

AFRICAN DEVELOPMENT BANK GROUP



The African Development Bank Group Water Strategy 2021 – 2025 *Towards a Water Secure Africa*

June 2021

FOREWORD

I am delighted to share with you the main sections of the African Development Bank Group's (the "Bank Group" or the "Bank") draft Water Strategy for your kind review and comments.

The Bank's Boards of Executive Directors recently approved the Bank's new Policy on Water, which provides the general framework for enhanced Bank engagement in Africa's water sector. The Policy on Water benefited from significant feedback by many stakeholders. This helped to enrich its content and was greatly appreciated.

The Bank has now drafted a Water Strategy to guide the implementation of the Policy on Water for the period 2021 – 2025. Aligned with the Policy on Water, the draft Water Strategy is founded on four pillars that focus on the water-food-energy nexus as well as on the sustainable management of the water resources.

It is important that we reach out to consult with diverse key external stakeholders to bring different perspectives and experiences to shape the proposed Strategy and to ensure its relevance to the Bank's Regional Member Countries. The specific objectives for these consultations are to (i) ensure the Bank Group's Water Strategy reflects the views and feedback of relevant actors; (ii) increase ownership through buy-in by the key stakeholders; (iii) identify opportunities for enhanced collaboration and harmonization with other development partners; and, (iv) ensure that the Bank Group's Water Strategy is reflective of international best practice. We are therefore sharing the rationale, objectives, strategic pillars and implementation aspects of the strategy. The feedback received will benefit the Bank Group in finalizing the Water Strategy and facilitate its effective implementation once approved by the Bank Group's Boards of Executive Directors.

Key stakeholders targeted for the consultations include government experts from water, agriculture and energy sectors, and other relevant regulatory authorities or utility companies; Water Users' Associations, Civil Society Organizations; youth groups involved in water sector; Regional Economic Communities; the private sector; academia; and multilateral and bilateral development partners present on the continent.

We will be honored by your participation in this online key stakeholders' consultation.

Please accept the assurances of our highest consideration.

Yours Sincerely,

Atsuko TODA

Acting Vice-President, Agriculture, Human and Social Development
African Development Bank

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ABBREVIATIONS

AfDB	African Development Bank
AHVP	Agriculture and Human Development Complex of the Bank
AHWS	Water Development and Sanitation Department of the Bank
AMCOW	African Ministers' Council on Water
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
ICA	Infrastructure Consortium of Africa
IWRM	Integrated Water Resources Management
MIS	Management Information Systems
OECD	Organization for Economic Co-operation and Development
OP	Operational Priority
PoWCCC	Policy on Water Cross-Sector Coordination Committee
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)
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

1. RATIONALE FOR THE AFDB WATER STRATEGY

1.1. 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”.

1.2. 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 initiatives¹. 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 Sector². 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.

1.3. The Policy on Water will be implemented through a series of medium-term strategies³, 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.

1.4. 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 Africa⁴;
- iii) Orientate and guide the Bank’s water teams on the goals and directions of the 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.

1.5. 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

¹ The African Water Facility (AWF) and the multi-donor RWSSI Trust Fund (RWSSI-TF).

² Evaluation of the AfDB’s Support to the Water Sector (2005-2016). Beyond Infrastructure Development toward Service Delivery and Behavioral Change, AfDB, January 2020

³ 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.”

⁴ For Quality Health Infrastructure; Gender and for Employability, and Job Creation (planned delivery in 2021)

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.

1.6. Implementation of this Strategy will be tailored to the specific context of every country through linkages to Country Strategy Papers (CSPs) and programming reports. This Strategy does not develop blueprints for each country or circumstance; but defines a broad menu of approaches and results under each of the identified operational priorities.

2. OBJECTIVES AND STRATEGIC APPROACH

Guiding Principles

2.1. 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) Transboundary water resources management and development should be recognized as a key driver for regional economic integration.

2.2. 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.

2.3. 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 infrastructure⁵, strengthening institutions, and engaging in evidence-based policy dialogue with RMCs- in line with the Bank’s Selectivity Guidelines⁶.

2.4. 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.

