



POLICY ON WATER

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AFRICAN DEVELOPMENT BANK GROUP
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PREFACE

This New Water Policy provides a general framework for the African Development Bank Group's water sector. With a strong, causal relationship between water security and economic growth, investments in the water sector are key for sustainable development and inclusive growth, leading to the realisation of multiple Sustainable Development Goals (SDGs). While clean water and sanitation (SDG 6) is the most explicitly related goal, the elimination of poverty (SDG 1), zero hunger (SDG 2), good health and well-being (SDG 3), gender equality (SDG 5), clean energy (SDG 7) and decent work and economic growth (SDG 8) could be impacted as well. Relatedly, the achievement of the African Development Bank's High 5s depends on the strategic development and management of water resources.

Water security depends not only on the quantity but also on the quality and access of the water resources at a given time. The African continent has 63 international transboundary river basins that cover about 64% of the region's land area and accounts for 93% of the total surface water on the continent. However, across Africa, water is unevenly distributed, with more than 50% of water resources concentrated in Central Africa, and less than 3% in North Africa.

Currently, only 5% of this resource is being exploited, with less than 5% of cultivated land being irrigated and only 10% of hydroelectricity potential utilized. Additionally, only 58% of the population has access to safely managed drinking water services (only 27% in Sub-Saharan Africa in 2017) and 72% lack access to basic sanitation services. As a result, there is a high incidence of disease that reduces the vitality and overall economic productivity of Africa.

The intensification of environmental degradation, climate change, population growth and rapid urbanisation — among other factors — pose considerable challenges to water security. Already, cities are reaching out to more distant sources of water supply and relocating industries close to water sources. Water security is even more difficult to improve in conflict areas, which suffer from degraded water infrastructure, weak institutions, and limited financing.

African countries have also failed to match the growing demand of water with adequate investments as countries invest only 0.5% of their gross domestic product in the water sector — leaving an annual investment gap of \$43-56 billion. Weak water sector governance widens that infrastructure finance gap.

With this in mind, the African Development Bank in May 2021, approved a new Policy on Water. The objective of the Policy is to enhance Africa's water security and transform its water assets to foster sustainable, green, and inclusive socio-economic growth and development. The policy identifies measures for strengthening the knowledge base on water risks and addressing the technical, financing and governance challenges to achieving water security.

The Water Policy is premised on: attainment of water security at household, national and regional levels; strengthened Integrated Water Resources Management; promoting access to water services; and transboundary water resources management. Water security is promoted by investing in knowledge, institutions, and infrastructure to support development.

The Water Policy will be linked to country strategy papers. Whenever water is recognized as a prime development issue and the country strategy requires the Bank to address water sector issues, the policy will support identification of issues and development of approaches to tackle them. The Bank will play a premier partner role in promoting water security through sound and sustainable financial assistance and advisory services. Strengthening partnerships will be crucial for policy implementation.

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ABBREVIATION AND ACRONYMS

AfDB	African Development Bank Group
AU	African Union
AMCOW	African Ministers' Council on Water
ANRC	African Natural Resources Centre
AWF	African Water Facility
AWM	Agricultural Water Management
CODE	Committee on Operations and Development Effectiveness
CSOs	Civil Society Organisations
CSP	Country Strategy Paper
GHG	Greenhouse Gas
GWP	Global Water Partnership
BDEV	Independent Evaluation Department (previously IDEV)
ISS	Integrated Safeguards System
IWMI	International Water Management Institute
IUWM	Integrated Urban Water Management
ICT	Information and Communications Technology
IWRM	Integrated Water Resources Management
KPIs	Key Performance Indicators
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MDWPP	Multi Donor Water Partnership Programme
M&E	Monitoring and Evaluation
NGOs	Non-Governmental Organizations
O&M	Operations and Maintenance
PoWCCC	Policy on Water Cross-sector Coordination Committee
PPF	Project Preparation Facility
PPP	Public Private Partnership
RBOs	River Basin Organisations
RECs	Regional Economic Communities
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
RWSSI	Rural Water Supply and Sanitation Initiative
SDGs	Sustainable Development Goals
TF	Trust Fund
TYS	Ten Year Strategy
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
WASH	Water, Sanitation and Hygiene
WSS	Water Supply and Sanitation
WUAs	Water Users' Associations
YP	Young Professional



EXECUTIVE SUMMARY

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POLICY ON WATER

This new Policy on Water provides a general framework for the African Development Bank Group's water sector. Building on the achievements of the 2000 Integrated Water Resources Management (IWRM) Policy, the Policy on Water seeks to develop and improve water resources management and thus enhance water security at household, national and regional levels in Africa. This will enable the increasingly sustainable development and management of Africa's limited water resources to support both inclusive and green growth^{*1}.

In accordance with its Strategy for 2013-2022 (Ten Year Strategy), the Bank Group's vision for water security is an Africa where there is an equitable and

sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation and the environment, also in line with the Africa Water Vision 2025. In so doing, the Bank seeks to be the premier partner in achieving water security for inclusive and sustainable growth in Africa. The new Policy on Water is developed at a time when the Bank, for the sake of accelerating the implementation of its Ten-Year Strategy, has set five priority areas of intervention. These are the 'High 5s', namely: (i) Light Up and Power Africa, (ii) Feed Africa, (iii) Integrate Africa, (iv) Industrialize Africa, and, (v) Improve the quality of life for the people of Africa. Furthermore, given the cross-cutting role of water resources in the development agenda, achieving the

¹ The asterix next to an underline word or phrase (*) denotes key terminology used in this Policy. Definitions are provided in Annex III: Glossary of Important Terms. Green Growth means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies – i.e. a path of economic growth that uses natural resources in a sustainable manner.

objectives of the High 5s in a sustainable manner will require attaining water security in the Bank Group's regional member countries and sub-regions.

The over-arching objective of the new Policy is to enhance Africa's water security and transform its water assets to foster sustainable, green and inclusive socio-economic growth and development. Specifically, the Bank aims to: promote the attainment of a minimum platform of water security at both national and regional levels within the continent with a special focus on areas of fragility; and assist the countries and sub-regional groups to harness and sustain the productive potential of their water resources to support their development. To this end, the Bank will play a premier partner role in actively promoting the integrated development and management of Africa's water sector through sound and sustainable financial assistance and expert advisory services.

To pursue its vision for the water sector, the following four principles will guide the Bank Group's interventions: (i) attainment of water security at household, national and regional levels should be recognised as a key outcome fundamental for inclusive growth; (ii) equitable social welfare and economic growth require the application of the IWRM approach; (iii) promoting sustainable and equitable access to water services is an enabler for the Sustainable Development Goals (SDGs); and (iv) transboundary water resources management and development should be recognised as a significant requirement to achieve seamless regional economic integration.

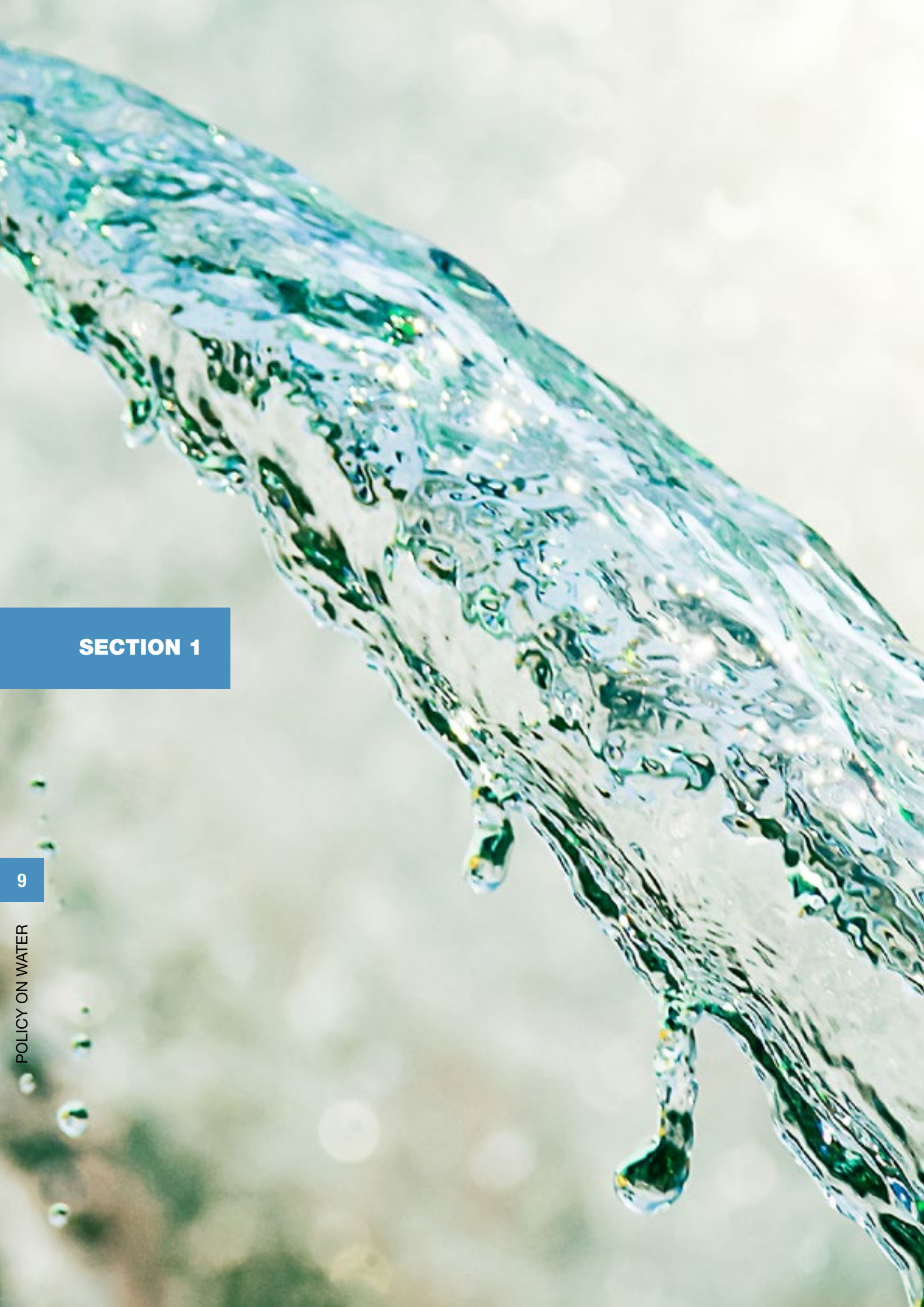
Accordingly, seven operational elements will guide the Bank's actions in implementing the new Policy. These are: (i) economic valuation of water resources, pricing of water services and cost recovery; (ii) sustainable, smarter and more resilient infrastructure; (iii) governance and enabling environment; (iv) financing and investments; (v) the multi-purpose use of water and ecosystems approach; (vi) knowledge

management, innovation, technology and research; and (vii) participation and inclusiveness.

The multi-purpose nature of water involves various interest groups at the national and regional level as well as within the Bank Group itself. The priority areas of focus (water sub-sectors) in the new Policy are (i) water supply and sanitation, (ii) agricultural water management, and (iii) sustainable water use for energy production. Further sub-sectors of the Bank Group's intervention include: (iv) urban development, (v) transportation, (vi) industry and tourism, and (vii) water-related disaster risk management. To maximize the impact of the Bank's resources and promote a coordinated approach to water-related interventions across sectors, the Bank will establish an internal coordination mechanism for water related interventions. The mechanism will be overseen by a Policy on Water Cross-sector Coordination Committee (PoWCCC, see Annex IX) with adequate capacity, resources and appropriate skills. The PoWCCC will guide the successful application of the four principles that steer this policy. Furthermore, the PoWCCC will support the coherent and successful implementation of the concepts of water security and integrated water resources development and management both within the Bank Group, and at the national and sub-regional level on the continent in close collaboration with the African Ministers' Council on Water (AMCOW).

The execution of the Bank Group's Policy on Water will be monitored through impact and implementation level indicators (see Annex I). These point to medium-term sector level strategies and action plans which will contain relevant key performance indicators to provide benchmarks for monitoring and evaluation of the Bank Group's operations in support of water security in Africa.

The Boards of Executive Directors of the African Development Bank Group approved the Policy on Water on May 14, 2021.



SECTION 1

INTRODUCTION

1.1 Background

The central and irreplaceable role that water occupies in all dimensions of sustainable development is widely recognised. Despite this, Africa still needs massive investments in the development and management of water in order to support inclusive economic growth and social progress. However, its low priority in public policy and low public perceptions of water resource management and related services often make lack of access to water a barrier to improvements in social welfare, economic development and healthy ecosystems.² There is strong evidence that investing in improving water access can make a huge contribution to improved food security, economic growth, and poverty reduction.³

Africa is the world's second driest continent after Australia and millions of Africans still suffer from water shortages throughout the year. The continent's water resources are unequally distributed with the central Africa region having more than 50% and North Africa having less than 3%.⁴ Water resources are also seriously under-used in most countries in Africa. At present, only 5% of the resources are exploited, and less than 5% of the continent's cultivated area is under irrigation in all but four countries.⁵ Approximately 86% of water resources withdrawal is used for agriculture,

10% for domestic purposes (municipalities and community water supply), and about 4% for industrial use.⁴ Inadequate infrastructure and regulatory capacities also affect the quality of Africa's water resources.

Water security* is at the core of high quality and sustainable socio-economic development. With over 80 shared water bodies and with 38 of its 54 countries being either coastal or Small Island Developing States (SIDS)⁶, Africa has great potential to advance the contribution of its blue economy*⁷ to sustainable development. Although Africa has embarked on extensive economic growth, it fails to harness its water resources to drive high quality growth, sustainable development and poverty reduction. Whether by providing safe potable water access to both urban and rural communities, sanitation services to marginalised areas, water for irrigation, energy or transportation, protection from floods or droughts, or guaranteeing valuable ecosystems are not damaged, water is the key economic input that Africa must develop to attain and sustain the economic growth to which it aspires. This Policy will guide the African Development Bank Group's⁸ (hereafter referred to as the "Bank Group" or "the Bank") support for Africa's water security and to attain the African Union's Agenda 2063, "the Africa we want".

Box 1: Water Security Definition

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

2 WWAP (United Nations World Water Assessment Programme). 2015. The United Nations World Water Development Report 2015: Water for a Sustainable World. Paris, UNESCO.

3 Small private irrigation: A thriving but overlooked sector, *Agricultural Water Management* 131: 167–174. de Fraiture, Charlotte, Meredith Giordano (2014).

4 Africa Water Atlas (2010). Division of Early Warning and Assessment (DEWA). United Nations Environment Programme (UNEP). Nairobi, Kenya.

5 Source: <http://www.fao.org/aquastat/en/>

6 The 6 African SIDS are Cape Verde, Guinea Bissau and São Tomé and Príncipe in the Atlantic Ocean; and Comoros, Mauritius and Seychelles in the Indian Ocean.

7 The blue economy concept includes recognition that the productivity of healthy freshwater and ocean ecosystems is a pathway for aquatic and maritime based economies and can ensure that islands and other coastal countries, as well as land-locked states, benefit from their water resources. The Blue Economy in Africa covers aquatic and marine spaces, including oceans, seas, coasts, lakes, rivers, and underground water, and it comprises a range of productive sectors, such as fisheries, aquaculture, tourism, transport, shipbuilding, energy, bioprospecting, and underwater mining and related activities. Source: Africa's Blue Economy: A policy handbook by UNECA (2016) https://www.uneca.org/sites/default/files/PublicationFiles/blue-eco-policy-handbook_eng_1nov.pdf

8 The African Development Bank Group (the "Bank Group") includes the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF).



