and strengthen the enabling environments (management capacity and governance structures) for managing water in agriculture

4.33. Enabling environments provide a foundation for infrastructural projects (such as conveyance facilities or groundwater programs) and on-farm technologies (such as rainwater harvesting). When institutions are weak and are not able to govern such facilities or programs, their effectiveness is low, and leads to a spiral of high costs, low quality of irrigation services, and ultimately low levels of impact for the population. Conversely, when the hard work of developing institutions and management capacity is prioritized, then other direct investments by RMCs have a much higher chance of success. Strengthening the enabling environment will also involve supporting countries to prepare NAPs from their NDCs; to reduce vulnerabilities

[44] UNICEF Strategy for WASH 2016-2030

[45] WHO/UNICEF Joint Monitoring Programme 2017. The figures are for sub-Saharan Africa

[46] Feed Africa: The Strategy for Africa's Agricultural Transformation in Africa (AfDB, 2016-2025)

[47] As noted in the Policy on Water: Agricultural uses of water include aspects of irrigation, drainage, diversions, water storage, ground water recharge and surface water management, salinity control and land reclamation, water logging, watershed management, flood control, climate change mitigation, drought resilience, water harvesting and conservation.

to climate change, enhance infrastructure resilience, sustain services, and contribute to economic development. Adaptation actions could include building institutional structures and coordination mechanisms to increase synergies between sectors and reduce redundant overlaps; natural resource management and resilience building in vulnerable agricultural landscapes to address livelihood vulnerability and increase resilience; use of climate-smart agriculture to foster dialogue on climate change impacts and adaptation; and increased water use efficiency and productivity. The output from this OP will be more country support to reform and strengthen enabling environment, management capacity and governance structures that manage water for agricultural purposes.

4.34. The Bank will focus on working with RMCs to establish policies, legal frameworks, and organizations that can provide clear rules and ensure equity (e.g., between upstream and downstream users)[31]. Such institutional efforts can include large-scale agencies that would manage large water conveyance systems, all the way down to smaller, local Water User Associations (WUAs) of smallholders, which maintain irrigation systems including modern irrigation, rainwater harvesting infrastructure, drainage infrastructure, and other structures.

OP10: Increase water availability for agriculture through sustainable and resilient infrastructure investments, with a special focus on small and medium-sized farmers

4.35. Africa has significant untapped irrigation potential which can stabilize and increase agricultural production. Irrigation helps reduce the seasonal weather risk of planting crops in areas with low or uncertain precipitation. In many areas, irrigation helps secure beneficial returns by generating agriculture production throughout the year by enabling additional cropping seasons. Supplementary irrigation can also ensure sufficient water during the main cropping season, which may in turn incentivize farmers to invest in other inputs. Increased water availability for irrigation is strongly linked to Feed Africa's agricultural transformation initiatives, including those related to infrastructure[48]. The main output of this OP is sustainable and resilient infrastructure and capacity investments for increased water availability (through surface water storage, groundwater pumping capacity, or efficiency gains) and its efficient use through climate-smart agriculture approaches.

4.36. The Bank will focus on investments that increase food productivity through greater water availability and more efficient agricultural water management. The best and most economical solutions will differ by country, but the focus of the Bank will be on investments that provide net economic gains to benefit small and medium-sized farmers in RMCs. Different options may be appropriate depending on local context. They include:

i) **Large infrastructure and conveyance systems to transport surface water, including new storage capacity.** Such systems have been poorly designed with low institutional capacity in the past. However, costs have declined due to competition among contractors, the emergence of new contractors from low-income countries, and the introduction of more affordable irrigation technologies.

[48] Feed Africa: The Strategy for Africa's Agricultural Transformation in Africa (AfDB, 2016-2025). See Enabler #3, "Increased investment in hard and soft infrastructure".

ii) **Rehabilitation of irrigation/drainage systems,** including the possibility of avoiding salinization and other pollution issues that impact productivity. Such projects may be requested in the context of broader integrated water resources planning projects.

iii) **Effectively utilizing groundwater resources for irrigation.** In this aspect, countries can benefit from more than 50 years of experience globally, including digital modelling tools, to know how to pursue groundwater development sustainably. Knowledge projects such as the Groundwater Mapping Project for Africa could help provide the underpinnings for future projects.

iv) **Apt on-farm investments to improve water productivity,** including rainwater harvesting, localized irrigation technology, and similar small infrastructure programs.

4.37. **Investments in climate resilient agricultural water management must be part of a comprehensive approach to agricultural value chains.** To achieve the desired impact, such investments must be accompanied by empowered farmer organizations, investments in sustainable, efficient, and accountable agricultural support services, and profitable market access. The Bank will continue to focus on improving internal coordination and intra-government coordination.

OP11: Use modern technology to dramatically improve water productivity

4.38. **As RMCs seek to improve overall output in agriculture and food production, they are increasingly focused on replicating technology-driven productivity gains achieved in other agricultural systems.** Many of these technologies are well known and can be sustainably scaled up with the right institutions and policies in place. The output from Bank support for this OP is an increase in farmers using water productivity-enhancing technology.

4.39. **The Bank will help RMCs increase water productivity through a wide range of technology, which may include equipment or data-based/digital technologies and which may be directed at farmers, intermediaries, or government agencies.** For smallholder farmers, the Bank has been involved in projects related to weather and modelling tools which can be sourced via mobile phones at a low cost. The Bank has also been involved in large-scale forecasting efforts to inform national weather services and will continue to do so (see Pillar 1, OP1 and OP3). Other examples of technology-focused efforts with the Water and Food pillar may include: (i) digital tools, including weather forecasting, water information reporting, and other agro-meteorological data networks both for farmers and supporting agencies; (ii) strengthened equipment value chains, such as low-cost well-drilling techniques, irrigation equipment and business development[49]; (iii)advanced distributed-energy irrigation technology, such as solar pumping systems, supporting High 5 priorities[50]; (iv) soil testing and water quality monitoring technology; and, (v) support for technology exchanges or entrepreneurial actions.

4.40. **The Bank's efforts supporting technology for water in agriculture will integrate with other Bank departments to create an enabling environment within countries,** working seamlessly with other innovation partners. Such Bank involvement around technology can also be a source of collaboration between multiple departments within the Bank and a template for how to create similar collaborations on technology within RMCs.

OP12: Pursue selected anchor investments for enhancing fisheries, linking the "blue economy" with other water-related aspects of agriculture

4.41. **Development of aquaculture and fisheries (the "blue economy") has been recognized as a critical element for food security and economic development in Africa.** The 'blue economy' is estimated to add value of $24 billion annually, equal to 1.26% of African GDP[51]. Water is the resource that naturally links aquaculture and fishery development to other elements of food security. Coordinated management of water helps unleash the potential of both land-based and water-based parts of the food economy for Africa and manage risks. For example, irrigation at scale can impact river flow thus having a direct impact on the sustainability of fisheries; while untreated wastewater discharges would compromise water quality and affect freshwater aquaculture.