⁵ 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.

⁶ Sharpening the Bank’s Strategic Focus - A Proposal to Increase the Bank’s Selectivity, January 2021 or later version.

Vision, Goal and Theory of Change

2.5. 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.

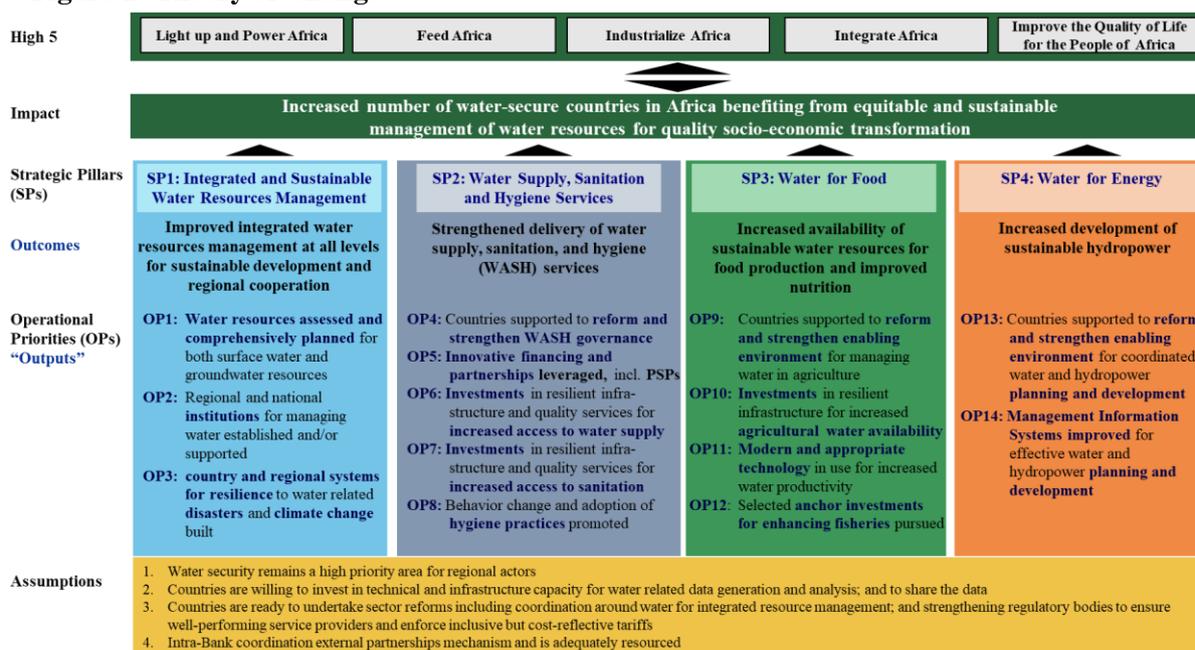
2.6. The Vision of the Strategy, aligned with AWV 2025 is “A water secure Africa where there is equitable and sustainable use and management of water resources for quality socio-economic transformation.” In attaining this Vision, the Bank seeks to be “the premier partner in achieving water security for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

2.7. 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”⁷.

2.8. 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 Objectives or Pillars (SPs) reflects *outcomes* that the Strategy will deliver to achieve the goal of the Strategy, as illustrated in Figure 1. 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.

Figure 1: Theory of Change



⁷ While “water security” has different meanings for some actors, the Bank uses here the UN-Water definition (Box 1).

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.

2.9. 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.

2.10. 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.

2.11. 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 OPs⁸.

3. SETTING PRIORITIES UNDER THE STRATEGIC PILLARS

3.1. 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

3.2. 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 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

⁸ 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.

another. These frameworks are particularly important for riparian countries that share common water resources. Collectively, the knowledge and frameworks allow RMCs and regional organizations to formalize the interactions often described as the “Water-Energy-Ecosystems-Food 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.

3.3. 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

3.4. 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 need to use that information as the basis for planning and decision making on efficient use, protection, and restoration of freshwater water resources⁹. Such understanding is also the basis for developing integrated and economically efficient multi-purpose projects. The outputs for this priority will include an increase in the use of effective integrated planning systems for water resources management, sector knowledge products and tools, and increased multi-purpose projects.

