Financing Water & sanitation Infrastructure for Economic Growth and Development

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African Development Bank / African Water Facility

Co-convenors:
Department of Environment and Water Affairs, South Africa (DWAF), World Bank/Water and Sanitation Program (WSP), World Water Council (WWC), Food and Agricultural Organization (FAO), Global Water Partnership (GWP) and Infrastructure Consortium for Africa (ICA)

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Financing Water & Sanitation Infrastructure for Economic Growth and Development

Technical Summary: Proceedings and Outcomes of the Sessions During the 2nd African Water Week
9-11 November 2009
Johannesburg, South Africa
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ACKNOWLEDGEMENTS

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Specifically, the Bank would like to thank the following institutions for their contribution in diverse ways to the success of the thematic session on Financing Water and Sanitation Infrastructure including:

- Department of Water and Environmental Affairs, South Africa
- World Bank/Water and Sanitation Program-Africa
- Global Water Partnership
- Organization for Economic Cooperation and Development
- EU Water Initiative I
- World Water Council
- Food and Agriculture Organisation
- Islamic Development Bank
- International Federation of Agricultural Producers

The Bank would also like to thank the African Ministers’ Council on Water (AMCOW), UN Water Africa and UNSGAB for their cooperation and support in delivering the sessions. Similarly, the Bank would like to thank the discussants for the high-level panel on Financing Water Infrastructure for their insights on the subject. Their views shared with us have been captured in this report. It is the Bank’s expectation that the report will add to the knowledge base on water sector finance issues.

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Acronyms and abbreviations

AIDB: African Development Bank
AICD: Africa Infrastructure Country Diagnostic
AMCOW: African Ministers Council on Water
ANBO: African Network of Basin Organisations
ANEW: Africa Civil Society Network on Water and Sanitation
AWF: Africa Water Facility
AWV: Africa Water Vision
AWW: African Water Week
DESA: Department of Water and Environmental Affairs, South Africa
GDP: Gross Domestic Product
GWP: Global Water Partnership
ICA: Infrastructure Consortium for Africa
ISC: International Steering Committee for the 2nd African Water Week
IWRM: Integrated Water Resources Management
JMP: Joint Monitoring Programme for the MDGs
LOC: Local Organising Committee of the 2nd African Water Week
MDGs: Millennium Development Goals
Aims and expected outcomes of Sessions on Financing

E.3 The sessions aimed to achieve the following:

a) setting the pan-African water sector needs in context and elaborate the strong nexus between water and economic growth;

b) enable participants to appreciate the big picture on financing infrastructure and the key actions that are needed to achieve the desired results including key messages to be considered in support of promoting the water–finance dialogue;

c) take stock of and present the various initiatives supporting water for agriculture and energy in Africa and discuss future priority actions;

d) create an agenda to accelerate market financing for the water sector on the continent based on emerging lessons from pilot activities that have been underway over the past years.

e) increase knowledge on financing in relation to water resources management
There is a wide (perhaps widening) diversity across Africa. There is no financing blueprint suitable for all countries. Fragile states need special attention.

Outcomes of Sessions on Financing

E.7 The outcomes of the Thematic Session on Financing were captured in Summary of Proceedings and Outcomes of the 2nd African Water Week and endorsed in the Johannesburg Ministerial Statement.

E.8 The key decisions to move forward on the region’s water agenda from the Ministerial Statement, which are of relevance to the issue of financing, are presented below:

AMCOW makes the following decisions as follow-up to the implementation of the Sharm el-Sheikh Commitments on Water and Sanitation made by our Heads of State in July 2008:

a. Reporting of country actions in respect of water security

b. Reporting of country actions in respect of water security

c. Reporting of country actions in respect of water security

d. Reporting of country actions in respect of water security

E.4 In view of the urgent need to promote better dialogue between the finance and water sectors given the inextricable linkages between water infrastructure and economic growth and poverty reduction, the sessions were structured to deliver key messages that would contribute to further strengthening this dialogue, and largely inform the meeting of Water and Finance Ministers.

Key issues

E.5 The African Water Vision 2025 released in 2000 estimated the financial requirements to deliver the Vision at US$20 billion per year over a 20-year time horizon. The lion’s share of that investment – some US$12 billion – is what was estimated as the financing required to achieve the Vision’s targets in drinking water and sanitation. Updated data, made possible through ongoing studies on Africa’s infrastructure financing requirement, put the new estimate at US$50 billion per year, largely as a result of more realistic estimates for hydroelectric power. The estimated gap in financing is assessed at some US$30 billion. Closing this gap requires actions from all actors. However, African Governments hold the key to creating the necessary enabling environment to support the harnessing of available funding.

E.6 The following summarises a number of ‘knowns’, which should engage the attention of policy-makers and development partners:

1. Many positive developments in the last five years – political and financial; these provide a good platform for going forward.
2. Huge financial challenge – $30 to 50bn/yr raises the need to harness all financial means and develop bankable projects and programmes.
3. There is a need to demonstrate the compelling economic case for investment in water and sanitation.
4. All countries should develop national plans with clear financing strategies and ensure development partners align with these.
5. A broad mix of finances from many sources has to be mobilised.
6. Financing for water resources development and management and for governance functions needs more attention and appreciation.
7. A balance is needed between the financing of physical infrastructure, the enabling environment and governance functions – they are all essential.
8. Huge infrastructure deficit exists for hydropower and agricultural water management but these have now re-emerged as priorities.
9. Action is needed at all levels – from local level with CSO support through to regional cooperation and development.
10. Countries have to overcome a major political dilemma – setting tariffs that recover costs
development of the water and sanitation sector. Achieving sustainable cost recovery from the “3 Ts”, tariffs, transfers and taxes is key to accessing repayable funding.

7. Special consideration is necessary in financing policies for sanitation.

8. Neither public funding nor ODA nor the combination of both will be enough; so we need innovative approaches to rise to the challenge ahead.

9. There are only two sources of funds to provide water services and build the needed infrastructure – (i) user payment for services, and (ii) public funding from taxes. The various mechanisms used to borrow money or otherwise to fund investments are simply means of leveraging these two sources. Transfers from outside the country (development assistance) are made possible by taxpayers elsewhere.

10. Develop local capital markets.

11. “Do not invest in water for water’s sake!” The rates of return of these investments can be high, even compared with the...
opportunity cost of capital, but the benefits of many when discounted at social rates of return would cover the investment many times over.

12. Apply economic justification criteria to use grants and concessionary loans as viability gap funding.

Accountability

13. Water managers should be required to operate their institutions and prepare and build their projects efficiently and effectively as a condition of investing public funds.

14. Practices that lead to efficient and effective operations include: (i) tariffs that cover costs while taking account of equitable distribution of the burden and ability to pay; (ii) efficient revenue collection and use of funds available; (iii) efficient operations; (iv) subsidies targeted to the poor; (v) public accounting for use of funds, services provided and efficiency (e.g. reducing unaccounted for water); (vi) informing government decision-makers of options that allow them to make trade-offs between higher-cost approaches and the service levels they permit with lower cost approaches (perhaps less advanced technology) with increased service levels.