1.2 Sector challenges and emerging trends

A huge infrastructure gap hampers water security in Africa and directly affects the quality of life for millions of Africans. It undermines sustainable access to water for human well-being, secure livelihoods (notably through agriculture, industry, tourism, and energy) and socio-economic growth and development. Inadequate infrastructure also increases the risk of water-borne pollution and poor water quality, water-related disasters (including epidemics, droughts and floods) and endangering ecosystems. About 68% of the people of Africa have access to improved water sources while only 32% have access to improved sanitation. Access to improved water, sanitation and hygiene (WASH) is first line of defence against the transmission of many diseases such as COVID-19, cholera, dysentery, typhoid, trachoma, schistosomiasis and polio. It is estimated that improving access to WASH would prevent as many as 367,605 diarrhoeal deaths per

year in sub-Saharan Africa and would reduce global child mortality by over two million.⁹ Reports indicate that Africa loses 5% of annual GDP to poor drinking water and sanitation; 5-25% to droughts and floods in affected countries; and 2% to regular power outages.¹⁰

The infrastructure deficit is exacerbated by many other factors. These include extreme spatial and temporal climate and rainfall variability, aggravated by climate change¹¹; growing water scarcity with shrinking water bodies and increasing desertification; and increased water demand and a sharply rising need for solid and liquid waste management due to rapid population growth, fast urbanization, and increasing per capita water consumption. Inappropriate governance (including policy, legal and institutional) arrangements for sustainable service delivery worsen these problems, as well as inadequate management of Africa's national and transboundary water basins¹² which also restricts opportunities for regional integration. A minimum

9 UNICEF, WHO, World Bank, UN-DESA Population Division, 2019. Levels and trends in child mortality report. Estimates developed by the UN Inter-agency Group for Child Mortality.

10 A Post-2015 Global Goal for Water: Synthesis of key findings and recommendations from UN-Water, Source: https://www.un.org/waterforlifedecade/pdf/27_01_2014_un-water_paper_on_a_post2015_global_goal_for_water.pdf

11 Climate change is defined by the Intergovernmental Panel on Climate Change (IPCC) as a change in the state of the climate that can be identified by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer.

12 According to <https://www.ifpri.org/>: "Water scarcity is growing rapidly and water quality continues to decline. In 2010, 36% of the global population, 39% of the world's grain production and 22% of global GDP were at risk due to water stress. Under business-as-usual, 52% of the global population, 49% of global grain production, and 45% of total GDP will be at risk due to water stress by 2050. However, this is not inevitable. If we change the ways we use water and produce food, we can significantly reduce global water stress, and provide more food with less water for more people."

platform of water security^{*13} is needed to ensure that Africa attains and sustains the economic growth it desires.

Since 2000, several important developments have taken place in the water sector^{*14} in Africa, and these have informed this new Policy. Notable developments include:

- i. The African Water Vision 2025 for “an Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional co-operation and the environment”. This vision aims at universal access to water supply and sanitation by 2025.
- ii. The creation of the African Ministers’ Council on Water (AMCOW) in 2002 with the mission to provide political leadership, policy direction and advocacy in the provision, use and management of water resources for sustainable social and economic development and maintenance of African ecosystems.
- iii. The African Union’s Agenda 2063 and its aspiration of a “Prosperous Africa, based on inclusive growth and sustainable development”. Water security directly influences the Agenda’s goals related to the quality of life and well-being for all citizens; well educated citizens and skills revolution; healthy and well-nourished citizens; and, environmentally sustainable and climate resilient economies and communities. Water security is specifically mentioned as a priority area under the last goal.

In addition, the adoption of the Sustainable Development Goals (SDGs) in 2015 set common priorities to end poverty, protect the planet, and ensure prosperity for all by 2030. Water security enables many of the 17 SDGs and is the specific focus of SDG6 (See Annex V).

1.3 The Bank’s engagement in the water sector

1.3.1 Implementation of the Bank’s IWRM Policy (2000) and rationale for the new policy

The Bank promulgated its Integrated Water Resources Management^{*15} (IWRM) Policy in 2000 and has spent almost two decades implementing water sector projects within its framework. The 2012 Evaluation of the Policy¹⁶ identified positive outcomes resulted from its implementation. These included: (i) the growth of the share of the water sector in the Bank Group’s lending portfolio from 7.8% over the three decades of 1967-1999 to 9% over the decade 2000-2010¹⁷; (ii) more operations with larger volumes; and, (iii) the introduction of new and special funding initiatives such as the African Water Facility (AWF) and the Rural Water Supply and Sanitation Initiative (RWSSI) that enabled a targeted approach towards the Millennium Development Goals (MDGs) and created an opportunity to leverage the Bank’s financing. The Multi Donor Water Partnership Programme (MDWPP) contributed to enhancing the capacity of the Bank and its regional member countries (RMCs) to embed IWRM principles in water-related operations.

The evaluation also reported that the project finance approach and the large gap between the ratio of the African population’s access to clean water and the MDGs dominated the RMCs demand. This resulted in 66% of the Bank’s water sector investments being approved for water supply and sanitation projects, followed by irrigation and hydropower with 19%, 15% for water and environment and 4% to support the development of transboundary management. The Bank responded with investment financing (90%) to support basic and social services projects and used policy-based instruments sparingly (6%) supported with technical assistance to influence the shaping of effective IWRM policies in RMCs, beyond the immediate concerns for post-operation and the maintenance of completed projects.

The evaluation also noted that whereas the policy was firm, the project cycle management, and specifically

13 The minimum platform of water security refers to the tipping point of investments in water institutions and infrastructure - above which water investments make an increasingly positive contribution to growth and below which a society is highly vulnerable to water-related shocks.

14 All providers and users of water, including the environment itself. Some key subsectors include ecosystem protection and fisheries; instream water uses such as transport, tourism and recreation; potable water supply, sanitation and wastewater treatment; water supply for food production and forestry, including irrigation; industrial water uses; and energy production including hydropower.

15 Integrated Water Resources Management (IWRM) is a comprehensive approach to water resource management that views water as a finite resource with competing uses and inter-linkages with the environmental, social and economic systems.

16 Integrated Water Resources Management in Africa: An Independent Evaluation of Bank’s Assistance 2000-2010. Source:<http://idev.afdb.org/en/document/integrated-water-resources-management-africa-independent-evaluation-bank-assistance-2000>

17 In absolute volume of financing, this is a doubling of the Bank’s investment over a period of one decade.

the preparation of country strategy papers (CSPs), did not necessarily consider the IWRM policy. To this end, and in the light of the adoption of its Strategy for 2013-2022 (Ten Year Strategy i.e. TYS), the Bank committed to the following actions:

- i. Streamline and update the policy to address emerging needs and challenges;
- ii. Deepen strategic policy dialogue with governments, notably on the issue of cost recovery^{*18} and on financing more integrated, multi-purpose water projects (IWRM mainstreamed in CSPs);
- iii. Enhance support to institutional capacity for IWRM implementation and its application

to transboundary river and lake basin management; including development;

- iv. Investigate possibilities for making increased and predictable financial resources available to support upstream engagement such as economic and sector work and preparation of bankable interventions; as well as supporting capacity building activities at country level; and,
- v. Deliver a more appropriate institutional framework including human resources and incentives that will best enable Bank-wide coordination, ensuring effective IWRM implementation.

Box 2: Alignment with the current Bank Group's Strategic Priorities

The Bank Group's Strategy for 2013-2022 (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".

This Policy is also essential for the transformational initiatives launched by the Bank to accelerate the implementation of its TYS, and articulated around five priority areas of intervention, epitomized as the "High 5s", namely: (i) Light Up and Power Africa, (ii) Feed Africa, (iii) Integrate Africa, (iv) Industrialize Africa, and (v) Improve quality of life for the people of Africa. The Bank recognizes the critical role the water sector plays in Africa's transformation. Achieving water security across the continent will be critical to the successful implementation of the High 5 priorities, since sustainable development and management of water resources are key to energy security and agricultural productivity (the water-energy-food Nexus), industrial development, regional integration, and improving the quality of life, especially with regard to health, employment and welfare.

¹⁸ Cost Recovery is the extent to which user charges for goods and/or services generate revenue to cover the cost of provision.



1.3.2 Bank's support to the water sector over the period 2005-2016

The 2019 independent evaluation of the Bank's support to the water sector over a period of 12 years¹⁹ provided a useful perspective on the Bank's strategies and operational approaches in supporting RMCs' development of the water sector. It confirmed the relevance of the Bank's support to the water sector and offered lessons on how the Bank can sharpen the effectiveness of its assistance. Based on the evaluation report's recommendations (See Annex VI) Management committed to the following:

- i. Increase Integrated Water Resources Management and Development (IWRMD) and the development of multipurpose infrastructure to enhance the economic benefits of water investments;
- ii. Help governments use new financing mechanisms and strong financial management systems to mobilize more investment resources;
- iii. Strengthen capacity through new Bank-financed investment projects and stand-alone activities;
- iv. Step up advocacy, partnerships, innovations and financing to improve sanitation in Africa;

- v. Strengthen effective stakeholder participation throughout the project cycle, including during supervision missions; and
- vi. Enhance intra-Bank collaboration and strategic engagements with external stakeholders to enhance the generation and utilisation of knowledge on key topical and thematic issues in the sector.

The new Policy on Water aims to build on the achievements of the 2000 IWRM Policy and to implement the Bank Group's commitments. This will lead to improved coordination of Bank-supported water interventions, in line with the IWRM principles and the nexus approach²⁰, with a view to promoting water security at household, country and regional levels. The attainment of water security will allow optimal, sustainable and equitable development and support the management of limited water resources for inclusive growth²¹, poverty reduction, and climate resilience. The new Policy on Water supersedes the IWRM Policy of 2000.

1.3.3 Bank Group's additionality

The Bank will improve its support for Africa by development measures to help bridge the huge infrastructure gap, attain water security and harness the socio-economic and regional integration benefits inclusively and sustainably. In this way the Bank fulfils its role as an initiator, promoter and supporter of water security in Africa.

19 Evaluation of the African Development Bank Group's Support to the Water Sector (2005-2016) Beyond Infrastructure Development: toward Service Delivery and Behavioural Change. Independent Development Evaluation (BDEV) Summary Report (December 2019). The evaluation covered water supply and sanitation in both rural and urban contexts, and agricultural water management (AWM). Other water-related activities (water for electricity, transport, industry, tourism, etc.) were excluded. Source: <http://idev.afdb.org/en/document/evaluation-afdb%E2%80%99s-support-water-sector-2005-2016-beyond-infrastructure-development-toward>

20 A nexus approach is an approach that integrates management and governance across sectors and scales. A nexus approach in water aims, at water resource use efficiency and greater policy coherence, among other things.

21 Inclusive growth refers to economic growth, which results in wider access to sustainable socio-economic opportunities for the majority of people, while protecting the vulnerable, all within an environment of fairness, equality and political plurality.



SECTION 2

WATER SECURITY FOR AFRICA'S GROWTH AND DEVELOPMENT

2.1 Vision

The Bank Group's vision is for a water secure Africa where there is equitable and sustainable use and management of water resources for good quality socio-economic transformation. This is in line with the Africa Water Vision 2025.²² In so doing, the Bank seeks to be "the premier partner in achieving water security for inclusive and sustainable growth in Africa".

In the medium to long term, the Bank will ensure that water sector investment decisions in RMCs and/or regional bodies/watersheds are based on sound economic, social and environmental considerations, the multiple benefits and uses of the resource, and a clear definition of how investments can build a minimum platform of water security.

2.2 Goal

Through its Policy on Water, the Bank Group seeks to improve Africa's water security and transform its water assets to foster sustainable, green and inclusive socio-economic growth and development. The Bank will play a leading role in actively promoting the development of Africa's water sector through sustainable financial assistance and advisory services.

2.3 Objectives

To promote the attainment of a minimum platform of water security in RMCs and sub-regional groupings, with special emphasis on areas of fragility.²³

To assist RMCs and sub-regional groupings in harnessing and sustaining the productive potential of their water resources in support of their national and regional development and economic integration agendas.

2.4 Key guiding principles

2.4.1 Attainment of water security at household, national and regional levels should be recognised as a fundamental requirement for inclusive and sustainable growth

Within the framework of this policy, the Bank will seek to promote the attainment of water security in all its RMCs and sub-regions. The key decision driving the Bank's assistance in water-related operations and planning is the degree to which the water security agenda has already been attained or is being pursued in the RMCs to promote inclusive and sustainable development. This will involve fully accounting for the key drivers of water security, including the hydrological environment*,²⁴ the socio-economic environment*,²⁵ and the growing impact of climate change. The policy will strengthen the existing water supply capacities of RMCs, but will also concentrate on areas where water insecurity directly contributes to fragility or where enhanced water security could resolve conflicts and bring peace to communities. The Bank's interventions will be informed by assessments such as the Country Resilience and Fragility Assessment (CRFA) tool.

2.4.2 Equitable social welfare and economic growth require application of the IWRM approach

The Bank will continue mainstreaming the IWRM approach to support the implementation of the policy. Embedding these principles in practice requires facilitating enabling environments, institutions and participation, management instruments, and financing. The Bank will continue to advocate for an integrated approach to water development and management by striking a sustainable balance in the social, economic and environmental spheres, with due consideration for potential trade-offs and opportunities for maximizing synergies. Additionally, the policies that guide water resources management will continue to be analysed for their efficiency, equity and sustainability.

²² The Africa Water Vision is for an Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation, stable and peaceful societies, and the environment.

²³ Fragility in this context refers to threats from natural phenomena and human factors. Among the natural threats are: the multiplicity of trans-boundary water basins; extreme spatial and temporal variability of climate and rainfall, coupled with climate change; growing water scarcity, shrinking of some water bodies, and desertification. The human threats include: inappropriate governance and institutional arrangements in managing national and transnational water basins; depletion of water resources through pollution, environmental degradation, and deforestation; failure to invest adequately in resource assessment, protection and development; and unsustainable financing of investments in water supply and sanitation.

²⁴ The hydrological environment includes the absolute level of both surface and ground water resource availability, its inter- and intra-annual variability and its spatial distribution - which is a natural legacy that a society inherits.

²⁵ The socio-economic environment involves the structure of the economy and the behaviour of its actors - which will reflect natural and cultural legacies and policy choices.

Box 3: The IWRM Principles

1. Fresh water is a finite and vulnerable resource, essential to sustain life, development and the environment.
2. Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels.
3. Women play a central part in the provision, management and safeguarding of water.
4. Water has an economic value in all its competing uses and should be recognized as an economic good.
5. Integrated water resources management is based on the equitable and efficient management and sustainable use of water.

Source: <http://www.gwp.org/>

The Bank considers water and aquatic ecosystems as key inputs to economic growth with benefits that cut across multiple sectors and which should support economic, social and environmental agendas at all levels.

The Bank's interventions will observe the tenets of sound governance and decision-making, even where water is identified as a public good and subsidised in favour of poor and disadvantaged groups.

2.4.3 Promoting sustainable and equitable access to water services helps to achieve the SDGs

Water is a key enabler for many of the SDGs, the framework through which the international community pursues the global efforts to “end poverty, protect the planet, and ensure prosperity for all by 2030”. The Bank considers water to be essential for life, health, dignity, empowerment, environmental sustainability, peace and prosperity.²⁶ It commits to vigorously promote water security to advance the SDG agenda.