4.42. **Although aquaculture and fishery development has been a new area of engagement for the Bank in the past decade, the Bank is**

[49] For example, the Bank could support training programs to orient rural water supply providers to provide services for businesses around groundwater, or micro-irrigation equipment

[50] Bank's Strategy for the New Deal on Energy for Africa (2016 – 2025)

[51] De Graaf, G. & Garibaldi, L.2014. The value of African fisheries. FAO Fisheries and Aquaculture Circular. No. 1093. Rome.

beginning to build valuable experience. This OP complements the Blue Economy Flagship that is under the Bank's Feed Africa Strategy 2016-2025. Continued success will require significant collaboration within the Bank, between ministries in RMCs and with external partners. The output of this OP is investment for improvement in fish passages and critical habitat for fish breeding and harvest, which supports additional jobs in the fishing and aquaculture industry.

4.43. **The Bank will endeavour to pilot high-impact "blue economy" projects which may serve as illustrations for other countries and donors to replicate and adapt.** For maximum impact, the Bank will approach such efforts with investment in knowledge and technical assistance, as outlined in Section 5 (Implementation) of the Strategy. Policy frameworks, such as those being developed by the African Natural Resources Center (ANRC), will be the basis for this increased capability of the Bank. Broader links of this OP to the respective agriculture transformation strategy and ANRC Strategies will develop in this newer area. The Bank will also pursue opportunities for raising capital on the international financial market, through possible issuances of water bonds.

Strategic Pillar 4: Water for Energy

4.44. **Water and energy are inextricably linked, and hydropower remains the main renewable resource in Africa** with over 37 GW of installed capacity. It accounts for 15% of the total electricity share in the region. This is predicted to increase to more than 23% by 2040, following moves towards universal access and the low-carbon energy transition[52]. But the realized sustainable hydropower generation remains low, and this SP aims to contribute to achievement of increased hydropower capacity. The Water Strategy will thus complement the New Deal for Africa Strategy to ensure sustainable use of water for energy generation, while acknowledging the importance of energy for water security.

OP13: Strengthen national policy and institutional frameworks for coordinated water and energy planning and development

4.45. **Water is a renewable but finite resource linking the two essential human needs of energy and food production.** Weaknesses in national institutions charged with the collaborative management of such water resources often result in deleterious effects on both the sustainability of hydropower schemes – notably with respect to sediment management - or on domestic and commercial water supply schemes. The output for this OP is an increased number of inclusive national river basin or water resources institutions with competencies to also address hydropower production (ideally the same institutions for inclusive integrated water resources management as were identified in OP2).

4.46. **The Bank will support RMCs in strengthening national policy and institutional frameworks for coordinated water and energy development** in relation to activities and programs designed and implemented under the first pillar of this Strategy[31]. Where feasible, the Bank will promote the harmonious development of agreed-upon multi-use water infrastructure.

OP14: Improve management information systems for effective hydropower planning, development and operation

4.47. **Many countries have very weak data collection and management information systems (MIS) on their river basins, which poses a challenge for planners working on the development and financing of optimal hydro-power schemes.** Developing MIS is one of the top for capacity needs identified in African countries' NDCs. Accurate, reliable, and timely time series hydrology information on river flows will be made available to hydropower planners and operators. The output for this priority is an increase in the number of countries with effective management information systems to provide such data and forecasting ability.

4.48. **The Bank will support countries to improve their MIS for effective and resilient53 hydropower planning and development in coordination with activities and systems that will be developed under OP1 of this Strategy.** The activities that are critical for the development of the energy sector are clearly linked to the New Deal on Energy for Africa[50]. More details regarding how teams across sectors will coordinate and collaborate as "One Bank" are included in the Implementation section of this Strategy.

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[52] International Hydropower Association (2020). Hydropower Status Report Sector Trends and Insights

[53] International Hydropower Association (2020). Hydropower Sector Climate Resilience Guide

5. IMPLEMENTING THE STRATEGY: THE POLICY AT WORK

This section discusses the rationale for the key activities ("what the Bank will emphasize") that fall under each Strategic Pillar and Operational Priority of the Strategy.

5.1. In line with the guiding principles for this Strategy (section 3), the Bank will deploy its complete menu of non-financial and financial instruments as well as the extensive and diverse skills of Bank staff to provide quality implementation support to its RMCs and Regional Economic Communities. In doing so, the Bank will be (i) scaling up, deepening and disseminating knowledge and analytical work including the development of regional learning and knowledge initiatives for greater cooperation; (ii) increasing financing levels, and the effectiveness of programs and projects; and, (iii) operating internally as "One Bank".

5.2. The Bank will work in coordination with other development partners at the local and international levels to advance the water agenda and achieve meaningful and sustainable results on the ground within the RMCs. Since implementation reforms take time, the Bank will engage programmatically to build the foundational blocks and entrench positive change. In doing so, the Bank will work with RMCs to develop and strengthen enabling environments that contribute to successful and impactful programs. The Bank's Division for Water Coordination and Partnerships leads the development of a framework (see Annex 6) for effective collaboration with external partners on water issues.

Scaling up, deepening, and disseminating knowledge and analytical work

5.3. To implement recommendations from evaluations of the 2000 IWRM Policy and the 2005-2016 Bank water operations10, the Bank will enhance knowledge creation, capture and dissemination to sharpen the Bank's and the countries' understanding of the issues that are constraining the development of the water-food-energy-ecosystems nexus. The Bank will address the 'uptake gap', through which lessons learned and tested will be promoted for appropriate uptake. It will also leverage knowledge and analytical work from other development partners and exercise selectivity, consistent with the Bank's Knowledge Management Strategy (2015-2020).

5.4. The Bank will prepare Country Water and Sanitation Assessments (CWSAs) for every country where it is active and when such comprehensive assessment is missing. CWSAs will inform policy dialogue and the preparation of CSPs where water is considered on an integrated/nexus basis and in the context of climate change.

5.5. The Bank will support strategic regional knowledge initiatives and partnerships on key areas, including: (i) performance benchmarking of water and/or sanitation utilities and the cost of providing WASH services in Africa; (ii) national and all-inclusive regional river basin organizations; (iii) the performance of water user associations and water operators in the irrigation sector in Africa; and, (iv) research, technology development and innovation in water which is also in direct support of OP3 and OP11 which focus on technology and innovation.

Increasing financing levels, and the effectiveness of programs and projects

5.6. The default option in addressing water in RMCs will be to support programs that are aligned with the IWRM approach and that address the water-food-energy-ecosystems nexus for impactful results on the ground. Through this approach, the Bank will seek to support programs and projects that aim to address: (i) efficiency and effectiveness; (ii) cost recovery and financial sustainability; (iii) better governance and managerial autonomy; (iv) inclusiveness and participation recognizing the role of women; and (v) focused attention to closing the sanitation gap through innovative delivery mechanisms, demand and supply-based interventions along the "service-chain" from wastewater to faecal sludge treatment.

5.7. The Bank has experience in mobilizing financial resources for water sector infrastructure and operations, and this will be deepened. The Bank will continue to mobilize co-financing funds from climate and environment Funds, other development partners, the Africa Growing To-

gether Fund, and other sources to increase the impact of its interventions. It will also continue mobilizing resources for its project preparation funds like the African Water Facility. It is anticipated that the Bank will increase its current funding level by 30% - 50%[54] to support this work.