3.5. 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, 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 catalyzing impact such assessments will have on other Bank activities.

3.6. The Bank will support and emphasize multi-purpose projects, as stated in the Policy on Water. Multi-purpose water projects by their nature require internal coordination to maximize positive economic impact across sectors. 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 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

3.7. 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 transboundary and where conflict is still an issue, the development of the right institutions can create cooperative arrangements for sustainable water management and development. A key output of this priority

⁹ 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.

will be an increase in effective transboundary 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.

3.8. 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 industrialization in general, 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 and sub-national basin management institutions. As Pillar 3 (Water for Food) establishes, the Bank will endeavor to link these institutions to “blue economy” efforts involving fisheries development. Special consideration will be given to watershed source protection for the “water tower” highlands of major African river basins.

3.9. The institutional building of OP2 will support the resources planning approach of OP1. Cooperative arrangements and coordination among strengthened institutions lead to more robust management and economic development. The Bank will continue to use its convening power to catalyze such efforts at both national and regional levels.

OP3: Resilience to water-related disasters, climate variability and climate change through risk management, technology, green and grey infrastructure, and capacity development

3.10. Given increasing climate variability and climate change on the African continent, RMCs need to develop risk management capabilities to deal with flooding and drought, 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)¹⁰ and ecosystem services approaches to stabilize water flows, and they will be developed in the overall context of climate resilience. The arid zones of the Sahel, Maghreb, the Horn of Africa regions and the arid regions in Southern Africa will require special focus and will be a priority. 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 hydropower over carbon-intensive energy production. The output from this OP will be an increase in effective water-related disaster preparedness plans, and a reduction in mortality and economic impact from flooding and drought.

3.11. 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 (ADRFi) Programme, and in collaboration with other partners¹¹, the Bank will support several institutional and technology-driven initiatives to increase resilience to climate variability. Additionally, integrated projects such as described in OP1 may be seen through a climate resilience lens. Much of the work in this OP

¹⁰Nature-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.

¹¹ 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).

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; and (iii) infrastructure development planning to mitigate increasing climate variability. Strategic support for technology deployment (such as through the ClimDev Special Fund¹² 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)

3.12. 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 WASH SDGs and improve access to safe water and sanitation, a basic human right.¹³ 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 behavior change, and the adoption of hygiene practices. Integrated approaches enable the provision of water for multiple purposes including livestock, crop farming and industrial use. The key outcomes anticipated under this Pillar are the increased and sustainable access to at least basic water and sanitation services and the adoption of recommended hygiene behaviors. Others include the reduction in water-related diseases, increased enrollment in schools for girls, and jobs for both youth and women.

3.13. 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

3.14. A strong enabling environment for WASH solutions is based on three building blocks of water governance - effectiveness, efficiency, and stakeholder trust and engagement. By developing these building blocks, more stakeholders (including citizens) effectively participate in the policy dialogue and in the design of activities; and the private sector is encouraged to engage and commit. As a result, water supply, sanitation and hygiene programs are better implemented and managed. 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. 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.

3.15. 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

¹² See <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/climate-for-development-in-africa-climdev-africa-initiative>

¹³United Nations General Assembly Resolution 64/292 -The human right to water and sanitation (28 July 2010); and Resolution 18/1 of the United Nations Human Rights Council (2011); <https://www.right-docs.org/doc/a-hrc-res-18-1/>

policies that address full life-cycle cost-reflective 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 credit-worthiness of the WASH sector and has historically been a major impediment to PSPs. The Bank will support capacity-building of policymakers, regulatory institutions, and key stakeholders.

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

3.16. 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. As a first step, policies leading to cost recovery and increased efficiency in the use of public funding of WASH activities will attract more PSP, which can in turn increase efficiency of operations. Cost recovery and PSPs will however be designed with the principle of affordability in mind to ensure adherence to UNGA Resolution 64/292 and achieve the strategic objective of “inclusive, sustainable and climate resilient WASH”. The feasibility of providing investment financing through sovereign loan instruments will be assessed. 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.