2.4.4 Transboundary water resources management and development should be recognised as a key driver for regional economic integration

Water is by definition transboundary, as it crosses national or international boundaries. Upstream interventions that affect the flow or the quality of

water and its ecosystems will have an impact on downstream stakeholders. The principles embodied within the Convention on the Law of the Non-navigational Uses of International Watercourses (see Annex VII) and the Convention on the Protection and Use of Transboundary Watercourses and International Lakes aim to protect both upstream and downstream users and watercourse states: international law entitles watercourse states to an equitable and reasonable share of the uses or benefits of the particular watercourse. It creates a legal obligation not to deprive other states of their rights and to protect – individually and, where appropriate, jointly – the ecosystems of transboundary aquifer, lake and river systems. Going forward, the Bank will actively seek to use the transboundary nature of water to enhance regional integration and promote conflict resolution. In particular, the Bank, when addressing transboundary water issues, will seek broad agreement with riparian countries and stakeholders in respect to projects emanating from one or more countries on transboundary watercourses and, in the absence of this, will assess and acknowledge any significant impacts on countries which border watercourses. This could be through supporting existing and future basin organisations or forums for stakeholder dialogue and negotiation. The Bank will also support countries and RECs to better value their water resources and harness their economic potential, including by implementing existing and new conventions and transboundary cooperation agreements - in line with SDG6 and its indicator on transboundary IWRM, including the blue economy and nature-based solutions.

²⁶ The UN General Assembly's declaration stipulates that clean drinking water is «essential to the full enjoyment of life and all other human rights» as well as the related UN Human Rights Council resolution of September 2010 on water and sanitation.





SECTION 3

KEY OPERATIONAL DIMENSIONS OF THE POLICY

The following seven operational elements will guide the Bank's actions in terms of implementing the policy.

3.1 Economic valuation of water, pricing of water services and cost recovery

Considering the multiple uses of water, financial structuring and effective pricing of water services²⁷ and cost recovery are fundamental to using the resource, and user/payer pays principles will form the basis for Bank interventions. Economic valuation of water contributes to assessing the trade-offs to allocate water resources between competing needs. Pricing of water services and cost recovery reflects the resources used for investment (capital costs) and expenditures for operation and maintenance (or life-cycle costs), as well as the value of the resource itself, which goes up in situations of scarcity. Costs are greatly influenced by the selection of technologies, sources and scale. It is also noted that the appropriate pricing and cost recovery can promote conservation and greater awareness of the value and scarcity of water, and therefore lead to efficiencies in allocation and use. The right pricing approach also positions water development and service delivery as a business, which attracts alternative finance and further enhances sustainability. Economic instruments for mobilizing financing to support IWRM include water and sanitation tariffs, abstraction charges, pollution taxes, payments for ecosystem services and value capture mechanisms.

The principle of managing water as a social and economic good²⁸ lies at the heart of the policy. The Bank will seek to promote the most inclusive pricing of water services and cost recovery, using targeted subsidies as necessary. For some water uses, such as supply, the pricing of water services based on appropriate cost recovery policies that allow commercially viable water services to operate whilst considering social aspects such as the ability to pay are required.

In its support for the inclusive pricing of water services, the Bank will address effective management of water resources to promote: towards an equitable,²⁹ integrated and efficient service delivery for human

survival and well-being: water use for agriculture and other economic enterprises; and for the sustainability of water-related and water-dependent ecosystems, reflected in the inherent value of freshwater itself. The principle of different forms of subsidies will be integrated to support the economic activities of vulnerable and low-income groups. In addition, service standards and technologies will be tested for affordability.

The Bank will support RMCs to improve the financial recovery of the cost of water services for greater effectiveness and sustainability. This will be driven through technical assistance, notably in developing sustainable and inclusive tariff policies to ensure the sound management of water services delivery, as well as encouraging responsible user and consumer behaviours. The Bank will also support and promote awareness and education programmes targeting water stakeholders to increase the responsible use, responsible consumption, and recycling of their water resources. It will also promote the policy reforms and technology transfer necessary to enable and govern the safe reuse of treated wastewater.

3.2 Sustainable, smarter and resilient infrastructure

Africa needs adequate infrastructure to access, store, regulate, move and conserve its water resources; as well as to strengthen resilience against disasters and climate change effects. Such infrastructure includes dams, intakes, weirs, irrigation canals, water supply networks, metering systems, data management systems, sewerage systems, wetlands, aquifer and groundwater exploration, among others. The Bank Group's focus on climate-resilient infrastructure development and sustainable water resources and waste management systems depends on the degree to which each of these contribute to achieving water security at a national and regional level. In Africa, the percentage of annual renewable resources is 5%³⁰ and only 68% of the population has access to an improved water supply. To improve these numbers, manage water-related risks and increase water security, and sustainably harness Africa's blue economy, considerable investments in infrastructure and service delivery systems are required.

27 In the context of this policy, "pricing of water services" is what the user is required to pay for the water services, which is the key factor for end users. As far as possible, the Bank will promote water pricing that is inclusive and based on appropriate cost recovery, inclusivity and sustainability policies – pricing should also reflect water scarcity.

28 An economic good is a scarce resource in the sense that it is limited in quantity in comparison to the desire for the resource. Treating water as an economic good recognises that water has an opportunity cost.

29 Equitable service delivery in the context of domestic use refers to a fair tariff system, which satisfies basic needs for all while integrating the principle of paying higher rates as the consumption rate goes up.

30 The African Development Bank Group Strategy 2013-2022, Results indicators for the strategy (2011).



In the case of countries facing the challenge of availability of water resources such as in northern Africa where over 80% of available water resources are already utilized, infrastructure development should also help to address sustainable access to water resources as well as maintaining a high quality of water and waste management services. The Bank is well placed to use its financial resources to guide investments in water infrastructure to ensure that these are made within a water security framework. Wherever relevant, the Bank will provide support for the development of multi-purpose water infrastructure, to maximize synergies among various sectors and to increase benefits.

Additionally, green infrastructure^{*31} and nature-based solutions^{*32} play an increasingly important role in providing safe, clean and regular water flows - from wetlands^{*33} that buffer coasts from storms, aquifers that store water, to forests that reduce erosion and help keep water free of sediment. Integrating natural approaches into conventional water system

infrastructure planning is cost-effective, can ensure water supply and quality, and will reduce the climate vulnerability of people across the continent.³⁴ The Bank will seek to support climate-resilient water infrastructure projects and operations that use smart, innovative and greener technologies that are more sustainable, make better use of water, protect the quality of the water resources and reduce water-related disasters. The Bank will promote nature-based solutions to provide a multitude of services of great social, economic and environmental value in its RMCs. It will also support sustainable, smarter and resilient infrastructure that facilitates the blue economy and that provides pathways to strengthen the role of youth, women, and underrepresented groups in socio-economic development.

3.3 Governance and enabling environment

Water governance³⁵ is crucial for improving water security at household, community, local, national

31 Green infrastructure refers to ecological systems, both natural and engineered, that act as living infrastructure designed for environmental, social and economic benefits in both urban and rural settings. Examples include permeable surfaces, green/living walls (vertical gardens), green/living roofs (partially or completely covered with vegetation) and street trees. Benefits of green infrastructure include reduced urban heat, lower building energy demand and improved storm-water management.

32 Nature-based solutions (NBS) relates to the use of nature to address a range of global environmental and social challenges, such as climate change and pollution of water systems. NBS are determined by the natural functions of ecosystems, which for example includes natural attenuation processes that frequently involve microbial removal of contaminants from groundwater.

33 Wetlands are known for their support to ecosystems and thus have great potential to be used as nature-based solutions to address a variety of environmental, social and economic challenges. Common multi-beneficial ecosystem services from wetlands include carbon sequestration, water quality protection, coastal protection, groundwater level and soil moisture regulation, flood regulation and biodiversity support.

34 Climate Change Is Hurting Africa's Water Sector but Investing in Water Can Pay Off. World Resources Institute Blog Post (2019). Source: <https://www.wri.org/blog/2019/10/climate-change-hurting-africa-s-water-sector-investing-water-can-pay>

35 Water governance is defined by OECD's Water Governance Initiative 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." Source: <http://www.oecd.org/cfe/regional-policy/water-governance-initiative.htm>



and regional levels. Strong institutions are required to support the implementation of: water policies; the effective operations and maintenance (O&M) of water schemes; equitable water allocation and property rights; planning and monitoring; enabling regulations and pricing of water services, among others. Yet institutional and human resources capacity for sustainable water management, ecosystem protection and water services remains a challenge in Africa. The Bank will increase its support for capacity building to manage water and contributes to water security. Most importantly, the Bank will support and promote good governance in the water sector including by promoting legal, regulatory and institutional reforms; supporting states in the assessment of governance effectiveness; and facilitating implementation and enforcement. The Bank will also strengthen its capacity development support and advocacy for more innovative, holistic and affordable technological service business models. Greater efforts will be directed at strategic planning and monitoring as well as project preparation and implementation. In so doing, the Bank will contribute to the efforts of RMCs and RECs to avoid or progress from situations of fragility.

3.4 Financing and investments

To reach water security, countries should allocate and/or attract substantial investments through budgets, loans, grants and equity from domestic and international financing institutions. Financial structuring, such as public-private partnerships (PPPs), and the use of innovative instruments such as guarantees, blended financing, and bonds will be promoted. These investments are crucial for developing, implementing and maintaining the hard

and soft infrastructure and institutional components of water systems. In line with its mandate, the Bank will enhance its catalytic role in attracting sustainable and innovative financing, including from the private sector and micro-finance schemes to contribute to water security in Africa.

In order to maximize investments in the sector, project preparation plays a critical role. The lack of project readiness for investment is one of the most limiting factors in attracting additional financing. Hence, the Bank will provide support to RMCs and RECs for project and programme preparation in order to raise financing and forge external partnerships (including new, traditional, public and private). Furthermore, the Bank will help governments to institute innovative financing mechanisms and strong financial management systems to raise capital for increased investments in water resources infrastructure development and management. The Bank will continue to support RMCs in accessing climate risk and adaptation financing towards more climate resilient investments.

3.5 The multi-purpose use of water and ecosystem approach

Multipurpose Use of Water - Water security and the IWRM framework calls for a comprehensive approach to multi-purpose water projects and programmes. Multi-purpose projects* are those intended to achieve multiple objectives simultaneously. For example, a dam may provide irrigation water, impoundment for hydropower, run-off drainage, and offer flood protection as well as secure flows during droughts. The multi-purpose use of water acknowledges water of different quality may suit different purposes – the

waste from one use may be the resource for another (a water recycling or integrated management approach).

From a macroeconomic perspective, multi-purpose projects provide multiple benefits from a single investment, thus promote efficiency, while fostering equality and sustainability through a holistic approach. However, while multi-purpose projects may address multiple problems and may turn out to be more efficient in the long run, there are also some disadvantages.³⁶ Multi-purpose projects are expensive to develop, and their maintenance may become more complex and disruptive for the existing infrastructure. Most multi-purpose water projects are funded by governments, with possible international donor support. However, mobilizing resources may be challenging; and attracting private investors, while desirable, may be difficult due to the inherent complexity. Conflicts of interests,³⁷ particularly in transboundary water projects, may occur. In addition, regulatory requirements are more complex and inter and cross-sector coordination demands are much higher, requiring strong institutional capacities.

Given the multiple benefits involved and their high potential for strengthening water security, the Bank will continue to support multi-purpose water projects, while recognizing the challenges and seeking to mitigate the disadvantages. Methods to ensure the environmental sustainability of these projects, for example through e-flow requirements, designation of no-go areas, basin-wide and nexus planning, will be considered. Consequently, the Bank, in its catalytic and 'honest broker' role, will leverage its partnerships to convene and connect the right players, promote the appropriate development and financing of multi-purpose water projects and programmes as well as assist in their coordinated implementation in RMCs and RECs. The Bank will enhance its advisory services to RMCs and RECs in support of transformational regulatory reforms and strong institutional capacity. It will also advocate for the adoption and effective implementation of sustainable transboundary water agreements, including those to address the tradable nature of water, and promote conflict prevention and resolution where necessary.

Ecosystem Approach - The successful implementation of a multi-purpose project is contingent on a holistic view for linking ecosystem service delivery and human needs. This approach requires adaptive management, as its implementation depends on local, national, regional or even global conditions. Valuing ecosystem

services is an important tool when considering the costs and benefits of different options for achieving water security. Given the range of human and environmental needs which must be met, there are inevitable trade-offs, particularly in those areas where water is intensively used, or where withdrawals are rapidly accelerating. It is essential to avoid or resolve these trade-offs and mediate between the claims of competing users through rules-based systems rather than force or coercion.³⁸ The Bank Group will promote such an ecosystem services-based approach to implement multi-purpose projects. Accordingly, in its dialogue with RMCs, the Bank Group will promote coherent legal frameworks, policies and regulations that manage competition, leverage synergies, and mainstream nature-based solutions. It will also strive to anticipate and regulate different categories of protected areas and other conservation measures tailored to the protection of inland water ecosystems. This will ensure that various ecosystem services are appropriately valued and protected in order to avoid causing unintended conflicts or trade-offs, particularly where those trade-offs may be detrimental to water security. Additionally, the Bank Group will seek to galvanise more partnerships and financing for assessing, monitoring and protecting environmental flows.

3.6 Knowledge management, innovation, technology and research

Knowledge Management - In most RMCs and RECs the lack of adequate and reliable information or data and the failure to use available tools are major obstacles to enhancing water security in projects and programmes. The Bank's role is to support the African water sector in developing the required knowledge, information systems and reliable data to make evidence-based decisions on interventions within a water security framework. In particular, the Bank will emphasise regular and timely dissemination of water security information, the development of hydro meteorological networks, the strengthening of information and communication technology (ICT) systems at the level of water utilities and service providers as well as effective and efficient knowledge sharing across the continent and globally. It will also address the 'uptake gap', whereby lessons learned and tested, such as the use of handheld/community-based remote monitoring devices, will be suitably promoted for appropriate uptake by relevant authorities.

³⁶ Multi-Purpose Projects: Merits and Demerits.

Source: <https://www.economicdiscussion.net/india/multi-purpose-projects-merits-and-demerits/19099>

³⁷ For example, hydropower requiring maximum storage levels and irrigation causing lower levels result in complex and potentially vulnerable contract structures.

³⁸ Source: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7865.pdf>

Innovation and Technology - Increasing demands on a limited, contested supply of water resources, combined with the effects of climate change, population growth, and emerging diseases urgently call for innovative and technologically sound solutions to reduce the risks facing Africa's water security and provide the RMCs with new approaches to their water challenges. The Bank will promote water innovation and technology investments in RMCs and aim to reduce Africa's technological gap in water science and technology in terms of capacity building and access to new and relevant technology. The Bank will promote and advocate for skills development and education in the water sector at all levels to reduce capacity constraints. It will support excellence in research and technology transfers for improved water resources management and the adoption of technologies to increase the efficiency of water use and reduce losses related to non-revenue water, as well as improve rainfall and runoff catchment and storage, including river-head forest management. It will seek to promote the development of innovative technologies to advance the use of non-conventional water resources.³⁹ The Bank will also support research to improve water productivity, notably in the irrigation sector, which currently consumes approximately 80% of water resources and in which opportunities

exist to decrease traditional irrigation water volume by two to three times through efficient and modern irrigation technology and practices. Special attention will be given to the use of indigenous knowledge and researchers, and on south-south cooperation.

Research - The Bank will promote alliances and partnerships between public and private research institutes, civil society organizations (CSOs), universities and water-related industries to support the adaptation, transfer and application of new research. The Bank will facilitate collaborative research work with information technology companies and introduce the use of software applications in water operation and management. It will also look to introduce technology to improve the financial operations of water utilities, and data collection, exchange, consolidation, monitoring and early warning systems of water resources at national and basin levels.

3.7 Participation and inclusiveness

Efficient utilization and management of water requires the full participation of all stakeholders. Interested parties should be periodically consulted and informed.⁴⁰ It is only through the support of stakeholders, their

³⁹ Non-conventional waters most commonly include saline water, brackish water, agricultural drainage water, water containing toxic elements and sediments, as well as treated or untreated wastewater effluents. Also included under the designation of non-conventional waters are the desalinated water and rainwater harvesting.