5.8. **The Bank will improve the effectiveness of its programs by strengthening the quality assurance and readiness of its programs. This will require detailed feasibility studies and a clear results framework with baseline data in all its operations.** The Bank will: revamp its program implementation support ensuring staff have the skills required; support the capacity of water-related monitoring and evaluation entities; and consolidate delivery of its assisted programs primarily through government institutions.

5.9. **Working with 'countries in transition' is a special emphasis of the Strategy, as water may be a unique entry point to support a broader development agenda.** The Bank will systematically apply the fragility lens[55], with a focus on re-establishing access to at least basic WASH services as an entry point for longer term sector reforms and development.

5.10. **Finally, water operations will mainstream gender and civil society participation using guidelines and tools developed by the respective Bank departments.** A closer link will be established with the activities that are specifically covered under "Increasing women's access to social services through infrastructure" of Pillar 3 of the 2020-2025 Bank Gender Strategy[56]. The Bank will emphasize the role of women and youth as partners in Bank projects, experts, and agents of change, and will foster creation of employment opportunities in leadership positions in the public and private sectors for youth and women. In addition, the Bank will mainstream civil society participation throughout its water outreach and operations, in line with its relevant strategic frameworks. Gender inclusiveness and its monitoring will be further underscored in specific implementation tools and guidance for the water sector, and reflected in programming documents.

Delivering as "One Bank" and, Monitoring the Implementation of the Strategy

5.11. **A Policy on Water Cross-sector Coordination Committee (PoWCCC)[57] will oversee and guide an intra-Bank coordination mechanism within which staff from all sectors, departments and operations involved in the Bank's activities relevant to the Bank Policy on Water can effectively contribute to the Bank's overall strategic results and mandate.** The PoWCCC will enhance coordination on the water agenda and will ensure that water related issues are treated in a cohesive way using the IWRM approach. It will also ensure adequate staff with appropriate skills are deployed so that the water-food-energy-ecosystems nexus is addressed effectively in CSP preparation, policy dialogue and in operations.

5.12. **Developing IWRM programs encompassing the water-food-energy-ecosystems nexus will be the default engagement path for the Bank while implementing this Strategy.** This will require a deep culture change that will demand proper and consistent support. Teams working in such programs will need continual enhanced support from management to bring these programs to fruition. These include additions to current staffing levels, notably in private sector financing, as well as shared key performance indicators and other incentives in recognition of developed nexus programs.

5.13. **Monitoring the implementation of the Water Strategy is based on the overall outcomes (SPs) and outputs (OPs) and is aligned with the Bank Group's Results Management Framework.** To address the cross-sectoral nature of the Strategy, and to align with regional goals and monitoring frameworks, the Strategy Results Measurement Framework uses SDG targets and indicators and the African Ministers' Council on Water's monitoring framework[58] as its reference points. The detailed RMF for the Strategy is presented in Annex 1. A mid-term review of the Strategy will be undertaken at the end of 2023.

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[54] This level of funding should be around UA1,300-1,500 million/year for WASH and UA 260-300 million/year for Water for Food. Funding proposals for Water for Power are included in the New Deal on Energy for Africa (2016-2025).

[55] Fragility lens applied to identify, respond to and prevent fragility and to build resilience as in "The Bank's strategy: Addressing Fragility and Building Resilience in Africa, 2014 – 2019".

[56] The AfDB Group Gender Strategy 2021-2025: Investing in Africa's women to accelerate inclusive growth, was approved by Management and sent to CODE in October 2020. The other two pillars are related to "Empowering women through access to finance and market" & "Accelerating job creation for women through skill enhancement".

[57] The Bank through an Operational Instruction issued by the responsible Vice President will establish an internal coordination mechanism overseen by a Policy on Water Coordination Committee (PoWCCC) with adequate capacity, resources and skills (Section 6.3 of the Policy on Water). A framework Terms of Reference is annexed to the Policy on Water.

[58] DHI UNEP-DHI Partnership. (2016). Pan African Water M&E Guideline Report

6. RISK MANAGEMENT AND MITIGATION

6.1. This Strategy aims to deliver high impact results for the people of Africa and improve their welfare on a sustainable basis and for the long term. Five major risks have been identified which require monitoring and mitigation as set out in the next table.

RISK	MITIGATION CONSIDERATIONS
Lack of political support for necessary reforms to improve enabling environment and to professionalize service providers	• The Bank will use first class analytical work, expertise, convening power and its influence to help RMCs engage in these reforms and support compensating measures for stakeholders who are the highly impacted by reforms.
Poor cost recovery and limited interest of the private sector to provide financing and/or deliver services	• Through an appropriate mix of tariffs, taxes and transfers(3Ts) the Bank will support the design and implementation of cost-reflective services tariffs and cost recovery mechanisms while considering affordability concerns as part of the reforming and strengthening of the enabling environments. • The Bank will support programs to professionalize utilities into effective businesses with managerial autonomy and efficient operational practices. • The Bank will finance feasibility studies to help attract private sector partners using risk mitigation instruments to 'de-risk" those projects; and mobilize green and climate related funds to reduce the cost of private financing.
Limited funding by key technical and financial partners and the RMCs due to current depressed global economic situation – and the impact of Covid-19	• Recent IMF projections estimated that economies for countries in Africa will rebound to their pre-COVID levels by 2022-2024. • The Bank will promote improved sector governance and more efficient use of public resources to partially cover the financial needs for this Strategy.
Potential financial under-commitment by the Bank	• Greater alignment of water related programs with Bank's selectivity guidelines; and maximizing synergies through agreed-upon multi-use projects.
Coordination failures at RMCs to run IRWM-based projects in addition to capacity mismatches	• Preparation of CWSAs will help countries review their water issues in a holistic way and will improve the management of water issues in CSPs • The Bank interventions in the CSPs and operations will be aligned accordingly.

7. CONCLUSION

7.1. The development of this Strategy comes at an opportune time for the Bank to utilize its unique position of trust and convening power to help Africa take a great leap forward in water, in partnership with the RMCs and many other stakeholders including the international community. Accelerating progress in achieving SDG 2, SDG 6 and SDG 7 as they directly relate to water is within reach. The Bank has extensive financing and non-financing instruments to deploy, and the diverse set of skills of its staff as its strongest resource to deliver as "One Bank" to RMCs. The broad, rather than narrow approach outlined through the Strategic Pillars of the Strategy, addresses the water-food-energy-ecosystems nexus with the Integrated Water Resources Management. It is time for African institutions to deliver on transforming water provision for the people of Africa.