Use of ODA

15. Development partners should stick to their commitment and provide ODA at a level that can make a maximum impact.

Recommendations and Way Forward

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<thead>
<tr>
<th>Action/Aisle</th>
<th>Recommendations - Governance Aspect</th>
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<tbody>
<tr>
<td>1. Reporting country actions in line with frameworks</td>
<td>1.1 The AfDB, AMCOW and regional partners should discuss and co-ordinate support to the AMCOW secretariat, to jump-start the reporting process and also to avoid duplication in providing support. In this respect the Bank should urgently call a meeting of key partners – AU, AMCOW, UN Water, WSP, GTZ, to follow up</td>
</tr>
<tr>
<td>2. Meeting of Water and Finance Ministers</td>
<td>2.1 A Concept Paper should be circulated to AMCOW and all partners detailing out: a) Assignment of responsibilities; b) Definition of focus of the meeting and agenda; c) Definition of technical papers 2.2 The presence of key personalities will add more visibility to the meeting and they should be given sufficient lead-time notice. Suggestions included: • President Ellen Johnson-Sirleaf • President of the African Development Bank Group • Heads or deputies of Development Partner Organisations • Chairmen of Regional Economic Communities • Mr. Kader Asmal, former Minister of Water of South Africa. [He demonstrated that it can be done once there is political will. He is senior, a great and convincing speaker who will be listened to]</td>
</tr>
<tr>
<td>3. Definition of agenda and format of future AWW</td>
<td>3.1 AWW events should be used to get countries to report on their water actions in response to the commitments made by the regional leadership. Having back-to-back conferences such as happened with AWW-2 and PANAFCON can be diversionary and should be avoided</td>
</tr>
<tr>
<td>4. Facilitation at AWW</td>
<td>4.1 AWW should always have a professional Lead Facilitator who will co-ordinate all technical activities, lead briefing and debriefing sessions, ensure the timely submission of Proceedings and Outcomes, reviews and redo agenda during the event etc.</td>
</tr>
<tr>
<td>5. Evaluation of AWW</td>
<td>5.1 An evaluation of the Water Week must be an important aspect of the organisation. Where possible, two processes should be followed: a quick assessment of participants’ expectations before the conference and an evaluation after the conference</td>
</tr>
<tr>
<td>6. Dedicated website</td>
<td>6.1 There should be a dedicated website for documents prepared for the Water Week, and for the dissemination of the conference outcomes. The cost of maintaining this website should form part of the overall budget for the conference</td>
</tr>
<tr>
<td>7. Translation of documents</td>
<td>7.1 The translation of documents, particularly into French, should be given urgent attention in order to ensure full participation of all. This will become more important as more emphasis is put on country reporting at future events</td>
</tr>
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</table>
SECTION 1:
INTRODUCTION

1.1 The Africa Water Week Series

The African Water Week (AWW) series now feature as a regular item on the regional water and sanitation agenda. Based on a decision taken in 2007 by the African Ministers Council on Water (AMCOW) to institutionalise an annual water week, AWW has the following as its main objectives:

- creating a platform for African water sector professionals, stakeholders and partners to discuss the opportunities and challenges of achieving water security for the socio-economic development of Africa and formulate concrete policies;
- taking stock of the status of achievement of the water and sanitation MDGs in Africa, reviewing the key achievements and challenges and proposing strategies and actions for accelerating achievement of the water and sanitation targets; and
- building consensus and providing recommendations for consideration at the highest political level.

The First African Water Week (AWW-1) was hosted in Tunis in March 2008 by the African Development Bank (AfDB) and the Tunisian Government, under the theme ‘Accelerating Water Security for Africa’s Socio-Economic Development’. Attended by over 500 regional and international water and sanitation actors and 26 African Ministers with responsibility for water, AWW-1 provided an opportunity to bring Africa’s political leadership into contact with water sector practitioners. More importantly AWW-1, and the 2008 AU Summit that followed it, brought much greater visibility to the challenges that face water security and sanitation in Africa and generated an increased commitment to address them. AWW-1 also provided an increased awareness of the contribution of water resources infrastructure to economic growth, as highlighted in the Tunis Ministerial Declaration on Accelerating Water Security for Africa’s Socio-Economic Development.
The success of AWW-1 created high expectations for the Second African Water Week (AWW-2) and subsequent events. It is expected that these events will support efforts at addressing the region’s water security issues by building on the knowledge base and providing opportunities to measure progress through country reporting of actions.

The African Development Bank was requested by AM Cow to convene the thematic session on Financing Water Infrastructure for Economic Growth and Development at AWW-2.

1.2 The 2nd African Water Week
AWW-2 was held in Johannesburg, South Africa from 9-13 November 2009 under the theme “Carrying forward the commitments of Sharm El-Sheikh on water and sanitation: Sprint to the finish”. The aim of the Water Week was to determine the collective implementation of the actions and commitments outlined in the African Water Vision 2020, and the World Summit on Sustainable Development and Millennium Development Goals (MDGs) related to water and sanitation. In particular, AWW-2’s intended focus was on the implementation of the African Union’s Sharm El-Sheikh Commitments on Water and Sanitation, made by the regional political leadership in 2008, and the strengthening of partnerships as Africa spurs towards the 2015 MDG milestone. In line with the latter, the Second Pan African Implementation and Partnerships Conference (PANAFCON) was held back to back with AWW-2 in Johannesburg on 11 November 2009.

1.3 Financing Water Infrastructure for Economic Growth
Africa’s low base of water infrastructure and weak institutions account for poor progress in the fight against poverty and retard economic growth. Whilst the linkages between water security and economic growth cannot be disputed, sustainable financing for scaling up infrastructure and improving water resources management in Africa has remained a major challenge. Recent revision of the Africa Water Vision financing estimates has resulted in a doubling at the very least of the original estimates (apart from water supply and sanitation) to realize Africa’s water security objectives.

Financing is a cross-cutting theme and has featured in many of the declarations and commitments that have been made by Africa’s political leadership. Of the 20 commitments made in Sharm el-Sheikh, as many as 6 related directly to finance. In view of its crucial importance in addressing the contribution of water infrastructure to economic growth, the African Union has called on “African Ministers in charge of Water and Finance in collaboration with the African Development Bank and development partners, to hold a meeting of Ministers of Water and Finance to develop appropriate financing policies”.

The thematic session on Financing Water Infrastructure was one of four themes that featured on the AWW-2 agenda. With the Millennium Development Goals timeline of 2015 fast approaching, several questions on financing need to be addressed (See Box 1.2). The session provided the opportunity to review financing needs and flows in the sector; examine further the bottlenecks, and explore opportunities for scaling up financing using approaches that are more efficient. The session also enabled actors to share the advances being made in innovative financing such as accessing less traditional sources of finance for small water and sanitation providers, benchmarking and credit rating of utilities to improve access to domestic capital markets and advances in regional finance architecture.

Three important focus areas and sessions were identified which altogether addressed the spectrum of key financing issues ranging from regional needs and gaps, infrastructure delivery, financing mechanisms and institutional and policy issues. These were:

a. Financing water infrastructure for Africa’s growth and development

b. Scaling-up financing of WSS services to meet the MDGs

c. Financing WRM and governance

A number of country, programme and donor presentations were made in a 4th session to share experiences.

It was expected, following the conclusions from the sessions, that a High Level Panel would discuss the theme’s key messages in front of a wider audience, including, more particularly, ministers and political leaders who were expected to participate in the plenary. The high-level panel was expected to bring out the key financing issues and reiterate the actions that have to be taken to address the issue of financing water infrastructure.

In view of the urgent need to promote better dialogue between the finance and water sectors given the inextricable linkages between water infrastructure and economic growth and poverty reduction, key messages from these sessions sought to contribute to further strengthening this dialogue and to target the meeting of Water and Finance Ministers.

Each of the three sub-themes had a Lead Convener, who collaborated with other partners to leverage resources, effort and expertise.

1.4 Organisation of the Finance Session

1.4.1 Concept and Approach to Thematic Session on Finance

The African Development Bank prepared and submitted a conceptual approach and structure of the session on Financing Water and Sanitation Infrastructure for the consideration and comments of four thematic partners. This is attached as Annex 2 to this report. The Bank handled the overall co-ordination of these
2.1 Session Planning

2.1.1 Aims and expected outcomes of the session

The Financing Water Infrastructure session was co-ordinated by the Bank in collaboration with other international partners. The sessions aimed to achieve the following:

i) setting the pan-African water sector needs in context and elaborate the strong nexus between water and economic growth;

j) enable participants to appreciate the big picture on financing infrastructure and the key actions that are needed to achieve the desired results including key messages to be considered in support of promoting the water–finance dialogue;

k) take stock of and present the various initiatives supporting water for agriculture and energy in Africa and discuss future priority actions;

The Financing Water Infrastructure session was co-ordinated by the Bank in collaboration with other international partners. The sessions aimed to achieve the following:

1.4.2 Assessment of the Sessions on Finance

The finance sessions were delivered over one and half days in 17 thematic presentations and donor perspectives and two panel discussions. The sessions were well co-ordinated and very well attended. An average of 120 participants attended each of the sessions and these included Ministers. Many of the outcomes and messages captured in the final Summary of Proceedings and Outcomes of the 2nd African Water Week related to financing, as expected from its cross-cutting nature.