⁴⁰ The Dublin Principle No. 2 underlines the importance of a participatory approach in water development and management, starting at the lowest appropriate level. The Dublin Statement on water and sustainable development (1992); Source: <http://www.wmo.int/pages/prog/hwrp/documents/english/icwedece.html#p1>



willingness to pay and their compliance with user guidelines of water systems that countries can move towards achieving water security.

The Bank's role in this context is to advocate that at all stages of the project cycle, interested parties are adequately consulted in a timely, transparent and inclusive manner. The Bank will continue to encourage national governments to deepen stakeholder participation in the project cycle. Where feasible, the Bank will increase its efforts to directly engage with stakeholders, non-government partners and the private sector. It will also emphasise the participation of women, youth and other marginalized groups. In this way, the Bank will strengthen the support base for interventions in the water sector and thereby contribute to water security. It will promote the participation of concerned communities and stakeholders in local and national climate change adaptation efforts in its efforts to support the achievement of the minimum platform of water security in RMCs.

Over the last two decades, Multilateral Development Banks (MDBs), including the African Development Bank Group and the international development community at large, have promoted the establishment of water users' associations (WUAs). These WUAs help to mobilize the resources and commitment to support the operation and maintenance of the water systems and advocate for safe use and protection of the water resources. Their role in mobilizing community

participation, increasing the collection of water fees, reducing water losses and waste and reducing the frequency and seriousness of water-related conflicts among users has been well demonstrated. Additionally, their participation has improved the level of dialogue between operators, users and public agencies.

The Bank will continue to support the creation and capacity-building of gender-balanced WUAs⁴¹ and local private sector participation in its water related investments. It will seek innovative organizational solutions with the RMCs to enhance the partnership between national institutions and the WUAs in the planning, operation and maintenance of water systems.

Since water is such an important component of human and social development, the support, inclusion and equitable treatment of vulnerable and disadvantaged groups, such as women, youth, minorities, the disabled and the poor is critical for the Bank's involvement in the water sector. Within the framework of this policy, the Bank will advocate for mainstreaming equity and inclusiveness in operations that it will finance. In particular, it will seek as much as possible to harness the economic potential of water resources to create employment opportunities for vulnerable segments of the population including through transboundary and regional cooperation, where appropriate.

41 Water users' associations in this policy refer to water users in the broadest sense, i.e. beyond domestic water points/supplies.





SECTION 4

PRIORITY AREAS

Water is a multi-purpose resource that involves diverse interest groups. Water resource development and management entails many administrations at the national and regional level as well as within the Bank Group itself. Accordingly, this policy outlines the priority areas for the Bank's support in the water sector, as well as other areas of interventions.

In all these areas of involvement, the Bank will seek to enhance water security at household, sub-national, national and/or regional levels. Consequently, the Bank will not support interventions likely to endanger or diminish water security. In its water interventions, the Bank will promote the harnessing of the economic development potential of water supply and waste management and improved livelihoods and quality of life.

The Bank will apply selectivity in its interventions with a focus on its comparative advantage and to maximize impacts from its resources (see Annex II). Consequently, the Bank's water related interventions will primarily support operations that aim to meet water and sanitation needs for all the people of Africa as basic human right. The Bank will also make sure that in its water-related operations, notably for agriculture and energy, water resources are used sustainably. The following subsections highlight the Bank's considerations towards water security for each of the focus areas.

4.1 Water supply and sanitation

Access to safe water and sanitation is accepted as a fundamental human right.⁴² Improved access to water supply, sanitation and hygiene (WASH) services is crucial to meeting the health demands of Africa's rising population, increasing urbanization and socio-economic development. Within the framework of the policy, the Bank will continue to support the water supply and sanitation sub-sector to promote increased access to sufficient, safe, affordable and sustainable water supply, sanitation and hygiene services for personal and domestic use by both the unserved and the underserved populations in its RMCs. Special focus will be on rural areas and unplanned peri-urban areas where most of the unserved and underserved population live. In accordance with SDG6, the Bank's policy for water supply and sanitation will focus

on water operations that ensure availability and sustainable management of water and sanitation for all and SDG11, which is to make cities inclusive, safe, resilient and sustainable.⁴³ Accordingly, the Bank will actively support infrastructure investment projects, institutional and regulatory reforms, service delivery arrangements, as well as capacity-building initiatives that promote adequate and equitable access to WASH for all, paying special attention to vulnerable groups including women, girls and people with disabilities. The Bank will prioritize promoting sustainable and climate-resilient WASH (CR-WASH) for people and livestock especially in drought-prone and rural areas. In its interventions, the Bank will increase its advocacy and support for investments in more innovative, comprehensive and affordable solutions and services to enhance access to sustainable sanitation and hygiene services for improved health outcomes. The Bank will champion cost-effective sanitation technologies which offer alternatives to water-borne sanitation. It will promote innovative integrated solid waste and wastewater management solutions to reduce or eliminate greenhouse gas (GHG) emissions and promote water conservation. The Bank will also seek to engage with the private sector on WASH services and develop partnerships for financing and knowledge management.

4.2 Agricultural water management

Agriculture is the largest water consumer in Africa, with an annual usage of about over 80 percent of its total exploited resources.⁴⁴ The strategic use and management of water⁴⁵ in agriculture is therefore key to both water and food security, particularly in pursuance of SDG2, which seeks to end hunger, achieve food security and improved nutrition and promote sustainable agriculture. Current trends towards agricultural modernization and intensification are expected to have significant impacts on the volume of ground and surface water utilization, and on water quality. Water security is therefore a necessary condition for food security and sustainable agricultural growth.

In this context, the Bank will finance and support sustainable and climate-smart agriculture and agribusiness operations that promote the optimum use of water for agriculture. The Bank will promote the IWRM

42 Resolution 18/1 of the United Nations Human Rights Council (2011), Source: <https://www.right-docs.org/doc/a-hrc-res-18-1/>

43 United Nations Department of Economic and Social Affairs Sustainable Development Knowledge Platform, Source: <https://sustainable-development.un.org/index.html>

44 Source: <http://www.fao.org/aquastat/en/>

45 Agricultural uses of water included in the 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.

principles, addressing both the supply and demand sides of water resources management including water conservation, reuse, recycling, and reallocation. It will continue to support efficient and climate-smart irrigation strategies and programmes and promote the use of non-conventional water resources, including recycling agricultural runoff, treated wastewater reuse and storage, and desalination using renewable energy, inter-basin transfer, rainwater harvesting, cloud seeding and grey-water reuse. The Bank will also promote smarter, greener and more sustainable crop production that minimize water and fertiliser consumption. It will also promote youth employment through innovative irrigated agriculture methods to reduce unemployment.

The policy also addresses other areas of critical importance in agriculture water use: livestock water use, forestry and other nature-based solutions, horticulture, as well as fisheries and aquaculture supporting Africa's blue economy by integrating watershed management and water spatial planning. The Bank will support the preservation of Africa's rich wildlife ensuring that the conflicts over water use between domestic and wildlife interests are avoided or addressed to achieve maximum benefits and support coexistence.

The Bank will also promote innovative financing, such as agribusiness PPPs, to improve water security for agriculture, while ensuring the prosperity of smallholder farmers. It will assist projects that build human capacity as well as develop institutional structures in the food and beverage industry, such as water abstractor groups and extension support services, and will create an environment conducive for increased climate-smart agricultural water investment.

4.3 Sustainable water use for energy production

Most energy production processes require water. In particular, hydropower systems, biofuels production and the cooling of power plants require large volumes of water. Energy systems need to become more resilient to climate shifts. Hydropower, which holds great potential to close Africa's energy access gap is vulnerable due to its dependency on precipitation and vulnerability to natural disasters.⁴⁶ Proper integration of climate change in the planning and design of infrastructure investments can reduce considerably the climate risks to the physical and economic performance of hydropower investments.⁴⁷

In the case of hydropower production, the Bank will seek, where possible, to promote climate-resilient* and socially sound multi-purpose projects. The Bank will promote climate resilient hydropower systems that support climate adaptation for local communities, ensuring that future generations inherit infrastructure that is uncompromised by climate change. In addition, the Bank will ensure that the design of hydropower plants adequately reflects local and national needs for water and energy development, while giving due consideration to the impacts on riparian communities and ecosystems. Given the high costs involved, the Bank will also put particular emphasis on helping countries, RECs and river basin* organizations (RBOs) to mobilize the financial resources required.

In its water-related renewable energy operations, the Bank will ensure access is extended to vulnerable groups, such as women and people with disabilities. In line with its Energy Sector Policy (see Annex VIII), the Bank will support irrigation schemes for the production of liquid biofuels, provided that they: (i) promote inclusive business models for smallholder farmers; (ii) are integrated into and foster rural development; and (iii) do not undermine food security or biodiversity.

In the above uses of water in the energy sector, the Bank will ensure that negative social and environmental impacts are minimized. The Bank's assistance for water-related energy operations will be in accordance with SDG7, aimed at ensuring access to affordable, reliable, sustainable and modern energy for all; and will directly contribute to SDG9 – to build resilient infrastructure, promote sustainable industrialization and foster innovation, among others.

4.4 Other areas of intervention

The following sub-sections delineate other areas in which the Bank is already engaging, and which impact on, or are impacted by, the security of Africa's water resources. While adopting a demand-driven approach based on RMCs/RECs' own circumstances, resources endowments and priorities, the Bank will ensure that its interventions will not negatively impact the goal of improved water security.

4.4.1 Urban development

Population growth rate in Africa have soared in recent years and the continent will still have the highest growth rates globally in 2050. For sub-Saharan Africa, the

46 International Hydro Association (IHA): Hydropower Sector Climate Resilience Guide (2019). Source: <https://www.hydropower.org/publications/hydropower-sector-climate-resilience-guide>

47 Africa Development Forum Series: Enhancing the Climate Resilience of Africa's Infrastructure: The Power and Water Sectors (2015) edited by Raffaello Cervigni, Rikard Liden, James E. Neumann, and Kenneth M. Strzepek Source: <https://openknowledge.worldbank.org/handle/10986/21875>



urban population will more than triple to 1.1 billion by 2050. Although urban areas are the hubs for economic, political and social development, challenges related to water and sanitation will also rise due to the increasing pressure on already deficient and poorly managed water resources. The benefits of urbanization will be jeopardized by poor urban planning, inadequate waste management, pollution, and lack of resilience to climate change and related disasters. The urban poor are always the most affected. To help RMCs maximize the benefits of urbanization, the Bank will help strengthen the capacities of urban authorities and service providers to improve urban planning and integrated urban water management (IUWM), through innovative financing mechanisms such as the Urban and Municipal Development Fund.⁴⁸ It will also promote service provision for the urban poor and other vulnerable groups. These interventions may include: efficient use of water; the uptake of innovative waste management approaches such as city-wide inclusive sanitation; circular economy or treated waste reuse; as well as investments in blends of green and grey infrastructure for sustainable development. These will contribute to the achievement of SDG11 to make

cities and human settlements inclusive, safe, resilient and sustainable.

4.4.2 Transportation

Africa has many navigable waterways⁴⁹ which could provide the continent with low cost, energy-efficient and environmentally friendly forms of transport with a high potential for also promoting trade and regional integration. However, they remain the weakest link in the transport system despite the excellent possibilities for penetrating the continent's landlocked countries. Some of the water-related constraints on inland waterways include seasonal blockages caused by water weeds, and variable water levels that interrupts or reduce reliability of the service. To harness the potential of the African rivers and lakes for transport, the Bank will support operations that ensure water security through effective and environmentally friendly management of water resources in lakes and rivers. This support will include: better safety and security, harmonized procedures and standards and promoting the multi-purpose uses of water.⁵⁰ Particular emphasis

48 The overall objective of the Urban and Municipal Development Fund hosted by the AfDB is to support African cities and municipalities to better manage urban growth and climate-resilient development by improving governance and quality of basic services in their cities. This is achieved by preparing relevant resilient infrastructure projects, creating planning and risk management instruments, and improving the local capacity for the development and implementation of climate change mitigation and adaptation activities. The Fund will also develop a pipeline of urban projects to be financed by the Bank through its public and private sector instruments.

49 The main inland waterways are limited to five rivers namely: Nile, Congo, Niger, Senegal and Zambezi, and three lakes: Victoria, Tanganyika and Malawi. Overall, 29 African countries (over 50%) have one form of navigable waterways or another.

50 The multi-purpose use of surface water may include impoundment for hydropower or irrigation, tourism, water supply, wastewater management, flood protection and securing flows during droughts.

will be placed on improving rural access and regional integration; and on protecting waterways and aquatic resources from pollution from transportation systems with poor waste management, including oil. In addition, the Bank will support port development and management, particularly in coastal and landlocked countries, to foster improved regional economic integration.

4.4.3 Industry and tourism

With regards to industry and tourism, the Bank supports SDG9, to build resilient infrastructure, promote sustainable industrialization and foster innovation.

Manufacturing - Despite the low level of industrialization in several African countries, increasingly large amounts of water, taken from the surface or from aquifers, are used for industrial purposes. The African manufacturing industry has a growing footprint. Water is required in industrial processes for the extraction of raw materials, processing of intermediate products, manufacturing, transport and maintenance. Effective and sustainable management of water resources in industry requires efficient disposal and reuse mechanisms. The Bank will support manufacturing operations that prioritize sustainable water use, with adequate monitoring of water withdrawals and regulated disposal of wastewater, in line with the 'user or polluter pays' principle.

Extractives Industries - Recently there have been significant developments in the African extractives industries, which require considerable amounts of water for mineral processing, metal recovery, and dust control as well as satisfying the needs of workers on site. Given the extractives industry's high potential for negative impact on the quality of surface and groundwater resources, and consequently on the environment and water security, it is critical to increase monitoring of water pumped into or discharged from mining and extractive sites. In addition, systematically implementing management strategies aimed at preventing or mitigating water and land pollution is critical and should also address threats to water resources from illegal mining activities. The Bank will seek to support those extractive industries that prioritize compliance with government water security and environmental regulations in their use of water resources and do not compromise water security. Special emphasis will be placed on projects and programmes that prioritize efficient reuse and recycling of wastewater. Additionally, the Bank will seek to advocate for onsite waste management and to minimize deforestation footprints in areas where forests and mines overlap.

Tourism - In many parts of the continent, water is needed by tourism resorts and national parks. These resorts and parks attract large numbers of visitors and generate revenue for local economies. The Bank Group will support operations in tourism that align with the IWRM principles and do not compromise water security. There will be a particular focus on the preservation of the livelihood assets. The Bank will support the improvement and/or development of the infrastructure for recreational waterways and near-natural waterways in its RMCs.

4.4.4 Water-related disaster risk management

Achieving a minimum platform of water security requires managing disaster risks related to water, including storing water for periods of drought, floods and pollution control. It also involves ensuring adequate infrastructure, systems and services for water, sanitation and wastewater management to prevent and mitigate disasters and to control the spread of infectious disease and manage epidemics such as COVID-19, ebola and cholera. African countries already face some of the highest water risks in the world. More assets and larger populations will be exposed to water-related risks as Africa's economies grow. The threats of water-related disasters have increased in line with human activities and climate change, creating the need for better preparedness and planning for managing both natural and manmade water-related disasters.