ANNEXES

Annex 1 Results Measurement Framework for the Bank's Water Strategy

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Performance Indicator[59]	Baseline[60]	Target (2025)	
IMPACT	Increased water security for Africa where transformed water assets as well as sanitation and hygiene improvements foster sustainable, green and inclusive socio-economic growth and development[61].	1.1 Under five mortality rates in Africa (per 1,000 births)	75.9[62] (2018)	43.3[63]	SDG monitoring frameworks WHO Annual Reports AMCOW Pan-African Monitoring Framework
		1.2 People affected by water-related climate induced disasters in Africa (per 100,000 population)	25.3[64] (2015)	12.6	
		1.3 Proportion of people in Africa with access to at least basic drinking water supply and sanitation services ; and to handwashing facilities with soap and water at home (%)	71 and 41 and 33[66] (2017)	100 and 100 and 100	
		1.4 Water-use efficiency/ water productivity by type of economic activity (agriculture, energy, industry, municipal water etc) Gross Value Added (GVA)/m3, calculated by sector	TBD	TBD[67]	Annual datasets from World Resources Institute Aqueduct; FAO annual national surveys on withdrawals
OUTCOMES	1. Improved integrated water resources management at all levels contributing to sustainable development and regional cooperation	1.1 Countries or regional institutions with effective integrated and sustainable water resources management instruments (#) 1.2. Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (%)	TBD TBD	15 TBD	Project Implementation and Completion Reports Annual datasets from World Resources Institute Aqueduct; FAO annual national surveys on withdrawals
	2.Increased access to sustainable water supply, sanitation and hygiene services[68]	2.1 Proportion of population using at least basic drinking water services due to Bank financing (%); percentage of whom are female (%)	64.6 (2017) 51%	68.0 51%	WHO/UNICEF Joint Monitoring Programme; Project Completion Reports
		2.2 Proportion of population using at least basic sanitation services due to Bank financing (%); percentage of whom are female (%)	30.4 (2017) 51%	32.6 51%	
		2.3 Proportion of population with at least basic hand washing facilities with soap and water at home due to Bank financing (%)	34 (2017)	37	
		2.4 New direct and indirect jobs due to increased WASH services (1,000)[69]; percentage of whom are female	0 and 0 Not applicable	320 and 1170[70] 50%	

[59] Performance indicators and their definitions are based on AMCOW's Pan African Water M&E Guideline Report of 2016. In 2020, the Bank approved a second project in support of AMCOWS's M&E framework.
[60] 2020, unless otherwise stated
[61] This impact level results chain corresponds to the water security and sanitation development progress in Africa. Each of the indicators reflects progress related to one of the four SPs of the Strategy. Th Bank only contributes to these results through its outputs and outcomes as indicated below.
[62] WHO Global Health Observatory data repository. Source: http://apps.who.int/gho/data/view.main.CM1300R
[63] Trend analysis and projections based on WHO Global Health Observatory data repository
[64] Source: Cred International Disaster Database - http://www.emdat.be/advanced_search/index.html
[65] Refers to the sum of safely managed plus basic services. At time of preparing the Strategy, only a handful of countries report on safely managed services and so there are no baselines and it would not be a "measurable" progress indicator. Plus, for most rural projects, countries finance (and Bank supports) community water points, which would not be counted
[66] WHO/UNICEF Joint Monitoring Program https://washdata.org/data#!/dashboard/new
[67] An assessment is planned, under AHWS in 2022
[68] WHO, UNICEF Joint Monitoring Program, 2017 Africa SDG data downloaded from https://washdata.org/ , on 2nd November 2020.
[69] UN World Water Development Report (2016), Water and Jobs.
[70] $1 million invested in WASH leads to 10-20 direct jobs in USA and 100 jobs in Latin America; assuming 80 for Africa; 1 direct job in USA leads to 3.68 indirect jobs; If annual investment is estimated at $800 million between 2021 and 2025; Then direct jobs estimated at 64,000 x 5 years = 320,000; Indirect jobs estimate would be 1,177,600

OUTPUTS – SP 1	3. Increased availability and efficient utilization of water for food production and improved nutrition	3.1. Land with improved water management (1000 hectares)[71]	23.3	48	Project Implementation and Completion Reports
	4. Increased development of hydropower generation capacity	4.1. Installed hydropower capacity for Africa (GW)	37 [72]	39[73]	Implementation Reports
	OP1[75]: Water resources assessed and comprehensively planned for both surface water and groundwater	1.1 New agreed-upon multi-purpose water resources development projects prepared and approved for financing (#) 1.2 New countries using effective integrated planning systems for water resources management following Bank support (#)	0 0	5 10	Project Implementation and Completion Reports Surveys
	OP2: Regional and national institutions for managing water established and/or supported	2.1 Regional and national water management institutions with capacity to manage shared water resources, empowering women and youth. (#) 2.2 Bank-supported multi-sector coordination mechanisms to increase river systems robustness regarding climate shocks and stressors (#)	5 0	10 8	
	OP3: Country and regional systems for resilience to water-related disasters and changing climate variability built	3.1 Countries supported with water-related disaster preparedness plans (#) and with access to climate funds in support of nationally determined contributions 3.2 Percentage of Bank-financed water sector projects with more than 10% climate finance to total project costs (%)	0 TBD	5 TBD	AfDB Annual Climate Finance Tracking report
OUTPUTS – SP2	OP4: Countries supported to reform and strengthen the enabling environment for sustainable Water Supply, Sanitation and Hygiene (WASH) services	4.1 Countries supported to strengthen water sector governance for sustainable and inclusive WASH (#)	0	15	Status assessments/ surveys Project Implementation and Completion Reports Country Water and Sanitation Assessments
		4.2 -do- of which n are countries in state of transition (#)	0	5	
	OP5: Innovative financing and partnerships leveraged, including private sector participation, to increase sustainable access to WASH services	5.1 Private sector WASH finance that is part of a government coordinated spending plan, with Bank support (%)	0	10	
		5.2 Co-financing resources committed for WASH program financed by the Bank (%)	18 (2019)	30	
	OP6 Sustainable, inclusive and resilient water supply infrastructure and services delivered	6.1 Additional people using at least basic water services (millions); percentage of whom are female (%)	0 0	45 51%	
	OP7: Sustainable, inclusive and resilient sanitation infrastructure and services delivered	7.1 Additional people with access to at least basic sanitation services (millions); percentage of whom are female (%)	0 0	30 51%	
	OP8: Behavior change, and adoption of hygiene practices promoted	8.1 Number of additional people with hand washing facilities with soap and water at home[76](millions)	0	38	
	OP9: Countries supported to reform and strengthen enabling environments, management capacity and governance structures for managing water in agriculture	9.1 New institutions supported by the Bank to manage water specifically for agricultural purposes with emphasis on water user associations, WUAs (#); and the percentage share of women-led WUAs (%)	0; 0	500; 50	Project Implementation and Completion Reports Surveys

[71] This is an indicator in the Bank's corporate RMF and calculated as the total number of hectares of land irrigated as a result of the Bank's intervention. Baseline year is 2019; target based on Bank's 2020 ADER.
[72] Baseline from the 2020 Hydropower Status Report
[73] From the Bank Group's Strategy for The New Deal on Energy for Africa 2016 – 2025 – Bank contribution to total new installed hydropower generation capacity between 2021 and 2025 is 15 GW of which the assumed hydropower contribution is 13% (Results measurement framework and footnote #15).
[74] SP refers to Strategic Pillar or Strategic Objective
[75] These are output statements corresponding the respective Operational Priority (OP)
[76] The presence of a handwashing facility with soap and water on premises has been identified as the priority indicator for global monitoring of hygiene. https://washdata.org/monitoring/hygiene