1.5 Purpose of the Report

This Report on Outcomes captures the processes and activities associated with the overall organisation of the sessions on Financing Water Infrastructure, and the key issues and messages emanating from the sessions relevant to the African water agenda. It is important to indicate that many of the issues discussed in presentations and captured in outcomes of the sessions have been dealt with in the Africa Regional Paper launched at the 5th World Water Forum in Istanbul in March 2009. That document has defined a detailed set of actions to address the financing and other challenges facing water security in Africa, and has further been reinforced by the document Delivering on Water Security Commitments: Framework for Reporting Actions to the African Union. This report on outcomes is therefore intended to reinforce those actions, and to remind regional governments and water actors to focus on implementing those actions at country and sub-regional levels. More value can be added to future Water Week events when countries report the actions they have taken.

1.6 Box: Questions addressed by Session on Financing Water Infrastructure

The thematic session on Financing Water Infrastructure was structured to address these questions, among others:

- What is the scale of financing needed at regional and national levels to address deficient water infrastructure requirements?
- What can be done to scale up delivery of infrastructure and services and how can financing mechanisms be improved in support of this?
- Are governments increasing finance to the sector through local resource mobilization efforts?
- Are governments fully exploiting the use of innovative financing mechanisms that also tap into private financing?
- Are countries introducing approaches that provide incentives to improve efficiency of resource utilization, enhance performance of utilities and improve their bankability?
- Are we improving governance, which is essential for effective investment?
- Are sub-regions/countries taking advantage of economies of scale offered by regional infrastructure financing?

Each of the three sub-themes had a Lead Convenor, who collaborated with other partners to leverage resources, effort and expertise. Convenors also had responsibility for defining the session agenda, lining up presenters, pan-ellists and chairs. A Lead Rapporteur for each of the sessions pooled together the inputs from all the session rapporteurs and presented these to the AWW-2 Lead Rapporteur to ensure that the key messages from the Financing sessions were captured in the conference outcomes.

An International Steering Committee (ISC) was set up to co-ordinate the technical preparations and ensure that the agenda achieved the stated aims of the conference. The South African Government also established a Local Organising Committee (LOC) to oversee the local preparations for AWW-2. The ISC operated mainly through emails and telephone conferences to play its oversight role.

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The Finance sessions, while collaborating institutions in the other sub-thematic areas took responsibility for the development of their sessions. Consideration was given to outcomes that would feed into the dialogue between Water and Finance Ministers, which the AU has requested the Bank and UNSGAB to convene.

The Financing Water Infrastructure session was co-ordinated by the Bank in collaboration with other international partners. The sessions aimed to achieve the following:

- setting the pan-African water sector needs in context and elaborate the strong nexus between water and economic growth;
- enable participants to appreciate the big picture on financing infrastructure and the key actions that are needed to achieve the desired results including key messages to be considered in support of promoting the water–finance dialogue;
- take stock of and present the various initiatives supporting water for agriculture and energy in Africa and discuss future priority actions;
create an agenda to accelerate market financing for the water sector on the continent based on emerging lessons from pilot activities that have been undertaken over the past years.

m) increase knowledge on financing in relation to water resources management and governance, including how this influences investment in infrastructure and economic development more broadly, focusing on creating the enabling environment for attracting investment and using it effectively;

n) identify key messages that can be used in the preparations for the Water and Finance Ministers meeting that is forestalled in the Sharm el-Sheikh declaration;

o) present the highlights and main findings of the Africa Infrastructure Country Diagnostic (AICD) for the water sector; and

p) provide presentations on country and donor experiences relating to financing water and sanitation in the region with the aim of sharing good practices.

In view of the urgent need to promote better dialogue between the finance and water sectors given the inextricable linkages between water infrastructure and economic growth and poverty reduction, the sessions were structured to deliver key messages that would contribute to further strengthening this dialogue, and largely inform the meeting of Water and Finance Ministers

### 2.1.2 Content of sessions

Session 1 was on Financing Water Infrastructure for Africa’s Growth and Development. The session had two segments and was designed as a key strategic session aimed at setting the pan-African financing needs in context and sought to make the nexus between water and growth better understood. It examined the financing needs of the Africa Water Vision to understand the key issues emanating from the recent ADB estimates on meeting the financing requirements to meet the Africa Water Vision 2025, and the most recent African Infrastructure Country Diagnostic (AICD) Study. The big picture on financing also looked at development of water infrastructure of regional and sub-regional importance. The second segment looked at financing water in relation to other sectors, especially agriculture and energy and how this links to infrastructure, water resources management and adaptation to climate change. The session emphasized how to make existing commitments work rather than invent new ones.

The session plan, agenda, the presentations and the list of presenters, panelists, chairs and rapporteurs are provided in Annex 2.

The sessions and their conveners are indicated in Table 2.1.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Presentations</th>
<th>Convener(s)</th>
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<tr>
<td>1. Financing Water Infrastructure for Africa’s Growth and Development</td>
<td>1. Africa Water Vision – Fleeting needs and prospects</td>
<td>ADB (Lead), World Water Council (WWC), Infrastructure Consortium for Africa (ICA), the FAO and South Africa’s Ministry of Water and Environmental Affairs</td>
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<tr>
<td>2. Scaling up financing of WSS services to meet the MDGs</td>
<td>2. Financing of the business of water supply and sanitation</td>
<td>WSP Africa (Lead), UN Habi-tat, Africa Water Association (AfWA)</td>
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<tr>
<td>4. Country and Donor Perspectives</td>
<td>4. Water for agriculture and energy in Africa - major challenges, different initiatives and follow up mechanisms</td>
<td>AfDB and World Bank/WSP Africa</td>
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<td>5. Renewed interest in Agriculture and new commitments in support of the sector</td>
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<td>6. Practical Examples for PPP financing for water for energy</td>
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<td>7. Fundamental Financing Areas Necessary to achieve Food and Energy security in Africa: Farmers Perspective</td>
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<td>8. Small and large scale debt financing efforts in Africa including bond transactions, microfinance and pooled finance structures</td>
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<td>9. The Credit Quality of African Water Utilities</td>
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<td>10. Panel discussion</td>
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<td>11. Establishing a Conducive Investment Environment</td>
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<td>12. Financing INFRA</td>
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<td>13. Experiences of financing WRM programmes in Africa</td>
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<td>14. Panel discussion</td>
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<td>15. Experiences in PPP in irrigation in Africa</td>
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<td></td>
<td>16. La délégation de gestion en hydraulique rurale, un état des lieux sur 7 pays</td>
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<td>17. Financing the Water Value Chain in South Africa</td>
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<td>18. Putting Water Security High on the Political Agenda in Ghana</td>
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The following sections summarise the key issues and messages from the various sessions. The messages that were captured from the sessions as part of the AWW-2 outcomes are reproduced here in boxes.
2.2 Financing Water Infrastructure for Africa’s Economic Growth and Development: The Big Picture

2.2.1 Session background

Session 1 was on Financing Water Infrastructure for Africa’s Growth and Development. The session had two segments and was designed as a key strategic session aimed at setting the pan-African financing needs in context and sought to make the nexus between water and growth better understood. It examined the financing needs of the Africa Water Vision to understand the key issues emanating from the recent AfDB estimates on meeting the financing requirements to meet the Africa Water Vision 2025, and the most recent African Infrastructure Country Diagnostic (AICD) Study. The big picture on financing also looked at development of water infrastructure as a key strategic session aimed at setting the pan-African financing needs in context and sought to make the nexus between water and economic growth, the extent of the gap between current spending and financing requirements to meet the African Water Vision and measures to close this gap. The following sections summarise the issues and messages from the various presentations.