In response, the Bank will support RMCs to adopt integrated disaster risk management and emergency response planning, including an appropriate mix of structural and non-structural approaches, in order to reduce mortality and economic losses. It will increasingly support ecosystem-based climate adaptation and disaster management measures. These include measures such as river-head forest management; catchment conservation and the restoration of floodplains. They may also include assessing: water storage in underground geological structures, as well as in dams/reservoirs; flood management, grey and green infrastructure; risk and vulnerability assessments; contingency and evacuation plans; relevant laws, regulations, technical standards and transboundary cooperation measures; and also hydro-meteorological stations for the better understanding of disaster risks, predictions and early warning mechanisms. Special attention will be given to the control of floods and excess water flows as well as to the mitigation of waterborne and water-related diseases such as malaria, typhoid fever, Rift Valley fever, diarrhoea, cholera, dysentery, bilharzia, ebola, and COVID-19, among others.



SECTION 5



CROSS-CUTTING AREAS

Within the framework of this Policy, the four cross-cutting areas build on the synergies of the priority areas in Section 4 and are adequately resourced and monitored in relevant Bank Group operations.

5.1 Private sector participation

Given the huge volume of investment and the high level of capacity required to ensure sustainable water security, private sector participation is important to complement the traditional government or aid-funded water development agenda. This need is also driven by the pressure on government budgets from competing demands, inadequate tariffs, limited access to investment capital and the finite technical and commercial capacity of the public sector. At the same time, there are opportunities for the fast-growing African private sector to participate in improving the development and management of water resources on the continent, including bulk water supply, desalination, mini-hydro schemes, and innovation. While private sector engagement is desirable, it will also be necessary for governments to anticipate and address challenges such as governance, transparency, adequate regulation and appropriate risk management for the management of water resources and the provision of services.

The Bank will support the private sector in a wide range of water-related economic and social infrastructure engagements by supporting private sector players to become more efficient and competitive; and by expanding the scope of its two main financing channels to enable the development of PPPs and direct private sector investments through dedicated lending. The Bank will promote blended financing approaches, unbundle large-scale developments to carve out roles for the private sector, leverage its financing windows as appropriate and create an enabling environment for sustainable PPPs. The Bank will support the RMCs to develop adequate legal frameworks to offer mutually advantageous partnerships to the private sector according to the overarching principles of fostering a green economy, inclusive growth and water security. The Bank will support the creation of innovative contractual and financial solutions to encourage local private contractors and operators as well as non-governmental organizations (NGOs) and water users' associations to participate to enable a more inclusive model for private sector participation. The Bank will also be an active partner in finding ways to alleviate the social impacts (e.g. unemployment, increased prices) that are likely to accompany increased private sector participation.

5.2 Gender and youth empowerment

Gender - Women's participation in the planning and implementation of water projects ensures that the needs of the prime users and managers of the water and sanitation services at household level is designed into projects and acknowledges their contribution to the overall management and conservation of community water resources. Meaningful inclusion and inter-generational dialogue are key to achieving SDG 6 and the Bank will continue to support its cross-cutting gender strategy in implementing its Policy on Water. The Bank will support water resources projects and policies that give due recognition to the role of women, alongside men, as custodians of domestic water consumption and, as agricultural and food producers, who have interests in irrigation. In addition, the Bank will leverage resources with partners at national and international level that introduce complementary roles and expertise in promoting gender- and youth-empowerment in the African water sector. The Bank will advocate for the active participation of women and youth in decision-making and water sector governance at all levels. The Bank will support water resources projects and policies that create opportunities for women to improve their knowledge and capacities.

Youth Empowerment - Africa's population is young and has the potential to be the world's largest pool of productive and innovative labour force if equipped with relevant skills and productive employment opportunities. The Bank will endeavour to maximize the potential for the creation of direct and indirect jobs through its water-related operations, in line with its human capital development and youth empowerment strategies. In doing so, the Bank will devote the resources necessary to enhance its own organizational capacity and provide support to RMCs in instituting a gender-balanced and youth-empowering water security policy in their water resources investments, development and management.

5.3 Environmental and social responsibility

Water-related investments in RMCs involve complex reappraisal between existing livelihood patterns and the opportunities natural resources bring for direct and substantial social and environmental benefits. There can also be complicated development challenges, which are difficult to capture at the design and appraisal phase. The Bank will apply its Integrated Safeguards System (ISS) to identify and address adverse environmental and social risks derived from its operations throughout the project cycle, to enhance

its social and environmental accountability and contribute more effectively to the objectives of inclusive and green growth. The Bank will strengthen the capacity of local and national governmental and non-governmental partner organizations to set and manage comprehensive participatory monitoring practices and apply project management approaches to avoid identified risks or seize opportunities for enhanced benefits from the investments. Where appropriate, the Bank will support RMCs in the implementation of their commitments and obligations under environmental and water conventions and agreements. This could include mainstreaming sustainable water management and the conservation of freshwater biodiversity into relevant laws, regulations, policies and programmes, into transboundary cooperation processes and frameworks and into the mandates of the competent institutions.

The Bank will promote integrative and adaptive approach to water and environmental governance that specifically recognizes the conflicting value systems of stakeholders, including nature and future generations.

The Bank will promote awareness and education programmes for the responsible use, consumption and recycling of water resources. It will support RMCs to develop sustainable and inclusive water tariff policies, including incentives and cross subsidies, and take into consideration the capacity and willingness to pay by the different users.

5.4 Climate change

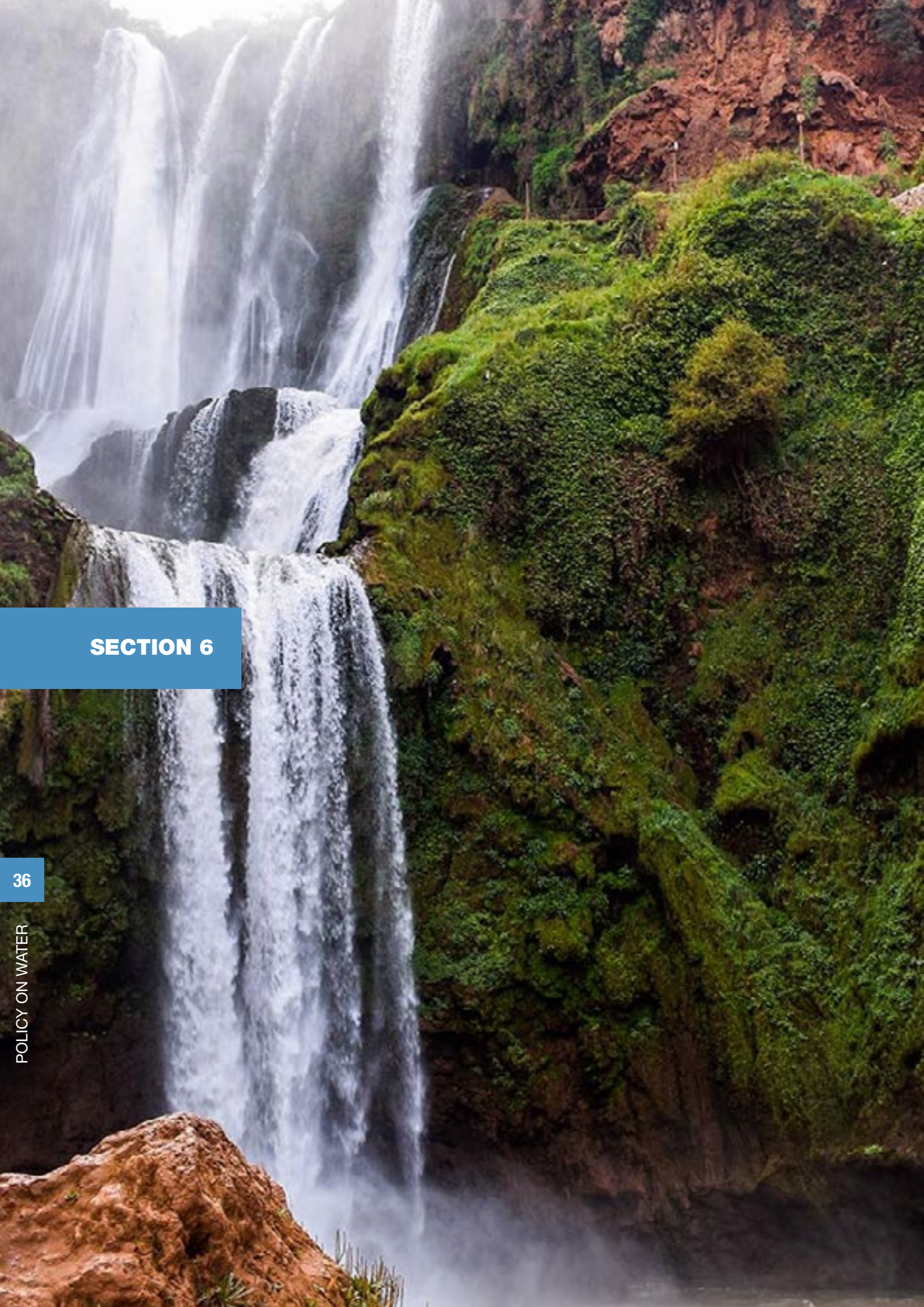
The past two decades have witnessed significant changes in the rainfall patterns, temperature and hydrological cycles of major watercourses of Africa. This highlights the vulnerability of African water resources to climate change impacts, as well as the socio-economic and environmental risks to Africa's sustainable economic growth. The challenges of managing the impacts of climate change are growing

in water-dependent sectors such as agriculture, energy (hydropower), tourism, fisheries, navigation, WASH services and biodiversity. The major blockages to the development of effective response measures in the short and long term include: limited availability and integration of water resources databases and climate change models; a reliance on traditional agriculture and pastoral practices; rigid design parameters for public infrastructure; and inadequate legal and institutional frameworks that supervise nature-based solutions and which fail to account for changes in water availability, incentivize maladaptation or are not conducive to adaptive management.

In line with the Bank Group's climate change and green growth strategic framework, the Bank will assist RMCs and RECs in developing their climate change adaptation and resilience strategies and in integrating a comprehensive set of measures to tackle, in a flexible and reactive approach, the climate change impact on the water-related sectors. This intention fully supports progress towards SDG13, which is to take urgent action to combat climate change and its impacts. The Bank will contribute to the development and management of water resources knowledge at national and regional basins; to strengthen adaptive capacities within the key national, basin and regional authorities; and to reduce the vulnerabilities thereby boost the long-term resilience of local communities and freshwater and related ecosystems. The Bank will support the RMCs and RECs to raise awareness and knowledge about climate change impacts on water resources and related socio-economic infrastructures and services.

The Bank will include the impact of climate change on water resources as a major factor for risk assessment and mitigation measures in its water related investments. Special focus will be given to vulnerable groups and ecosystems in fragile states to build resilience to climate change impacts, in conformity with human rights.





SECTION 6

POLICY IMPLEMENTATION

The implementation of the new Policy on Water will follow a one-Bank approach to maximize the impact of the Bank's resources and increase coherent engagement in the water sector. The following highlights key activities for the effective implementation of this policy.

6.1 Water sector and related strategies

The Policy on Water will be implemented through a series of medium-term strategies developed in a one Bank approach, involving the various internal water security stakeholders.⁵¹ These strategies comprise the Water Strategy (2021-2025; currently being developed), revised African Water Facility Strategic Plan (2021-2025), the Natural Resources Strategy (2015-2020; extension request being considered), the Strategy for Africa's Agricultural Transformation (2016-2025), the Strategy for a New Deal on Energy for Africa (2016-2025), The Bank Group's Second Climate Change Action Plan (2016-2020; extension request being considered), among others. Through its water-related strategies and frameworks, the Bank will tailor its assistance to the water needs of countries and populations.

6.2 Mainstreaming water security in Bank policies, strategies, guidelines and operations

For successful implementation of the Policy on Water, it will be critical to prepare country and regional water security assessment reports that will guide the Bank's engagement at country or regional level.⁵²

Given that water issues apply across all economic and social sectors, the Bank will integrate the water security dimensions into relevant sector policies, strategies and operations. In particular, country strategy papers (CSPs) and regional integration strategy papers (RISPs) will analyse the water context (nexus) and propose programming choices informed by the water security assessments. During periodic reviews, existing sector

strategies will be strengthened by incorporation of the water security dimension, as appropriate.

Water user sector guidelines and implementation methods shall also be prepared to guide sector operations and initiatives. Given their importance in the Bank's portfolio and in attaining water security, priority will be given to agriculture, water supply and sanitation, energy, industry and transportation. To this end, the Bank will broadly consult with all stakeholders including RMCs, RECs, CSOs, relevant UN agencies and other MDBs in developing these guidelines.

6.3 Internal coordination

In the current structure of the Bank, water issues apply across multiple departmental remits and the successful implementation of water security and integrated water resources management requires a coordinated approach, bringing together all the water stakeholders in the Bank. The Bank, through an operational instruction⁵³ issued by the responsible Vice President, will establish an internal coordination mechanism overseen by a Policy on Water Cross-sector Coordination Committee (PoWCCC)⁵⁴ with adequate capacity, resources and appropriate skills. It will be responsible for the following actions, among others:

- Ensuring that all water-related initiatives are aligned with the Bank's policy on water;
- Ensuring that, unless specifically deemed unnecessary by the PoWCCC, CSPs or RISPs will include a water security assessment⁵⁵ to inform future interventions by the Bank;
- Reviewing all the water-related project proposals and partnership proposals to ensure that the principles underpinning the Policy on Water are verified before their approval; and
- Preparing triennial monitoring reports on the implementation of the policy.

51 Including actors in agriculture, water and sanitation, natural resources, energy, transport, human development and the private sector.

52 The Country Water Security Assessment Report will include, among others, an assessment of the: (i) country/regional water resources profile; (ii) role of water in the national/regional agenda; (iii) stakeholders' water requirements and priority areas; (iv) resilience to water-related natural and manmade disasters (e.g. drought preparedness); (v) evaluation of water-related ecosystem services; etc.

53 Operational Instructions: define policies, rules, procedures and guidelines required for the timely implementation of Bank programmes and the efficient and effective performance of functions and responsibilities in each complex under the responsible Vice President(s). These are approved and issued by the relevant Vice President(s). In this case, the Vice President responsible for water development and sanitation will issue the Operational Instructions and oversee the PoWCCC.

54 This PoWCCC should include all the Bank's internal stakeholders dealing with water in the various departments - agriculture, water and sanitation, natural resources, energy, transport, human development, general counsel and legal services and the private sector. Management will make the administrative arrangements to establish the PoWCCC and designate its Chair.

55 This section will be based on the Water Security Assessment initiated before the preparation of the CSP/RISP to inform the latter.

Annex IX of this policy outlines the framework terms of reference for the PoWCCC.

6.4 External coordination and partnerships

Successful implementation of this policy will require strong coordination and partnerships with RMCs, RECs, RBOs, the African Union (AU), primarily through its technical unit the African Ministers' Council on Water (AMCOW), and other relevant stakeholders. As key beneficiaries and actors, governments and the private sector will have a pivotal role in the identification, development, financing and implementation of water sector projects and programmes. Effective partnerships will also be necessary to develop synergies and pool efforts and resources. Areas of collaboration will include co-financing of projects and programmes, development of joint water security strategies, knowledge generation and dissemination as well as capacity building. Partnerships will be strengthened with academic and research centres to enhance learning processes, innovation and the adoption of new technologies. The Bank Group will put emphasis on reinforcing its collaboration with other MDBs, humanitarian actors, civil society organisations, UN agencies and related initiatives. This will involve improved dialogue, joint reviews and appraisals, increased scope for co-financing, joint efforts to promote agreements and legal frameworks for riparian countries, etc. Examples of issues and areas where the impact of Bank intervention can be significantly strengthened through collaboration with other institutions in the context of water resources management include trans-boundary programmes, projects and agreements, desertification, environment, labour, gender, health and education, public/private partnerships, information and data, technology, and knowledge transfer, etc.

6.5 Monitoring and evaluation

Annex I provides the results framework, which form the basis for monitoring the implementation of this policy in the Bank.