OUTPUTS – SP4	OP10: Sustainable and resilient infrastructure investments delivered for increased agriculture and agreed-upon multi-use water storage, with special focus on small and medium-sized farmers	10.1 Increase in water storage capacity, including for agreed-upon multi-purpose use (million cubic meters)	0	8,500[77]	
	OP11: Modern and appropriate technology in use to substantially increase water productivity	11.1 Additional farmers using water-productivity enhancing technologies, with Bank support (%)	0	15%	
	OP12: Anchor investments delivered for enhancing fisheries, linking the "blue economy" with other aspects of agriculture	12.1 New operations aiming at improving fish passages and critical habitats for fish breeding and harvesting (#)	0	5	
	OP13: Policy, institutional frameworks and capacity of national and transboundary organizations strengthened for coordinated water/hydropower planning and development	13.1 Transboundary water management organizations that have successfully prepared and/or developed a jointly agreed hydropower or multi-purpose infrastructure projects (#)	N/A	5	Project Implementation and Completion Reports Surveys
	OP14: Management Information Systems established/strengthened for effective hydropower planning and development	RMCs with access to accurate, reliable and timely data collection, management and sharing systems for integrated water resources planning and development including hydropower(#)	N/A	15	
	1. Water related sector strategies and operations are in accordance with the Policy on Water	1.1. Regional and national water development and management policies/strategies/legal frameworks integrating water security developed with Bank support (#)	0	20	AfDB data portal and reports Bank publications
		1.2. Proportion of WASH operations that qualify to be categorized as gender mainstreaming based on the GMS[78](%)	75[79]	100	
		1.3. New agreed-upon multi-purpose projects with smarter and resilient water infrastructure supported by Bank (#)	0	10	
		1.4. Number of countries supported to develop and implement gender strategies in water development and management at the national and basin/regional levels	0	10	

[77] Assumed same levels as in the Bank's Business Plan for Agricultural Water Development and Water Storage Enhancement of 2009-2013
[78] The African Development Bank - Gender Marker System (GMS): https://www.afdb.org/en/documents/african-development-bank-gender-marker-system-gms
[79] Three out of four projects in 2020 categorized as Gen 1 to Gen III.

	2. Leveraging of financial and knowledge resources increased through strengthened partnerships	2.1. New projects and leverage factor[80] of investments generated from bankable projects prepared by the Bank's PPFs and TFs (# and ratio)	0 and 32	20 and 32	
		2.2. Collaborative arrangements with water related sector and research institutions for enhanced knowledge and capacity dev. (#)	TBD[81]	5	
		2.3. Analytical studies conducted for capacity building, policy dialogue and identification of operations (#)	3	4	
	3. Policy on Water collaboratively mainstreamed in all relevant Bank strategies and operations	3.1 PoWCCC reports published per year (#) from a fully functional Secretariat as per the Terms of Reference	No	Yes	AfDB data portal and reports; Bank's results measurement framework; PoWCCC reports
	4. Bank performance management systems facilitate and recognize cross-sector collaboration around water	4.1. Shared Key Performance Indicators around water-related operations mainstreamed in Bank as reported in PoWCCC reports (No/Yes)	No	Yes	

[80] Leverage factor defined in this case as the ratio of the amount of money mobilized to finance Bank prepared investments to the amount spent to prepare the project. In 2020, this was about 32 for the AWF.
[81] To be determined by AHWS in 2021, based on agreed criteria

Annex 2 Water and Key Links to Other Bank Strategies

Building on the sector challenges and opportunities, the Water Sector Strategy of the Bank is founded in the Bank's Ten-Year Strategy (TYS) and its top five priorities (High 5s), as well as the new Water Policy on Water. In addition, the Water Sector Strategy builds on other relevant strategies in the Bank (notably other High 5 strategies), to maximize synergies and address any gaps. The proposed strategy will also be informed by the achievements and lessons from past and ongoing water sector interventions. Some of these considerations are presented in this section.

Water in the TYS and High 5s

(i) **The Bank's Ten-Year Strategy (TYS) highlights the critical role the water sector plays in Africa's transformation.** The strategy emphasizes that "massive investments in integrated water development and management are central to sustainable water, food and energy security for green and inclusive growth." Box 2 summarizes what the TYS says about water. The five operational priorities of the TYS comprehensively respond to the needs of the water sector: bridging the infrastructure gap for broad-based development; promoting regional integration through transboundary water resources management; private sector development for increased financing and more effective service provision; governance and accountability for stronger sector performance; and skills and technology for efficiency and sustainability of service delivery. Water is also crucial for the three areas of special focus (fragility, food security and gender).

(ii) Water Security is central to the achievement of each of the Bank's top five priorities (High 5s) namely: Feed Africa, Industrialize Africa, water-related Power and Light Africa, Integrate Africa, and Improve the Quality of Life for the people of Africa). The various "High 5s strategies" lend ample recognition to water and sanitation in transforming the development landscape of Africa as illustrated in Table 1. The Water Sector Strategy will be prepared and implemented in coordination with these Bank-wide strategies in a broader framework and in the spirit of the "One Bank" approach for mutual reinforcement to achieve the overall vision and goal of the Bank.

(iii) The role of water and sanitation in addressing fragility and building resilience is crucial. Almost 40% of RMCs are in transition. Lack of water and sanitation are among the key fragility drivers that reinforce vulnerability of many countries especially in arid parts of Africa. Although conflicts and violence are an extreme manifestation of affected communities, the Bank - under the guidance of its Transition Support Department - will explore and analyze the conflict-water-community nexus and develop an approach for promoting social inclusion and equitable growth to mitigate fragility factors.

Box 2: What the TYS says about Water: The Bank will support RMCs to:

- Transition to "green growth" that will protect livelihoods, improve water, energy and food security, promote the sustainable use of natural resources (including fisheries and aquaculture) and spur innovation.
- Incorporate green principles in development plans, build resilience to climate shocks, provide sustainable infrastructure, create ecosystem services and make efficient and sustainable use of natural resources (particularly water, central to growth but most affected by climate change).
- Manage urban growth and develop sustainable urban infrastructure systems, particularly water, sanitation and waste management.
- Invest in infrastructure such as water, energy and transport, that frees time for women and increases their productivity.
- Facilitate regional integration by supporting transboundary basins and basin organizations to foster cooperation.
- Promote integrated infrastructure development that combines concessional resources with non-sovereign guaranteed financing