2.2.2 Issues and messages

The African Water Vision 2025 released in 2000 estimated the financial requirements to deliver the Vision at US$20 billion each year over a 20-year time horizon. The lion’s share of that investment – some US$ 12 billion – was what was estimated as required to achieve the Vision’s targets in drinking water and sanitation. Updated data, made possible through ongoing studies on Africa’s infrastructure requirement, put the new estimate at US$50 billion per year, largely as a result of more realistic estimates for hydroelectric power. The estimated gap in financing is assessed at some US$30 billion.

Findings from the recently completed study, African Infrastructure Country Diagnostic (AICD), also underscored the extent of the financing gap, the importance of hydropower in driving Africa’s water security and development, and the challenges in sustainable delivery of water supply services.

Africa’s unique challenges, including hydrological variability, the shared nature of major river basins, the exceptional levels of current population growth (at a continental scale these are twice the global average) and the risks and uncertainties associated with major reliance on small-scale agriculture for employment and livelihood security in many countries. An overarching risk also lies in the complex association between the above factors and the uncertain nature of future climate change. These factors call for dialogue for decisions to be taken at a regional, and ‘supranational’ level.

To underscore the important linkage between water and economic growth, the AU has requested a meeting of Water and Finance Ministers to deliberate on policies and strategies for financing water infrastructure. It was indicated that the AfDB and UNSGAB are working on putting this meeting together in 2010.

Some of the key messages coming out of the presentations included the following:

a) The Regional Paper on water security has defined a number of actions to address the finance challenge; countries should internalise these actions in their water agenda. This includes the need to clearly establish the investment requirements and the policies and strategies for raising the needed finance, relying on the 3 Ts – taxes, tariffs and transfers;

b) There is a principal change in the scale of finance needs into water resources infrastructure to boost economic growth and largely the issues and actions needed are known. What is needed now is to assess progress and improve delivery on agreed actions especially where innovation and reform is badly needed;

c) A significant number of new finance instruments and channels have been established. A summary, and their resource levels, should be made accessible to AMUCOW. These should be strengthened rather than creating new ones;

d) A key established lesson is that regional decision making and financing processes, involve complex political economies and can easily flounder. It is important, therefore, to build on the current strong push for regional river basin management in Africa and regional economic integration. To make these kinds of decisions and to generate regional public goods there is a pressing need to draw together:

- economic, social and political integration processes under existing and emerging regional trade agreements; and
- supranational river basin management institutions (which encompass areas that are home to a growing proportion of the continent’s population and, in future, will be key drivers of social and economic development).

Emerging findings from a prospective study funded by the French Ministry of Foreign Affairs on water for growth and development in Africa being carried out by the World Water Council, describe the nature of future water development challenges and, inter alia, propose the development of a virtual basin model to enable greater integration of regional development policy and river basin planning.
Box 2: Key Messages on Financing Water Infrastructure in AWW-2 Outcomes

(a) The update of financing needs for Africa’s water resources infrastructure has established the scale of financing required to meet the MDGs and the African Water Vision. Countries should disaggregate these requirements to the national level and seek the funding to boost economic growth;

(b) Closing the financing gap requires actions from Governments and National Stakeholders, Private Sector, Civil Society, Regional Bodies and Development Partners. Country ownership and increased local sources of finance are key pathways to achieving the goals;

(c) A significant number of regional finance instruments and channels have been established. These should be scaled up instead of creating new ones, whilst addressing any inherent weaknesses. These instruments include the Rural Water Supply and Sanitation Initiative, the African Water Facility and the Water for African Cities and others.

(d) More specifically countries should:

- Prepare sector investment plans that draw synergy between major water-using sectors, particularly energy and agriculture;
- Undertake reforms that reduce operational inefficiencies and assure cost recovery, using the 3Ts – tariffs, taxes, transfers
- Deliver on the eThekweni commitment on financing sanitation (0.5% of GDP)
- Meet agriculture investments under the Maputo public expenditure pledge (10% of GDP)
- Enhance and promote the role of the private sector and local finance, mindful of the reality that the prudent pricing of the cost of services holds the key to sustainable delivery of the service.

2.3 Financing Water for Energy and Agriculture

2.3.1 Session background

The session on energy and agriculture was treated as a stand-alone even though the theme relates to water infrastructure development. The presentations addressed the major challenges in agricultural water management and water for energy, and identified the different initiatives and follow-up mechanisms that have been put in place in support of the sector. The session also shared the perspectives of a farmer, who identified the areas of financing necessary to achieve food and energy security in Africa.

2.3.2 Issues and messages

The urgent need to secure water for food and energy through developing the infrastructure to control and manage water has been emphasized by all concerned stakeholders during various technical and political events, including AWW-2. Africa is well endowed with significant hydropower resources, which are only exploited.
at less than 10% of its potential, compared to 80% in OECD countries or nearly 30% in other emerging countries on other continents.

The recent food crisis has been a wake-up call to revitalize African agriculture and ensure more reliable access to agricultural water. In an expression of strong commitment to support agriculture in Africa, in July 2009, the G-8 leaders pledged $20 billion over three years to strengthen agriculture through NEPAD’s Comprehensive African Agriculture Development Program (CAADP).

During last year’s Conference on “Water for Agriculture and Energy in Africa: The Challenges of climate Change” held in Sirte, Libyan Arab Jamahiriya, detailed portfolios of projects and programmes of investment in water control for agriculture and energy in Africa were discussed, with a total budget of $60 billion USD spread over twenty years. The Sirte 2008 Declaration called upon the African Union Commission to design a road map and a mechanism for monitoring and evaluating implementation, in collaboration with FAO, the African Development Bank, the Economic Commission for Africa, NEPAD and the Libyan Arab Jamahiriya.

AMCOW could play a major role to ensure strengthened partnerships for water in and energy infrastructure. Despite all the above and the others after, progress, unfortunately, remains too slow and Africa is lagging behind in terms of energy and agricultural productivity, with serious implications for development and trade balance.

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In Maputo, in 2003, the Heads of State and Governments of the African Union committed themselves to allocating at least 10 percent of their national budgetary resources for agriculture and rural development. In 2004, the Sirte Declaration focused on ways to implement integrated and sustainable development of agriculture and water in Africa. In 2005, the Sirte 2008 Declaration called upon the African Union Commission to design a road map and a mechanism for monitoring and evaluating implementation, in collaboration with FAO, the African Development Bank, the Economic Commission for Africa, NEPAD and the Libyan Arab Jamahiriya.

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AMCOW could play a major role to ensure strengthened partnerships for water in and energy infrastructure. Despite all the above and the others after, progress, unfortunately, remains too slow and Africa is lagging behind in terms of energy and agricultural productivity, with serious implications for development and trade balance.
Box 2.4: Messages on financing water for energy and agriculture

(a) There is a need for a stronger collaboration between financial institutions to ensure joint implementation of programmes supporting water for agriculture and energy including the AfDB-Business Plan for agricultural water development, water storage enhancement, the IsDB-Jeddah Declaration and the WB-Irrigation Business Plan;
(b) The Public-Private Partnership (PPP) approach in hydropower as well in irrigation schemes contributes to reducing the risks and financing gap, thus improving the quality of works and assuring the good operation and the durability of the assets;
(c) The preparation of "bankable projects" is important in this endeavour. Partners are, therefore, called upon to provide more support for upfront project preparation activities and capacity building;
(d) Recognizing their role in mitigating climate change, farmers should be offered financial incentives to invest in renewable energy, farm practices that sequester carbon and activities that protect and restore water catchment systems;

2.4 Financing of Water Supply Services

2.4.1 Session background

Session 2 addressed the topic Scaling-up Financing of Water Supply and Sanitation Services (WSS) to meet the MDGs. Sources of finance for WSS investments have been summarized as the 3Ts: Taxes, Transfers and Tariffs. Financing WSS is conventionally viewed as determining sources of additional public sector funds for infrastructure investments from these sources. Many African countries will need to spend more than 5 percent of their Gross Domestic Product (GDP) to achieve the MDGs in WSS. Yet identifying sources of additional finance is only one dimension to the problem of sector finance. The session looked at ways to build systems and capacity for efficient and effective spending of public money and innovative ways to tap into private or commercial financing.