More detailed logical results frameworks and Bank-wide key performance indicators (KPIs) will be established in sectoral strategies and action plans to provide benchmarks for the monitoring and evaluation of the Bank Group's operations supporting water

security in Africa. The relevant quality assurance, strategy and policy departments will monitor the Policy on Water's implementation and assess interim results, including through use of disaggregated information by gender and age groups. At intervals of no more than three years, Management will present to the Committee on Development Effectiveness (CODE) a Progress Report on Water Operations of the Bank Group. In addition, the Independent Development Evaluation Department, in agreement with the Bank Group's Boards of Executive Directors on its work programme priorities, will undertake periodic evaluations of the Bank's implementation of this policy.

Within the framework of its interventions in its RMCs/RECs, the Bank will develop monitoring systems based on the outcomes of country water security assessments which it will undertake as part of the CSP/RISP preparation process. These monitoring systems will include indicators focused on water security dimensions such as availability and quality, demand, economic, social and environmental benefits, pressure from climatic variability and human activities, level of attainment of water security, and access to sector-specific water services, among others.

The Bank's water-related sectors will play technical and backstopping roles by providing necessary monitoring and evaluation support to the RMCs. This will help in collecting harmonised data that can be compared on a regional and global basis to support water security across Africa.

6.6 Policy review

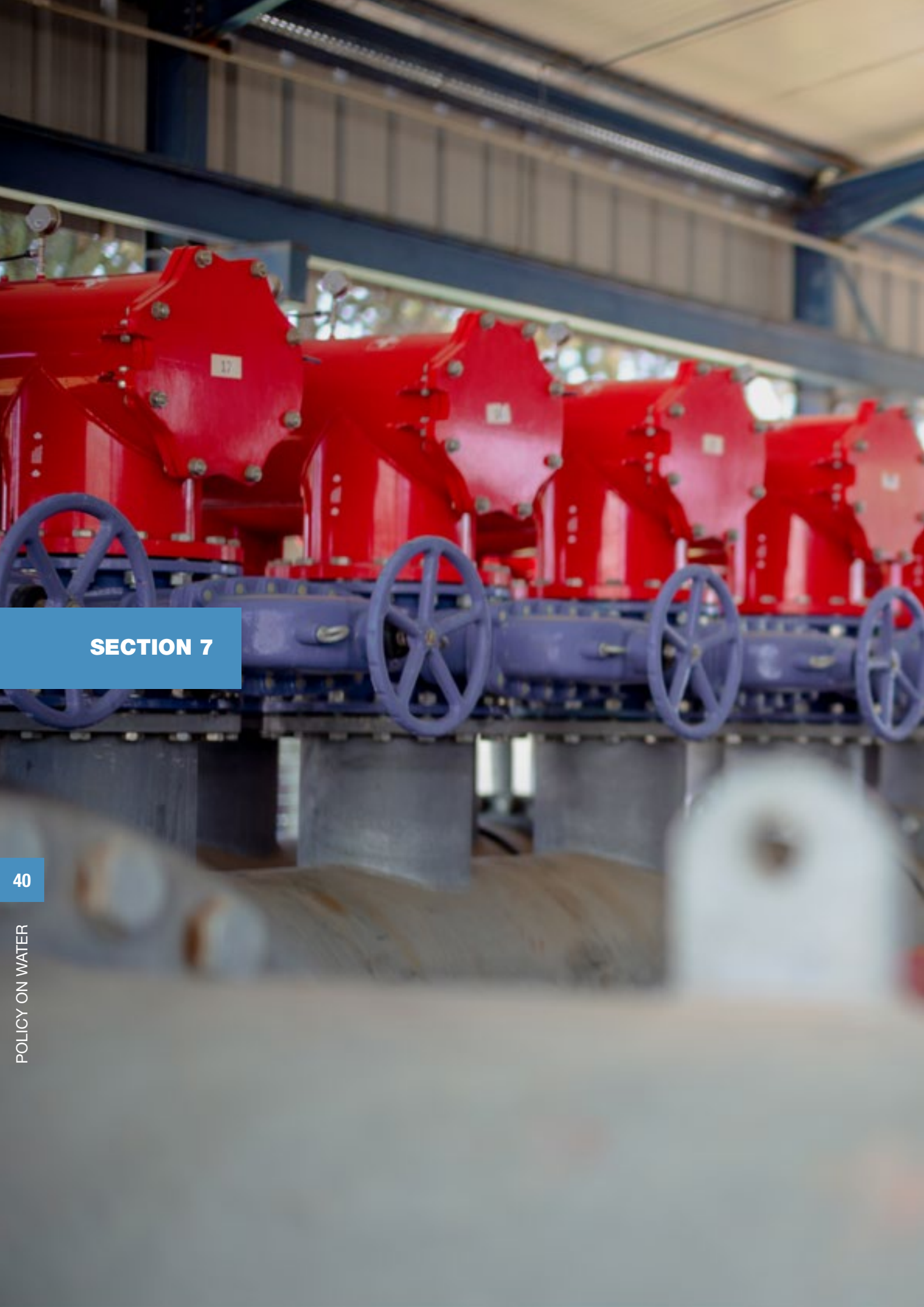
The policy will be considered for review ten years after its approval. However, should a major change occur in the water sector, including a change of paradigm, the Bank may undertake an earlier review.

6.7 Implementation risks

The principles and strategic objectives presented in this policy are neither new nor untested. The Bank's approach is to seek effective long-term partnerships with its RMCs and third parties to promote water security. This entails recognition of differences in countries' specific circumstances including water endowments, requirements, capacities, problems, and socio-economic profiles, and the design of

country-focused reforms to which governments are committed. Notable risks that may undermine the effective and efficient implementation of the Policy on Water include: (i) security risks prevailing in many countries and regions and those that could arise after the project is approved, particularly in fragile situations; (ii) political risks such as those pertaining to shared water sources; (iii) financial risks resulting in inadequate investments, given competing demands for government budgets, insufficient donor support, especially in view of the huge infrastructure and financial requirements required to attain water security;

as well as the unwillingness or inability for beneficiaries to cover both capital and operational costs, thus constraining cost recovery; and, (iv) governance risks related to the inability of some RMCs to implement pre-agreed and essential sector reforms. There is therefore a need for political stability and strong commitment from RMCs and the RECs for continued economic growth in Africa. The Bank will leverage its resources and support to RMCs, especially those in fragile situations, as well as build stronger partnerships and synergies with development partners and relevant stakeholders to mitigate these possible risks.



SECTION 7



CONCLUSION

This Policy on Water embodies the African Development Bank Group's recognition of the importance of attaining a minimum platform of water security and enabling Africa's water assets to foster sustainable, green and inclusive socio-economic growth and development. The Policy also embodies the reality that water is a cross-cutting issue and a critical component of many other sectors. It is informed by an analysis of the opportunities and challenges that RMCs face today in the water sector, and lessons learnt from past

operations. It articulates water security as an objective for the Bank to drive quality of life for Africans, and both traditional as well as innovative operational tools will be used to achieve identified outcomes.

The Policy on Water which supersedes the 2000 Integrated Water Resources Management Policy came into force on May 14, 2021, following approval by the Boards of Executive Directors of the African Development Bank Group.

ANNEX I: RESULTS FRAMEWORK FOR THE IMPLEMENTATION OF THE POLICY ON WATER

IMPACT EXPECTED Results	Performance indicators Performance Indicator	Base-line ¹	Target (2030)	MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
1 – THE WATER SECURITY AND SANITATION DEVELOPMENT PROGRESS IN AFRICA					
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.	1.1 Under five mortality rates in Africa	75.9 2 (2018)	43.3 3	SDG monitoring frameworks; WHO Annual Reports AfDB data portal; International Hydro-power Association	Water security remains a high priority area for regional actors.
	1.2 People affected by drought-related famine events in Africa (million)	25.3 4 (2015)	12.6		
	1.3 Proportion of people with access to at least basic drinking water supply and sanitation services ⁵ ; and to handwashing facilities with soap and water at home (%)	71 and 41 and 33 6 (2017)	100 and 100 and 100		
	1.4 Installed hydropower capacity (GW)	37 7 (2019)	52 62 (2025)		
2 BANK'S CONTRIBUTION TO WATER SECURITY AND SANITATION DEVELOPMENT IN AFRICA					
The Bank's water-related projects are contributing to the improvement of the quality of life of Africans	2.1 Additional people with access to at least basic drinking water supply and sanitation services; and to handwashing facilities with soap and water at home (millions)	N/A8	100 and 100 and 1009	AfDB data portal and reports	Regional and national policies favour water-related projects and programmes Political environment support water-related development
	2.2 Land with improved water management (thousand ha/year) 10	23.3	75		
	2.3 New installed hydropower capacity (GW)	3711	3912 (2025)		
3 – EFFECTIVENESS OF BANK'S WATER AND SANITATION OPERATIONS IS STRENGTHENED					

IMPACT EXPECTED Results	Performance indicators		MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
	Performance Indicator	Target (2030)		
The water related sector strategies and operations are in accordance with the Policy on Water	3.1 New AfDB sector strategies and action plans mainstreaming water policy principles ¹³ (#)	0	AfDB data portal and reports	Policy initiative implemented by competent / requisite personnel
	3.2 Regional and national water development and management policies/strategies/legal frameworks for water security developed with Bank support (#)	0		
	3.3 New projects with smarter and resilient water infrastructure, including multi-purpose projects, propelling countries towards water security (#)	0		
	3.4 New projects and leverage factor of investments generated from bankable projects prepared by the Bank's Project Preparation Facilities and Trust Funds (# and ratio)	0 and N/A		
	3.5 Number of collaborations with water related sector and research institutions for enhanced knowledge and capacity development	0		
4 – THE BANK IS MANAGING EFFICIENTLY ITS OPERATIONS IN THE WATER SECTOR				
Policy on Water collaboratively mainstreamed in all relevant Bank strategies and operations	4.1 A functioning Policy on Water Cross-sector Coordination Committee (PoWCCC)	0	AfDB data portal and reports	Coordination mechanism adequately resourced

ANNEX II: SELECTIVITY AND COMPARATIVE ADVANTAGE IN WATER SECTOR OPERATIONS

The Bank's focus areas for the water sector, in relation to enhanced selectivity, are as follows:

Water sector operations at the Bank follow key guiding principles that are elaborated in the Bank's Policy of Water and the attendant Water Strategy. These relate to: (i) Attainment of water security at all levels as a fundamental requirement for inclusive and sustainable growth; (ii) Equitable social welfare and economic growth require application of the integrated water resources development 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.

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. In line with the Selectivity Guidelines⁵⁶, the Bank will "Support integrated water resource management and expand water supply, sanitation and hygiene services —Promote an integrated approach to the assessment, planning and development of national and transboundary water resources to ensure sustainable water, sanitation and hygiene (WASH) services, support the water-food-energy nexus, and protect aquatic ecosystems."

These are the principles that guide interventions under the identified focus areas: "water for health" or WASH; "water for food"; and, "water for energy"; and call for the management of water resources for sustainable and resilient development.

The Bank will also 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.

With respect to what the Bank should finance and what it should not, the Bank will also make sure that in all its operations that have a bearing on the continent's water resources, notably in water related agriculture and energy operations, water resources are used sustainably in line with the guidance in the Water Policy.

With respect to financing operations for water supply, sanitation, and hygiene, (WASH), Bank support to countries is primarily demand-driven. In most cases, countries already have prepared investment plans,

feasibility studies and detailed designs. The Bank assesses the viability of the designs and provides additional guidance to enhance results and impact – in line with the guiding principles in the Policy on Water.

For WASH interventions, the Bank considers various aspects:

Geographical coverage: rural or urban? With about 60% of the people of Africa still living in rural areas, Africa is predominantly rural. Although Africa has the leading urbanization rate globally, WASH coverage is still very poor in both rural and urban areas. On a demand driven basis, the Bank will continue to support WASH interventions for both rural and urban areas.

Technological options: sewerage or onsite? Large urban water supplies or boreholes? The conditions in Africa are very heterogenous and the factors that determine the most optimum options will vary with the context. Among others, these include water resources endowment, population densities, capital and running costs, capacity for operation and maintenance and availability of energy resources. In many cases, water supplies are based on point sources – which may be motorized or hand-powered boreholes. The Bank will assess and support the most optimum mix of water supply technologies that will promote inclusivity and sustainability.

For sanitation, less than 20% of Africa uses sewerage systems. Most of the population uses on-site facilities. When countries choose to provide sanitation facilities for public places including schools, health centers, markets, and prisons, it is likely that Bank-finances will also be used for these. As indicated, depending on the national policies, requests and context, the Bank will assess and support the most optimum mix of sanitation services technologies and approaches for greater inclusivity and sustainability.

In its guidance to countries, the Bank also takes into account the following:

An integrated approach: Bank financing covers a variety of communities, ranging from rural, to small towns and large urban areas. These call for different technologies and service levels (e.g.: water supply services could be piped and in-house; yard taps; public standpipes; or point sources which could be a borehole or protected spring. For sanitation this could

56 Sharpening the Bank's Strategic Focus - A Proposal to Increase the Bank's Selectivity. (ADB/BD/WP/2021/06 - ADF/BD/WP/2021/05). February 2021. Commonly referred to as the Selectivity Paper.

be dry- or water-borne on-site facilities that could be emptyable or not; or sewer systems) depending on a variety of factors. In a typical project, a variety of these options are used, and the Bank would not practically exclude support for any – if aligned with national policies and priorities.

With respect to scale, the Bank is increasingly using a programmatic approach, as opposed to individual projects, for processing support to countries. This means that where feasible, several smaller operations are conglomerated to sizeable operations. This helps to reduce the project running cost particularly for the smaller operations. This approach may however not be feasible for Transition States due to the very limited allocations.

Financial and technical sustainability of services: as elaborated in the impending Water Strategy and the Selectivity Paper, the Bank is increasingly promoting the development of multi-use water systems that enable the provision of water for WASH as well as for other economic purposes such as for industrial use, agricultural or animal husbandry. This not only creates

jobs, but also enables the generation of resources to pay for water either directly or through cross-subsidies.

However, the Bank will not provide funds for running costs.

In addition, due to their complexity and huge resource requirements, the Bank will not ordinarily single-handedly finance large scale multi-purpose dams.

Green resilient growth and environmental protection: The Bank promotes the use of cleaner energies (such as wind or solar energy, where there is no-grid power sources) for water supply, in place of diesel run generators. For sanitation, the Bank supports circular economy approaches where human waste is managed along the service chain (including collection, transportation, treatment and reuse) thereby generating resources (energy and fertilizers) that can be sold or reused. The Bank is also supporting countries to access climate funds to enhance the resilience of built infrastructure and protection of water resource catchments.