Water in the High 5 strategies, and linkages between water and High 5s

High 5	Other sector frameworks and areas of focus on water	General linkages with water
Light up & power Africa	The New Deal on Energy for Africa (2016 – 2025): Underscores that when women have access to adequate fuel, water supplies, and money for school fees, their children are more likely to attend school, and girls in particular will not be kept home. Recognizes water as a key input for energy production.	Energy generation uses water resources, particularly for hydro, thermal and nuclear sources. Biofuel production is linked to increased pollution from fertilizers and agro-chemicals. On the other hand, energy facilitates water treatment and transportation.
Feed Africa	Agricultural Transformation Strategy for Africa (2016-2025):One of seven enablers of the Strategy is increased investment in enabling infrastructure for sectors including water to scale up agricultural production and agribusiness. The Strategy acknowledges that about 80% of water is withdrawn for agriculture in Africa, and droughts have a cascading effect on national economies. It highlights the need for capital investmentto expand the use of water harvesting technologies in the Sahel and Horn of Africa; as well as harnessing the potential of the blue economy for aquatic foods.	Water is key to food security; irrigation uses about 70% of all freshwater appropriated for human use (UN Water 2013); and significant quantities of good quality water are required for production processes. The quality of water also determines the regenerative capacity of living aquatic ecosystems including fisheries resources. However, poor agricultural practices can lead to increased pollution of water resources and over abstraction of the resource.
Industrialise Africa	Industrialize Africa: Strategies, Policies, Institutions and Financing: Acknowledges that one of the key factors impeding industrialization in Africa is lack of critical infrastructure, such as power, water, and transport services. The consequences of poor infrastructure are not limited to opportunity cost in terms of lost growth, but also in retarding human development, highlighting evidence that suggests that higher child mortality is driven by low access to basic services, such as electricity and clean water.	Water is a key facilitator for industrialization (and urbanization), and for local small and medium-sized enterprises along the water and sanitation service chains. Availability of water is also key for the development of an industrial base on the continent such as steel production, textiles, construction material, etc. On the other hand, pollution from industrialization threatens water resources and ecosystems. The Bank promotes the sustainable use of water resources for industrial development across Africa.
Integrate Africa	The Bank's Regional Integration Strategy (2014-2023): Pillar one of the Strategy hinges on supporting regional infrastructure development to bridge the infrastructure gap. This includes development of multipurpose dams, transboundary and other river basin programs for flood control, irrigation, transport, drought prevention and industrial water supply. It also covers capacity strengthening of Africa's lake and river basin organizations to address sustainable development issues on transboundary waters.	Africa's many transboundary water bodies create opportunities for increased economic integration and shared benefits.Shared water bodies can be a source of tension and can lead to conflict amongst riparian countries. The situation can be exacerbated by climate change resulting in changing volumes of shared water bodies.
Improve the quality of life for the people of Africa	The Human Capital Strategy for Africa (2014-2018): Highlighted the positive impacts of water and sanitation programs on health, early childhood development and girls' education. The Strategy reiterated the Bank's focus on investments in rural infrastructure, including water and sanitation,to benefit agriculture and improve women's livelihoods. AfDB Multi-Sectoral Nutrition Action Plan (2018-2025): highlighted the importance of WASH for nutrition and child development.Promotion of good hygiene practices at critical times will have a significant impact on health and nutrition outcomes	Three out of four jobs worldwide are water-dependent (World Water Development Report, 2016) through its cycle or in water-dependent economic sectors like agriculture, power, industry, and health. Access to drinking water and sanitation promotes an educated and healthy population and improved livelihoods. Social protection measures will also help the most vulnerable to access to water.

Annex 3 Selected Examples

Example 1: Integrated development and adaptation to climate change in the Niger Basin

Background: The Niger River, whose basin is shared by nine West and Central African States (Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Guinea, Mali, Niger, Nigeria and Chad), is of paramount importance for people living in the river catchment and for the economies of member countries of the Niger Basin Authority (NBA). The growing aridity and the dwindling of water flows observed over several decades, associated locally with land pressure, have highly contributed to the widespread degradation of natural resources, the worsening of water and wind erosion and the silting of the Niger River. These phenomena - amplified year after year by recurrent droughts - have undermined the people's living conditions and the biodiversity of the basin. Prior work acknowledged the interrelated impacts within the basin with a project to control silting within the Niger River Basin (a joint project between Burkina Faso, Mali, and Niger), culminating in a master plan for the region.

Solution and Structure: the broader context of economic development for all countries in the Niger Basin was a priority, leading to a coordinated Basin-level and country level approach. Therefore, a regional project was developed with specific investments via nine country programs, and a capacity-building/ implementation project to the Niger Basin Authority to ensure synergies and coordination with the country programs. The main components of the overall project included (i) building the resilience of ecosystems and natural resources; (ii) building the people's resilience; and (iii) ensuring program coordination and management.

Financing: The AfDB is providing a combination of grants and loans totaling $49m, across the nine countries of the Niger River Basin, with another $152m in co-financing by other institutions, including the Global Environment Fund, the Green Climate Fund (GCF), the Strategic Climate Fund (SCF), other EU entities, and the basin countries.

Expected Impact: The main expected outcomes are: (a) the recovery of 140 000 ha of degraded land; (b) the construction of 209 water infrastructure systems for agro-pastoral and fish farming activities; (c) the implementation of 450 sub-projects for agricultural chain development purposes and 184 youth SMEs; (d) climate change adaptation capacity building for one million households; and (e) the operationalization of a sustainable financing mechanism for sustainable natural resource management activities.

Lessons Learned: Though in the early stages of implementation, the project has shown early benefits (right from the preparation stage) with participant countries seeing the additive impact of working together through coordination. Countries and sectors can observe first-hand some of the interconnectedness of integrated water resource management activities.

Source: "Program for Integrated Development and Adaptation to Climate Change in the Niger Basic (PIDACC)" - Appraisal Report, May 2019 (AfDB)

Example 2: The Kigali Bulk Water Supply project: When a Public Private Partnership meets Blended Finance

Development finance: The International Finance Corporation (IFC)'s Public-Private Infrastructure Advisory Facility (PPIAF), a multi-donor trust fund, provided technical assistance and capacity building to Rwanda's Energy Water and Sanitation Authority (EWSA) leading up to the project. Three organizations affiliated to the Private Infrastructure Development Group (PIDG) helped finance the project at different stages of its development with senior debt ($19 million) and junior debt ($2.6 million) and a grant ($6.25 million) to cover upfront capital costs in addition to $19 million loan from the African Development Bank covering $40 million in debt facilities. The capital grant was critical in reducing the project's capital cost, which in turn made the project bankable and allowed the water tariff to be kept as low as possible.

Commercial finance: The private investor in charge of implementing the public-private partnership was competitively selected and won the 27-year concession to build, operate and maintain and transfer the facility and provided $11 million in equity finance.

Challenge: Rapid urbanization and population growth in Kigali, the capital city of Rwanda, are straining the city's infrastructure services. The limited public water production and supply capacity, impaired by a high rate of non-revenue water, frequently leads to water rationing for increasing numbers of water supply subscribers in the city.

Solution: The Kigali Bulk Surface Water Supply project) is the first large scale water treatment facility financed through a public private partnership model in sub-Saharan Africa (excluding South Africa), and one of the first water infrastructure projects established through a build, operate and transfer arrangement. The Kigali Water Limited (KWL) will build, maintain,

and operate the treatment plant and sell drinking quality water to WASAC, Rwanda's public water utility in charge of the transmission and distribution and sole off-taker of the project.

In the case of the Kigali Bulk Water Supply project, some of this risk was addressed by minimizing project costs and maximizing efficiencies with the decision to separate the distribution infrastructure from the plant under a distinct concessional loan. This enabled each of the water production and distribution projects to independently find the most suitable financing solutions and maximize their impact on operational efficiency and benefits to end users, and to reduce the overall cost of the project from $79 million to $61 million.