3.17. The Bank will increase its portfolio of “bankable projects”¹⁴ 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 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 tariffs and increasing efficiency in sector management will all create conducive conditions for PSP.

3.18. 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 water supply and sanitation sector, supporting the development of medium-term integrated budget frameworks; and ensuring that effective and efficient selection, appraisal, and implementation 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

3.19. 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 result¹⁵. Increased focus will be on use of renewable energy sources, notably hydro, wind and solar, for water and sanitation infrastructure and services. 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

¹⁴ The Bank will continue to provide support to project preparation facilities like the NEPAD-IPPF and the African Water Facility in addition to long-term support to RECs and RBOs to progressively build their capacity.

¹⁵ Water supply solutions will be tailored to specific country situations, including the needs of coastal cities for example.

resilient water supply infrastructure and services leading to an increase in the number of people with access to at least basic water services.

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

3.21. The Bank will finance investments in urban and peri-urban water supply infrastructure including the rehabilitation 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 term¹⁶; 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.

3.22. 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 knowledge management and monitoring and evaluation programs. 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 Strategies¹⁷. 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

3.23. 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.

3.24. The Bank will step up its support for inclusive sanitation services with more funding directed to expanding access to inclusive sanitation services¹⁸. The Bank will assist RMCs to prepare sanitation 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.

¹⁶ 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.

¹⁷ Strategies under preparation for delivery in 2021.

¹⁸ Including issues related to other forms of environmental sanitation (solid waste, urban drainage, faecal sludge management).

3.25. 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.

3.26. 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 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.

3.27. The Bank will support RMCs to invest in WASH services for institutions like public health facilities and schools 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 health outcomes.

OP8: Promote behavior change and adoption of appropriate hygiene practices

3.28. 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 soap¹⁹. Only 15% of the population had access to even a basic hand washing facility with soap and water in their living accommodation in 2015²⁰. The output from this OP will be behavior 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 hygiene education in schools and public health facilities.

3.29. 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 and wastewater; and (iii) safe water handling from point of collection to end use. In addition, community-based approaches to behavior change, including handwashing at schools, will be promoted. The Bank will support programs that aim to use health and agriculture extension services to support sustained behavior change and transitioning from open defecation in rural and peri-urban areas.

Strategic Pillar 3: Water for Food

3.30. 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

¹⁹ UNICEF Strategy for WASH 2016-2030

²⁰ WHO/UNICEF Joint Monitoring Programme 2017. The figures are for sub-Saharan Africa

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.

3.31. 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”)²¹. 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 management²².

3.32. 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

3.33. 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. The output from this OP will be more country support to reform and strengthen enabling environments, management capacity and governance structures that manage water for agricultural purposes.

3.34. 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)⁸. 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, 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

3.35. 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

²¹ Feed Africa: The Strategy for Africa’s Agricultural Transformation in Africa (AfDB, 2016-2025)

²² 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.

transformation initiatives, including those related to infrastructure²³. 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.

3.36. 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.
- 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 modeling 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, drip irrigation technology, and similar small infrastructure programs.

3.37. Investments in agricultural water 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

3.38. 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.

3.39. 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 modeling 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

²³ Feed Africa: The Strategy for Africa's Agricultural Transformation in Africa (AfDB, 2016-2025). See Enabler #3, "Increased investment in hard and soft infrastructure".

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 development²⁴; (iii) advanced distributed-energy irrigation technology, such as solar pumping systems, supporting High 5 priorities²⁵; (iv) soil testing and water quality monitoring technology; and, (v) support for technology exchanges or entrepreneurial actions.

3.40. 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

3.41. 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 GDP²⁶. 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 fisheries. Sustainable water resources management is key for successful blue economy. Water pollution, and litter including from plastics are some of the threats to sustaining the blue economy.

3.42. Although aquaculture and fishery development has been a new area of engagement for the Bank in the past decade, the Bank is beginning to build valuable experience. 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.

3.43. The Bank will endeavor 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 Resource 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 sustainable blue bonds.