ANNEX III: GLOSSARY OF IMPORTANT TERMS

<p>Blue Economy</p>	<p>The blue economy concept includes recognition that the productivity of healthy freshwater and ocean ecosystems is a pathway for aquatic and maritime based economies and can ensure that islands and other coastal countries, as well as land-locked states, benefit from their resources. It also requires an integrated, holistic and participatory approach that includes sustainable use and management of blue economy resources for societal progress in a diverse Africa. The blue economy framework is therefore intended to move from the current sectoral approach to a multisectoral, integrated, and participatory approach at multiple levels. The blue economy in Africa covers aquatic and marine spaces, including oceans, seas, coasts, lakes, rivers, and underground water, and it comprises a range of productive sectors, such as fisheries, aquaculture, tourism, transport, shipbuilding, energy, bioprospecting, and underwater mining and related activities.¹⁴</p>
<p>Climate resilience of a water project</p>	<p>The capacity of a water project or system to absorb the stresses imposed by climate change and in the process to evolve into greater robustness. Projects planned with resilience as a goal are designed, built and operated to better handle not only the range of potential climate change and climate-induced natural disasters, but also with contingencies that promote constructive, minimally destructive failure and efficient, rapid adaptation to a less vulnerable future state.</p>
<p>Climate Change</p>	<p>Climate change is defined by the Intergovernmental Panel on Climate Change (IPCC) as a change in the state of the climate that can be identified by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer. Climate change may be due to natural internal processes or external forcings such as modulations of the solar cycles, volcanic eruptions, and persistent anthropogenic changes in the composition of the atmosphere or in land use as defined by IPCC. At COP 21 in Paris in 2015, Parties to the UNFCCC reached a historical agreement to combat climate change and to mobilize significant financing for a sustainable future. The Paris Agreement set an unprecedented ambition to stabilise global temperature rise to between 1.5°C and 2°C.</p>
<p>Cost Recovery</p>	<p>The extent to which user charges for goods and/or services generate revenue to cover the cost of provision.</p>
<p>Economic Good</p>	<p>An economic good is a scarce resource in the sense that it is limited in quantity in comparison to the desire for the resource. Treating water as an economic good recognises that water has an opportunity cost.</p>
<p>Green growth</p>	<p>Green Growth means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies – i.e. a path of economic growth that uses natural resources in a sustainable manner.</p>
<p>Green infrastructure</p>	<p>Green infrastructure refers to ecological systems, both natural and engineered, that act as living infrastructure designed for environmental, social and economic benefits in urban and rural settings. Examples include permeable surfaces, green/living walls (vertical gardens), green/living roofs (partially or completely covered with vegetation) and street trees. Benefits of green infrastructure include reduced urban heat, lower building energy demand and improved storm-water management.</p>

Hydrological environment	The hydrological environment includes an absolute level of water resource availability, its inter- and intra-annual variability and its spatial distribution - a natural legacy that a society inherits.
Inclusive growth	Inclusive growth refers to economic growth, which results in wider access to sustainable socio-economic opportunities for the majority of people, while protecting the vulnerable, all within an environment of fairness, equality and political plurality. Inclusive growth is broad-based across sectors, promotes productive employment and enhances the resilience of disadvantaged and marginalised groups from adverse shocks. (AfDB 2011a). ¹⁵
Integrated water resources management	<p>Integrated Water Resources Management (IWRM) is a comprehensive approach to water resource management that views water as a finite resource with competing uses and inter-linkages with the environmental, social and economic systems.</p> <p>Water resource management is the activity of basin planning for, developing, distributing and managing the optimum use, including environmental and instream uses, of water resources, primarily at the basin level, including in transboundary contexts. Ideally, water resource management involves all the competing demands for water and seeks to allocate water on an equitable basis to satisfy all uses and demands. Much effort in water resource management is directed at optimising the use of water and in minimising the environmental impact of water use on the natural environment, through, inter alia, the sustainable and equitable allocation of water resources, and of the costs and benefits associated with their use and protection, supplemented by basin-wide and cross-sectoral planning, stakeholder integration, as well as the designation of protected areas, protected rivers, water reserves and no-go zones and stretches for the protection of aquatic ecosystems and water availability; the assessment, maintenance and, where appropriate, restoration of adequate environmental flows; and the preservation of overall vertical, horizontal and longitudinal basin connectivity.</p>
Minimum platform	The idea of a “minimum platform” for water institutions and infrastructure is central to water security. A minimum platform of investments in water institutions and infrastructure is a tipping point beyond which water investments make an increasingly positive contribution to growth. Below a minimum platform, a society is highly vulnerable to water-related shocks. ¹⁶
Multi-purpose projects	Multi-purpose projects are those intended to achieve multiple objectives simultaneously. They provide multiple benefits from a single investment. For example, a dam may provide irrigation water, impoundment for hydropower, run-off drainage, and offer flood protection as well as secure flows during droughts, all at once. The multi-purpose use of water acknowledges that water of different quality may suit different purposes – the waste from one use may be the resource for another (a water recycling or integrated management approach). For instance, a water supply project may meet basic human water demands as well as low scale irrigation through the use of its run-off simultaneously.
Multi-purpose use of Surface Water	The multi-purpose use of surface water may include impoundment for hydropower or irrigation, tourism, water supply, wastewater management, flood protection and securing flows during droughts.

Nature-based solutions	Nature-based solutions (NBS) relates to the use of nature to address a range of global environmental and social challenges, such as climate change and pollution of water systems. NBS are determined by the natural functions of ecosystems, which for example includes natural attenuation processes that frequently involve microbial removal of contaminants from groundwater.
Nexus Approach	A nexus approach is an approach that integrates management and governance across sectors and scales. A nexus approach in water aims, at water resource use efficiency and greater policy coherence, among other things. Given the increasing interconnectedness across sectors and in space and time, a reduction of negative economic, social and environmental externalities can increase overall resource use efficiency, provide additional benefits and secure the human right to water and other related resources. In a nexus-based approach, conventional policy- and decision-making in «silos» therefore would give way to an approach that reduces trade-offs and builds synergies across sectors. A nexus approach can support transition to green economy. ¹⁷
Riparian	Relating to, or situated or dwelling on the bank of a river or other body of water. For example, a riparian country is a country through or along which a portion of a river flows, or a lake lies.
River basin	A geographical area determined by the watershed limits of a system of water, including its surface and underground water, and the blue, grey and green water generated within the same area.
Socio-economic environment	The socio-economic environment involves the structure of the economy and the behaviour of its actors - which will reflect natural and cultural legacies and policy choices.
Tipping point	In the water security policy context, the tipping point is a stage of socio-economic development beyond which water investments make an increasingly positive contribution to growth.
Transboundary water resources	Water resources (surface as well as groundwater) that cross borders of countries or constitute borders between countries.
Water governance	Water governance is defined by OECD's Water Governance Initiative 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." ¹⁸
Water Sector	All providers and users of water, including the environment itself. The water sector is partly an abstract phenomenon, since it is not exactly delineated. Some key subsectors include ecosystem protection and fisheries; instream water uses such as transport, tourism and recreation; potable water supply, sanitation and wastewater treatment; water supply for food production and forestry, including irrigation; industrial water uses; energy production including hydropower.

<p>Water Security</p>	<p>“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).¹⁹</p>
<p>Wetlands</p>	<p>Wetlands are known for their support to ecosystems and thus have great potential to be used as nature-based solutions to address a variety of environmental, social and economic challenges. Common multi-beneficial ecosystem services from wetlands include carbon sequestration, water quality protection, coastal protection, groundwater level and soil moisture regulation, flood regulation and biodiversity support.</p>

ANNEX IV: LIST OF REFERENCE DOCUMENTS AND WEB LINKS

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ANNEX V: THE SUSTAINABLE DEVELOPMENT GOAL 6

The concept of water security and water resources development and management has great significance for the UN's Sustainable Development Goals aiming to end poverty, protect the planet, and ensure prosperity for all by 2030. Water security supports many of the 17 SDGs and SDG6 reinforces that water services is a right to which all people should have access: water and sanitation for all.

Source: <https://sustainabledevelopment.un.org/sdgs>

SDG	Objective
Goal 6	<p data-bbox="338 611 1070 640">ENSURE ACCESS TO WATER AND SANITATION FOR ALL</p> <p data-bbox="338 678 1415 741">6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p data-bbox="338 775 1415 869">6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p data-bbox="338 902 1415 996">6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p data-bbox="338 1030 1415 1124">6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p data-bbox="338 1158 1415 1220">6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate</p> <p data-bbox="338 1254 1415 1317">6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes</p> <p data-bbox="338 1350 1415 1476">6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programs, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies</p> <p data-bbox="338 1509 1415 1572">6.b Support and strengthen the participation of local communities in improving water and sanitation management</p>

ANNEX VI: RECOMMENDATIONS OF THE EVALUATION OF THE BANK GROUP'S SUPPORT TO THE WATER SECTOR

The recommendations of the evaluation of the Bank Group's support to the water sector (2005-2016) Beyond infrastructure development: toward service delivery and behavioral change

It is recommended that the Bank should:

- i. Enhance its engagement with RMCs on an integrated approach to Water Resources Development and Management beyond water supply and sanitation (WSS) and agricultural water management (AWM).
- ii. Prioritize sanitation by focusing on the needed policy shifts, introducing new models with sustainable technologies, partnerships and scaleup mechanisms.
- iii. Deepen ongoing efforts to support increased innovative financing mechanisms (including private sector participation) to accelerate water and sanitation infrastructure development and management in RMCs.
- iv. Continue to explore innovative ways to strengthen RMCs' institutional capacity and the performance of service providers toward sustained service delivery of water sector interventions, to attract funding and foster development impact.
- v. Continue to adopt appropriate participatory practices through effective collaboration with stakeholders at all stages of the project cycle (identification and design, implementation, completion and exit) for its water sector interventions.
- vi. Improve its measurement and reporting of development results. Specifically, the monitoring and evaluation (M&E) system at project, country, and Bank levels should be strengthened to provide the requisite range of results data (baseline, targets and actual) for design, during implementation, at completion and post-completion. Results data should cover outputs and outcomes (for both hard and soft infrastructure) of its water interventions.
- vii. Promotion of platforms, networks and knowledge products to enhance the transfer of experience and knowledge among development partners, governments, end beneficiaries, sector experts and evaluators for improved performance of its RMCs.

(2005-2016)

ANNEX VII: KEY POINTS OF THE 1997 UN CONVENTION ON THE LAW OF NON-NAVIGATIONAL USES OF INTERNATIONAL WATERCOURSES

Part II General Principles: Key Points of the 1997 UN Convention on the Law of Non-navigational Uses of International Watercourses

- The principle of 'Equitable and Reasonable Utilization' is the cornerstone of international law related to transboundary watercourses.
- It entitles a watercourse state to an equitable and reasonable share of the uses or benefits of the particular watercourse and creates the correlative obligation not to deprive other states of their respective rights.
- It is based on the allocation theory of 'limited territorial sovereignty', which stipulates that watercourse states enjoy equal rights to the utilization of an international watercourse.
- Article 6 provides an indicative list of factors and circumstances to be taken into account when determining what constitutes an equitable and reasonable use.
- The Legal Assessment Model developed by the IHP-HELP Centre for Water Law, Policy and Science provides a useful tool for identifying, measuring and evaluating the relevant factors and circumstances applicable to equitable and reasonable use.
- States are obliged to take all appropriate measures not to cause significant harm to other watercourse states, however, some significant harm may be tolerated – in very limited circumstances – where it can be established to be equitable and reasonable.
- While no use of a transboundary watercourse has inherent priority over others, special regard has to be given to vital human needs and the protection of the ecosystems of international watercourses.

Source: <http://www.unwatercoursesconvention.org/the-convention/part-ii-general-principles/>

ANNEX VIII: THE BANK GROUP'S 2012 ENERGY SECTOR POLICY POSITION REGARDING WATER RESOURCES

Water Priority Areas for the Bank as outlined in its 2012 Energy Sector Policy

In order to increase energy security and reliability in RMCs, the Bank will explore viable sources of renewable energy including hydropower, bioenergy, wind, solar, ocean and geothermal resources. At the country level, the Bank will promote an integrated approach for planning balanced energy mixes that include both renewable and non-renewable sources. This approach should take into account the assessment of resources, the storage and transmission aspects. The Bank will help RMCs set up conducive policy and regulatory frameworks, as well as create market conditions that address their exploration and development in a commercially viable manner. Where feasible, the Bank will support hybrid energy supply solutions in order to address shortfalls in renewable energy schemes (especially due to low sunlight or wind speed in the case of solar plants and wind farms, respectively) while further contributing to GHG reduction.

To remove financial barriers and make cleaner and renewable energy options attractive, the AfDB will facilitate direct private-sector investment. It will act as a catalyst for private investments and promote financing packages that share risks and reduce costs.

The Bank will devote efforts to enhance skills, research, development and innovation to develop technologies that will enable the efficient use of renewable energy, speed up the rate at which these technologies will be leveraged and help reduce their cost to a commercially viable level.

HYDROPOWER

The AfDB will ensure that the hydroelectric power plants it supports: (i) effectively address potential social and environmental impacts, in compliance with its social and environmental safeguards requirements, (ii) take into account climate-change implications and (iii) adequately reflect local and national needs for water and energy development, while giving due consideration to the impact on downstream communities. The AfDB will seek broad agreement with riparian countries in respect of projects emanating from one or more countries on trans-boundary water courses and, in the absence of this, will assess and satisfy itself of any significant impacts on other riparian countries. Whenever possible, the Bank will promote multipurpose hydropower projects. In addition, the

Bank Group will draw appropriate lessons from relevant international organizations. The Bank will also put particular emphasis on helping countries and river basin organizations to develop environmentally and socially sound hydropower schemes and on mobilising the required financial resources.

BIOENERGY

The Bank Group will assist RMCs to maximize the benefits from bioenergy, including those offered by the Clean Development Mechanism (CDM). For the many households likely to continue relying on traditional biomass, the Bank Group will help RMCs promote sustainable production and use of wood fuels, taking into account specific agro-ecological situations.

Liquid biofuels: The Bank will promote the highest standards of quality in its support to the biofuel sub-sector. Its involvement in this sub-sector will therefore be based on consistent analysis and research to ensure that appropriate frameworks and safeguards are in place to maximize benefits while minimizing risks and threats. The Bank will invest in biofuels production schemes that (i) do not undermine food security and biodiversity, (ii) are integrated into and foster rural development by increasing access to energy and social services, empowering agriculture, and broadening employment and income opportunities; (iii) achieve a net CO₂ reduction over their ; (iv) do not adversely affect equality and poverty and that respect land use and labour rights and (v) promote, as much as possible, inclusive business models for smallholder farmers. The Bank Group will draw appropriate lessons from relevant international organizations to support its biofuels projects and to develop guidelines and criteria in order to guide decisions on whether, when and how to provide assistance to countries that express an interest in liquid biofuels.

COAL

The Bank is committed to supporting RMCs achieve universal access to energy in an environmentally sustainable manner. For many African countries, coal-fired power generation is likely to form part of such an approach to help the continent increase its access to modern energy at an affordable cost. To ensure

that any Bank support for coal-power generation is consistent with this approach, this support will take place within the broad framework outlined below:

- **Development impact:** A proposed Greenfield or retrofit coal-fired power plant should have a strong developmental impact, contributing to poverty reduction and addressing national and/or regional energy security needs.
- **Transitioning towards green growth:** Collaborate with RMCs to identify technologically and commercially feasible low-carbon and cost-effective strategy for energy resources.
- **Environmentally responsible:** Take advantage of progress in technology to adequately mitigate negative environmental impacts, introducing efficient technologies, reduce GHG emissions, and diversify the energy mix.
- **Technology:** Work closely with RMCs to ensure adoption of the most appropriate, commercially available and affordable technology for reducing

GHG emissions. Assist in sourcing additional financing to invest in such technologies. Ensure that a desk-top assessment of the technical, economic and financial feasibility of abatement is undertaken, and will encourage assessment of the potential for readiness for relevant Carbon Capture and Storage technologies.

- **Offsetting measures:** Seeks to promote United Nations Conventions on Climate Change. Ensures that its interventions comply with agreements and related standards that are ratified by its RMCs within the framework of climate-change negotiations in terms of GHG emissions, including offsetting measures. Support RMCs that express an interest in implementing offsetting measures in relation to these agreements, or on a voluntary basis.