Expected impact: Upon completion of the project, which is still on-going, the resulting infrastructure is expected to produce and supply 40,000m^3/day of clean, drinking quality water every day to over half a million Rwandans (40% of Kigali's water supply needs).

Lessons learned: A committed government, a coalition of donors using the full scale of their non-lending including technical assistance and lending instruments to de-risk investments were able to attract an informed risk-taking private partner to engage in Rwanda. This blueprint can be replicated in many other countries in Africa.

Annex 4 Highlights of AfDB Water Sector Activities and Initiatives

Water Sector Operations

The bulk of the water sector operations in the Bank are led by the AHWS. However, because of the centrality of water for most development activities, several water-related operations take place in other departments. The 2012 independent evaluation of the Bank's IWRM Policy reported that water supply and sanitation (WSS) projects made up 60% of the portfolio, irrigation and hydropower comprised 19% and water and the environment 15%. Multinational operations supporting transboundary water resources management were 4%. An assessment of the funding from 2000 -2018 shows similar trends.

The Bank's water sector projects typically support infrastructure for socio-economic development; water resource management for productive uses, disaster risk management and ecosystem integrity; policy dialogue and institutional and human capacity strengthening for improved sector governance; and knowledge management. These occur in urban and rural areas and at national and regional levels, targeting the needs of the poor, including women, children, the youth, and vulnerable groups. Between 2010 and 2019, the Bank invested UA 4.22 billion in water supply and sanitation services delivery, resulting in an estimated 92 million people gaining, or are gaining, access to improved WSS services. By June 2020, the Bank's active water portfolio under AHWS stood at 103 projects with a value of UA 3.4 billion.

In addition, between 2005 and 2016, the Bank approved UA 4 billion in the agricultural sector of which more than 40% of the approved projects had water management components amounting to UA 2.2 billion during the period.

The 2005-2016 Independent Evaluation Report of the Bank's Support to the Water Sector in Africa reported that the Bank's water supply and sanitation projects produced satisfactory outputs for water supply, but less so for sanitation facilities and services. Financial sustainability of water supply and sanitation was weak and financial viability represented the greatest threat to the sustainability of the water supply and sanitation infrastructure. Agricultural water management interventions achieved moderate outputs in the range of 68% of the target outputs and produced unsatisfactory outcomes in terms of improved access to water for irrigation and increased agricultural production and productivity.

The 2005-2016 Evaluation Report produced critical recommendations that were important to consider in preparing the Water Strategy, as highlighted in the introduction section of this strategy. Based on the evaluation report's recommendations management committed to the following actions, all of which are reflected in the Water Strategy:

- Enshrine approaches for increased Integrated Water Resources Management and Development (IWRMD) and the development of multipurpose infrastructure to guide sector operations to enhance the economic benefits of water investments.
- Entrench measures for helping governments use new financing mechanisms and strong financial management systems to mobilize more investment resources.
- Strengthen capacity in new Bank-financed projects and stand-alone activities.
- Step up advocacy, partnerships, innovations, and financing to improve sanitation in Africa.
- Strengthen effective stakeholder participation throughout the project cycle, including during supervision missions; and,
- Enhance intra-Bank collaboration and strategic engagement with external stakeholders to enhance the generation and utilization of knowledge on key topical and thematic issues in the sector.

Water Sector Initiatives

The sector department - AHWS, currently manages two special initiatives: the African Water Facility (AWF) and the Rural Water Supply and Sanitation Initiative (RWSSI) that have contributed to the Bank's development agenda on water and sanitation. In 2020, arrangements to integrate the RWSSI into the AWF progressed – with plans to retain only one water sector trust fund in the Bank.

The African Water Facility is an initiative of the African Ministers' Council on Water (AMCOW) administered by the Bank. Established in 2004 as a Special Water Fund to help African countries achieve the objectives of the Africa Water Vision 2025, the AWF offers grants from €50,000 to €5 million to support projects aligned with its mission and strategy.

AWF assists African countries to address the increasing investment need for the development and

management of water resources in Africa. It is a demand-driven, African-led project preparation facility focused on funding investment planning and preparation projects, with the aim to mobilize additional financing to meet Africa's water infrastructure needs.

The AWF has demonstrated a distinctive value proposition to African governments and the development community: having leveraged on average €34 for every €1 spent on project preparation. It has mobilized over €1 billion in committed financing to its follow-on investment projects for water supply, sanitation, irrigation and hydropower. The AWF has supported the establishment and/or the strengthening of key sector institutions, including pan-African water sector initiatives, transboundary river basin authorities, national institutions and, more recently, is reaching out to private sector institutions.

Since becoming fully operational in 2006, the African Water Facility has approved 119 projects worth €166.99 million, across three strategic periods and covering 52 RMCs, 35% of whom have fragile situations. Its current strategy (2017 to 2025 and now under review) has three pillars:

i) project preparation for financing the preparation of water resources development projects and securing follow-on investment for implementation;

ii) catalytic investments to share innovation and encourage private stakeholder investment;

iii) investment promotion to increase the number of public and private investment opportunities.

The new AWF Strategy aims to attract investments for increased development programs on water and sanitation from both the public and private sectors, and its contributions will be reflected in the Water Sector Strategy.

Under the Africa Urban Sanitation Investment Fund (AUSIF) Program, the AWF will prepare city-wide sanitation projects to promote sustainable urban sanitation services along the sanitation value chain and establish a fund to catalyse more investments to the sector.

The Rural Water Supply and Sanitation Initiative was conceived by the Bank in 2002 and adopted by RMCs and donors in 2005 as the framework for increased financing to WSS in rural areas in Africa, towards universal access. In addition to funds from its mainstream instruments, the Bank also hosts the multi-donor RWSSI Trust Fund (RWSSI-TF) which provides additional grant resources. The RWSSI-TF's contributions are used to catalyse improvements in sector governance and the enabling environment, increase investments in fragile states, strengthen sustainability of water and sanitation services, as well as enhance knowledge management and communication, including sector monitoring and evaluation. As at March 2020, the RWSSI-TF portfolio stood at 26 operations, with a total value of UA 60.9 million.

The RWSSI has been instrumental in raising the profile of rural needs in water and sanitation in Africa, and RWSS will continue to be a focus area in the Water Sector Strategy to augment improvements in rural communities that are still least served. The Bank hosts periodic forums that bring together various categories of stakeholders from governments, civil society organizations, the private sector and donors to provide a learning and advocacy platform to promote and assess progress on implementing actions on rural water and sanitation, and strengthen collaboration, ownership, and sustainability of RWSS in Africa.

The previous two forums, in 2013 and 2017, led to strengthened coordination with RMCs through the establishment of the RWSSI Coordination Committee and three working groups, addressing: i) appropriate policies and institutional frameworks for delivery of rural WASH; ii) innovative financing and private sector engagement to accelerate and sustain services; and iii) monitoring and evaluation, learning, knowledge management and ICT for sustainable infrastructure and services.