2.4.2 Issues and messages

There have been calls for the design of innovative financing arrangements that support water provision. Five major priority areas that require increased finance have been outlined by the African Water Association: water utilities and governance; access to drinking water and sanitation in rural and peri-urban areas; building capacity of the private services sector; difficulties between borrowers and lenders; and capacity building for water and sanitation utilities. Given the significant financing gap for bulk water and water efficiency measures, there was a need to focus on financing options within local markets and ensuring the sustainability of water utilities. This also calls for leveraging both concessional and commercial funds.

The need for commercial financing is supported by the following:
Box 2.5: Messages on financing water supply services

(a) Governments need to invoke regulation that facilitates borrowing (for instance tax deductibility of water-linked funding) and provide policy security that reduces the risk perception around the sector.

(b) Financiers need to design innovative facilitating mechanisms relying on the cash flows of the utility rather than more traditional asset secured lending;

(c) Better market information is required to ensure that fair risk assessments can be made by potential lenders;

(d) Use of market-based financing mechanisms should be mindful of the possible impact on the poor and tariff structures should be defined to balance the interests of both the provider and the consumer.

2.5.2 Issues and messages

A lot of good progress has been made in the last five years, internationally and in Africa, on financing water resources management. In particular, political awareness has increased and actions are underway to establish a more conducive co-operative environment. Yet, water resources management lacks an institutional home and champion and is a neglected area for financing. This requires improving governance, building capacities and strengthening institutions in order to reduce risks and provide a stable policy environment.

Critical success factors for financing WRM in the areas of governance and innovative financing were elaborated, many of which have been underscored in the various declarations and commitments made by the political leadership. The declarations all stress that the enabling environment is critical to the flow of public funding and private investments as well-governed sector reduces commercial, political and reputational risk and brings greater and more stable returns, which catalyze investment. What is required is for governments to unpack these declarations and localise the actions that have been defined.
The presentation reviewed current African experiences in PPPs, which have been implemented. The Swaziland Water and Agricultural Development Enterprise (SWADE), a parastatal body, is implementing major irrigation projects in Swaziland. SWADE’s approach is to form partnerships with farmers’ associations in order to build their capacity and manage their irrigation infrastructure effectively. The presentation noted from the review that there is a need for a professional third party between Government and farmers in PPP in agricultural water development to ensure success.

Box 2.6: Messages on financing water resources management

A number of messages came out of the session on financing water resources management. These included the following:

(a) Both hard (infrastructure) and soft interventions are needed and are inextricably linked. Without the governance and WRM interventions, financing will not be available and infrastructure will be sub-optimal;

(b) More work is needed to better understand the financing of water resources development, management and governance functions. Additionally, there is a need to develop the economic case for water, both for services and resource management;

(c) Prioritisation of the allocation of water to different sectors is an emerging governance issue that requires attention;

(d) WRM plans and financing strategies are essential, with each country’s strategy unique to their situation;

(e) Many administrations are unable to spend budget allocations and need to develop capacities;

(f) Alternative and more targeted financing and organisational structures are needed to effectively manage the continent’s water resources.

The session noted that the AU meeting of Water and Finance Ministers in 2010 should reflect strongly on tested approaches for:

- optimizing the use of various financing instruments
- drawing on CDA as leverage for finance from other sources
- packaging more bankable projects for other investors
- enhancing the quality of the enabling environment, in terms of stable policy & legislation; sound governance & leadership; and strong institutional capacity

2.6.1 Session background

Session 4 shared Country and Donor Experiences on the sub-themes above, including perspectives on public-private partnerships (PPP) in water security, financing the sustainable delivery of WSS services whilst ensuring the needs of the poor, and country processes to raise the status and visibility of water in economic development and national decision-making.

2.6.2 Issues and messages

The following summarises issues raised in some of the presentations:

a. Experiences in PPP in Irrigation in Africa

The presentation reviewed current African experiences in PPPs, which have been implemented. The Swaziland Water and Agricultural Development Enterprise (SWADE), a parastatal body, is implementing major irrigation projects in Swaziland. SWADE’s approach is to form partnerships with farmers’ associations in order to build their capacity and manage their irrigation infrastructure effectively. The presentation noted from the review that there is a need for a professional third party between Government and farmers in PPP in agricultural water development to ensure success.

b. Financing sanitation

KfW presented main findings and a set of recommendations on the financing of sanitation based on deliberations of a symposium held in Frankfurt. The recommendations were:

Recommendation 1: Invest more in well prepared hygiene awareness and sanitation demand creation as return on investment can be very high.

Recommendation 2: Target the lower income groups more efficiently. Funding gaps for the poor can be reduced through lower cost technologies for investment and operation, micro-credit to increase the capacity to pay for investment and targeted subsidies based on proper understanding of opportunities and constraints of poor people, inclusive planning and project design.
Africa is already spending US$7.6 billion a year on meeting the MDGs for water supply and sanitation, substantially more than previously known.

A further US$2.7 billion a year goes to waste due to various sector inefficiencies, including under-pricing, weak revenue collection, distribution losses, over-manning and low capital budget execution.

Even if all these inefficiencies could be addressed, a funding gap of US$9.3 billion a year would remain with respect to the MDGs.

Cost recovery for water supply could be further increased without detrimental effect on poverty, given that access patterns today are highly inequitable and existing sector subsidies highly regressive.

Utility inefficiency has adverse impacts on universal access and service quality; there is some evidence that institutional reforms are having an impact on efficiency.
2.8 Summary of finance issues

In view of the funding gap, many countries face a difficult policy choice between adopting lower cost water and sanitation technologies or simply taking more time to meet the MDGs.

12. Many positive developments in the last five years - political and financial: these provide a good platform for going forward.

13. Huge financial challenge – $30 to 50bn/yr raises need to harness all financial means and develop bankable projects and programmes.

14. There is a need to demonstrate the compelling economic case for investment in water and sanitation. There is a need to demonstrate the compelling economic case for investment in water and sanitation.

15. All countries should develop national programmes.

16. Action is needed at all levels - from local level with CSO support through to regional cooperation and development.

17. Countries have to overcome a major political dilemma – setting tariffs that recover costs.

18. There is a wide (perhaps widening) diversity across Africa. There is no financing blueprint suitable for all countries. Fragile states need special attention.

19. A balance is needed between the financing of physical infrastructure, the enabling environment and governance functions – they are all essential.

20. Huge infrastructure deficit for hydropower and agricultural water management but these have now re-emerged as priorities.

21. There is a need to demonstrate the compelling economic case for investment in water and sanitation.

22. A balance is needed between the financing of physical infrastructure, the enabling environment and governance functions – they are all essential.

2.9 Messages for Finance Ministers put forward by Panelists on Financing Water Infrastructure

Boxes 2.7 and 2.8 capture the key messages from two of the high-level panellists on Financing Water Infrastructure.

Box 2.7 Message from Dr. Uschi Eid, Vice-Chair of UNSGAB

To close the financing gap is a big, big challenge and UNSGAB has given quite some consideration, which I will share with you, summarized in five points:

1. National governments should establish a national financing strategy for sustainable development of the water and sanitation sector. Achieving sustainable cost recovery from the “3 Ts”, tariffs (taken as a price for service and not be determined by political opportunities), transfers and taxes is key to accessing repayable funding. Governance and management improvements are key in this respect. But it is also clear that sanitation is different from water, more decentralized by onsite sanitation. Also, it often involves more actors. Therefore, special consideration is necessary in financing policies for sanitation.

2. Real progress is not possible without national leadership and involvement. National governments have to increase their efforts for improving management and making additional funds from users and public budgets available to improving water and sanitation services. I would like to remind, that the eThekwini Declaration contains a commitment to establish a separate budget line for sanitation and to aspire to devote at least 0.5 % of the GDP.

3. It is important to prepare for more market finance for utilities, to help to close the enormous financing gap. Examples from Uganda and Senegal show, it can work. But still today most African utilities are far away from being able to tap market finance. In order to do so, very specific criteria have to be met: 1. Proper economic performance, meaning good corporate governance and 2. The political framework must be appropriate for banks to consider loans; they need investment security and therefore security and predictability of financial plans. On top, a functioning financial market is necessary.