Source:

https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Energy_Sector_Policy_of_the_AfDB_Group.pdf

ANNEX IX: FRAMEWORK TERMS OF REFERENCE FOR THE POLICY ON WATER CROSS-SECTOR COORDINATION COMMITTEE (POWCCC)

1. CONTEXT

Water security is a key driver for the attainment of the Africa Union's Agenda 2063 aspiration of a "Prosperous Africa, based on inclusive growth and sustainable development". It directly influences the Agenda's goals related to the 'Quality of life and well-being for all citizens; well educated citizens and skills revolution; healthy and well-nourished citizens; and, environmentally sustainable and climate resilient economies and communities.' Water security is specifically mentioned as a priority area under the last goal. At the global level, water security also supports many of the 17 Sustainable Development Goals (SDGs) and is the focus of SDG6.

Water-related activities span many sectors and deliver services aimed at meeting multiple and competing demands. The new Bank Group Policy on Water has identified three key priority areas for Bank's intervention: water supply and sanitation, agriculture and energy. It also named other areas of intervention: transportation, industry and tourism, water-related disaster risk management and urban development. All these have a bearing on the Bank's contribution to Africa's water security. There is need for a cross-sectoral coordinated approach to ensure that trade-offs and synergies between complementary and competing sectors at national and regional levels are better understood and fully-explored to: enhance the quality of the Bank Group's operations, optimize the benefits of water resources development, and achieve economies of scale and greater efficiency in utilizing water. This will also lead to maximizing the impact of limited resources (financial, human and knowledge).

The need for a coordination mechanism was highlighted in the evaluation of the implementation of the Bank's 2000 IWRM Policy, which noted that past efforts at coordinating water-related activities could be further enhanced. On its part, Bank Management agreed and committed to put in place a more appropriate institutional framework including human resources and incentives that will best enable Bank-wide coordination to ensure effective IWRM implementation. In line with Management's commitment, the Bank's new Policy on Water calls for the establishment of a

cross-sectoral coordination mechanism on water as part of the Policy's implementation – and hence the development of this Terms of Reference.

2. PURPOSE AND OBJECTIVES OF THE PoWCCC

The purpose of the PoWCCC is to oversee and guide a coordination mechanism in the Bank within which staff from all sectors, departments and operations involved in the Bank Group's activities relevant to the new Bank Policy on Water can effectively collaborate to contribute to the Bank's overall strategic results and mandate. As in the Policy on Water, the sectors/sector departments include the following: agriculture, energy, water supply and sanitation, urban development, transportation, industry and tourism. In addition, the PoWCCC will also have staff representing relevant cross-cutting thematic areas/sectors including: gender, civil society, climate change, private sector, natural resources, governance and regional integration.

Specifically, the objectives of the PoWCCC will include actions to:

Serve as the coordinating body enhancing collaboration in the planning, design and implementation of all water-related activities undertaken by the Bank, to ensure mainstreaming the Policy on Water (and the Water Strategy) in relevant operations and to maximize synergies;

- Promote knowledge generation and utilization;
- Monitor and report on the planning, implementation and delivery of various water related activities of the Bank Group; and,
- Coordinate the Bank Group's cross-sectoral participation in all the regional and international events relating to water and sanitation.

3. ACTIVITIES OF THE PoWCCC

The following is an indicative list of activities which the PoWCCC and the coordination mechanism will deliver, with the day-to-day support of its secretariat.

3.1 Enhancing Collaboration Across Water-related Bank Departments and Sectors -relevant to the Policy

- Facilitate cross-sectoral collaboration in the preparation, review and updating of water-related Bank sector policies, strategies and strategic business plans ensuring alignment with the Bank's Policy on Water.
- Promote cross-sectoral design and implementation multisector water programmes and projects and ensure that the Bank adopts best practice for water-related activities across the relevant units.
- Promote and coordinate inputs for cross-sectoral Bank participation in regional and global water-related activities.
- Coordinate and/or facilitate the coordination of the Bank's engagement (on water related issues) with key external stakeholders such as Regional Economic Communities (RECs), African Union's (AU) mandated institutions such as the African Ministers' Council on Water (AMCOW), African Ministerial Conference on the Environment (AMCEN), and Council of Ministers of Water, Agriculture, Livestock and Land, etc.

3.2 Supporting Country and Regional Programming and Operations for Water Security

- Monitor, review and provide guidance on the design, review and implementation of all Bank operations in relevant sectors to ensure alignment with the Bank's Policy on Water.
- Ensure adoption of the principles and provisions of the new Bank Policy on Water in Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs).
- Promote, monitor and support the development and implementation of multi-purpose water related projects in all relevant sectors – such as for the water-food-energy nexus.
- Monitor and provide advice on joint project pipeline development and stakeholder engagement (on water related issues) amongst relevant sectors, including on trans-boundary cooperation.
- Coordinate multi-sector input to water-related national and regional policies to ensure that all relevant sectors are adequately addressed.

3.3 Promoting Knowledge Generation and Utilization in the Bank

- Contribute to the development of internal capacity by: organization of training workshops and seminars for Bank staff in the effective implementation of the Bank's Policy on Water; hosting seminars on water-related issues; showcasing good practices and supporting knowledge sharing.
- Establish a "Community of Practice" of highly qualified and experienced staff from relevant sectors to, among other things, provide in-house technical expertise and advisory support on behalf of the PoWCCC with a view of improving quality at entry, design, due diligence and implementation oversight of complex and integrated projects and programmes.
- Promote the generation and utilization of knowledge on topical and thematic issues across various Bank operations.

3.4 Planning, Monitoring and Reporting on the Implementation of the Bank Policy on Water

- Prepare and oversee implementation of annual work plans.
- Monitor the implementation of the Policy on Water; and prepare and disseminate annual progress reports on implementation of the Policy on Water, and how well water-related sector strategies are being implemented.
- Play a critical role in the review and update of the Policy on Water, as needed; and contribute to its independent evaluations.
- Facilitate the holding of periodic meetings of the PoWCCC.

The following planning and reporting tools are proposed:

- i. Joint Planning Matrix (JPM) – a matrix of planned activities on all operations, initiatives and events by any of the relevant sectors and departments that have a bearing on water security or water-related activities. These include project preparation/pipeline development activities, country and regional strategy papers, analytical work, relevant regional and national sector events - including national joint sector

reviews, among others. The matrix will facilitate the planning and monitoring of joint engagements including missions and document reviews.

- ii. Reporting and Communication Plan (for Bank-wide communication of strategic outcomes from the coordinated implementation of the Policy on Water) – will be developed and implemented. The reports will showcase the strategic outcomes from the coordination/collaboration effort and will contribute to the Bank's results measurement framework

4. INSTITUTIONAL CONTEXT FOR OPERATIONALIZING THE PoWCCC

The functioning of the intra-Bank coordination mechanism around water will be at three levels as follows:

4.1 The PoWCCC and its Membership

The Vice President overseeing the department responsible for water resources⁵⁷ will issue an Operational Instruction⁵⁸ establishing the PoWCCC, the high-level advisory committee. The core membership comprises key departments whose activities impact or are impacted by water within the Bank (as highlighted in section 2). They will be represented at the Director levels with scope for delegated authority. The Vice President will chair the PoWCCC.

4.2 Cross-sector Coordination and Partnerships Working Group⁵⁹

The PoWCCC Working Group will facilitate knowledge exchange and provide in-house advanced sector expertise to regional hubs and RMCs. It will also provide advice on the coordination and establishment/

participation of the Bank in relevant communities of practice. The Working Group will serve as the Bank's internal platform for leveraging: i) the communities of practice on the water-energy-agriculture nexus; and, ii) the role of water in urban development, transportation, industry, and tourism. To facilitate active engagement of the regions and countries, as "One Bank", the working group that will include task managers and staff from relevant sectors at the Bank's headquarters. Each relevant department and region will nominate a focal point and an alternate to join the Working Group.

4.3 The PoWCCC Secretariat

The department or unit responsible for coordinating water-related activities of the Bank (currently AHWS.1 – the Water Coordination and Partnerships Division) – or other department or unit designated in the Operational Instruction establishing the Coordination Committee – will host the PoWCCC. The Secretariat will facilitate operationalization of the coordination framework including supporting the functioning of the PoWCCC and overseeing execution of its tasks, facilitating the functioning of the Working Group and providing day-to-day support to ensure proper functioning of the coordination mechanism. A dedicated service desk (note that desk may mean a team) with at least one full-time professional level (PL) staff will provide the function of Secretariat to the PoWCCC.

57 At Policy approval, this refers to the Vice President for Agriculture, Human and Social Development (AHVP).

58 Operational Instructions: define policies, rules, procedures and guidelines required for the timely implementation of Bank programmes and the efficient and effective performance of functions and responsibilities in each complex under the responsible Vice President(s). These are approved and issued by the relevant Vice President(s).

59 The Working Group will play a dual role of providing professional advice and analysis to the PoWCCC as well as on internal and external partnerships on water related practice. It is not a decision-making body.

ANNEX X: EXTERNAL STAKEHOLDERS CONSULTATIONS ON THE BANK AFRICAN DEVELOPMENT BANK GROUP'S DRAFT POLICY ON WATER

1. Rationale for External Stakeholders' Consultations

The rationale for the external stakeholders' consultations on the Bank's new Policy on Water was to ensure stakeholders' ownership and commitment, and to facilitate the effective implementation of the Policy on Water once approved by the Bank Group's Boards of Executive Directors. The specific objectives for the external stakeholders' consultations included to – (i) ensure the Bank's Policy on Water reflects the views and feedback of relevant stakeholders; (ii) increase ownership through buy-in of the Policy by the key stakeholders; (iii) identify opportunities for enhanced collaboration and harmonization with other development partners; and (iv) ensure that the Bank's Policy on Water is reflective of international best practices. Key stakeholders targeted for the consultations included government water sector technical experts, and other relevant regulatory authorities and utility companies; Water Users' Associations (WUAs), Civil Society Organizations (CSOs); youth groups involved in the water sector in regional member countries (RMCs); Regional Economic Communities (RECs); the private sector; academia; and multilateral and bilateral development partners present on the continent.

External Stakeholders' Consultations Approach

Within the context of the COVID-19 pandemic and the limited travel and social interaction, the Task Team embarked on online external stakeholders' consultations instead of the usual face-to-face stakeholders' consultations. The two approaches for the online external stakeholders' consultations included:

Direct Email Sent to Key Stakeholders – The draft policy document (both English and French versions) with an accompanying email invitation from the Acting Vice President for Agriculture, Human and Social Development (AHVP) was sent to key stakeholders to review the policy document within 6-weeks. The key water resources stakeholders included government water sector technical experts, bilateral, multilateral and development partners, youth agencies and CSOs.⁶⁰

Online Posting – As per the Bank Group's 2012 Policy on Disclosure and Access to Information, the online disclosure requirement for operational policy documents is usually 30-days complementing the face-to-face broad base regional stakeholders' consultations. However, due to the COVID-19 pandemic, the Task Team could not embark on the traditional face-to-face stakeholders' consultations. In lieu of this, the draft policy document was posted on the Bank's internet web portal and social media platforms (LinkedIn, Twitter and Facebook) for a period of 60 days (between August 20 – October 20, 2020). The extension of the 30-days online disclosure period was to maximize the opportunity for receiving feedback from diverse key stakeholders across the Bank's Member Countries since the Task Team did not embark on face-to-face consultations across RMCs.

External Stakeholders' Consultations Outcomes

The Bank's draft new Policy on Water was generally very well received by external stakeholders, commending the Bank on the initiative to update its policy provisions for its water sector interventions. In particular, the Bank Group's vision for water security which is “an Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation and the environment”, was overwhelmingly endorsed by key stakeholders.

After 60-days of online consultations, the Task Team received valuable comments from a wide range of external stakeholders. These included: Ministry of Water, Irrigation and Electricity, Government of Ethiopia; Land and Water Resources Management Unit, Government of Liberia; National Office of Sanitation Tunisia; Trans-Caledon Tunnel Authority, South Africa; Nordic Development Fund; Austrian Development Agency; Swedish International Development Cooperation; Ministry of Foreign Affairs, Denmark; Islamic Development Bank; Directorate of Infrastructure, Arab Maghreb Union; The Center for Water Security and Cooperation, USA; The African Water Association; Swiss Center for Scientific Research in Côte d'Ivoire; The Water Trust; E3G; Milaré Advogados; BME Environmental Inc.; and Young Water Solutions.

⁶⁰ 136 key stakeholders were contacted directly via email. Email address created for the external stakeholders' online consultations: AFDB-newpolicyonwater@afdb.org

The main comments/feedback received have been incorporated in the Bank's draft new Policy on Water including:

strengthening climate resilience mitigating and adaptation measures;

making specific reference to nature-based solutions and aquatic ecosystems in Bank's water sector interventions, to exemplify or complement the policy provisions on green infrastructure;

strengthening the Bank's approach to blue economy in its water sector operations;

strengthening water governance by increasing focus on legal and regulatory frameworks in RMCs;

broadening key external stakeholders' collaboration to include humanitarian actors, civil society organisations

and UN agencies.

In addition, several comments received were relevant to the upcoming Water Strategy and will be addressed therein.

CONCLUSION

The Bank's draft new Policy on Water was well received by external stakeholders. The 60-days online stakeholders' consultations yielded a plethora of comments from broad-based key stakeholders. The main comments received have been incorporated into the revised draft new Policy on Water document. Also, the relevant comments and/or feedback received will inform the Bank Group's Water Strategy currently being developed.

(Footnotes)

- 1 2020, unless otherwise stated.
- 2 Per 1,000 live births. WHO Global Health Observatory data repository. Source: <http://apps.who.int/gho/data/view.main.CM1300R>.
- 3 Trend analysis and projections based on WHO Global Health Observatory data repository.
- 4 Source: CRED International Disaster Database - http://www.emdat.be/advanced_search/index.html.
- 5 Refers to the sum of safely managed and basic services. At time of preparing the Policy, the baselines for improved services as defined under SDGs were not universally available.
- 6 WHO/UNICEF Joint Monitoring Programme <https://washdata.org/data#!/dashboard/new>.
- 7 https://hydropower-assets.s3.eu-west-2.amazonaws.com/publications-docs/2020_hydropower_status_report.pdf ; 2020 hydropower status report, page 35: > 15 GW of installed capacity expected to be commissioned by 2025 from over 50 hydropower projects currently under construction.
- 8 N/A refers to Not Applicable.
- 9 Based on the 2018-2020 Annual Development Effectiveness Reports of the Bank, the additional number of people with access to water and sanitation was 8.3, 8.2 and 10.1 million for 2017, 2018 and 2019 respectively. So, we can assume a continued 10 million people per year for next 10 years.
- 10 This is an indicator in the Bank's corporate Results Measurement Framework (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.
- 11 Baseline from the 2020 Hydropower Status Report.
- 12 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).
- 13 Sector Strategies include: Water and Sanitation Strategy (2021 – 2025), African Water Facility Strategy (2021 - 2025), Natural Resources Strategy (2015-2020), Strategy for Africa's Agricultural Transformation (2016-2025), Strategy for New Deal on Energy for Africa (2016-2025), Urban Development Strategy; Industrialization Strategy (2016-2025); etc.
- 14 Africa's Blue Economy: A policy handbook by the Economic Commission for Africa (2016). Source: https://www.uneca.org/sites/default/files/PublicationFiles/blueeco-policy-handbook_en.pdf
- 15 Inclusive Growth: A Definition. 2011, Unpublished, Tunis, Tunisia, African Development Bank.
- 16 Water Policy 9 (2007) 545-571. Sink or Swim? Water Security for Growth and Development, D. Grey and Claudia W. Sadoff.
- 17 Source: https://en.wikipedia.org/wiki/Water,_energy_and_food_security_nexus
- 18 OECD's Water Governance Initiative, Source: <http://www.oecd.org/cfe/regional-policy/water-governance-initiative.htm>
- 19 UN-Water Analytical Brief on Water Security and the Global Water Agenda, 2013. Source: <http://www.unwater.org/topics/water-security/en/>



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