Annex 5 External Stakeholders Consultations on the draft African Development Bank Group's Water Strategy 2021-2025

1. Justification for the External Stakeholders' Consultations

The Bank held external stakeholders' consultations on the draft Water Strategy to ensure stakeholders' ownership and commitment, and to facilitate the effective implementation of the Strategy once approved by the Bank Group's Boards of Executive Directors. The specific objectives for the external stakeholders' consultations included (i) ensuring that the Bank Group's Water Strategy reflects international best practice, as well as the views of relevant actors; (ii) increasing stakeholder buy-in and ownership; and (iii) identifying opportunities to enhance collaboration with other development partners and relevant national, regional and global organizations. Key stakeholders targeted for the consultations include government experts from the water, agriculture and energy sectors, and other relevant regulatory authorities or utility companies; water users' associations and civil society organizations; youth groups involved in the water sector; regional economic communities; and corporations, academic institutions and multilateral and bilateral development partners active on the continent.

2. External Stakeholders' Consultations Approach

Owing to limited travel and social interaction due to the Covid-19 pandemic, the Team conducted online stakeholders' consultations in lieu of the usual face-to-face meetings. Two approaches were used:

i. Direct Email Sent to Key Stakeholders. Both English and French versions of the draft Water Strategy was sent to key stakeholders for feedback, with an accompanying invitation email from the Acting Vice President for Agriculture, Human and Social Development. A review period of six weeks was allowed for.

ii. Online Posting. As per the Bank Group's 2012 Policy on Disclosure and Access to Information, the online disclosure requirement for operational strategy documents is usually 30-days supplementing the face-to-face regional stakeholders' consultations. In the absence of the face-to-face stakeholders' consultations, the draft Water Strategy was posted on the Bank's internet web portal and social media platforms (LinkedIn, Twitter and Facebook) for at least 40 days (between June 16 and July 25, 2021). A few stakeholders requested additional time due to the holiday period; and all comments received before submission of the revised report to CODE were considered.

3. Outcomes of the External Stakeholders' Consultations

The Bank's draft Water Strategy was well received by external stakeholders. They commended the Bank for the comprehensive document that, among others: clearly spells out the complimentary role to be played by the Bank and other partners in the water sector; rightfully identifies transboundary water resources management as a vital vehicle for national and regional socioeconomic transformation; spells out the strategic importance of conducting water resources monitoring and assessments; and also highlights the important role of the private sector in water resources development.

The Team received valuable comments from a wide range of external stakeholders. These included: the Federal Ministry of Water Resources of Nigeria; the Ministry of Lands, Agriculture, Fisheries of Zimbabwe; the Ministry of Water, Irrigation & Energy of Ethiopia; the Water and Sanitation Unit of the Austrian Development Agency; the Department of Agriculture, Water Resources and Environment of the Union economique et monétaire Ouest africaine (UEMOA); the Ministry of International Cooperation and the Ministry of Water Resources and Irrigation of Egypt; two separate senior water consultants from the UK; Lesotho Highlands Development Authority; Blue Heart of Africa of the World Wildlife Fund for Nature (WWF) based in Kenya; WaterAid, Uganda; Ministry of Public Works, Housing and Water Resources of Mozambique; Young Water Solutions (YWS) based in Togo; European External Action Service (EEAS) based in Ivory Coast; young researcher on environment and sustainable development from Mauritania; Aguaconsult; OceanHub Africa; Directorate of Infrastructure and Services of the Southern African Development Community (SADC) in Botswana; DuPont Water Solutions; Water Governance and Circular Economy unit of the OECD; and Office National de l'Electricité et de l'Eau Potable (ONEE) of Morocco.

The main comments/feedback received that have been incorporated in the Bank's draft Water Strategy. Among others, these included:

i. Water and livelihoods

- Emphasize pollution/water quality, integrated watershed management, and linkages to livelihoods
- Underscore role of women and youth as partners in Bank projects: experts and

agents of change – provide employment opportunities
- Expand nexus to 'water-food-energy-ecosystems', to better reflect the sought "improvement in quality of life"
- Proposal to add a fifth Strategic Pillar: «Promoting the universal access to water for all».

ii. Sanitation - Address sanitation in the broad sense, to include solid waste management and urban drainage

iii. Blue economy and coastal oceanic waters

- Collaborate with other institutions/partners to build capacity in aquaculture industry
- Clarify if the Bank also addresses coastal oceanic water

iv. Capacity development and sustainability

- Strengthen manufacturing and supply chains for WASH to enhance sustainability
- Support research, education & training institutions to further develop capacities and realise local solutions to WASH undertakings, strengthening climate resilience mitigating and adaptation measures; and establish an African Water Research/modelling center where high-tech data collection, utilization and modelling capability can be built; and evidence-based forecasting and real-time information can be disseminated timeously
- More focus on professionalization of rural water services needed
- Emphasize involvement and feedback from communities/civil society organisations in project design and monitoring
- For cost-recovery, also pay attention to the 3Ts (tariffs, taxes and transfers), through an appropriate mix.

v. Infrastructure

- Increase focus on infrastructure
- Give attention to prioritizing investments in ecological (green) infrastructure alongside grey infrastructure

vi. Bank was cautioned to ensure integration across the pillars

4. CONCLUSION

The Bank's draft Water Strategy was well received by external stakeholders and yielded a wealth of constructive feedback. The long list of issues is indicative of the breadth of issues and challenges affecting the sector. The main comments have been incorporated or have informed the revision of the draft Water Strategy.

Annex 6 Strengthening Intra-bank Coordination and External Partnerships

Strategic partnerships around selected priorities are essential in view of the huge financial and capacity requirements to deliver water transformation in Africa. The African Development Bank's Policy on Water underscores the importance of internal coordination and strategic partnerships with external stakeholders in leveraging finance, knowledge and human resources; as well as in maximizing synergies for more effective sector development.

The Bank is developing a partnership and coordination framework to guide staff in establishing and managing effective and productive water partnerships with governments and development partners at country level, African Ministerial Council on Water, regional water basin organizations, the private sector, research and capacity development institutions, Africa's water related associations and networks, and relevant global water stakeholders.

Intra-Bank Coordination: Policy on Water Cross-sector Coordination Committee (PoWCCC). Within the Bank, the Bank-wide mechanism for cross-sector coordination of water related interventions, including the PoWCCC, is being established. Such a structured cross-sector coordination framework is a pre-requisite for driving, tracking, and reporting results across sectors, as unilateral approaches have been shown to limit the Bank's efficiency in mobilizing and allocating resources for investment, providing policy advice and technical assistance.

Development Partner Coordination at National Level. The Bank Group efforts to strengthen partnerships with RMCs seek to enhance country ownership of water sector programs, and the alignment of donor processes with those of partner countries. The coordination agenda aims at strengthening accountability, alignment, and ownership to manage for results and contribute to effective development assistance. Development partner (DP) coordination is undertaken at the level of the sector development partner working groups. Regular exchange of information is required among relevant DPs to identify overlaps and areas for further dialogue and collaboration. This is important for analytical and advisory services, to avoid duplication of effort and ensure early consideration of how best to coordinate the analyses. RMCs will continue to take the lead in setting priorities and articulating the water sector development agenda and the Bank Group in collaboration with other IFIs will seek to deliver knowledge and investment finance in line with these priorities consistent with country systems. The Bank Group will dedicate resources relevant to its participation in the partnerships.

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