4. It is necessary not only to consider financing for water and sanitation, but also for water resources management. For example much more storage capacity than Africa has today is needed. Climate change greatly adds to this challenge. Let us face it: Australia and Ethiopia have similar water conditions, but Ethiopia has only 1/100th of Australia’s storage capacity. If Ethiopia wants to arrive at the Australian level, Ethiopia has to invest 5% of its GDP for the next 80 years. Obviously rather public funding nor ODA nor the combination of both will be enough. We need innovative approaches to rise to this challenge ahead. On a personal note: I think the Clean Development Mechanism, where pollution rights are traded, should also be used to help to close the financing gap in water resource management.

5. The last point, I want to mention, is ODA. It is essential to maximize the impact of ODA, by looking to its leverage (for example through risk guarantees) and its catalytic effect. Development partners should stick to their commitment and provide ODA at a level that can make a maximum impact. They should optimize and leverage the use of their scarce ODA funds and allocate them to populations that are in greatest need.
Box 2 8: A Message to African Ministers of Finance – William Cosgrove, Honorary President, World Water Council

Below are the views of W Cosgrove on financing water infrastructure, captured in a message to the planned meeting of Ministers of Finance and Water.

1. You do not invest in water for water’s sake!
   Your Government is not investing in water. It is investing in economic and social development. This may be through:
   - Investing in energy (and at the same time, if it is in hydropower for climate mitigation and flow regulation that may reduce risks of droughts and floods);
   - Investing in food production to feed your own population, to reduce foreign exchange requirements or perhaps earn foreign exchange;
   - Investing in water infrastructure to attract industry and tourists;
   - Investing in health and education through the delivery of water services for a better quality of life for all of your citizens.
   The rates of return of these investments can be high, even compared with the opportunity cost of capital, but the benefits of many when discounted at social rates of return would cover the investment many times over.

2. You should insist that water managers operate their institutions and prepare and build their projects efficiently and effectively as a condition of investing public funds.
   There are only two sources of funds to provide water services and build the needed infrastructure – (i) user payment for services through some form of tariffs and (ii) public funding from taxes. The various mechanisms used to borrow money or otherwise to fund investments are simply means of leveraging these two sources. Transfers from outside the country (development assistance) are made possible by taxpayers elsewhere sharing the burden.

   Practices that lead to efficient and effective operations include:
   - Tariffs that cover costs (inception, operation and maintenance) while taking account of equitable distribution of the burden and ability to pay;
   - Efficient revenue collection and use of funds available;
   - Efficient operations (World Bank analysis of statistics shows that 1/3 of African countries are performing better than the world average in achieving the Millennium Development Goals. These are also those operated more efficiently);
   - Subsidies targeted to the poor;
   - Public accounting for use of funds, services provided and efficiency (e.g. percent unaccounted for water);
   - Informing government decision-makers of options that allow them to make trade-offs between higher-cost approaches and the service levels they permit with lower cost approaches (perhaps less advanced technology) with increased service levels.
The First African Water Week in Tunis, 2008 provided an increased awareness of the vital contribution of water resources infrastructure to economic growth, beyond the perspective of drinking water alone. That the latter is important is not in dispute. However, achieving the continent’s objectives in drinking water and sanitation is inextricably linked with faster economic growth. Growth that will require investment in agricultural livelihoods, access to electricity, and reduced vulnerabilities to floods and droughts. The Africa Water Vision had estimated the financial requirement for such water resources infrastructure to be around 8 billion US$ per year. However, new information emerging at the time of the preparations for the 5th World Water Forum in March 2009 suggested this figure had underestimated the scale of the need, perhaps significantly. Consequently, the African Development Bank commissioned an update of the financial requirement, based on best available information at the time across the different water use sectors.

Updated data, presented in the African Regional Position Paper at Istanbul in March 2009 suggested the financial requirement for water resources infrastructure was in fact very significantly larger – at close to 40 billion US$ per year. Recently released data from WHO at the time suggested the costs of meeting the drinking water and sanitation MDG targets to be close to the 12 billion US$ per year originally estimated by the African Water Vision. Consequently, the total financial need to attain
the African Water Vision was updated at Istanbul on an estimate of 50 billion US$ per year. This presentation will present the update of finance requirements set out in the African Regional Position Paper at Istanbul to reinforce the scale of the financing need across the African water sector in all its development uses, and to highlight the significant difference compared with the original 2000 estimates. It is acknowledged there is an ongoing renewal of finance estimates in different parts of the water sector, including through the Africa Infrastructure Country Diagnostic and the emerging portfolio of agricultural investments. Other presentations will be provided by the Regional Directors of WBCSD and FSF, and by the organization of the meeting and its expected outcomes:

- Increased commitment to African Water Facility to scale up its operations. The Facility was established in response to the regional and international consensus to address the need for increased investments for the development and management of water resources in Africa. The operations of the Facility are supported through donor contributions, with pledges to date amounting to 110 million Euro from 11 donors including two from Africa. The AWF continues to play a leading role in many of the strategic initiatives on the AMCOW agenda and to strengthen water governance and mobilise the substantial investments necessary for meeting Africa’s water needs at national and regional levels.

- A proposed Short-term African Water Finance Task Force to monitor financial crisis. At the time of the Infrastructure Consortium’s meeting on Financing Water in Senegal in December 2008, the global economic crisis was gathering pace, and a need was foreseen to monitor the impacts in order to protect investment flows to water. It is recommended that this Task Force be initiated under the auspices of AMCOW and UN-GBA in preparations towards this meeting, which will take place in 2010. The messages coming out of the deliberations on Financing at this Water Week will inform the organization of the meeting and its expected outcomes.

- Preparations for the 2nd RWSSI International Conference. The Bank commits to work to mobilize in-creased donor and other financing in support of the Rural Water Supply and Sanitation Initiative to dis-burse in line with increasing coverage of safe water and basic sanitation to 80% of the rural populations in Africa by 2015. The RWSSI 2 Conference will bring together key partners to take stock of progress and re-negotiate new commitments to scaling up access to RWSSI. The Second RWSSI International Conference will review achievement and seek to mobilize resources for 2nd and 3rd phases of implementation. The Meeting on African Water and Finance Ministers will be the basis of the Conference.

2. Presentation: Water for growth and development – Implications for dialogue on water and finance in Africa

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Keywords: growth, regional groupings, water management, water supply, shared river basins, public goods

ABSTRACT

This presentation describes the emerging findings from a prospective study funded by the French Ministry of Foreign Affairs on water for growth
and development in Africa. The study, being carried out by the World Water Council, describes the nature of future water development challenges and, inter alia, proposes the development of a virtual basin model to enable greater integration of regional development policy and river basin planning.

Context

Africa faces unique challenges. These include the shared nature of most major river basins, the exceptional levels of current population growth (at a continental scale these are twice the global average) and the risks and uncertainties associated with major reliance on small-scale agriculture for employment and livelihood security in many countries. An overarching risk also lies in the complex association between the above factors and the uncertain nature of future climate change.

Addressing the challenges

Solutions to these challenges have local, national and regional dimensions. Many interventions already address required changes at local and national levels. These include improving water supplies and sanitation to protect local livelihoods and ensure a healthy population, water for power generation to broaden opportunities for social and economic development.

However, the nature of future change on the continent is of such a scale that many decisions on investments in water infrastructure - including 'natural' infrastructure - will have to be taken at a regional, 'supranational' level. Based on an analysis drawn from three regional groupings – SADC, the EAC and ECOWAS – this presentation argues that in order to make these kinds of decisions and to generate regional public goods there is a pressing need to draw together:

a) economic, social and political integration processes under existing and emerging regional trade agreements (including greater convergence of risks and uncertainties associated with major reliance on small-scale agriculture for employment and livelihood security in many countries. An overarching risk also lies in the complex association between the above factors and the uncertain nature of future climate change.

b) supranational river basin management institutions (which encompass areas that are home to a growing proportion of the continent’s population and, in future, will be key drivers of social and economic development).

c) support the dissemination of stronger narratives on water for growth and development that can make available to a wider audience – including the media – a strong business case for investment strategies in water at national and regional levels.