Strategic Pillar 4: Water for Energy

3.44. 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 transition²⁷. But the realized sustainable hydropower generation remains low, and this SP aims to achieve an overall

²⁴ 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

²⁵ Bank’s Strategy for the New Deal on Energy for Africa (2016 – 2025)

²⁶ de Graaf, G. & Garibaldi, L. 2014. The value of African fisheries. FAO Fisheries and Aquaculture Circular. No. 1093. Rome.

²⁷ International Hydropower Association (2020). Hydropower Status Report Sector Trends and Insights

outcome 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

3.45. 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 or on domestic and commercial water supply schemes.

The output for this OP is an increased number of river basin or water resources institutions with competencies to also address hydropower production (ideally the same institutions for integrated water resources management as were identified in OP2).

3.46. 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 Strategy⁸. Where feasible, the Bank will promote the development of multi-use water infrastructure.

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

3.47. 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. Such information will also facilitate sedimentation management in the design and operation of hydropower projects; which is important for avoiding disruption in sediment flow that can lead to riverbed erosion and hinder sustainable hydropower. 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.

3.48. The Bank will support countries to improve their MIS for effective and resilient²⁸ 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 Africa²⁵. More details regarding how teams across sectors will coordinate and collaborate as “One Bank” are included in the Implementation section of this Strategy.

4. 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.

4.1. 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. In doing so, the Bank will be (i) scaling up, deepening and disseminating knowledge and

²⁸ International Hydropower Association (2020). Hydropower Sector Climate Resilience Guide

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”.

4.2. 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 for effective collaboration with external partners on water issues.

Scaling up, deepening, and disseminating knowledge and analytical work

4.3. To implement recommendations from evaluations of the 2000 IWRM Policy and the 2005-2016 Bank water operations², 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 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).

4.4. 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.

4.5. 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 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

4.6. 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 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 fecal sludge treatment.

4.7. The Bank has experience in mobilizing financial resources for water sector operations, notably infrastructure, 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 Together 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.

4.8. 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. It is anticipated that the Bank will increase its current funding level by 30% - 50%²⁹ to support this work.

4.9. 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 lens³⁰, with a focus on re-establishing access to at least basic WASH services as an entry point for longer term sector reforms and development.

4.10. 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 Strategy³¹. In addition, the Bank will mainstream civil society participation throughout its water outreach and operations, in line with its relevant strategic frameworks.

Delivering as “One Bank” and, Monitoring the Implementation of the Strategy

4.11. A Policy on Water Cross-sector Coordination Committee (PoWCCC)³² 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 nexus is addressed effectively in CSP preparation, policy dialogue and in operations.

4.12. Developing IWRM programs encompassing the water-food-energy 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.

4.13. 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

²⁹ 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).

³⁰ 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”.

³¹ 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”.

³² 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.

uses SDG targets and indicators and the African Ministers’ Council on Water’s monitoring framework³³ as its reference points. The detailed RMF will be annexed to the Strategy.

5. RISK MANAGEMENT AND MITIGATION

5.1. 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. Six major risks have been identified which require monitoring and mitigation as set out below.

Risk	Mitigation considerations
Lack of political support for necessary reforms to improve enabling environment and to professionalize service providers	<ul style="list-style-type: none"> • 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.
Limited interest of the private sector to provide financing and/or deliver services; coupled with inadequate cost recovery for sustainability of infrastructure and services	<ul style="list-style-type: none"> • The Bank will support the design and implementation of cost-reflective 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Greater alignment of water related programs with Bank’s selectivity guidelines; and maximizing synergies through multi-use projects.
Coordination failures at RMCs to run IWRM-based projects in addition to capacity mismatches	<ul style="list-style-type: none"> • 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.
Prolonged presence of COVID-19 impacting resource mobilization, pipeline development and project/Strategy implementation	<ul style="list-style-type: none"> • Enhanced mainstreaming for virtual operations and support to clients by the Bank. • Using the linkage between WASH and diseases, including the pandemic, to further advocate for greater focus on the sector as a line of defence.

³³ DHI UNEP-DHI Partnership. (2016). [Pan African Water M&E Guideline Report](#)