The presentation will illustrate opportunities for developing such a model based on three regions of Africa and three major river basins. The interim findings will provide input into wider consultations and dialogue during 2010.

3. Presentation: Africa’s Water Infrastructure: A Preview of AICD Findings

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Keywords: Water finance; efficiency; irrigation; water resources; water supply; sanitation.

ABSTRACT

This presentation presents the highlights and main findings of the Africa Infrastructure Country Diagnostic (AICD) for the water sector.
Introducing the AICD
The AICD is one of the most detailed studies ever undertaken of infrastructure in Sub-Saharan Africa, covering all aspects of economic infrastructure, including ICT, irrigation, power, transport and water. In the case of water supply, the study collected extensive primary data from 80 water utilities in 24 countries, as well as detailed information on public expenditure patterns in the sector, and provides new estimates of the cost of reaching the Millennium Development Goals. The work on irrigation included extensive spatial modelling of the viability of developing such infrastructure across Africa. The potential for development of new water storage infrastructure based on hydropower schemes was also assessed. The main AICD report Africa’s Infrastructure: A Time for Transformation will be published in November 2009. A companion volume entitled Africa’s Water Infrastructure will follow in 2010.

Main Messages for Water
The main messages to emerge on water are as follows.

k. Africa’s water spending needs amount to over US$30 billion a year; two thirds of this sum is needed to meet the Millennium Development Goals (MDGs) for water supply and sanitation.

l. The cost of achieving water security remains an unknown quantity in Africa, but the planned increases in hydropower over the coming decade will go some way towards expanding available storage.

m. There is significant potential to develop large and small-scale irrigation schemes in Africa, but viability depends on keeping capital costs down to best practice levels and focusing on high value crops.

n. Access to piped water and flush toilets has barely increased during the last 15 years; the only rapid growth in access is taking place with respect to boreholes and unimproved latrines.

o. Africa is already spending US$7.0 billion a year on meeting the MDGs for water supply and sanitation, substantially more than previously known.

p. A further US$2.7 billion a year goes to waste due to various sector inefficiencies, including under-pricing, weak revenue collection, distribution losses, over-manning and low capital budget execution.

q. Even if all these inefficiencies could be addressed, a funding gap of US$9.3 billion a year would remain with respect to the MDGs.

r. Cost recovery for water supply could be further increased without detrimental effect on poverty, given that access patterns today are highly inequitable and existing sector subsidies highly regressive.

s. Utility inefficiency has adverse impacts on universal access and service quality; there is some evidence that institutional reforms are having an impact on efficiency.

t. In view of the funding gap, many countries face a difficult policy choice between adopting lower cost water and sanitation technologies or simply taking more time to meet the MDGs.

A. Financing water for food and energy in Africa

1. Key note Presentation: Water for agriculture and energy in Africa - major challenges, different initiatives and follow-up mechanisms

Maher Salman, FAO

ABSTRACT
Growth is a priority for Africa and all the natural resources are available to make it happen. It will require a massive investment in agriculture, particularly water and energy infrastructure - ranging from rural roads and small-scale irrigation to large multi-purpose projects - to break down the internal barriers that hold Africa back. Substantial progress has been made in the recent past in terms of national, regional and international commitments. In 2002, NEPAD’s Comprehensive African Agriculture Development Programme (CAADP) offered a framework for investment in agriculture in Africa. In Maputo, in 2003, the Heads of State and Governments of the African Union committed themselves to allocating at least...
It is, however, becoming more evident that there is a need to harmonize the range of actions planned by the major donors with the objective to boost investments in water, agriculture and energy in Africa. In particular, clear synergies between the operations of all donors can be seen in the context of:

- The African Development Bank Business Plan, which estimates total investment requirements of USD 4.971 million to be allocated to agricultural water development, water storage enhancement, and institutional support and project preparation studies.
- The World Bank Africa Region Irrigation Development Programme, which aims at promoting large and small-scale irrigation development and watershed management in a rain-fed environment.
- The World Bank Africa Region Irrigation Development Programme, which aims at promoting large and small-scale irrigation development and watershed management in a rain-fed environment.
- The Islamic Development Bank Jeddah Declaration, which calls for strengthening partnerships for water and agricultural development; renewed private sector participation; greater attention to the environmental viability of such investments.
- The Sirte Declaration focused on ways to implement integrated and sustainable development of agriculture and water in Africa. During last year's Conference on "Water for Agriculture and Energy in Africa: The Challenges of Climate Change" held in Sirte, Libyan Arab Jamahiriya, detailed portfolios of projects and programmes of investment in water control for agriculture and energy in Africa were discussed, with a total budget of USD 1.5 billion spread over twenty years. The Sirte 2008 Declaration called upon the African Union Commission to design a road map and a mechanism for monitoring and evaluating implementation, in collaboration with FAO, the African Development Bank, the Economic Commission for Africa, NEPAD and the Libyan Arab Jamahiriya.

Elements of this follow-up mechanism have started to materialize in the form of actions specifically on three Pillars, CAADP seeks to achieve a sustained agriculture average annual growth rate of 6%. Each of the four pillars incorporates policy, institutional reform and capacity building. Pillar 1 of CAADP focuses on sustainable land and water management and gives special attention to Agricultural water development. Indeed, this is upon the realization that most of Africa’s agriculture is rain fed, a fact which critically limits the potential of the sector. Sadly, investment in this area has not been commensurate with the needs. Current trends are not encouraging and champions are needed to turn this around. Statistics show that less than 10% of Africa’s arable land is under managed water and land development and only about 7% is under irrigation, a far cry from 41% in South Asia and 29% in East and South East Asia. CAAP Pillar 1 however calls for more investments in land and water development specically on three

ABSTRACT

Agriculture remains the sector through which many developing nations of the world can achieve economic growth and poverty reduction objectives. Indeed, this is true of many African countries. It was realized in the 2003 Second Africa Water Week that new commitments in agriculture and new commitments in support of the sector

Rudo Makunike, NEPAD-CAADP

Scope: Describing the African leaders' commitment to agriculture and status of CAADP implementation

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The implementation of CAADP has been tipping more towards demonstration of real impact on the ground, in terms of agriculture productivity and livelihood issues. This has seen Agriculture receiving worldwide attention from global leaders and topping the global developmental and food security agenda. The recent challenges posed by the rising food prices and climate change have gone to draw further attention to Agriculture. In July 2009, the G-8 leaders pledged $20 billion over three years to strengthen Agriculture. Their statement “We commit to provide resources – whether financial, in-kind or technical assistance – to governments, in support of CAADP and other similar regional and national plans in Africa” is a clear assertion of this global attention to agriculture.

There is therefore more concerted effort than before, from both African and international leaders to further advance CAADP. The decisions and declarations of the April 2009 African Ministers of Agriculture, Land and Livestock conference as well as the July 2009 Africa Heads of State summit clearly demonstrate Africa’s commitment to Agriculture in general and to CAADP specifically. This commitment at the African level is translating into commitment and action by both state and non-state actors through the signing of the CAADP compacts.

The CAADP framework guides countries to focus on analytical work and undertake evidence-based planning, build and manage alliances and partnerships to mobilize resources for agricultural investment priorities, and design informed investment programmes. While the public sector budget is important in investment financing, equally important are private sector investments as well as financial support from development partners. CAADP advocates for countries to increase investments not only in agriculture, but also in water and land management. Within the context of the CAADP country processes, there is opportunity for investment programs financing to tap into global resources such as the $20 billion commitment from the G-8 countries.

The international commitment to agriculture, particularly African agriculture, has seen more and more development partners aligning with the CAADP as a framework through which the injection of their financial resources in the agriculture sector can be aligned. Indeed CAADP as Africa’s own strategic framework for Agriculture makes it possible to effectively address the fundamental barriers and bottlenecks in the enabling environment for agricultural development such as policy, institutional barriers and technological barriers. CAADP has therefore emerged as a key entry point for aligning and harmonizing support to Africa’s agriculture sector.

In light of above, this paper gives a comprehensive synopsis of the CAADP and the global and African political commitments to this programme. It also makes a case for investment financing both in agriculture in general as well as in agricultural water, given the significant impact of developing this resource on agricultural productivity and its contribution in helping attain the CAADP goal of 6% average annual productivity.

3. Presentation: Practical Examples for PPP financing for Water for Energy

Roger M. Gallant, Lead Specialist Infrastructure and PPP, OINF, Infrastructure department, African Development Bank

Keywords: Energy, food security, hydropower, multipurpose, private partner, Public Private Partnerships, risks sharing.

ABSTRACT

The presentation is relating to the subject of the use of water to produce energy. It recalls that the African continent is lagging behind at the worldwide scale with a very low per capita consumption of electricity. With the obvious correlation which has been demonstrated between the electricity consumption rate and the level of human development indicators (like literacy, access to water, mortality, etc….) it appears now paramount that populations must be provided with electricity of quality at affordable prices in order to improve their living standards and reduce poverty.

Africa also still provides some stark illustrative statistics: With a population of 13.4% of the world and a land area of 15%. It has only 2% of the world’s industrial capacity. Per capita income is only 15% of the average for the world and the whole of Africa consumes only 3% of world energy.

However, the sharp increase of fossil fuels prices, the cost for their transport but also the awakening of the public awareness towards the advantages of properly exploited renewable energy resources to fight climate changes and to manage water resources for multi usage are all factors explaining the recent regain of interest for the development of hydropower schemes.

Africa is well endowed with significant hydropower resources, which are only exploited at less than 5% compared to 80% in OECD countries or nearly 30% in other emerging countries on other continents. The cost of hydropower energy is amongst the most competitive for many reasons despite the upfront capital investments are significant.

Nowadays, with the concern on environmental and socio-economic impacts potentially resulting from hydropower schemes, approaches and
Agree to promote the integration of Assurance of high standards and quality in Streamlining of the activities on the multi Reduction of the burden on the national Agree to promote hydropower development, The adequate structuring of the project for The strong will to cooperate by 4 countries concepts have evolved in order that hydropower is no longer in conflict with other water uses. Today, most of hydropower schemes are designed as multipurpose projects respectful of and complementary to other sectors interests like: navigation, irrigation, fisheries, leisure, water supply, solid transport and coastal erosion control, watershed erosion abatement, soil salinity control etc. There is a strong consensus now that countries should follow an integrated approach in managing their water resources and in planning hydropower development in cooperation with other water-using sectors. There is actually a trend to support the development of the hydropower sector in Africa through realization of new schemes under the format of Public Private Partnerships (PPP) with an adequate blend of public and private funds and a well-balanced sharing of risks. The PPP format allows governments to minimize the burden on the public funds and budgets with their re-allocation to other sectors like education, health or social se-vices. The involvement of the private partners assures a more efficient operation and maintenance, which is paramount for capital-intensive assets, which have a very long lifetime. Participation of the private partners assures a more efficient operation and maintenance, which is paramount for capital-intensive assets, which have a very long lifetime. The participation of the private partner also induces the transfer of skills, capabilities and knowledge, which are crucially lacking in this sector in the majority of the African countries. The specific hydropower project, which is presented herein, is the Organization de la Man en Valeur du Fleuve Gambie (OMVG) Energy program that is contemplated to be implemented with the participation of private partners further to the resolution of the OMVG Council of Ministers. The project is multinational with the participation of the four countries, which are: Gambia, Guinea, Guinea Bissau and Senegal. The project comprises two hydropower schemes, the first one in Sambirangana on the Gambia river on Senegal territory with an installed capacity of 129 MW. The other scheme is located in Kaléta on the Konkoure river on the Guinean territory with an installed capacity of 240 MW. A 225 kV HV line of 1677 km, interconnects the two power plants with the four national distribution networks and the regional grid linking other countries. The estimated cost of the project (2008 update) is equivalent to 950 million Euros. Since 2002, the ADB has financially supported the OMVG for worth US 8.9 million for executing the feasibility studies and completing the final design and tender documents and for the appointment of an advisor for structuring the project under a PPP. This option has been selected for various reasons, the major ones being: Reduction of the burden on the national budgets of the four countries through the participation of private funds to close the funding gap. Assurance of high standards and quality in the construction of the components by contractors financially involved in the project. Assurance of efficient operation and maintenance activities by a private operator which remuneration is based on performance and results. Streamlining of the activities on the multi aspects of river basins management with one single organization. In October 2009, a conference was held in Dakar in order to test the interest of potential private partners to participate to the financing and the construction of the project. The results are encouraging and confirm the potentially retained scheme where the HV line will be under the responsibility of the states while the two power plants could be financed, constructed, operated and maintained by private partners. This project with its unique nature and dimension in the region demonstrates the success of the combination of two important factors like: The strong will to cooperate by 4 countries having not equitable resources but a regional vision, and their wise approach to develop, exploit and jointly manage a transnational river basin, The adequate structuring of the project for attracting private investors and partners to set up a PPP. The final tangible results are twofold in achieving energy and food security at the same time from the same hydro resource. Emphasis must also be put on the fact that the consideration of this project through the prism of regionalization involving four countries is paramount. Each country isolation could not have succeeded to mobilize alone the needed worth 1.5 billion $ for the project execution. As a matter of conclusion, it is worth recalling some of the key commitments taken during the 14th Session of the UN Commission on Sustainable Development in Johannesburg in 2006 by the African Ministers. The first of the 17 key commitments states that parties shall Commit to working together (ministers of water and energy) to unlock the hydropower potential of Africa as a major renewable energy option to promote sustainable development, regional integration, water and energy security, and poverty eradication in Africa.” Among the 16 other commitments drawing a road map for Africa in the Hydropower sector, one of strong relevance to the subject of this conference are with to be quoted: Agree to promote the integration of hydropower generation with other water uses and to promote hydropower on existing barrs. Agree to promote hydropower development, within the principles that exist at national, sub-regional and regional levels of integrated trans-boundary water resource management and benefit sharing arrangements.
Agree to promote trans-boundary water basin organization and management among countries.
Agree to improve cooperation and coordination between the Ministers responsible for water and energy, particularly within the ambit of African Ministers Council on Water (AMCOW) as they have a good basis for cooperation.

Call on multilateral and bilateral funding agencies to engage with African countries on hydropower development, promoting national and regional project development facilities and creating a more focused funding mechanisms. Ministers take note of the establishment of the Infrastructure Consortium Secretariat at the African Development Bank (AfDB) for the necessary coordination and mobilization of resources.

As far as this last key commitment is concerned, the actions and initiatives taken by the African Development Bank in supporting the Great African Energy Program as exposed in this paper and the actions and initiatives taken by the African Development Programme (CAADP), which many African Ministers take note of the establishment of the Infrastructure Consortium Secretariat at the African Development Bank (AfDB) for the necessary coordination and mobilization of resources.


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ABSTRACT

Introduction and situational context
Water, food and energy constitute an increasingly inter-dependent nexus in which agriculture takes a central position. Climate change continues to adversely affect the quality and availability of water, food and energy. Ninety five percent of the food in Sub-Saharan Africa is grown under rain fed agriculture. However, there is a new recognition on the continent of the fundamental importance of agriculture to the African economy. Major initiatives include Maputo Declaration and the Comprehensive Africa Agriculture Development Programme (CAADP), which many African Ministers have committed to the principle of agriculture-led growth as a main strategy. This new attention to agriculture comes as Africa begins to face the considerable and urgent challenges ahead.

With a population growth of 2.4 percent per annum, every day, there are more mouths to feed on the continent. Sub-Saharan Africa suffers severe food energy deficiency at 51 percent (Smith, Lisa C.Wesemnn, Doris, 2007, International Food Policy Research Institute). Climate change is already upon us: unprecedented temperature increases are predicted with increased frequency and severity of extreme climate events, such as rainstorms, heat waves, droughts and floods. Africa, like the rest of the world is grappling with the problem of environmental degradation and its attendant negative adjuncts, notably the deepening water crisis. Africa stands at the brink of an escalating environmental calamity. The uncoordinated, drying up and depletion of R. Rwizi in Uganda, dwindling waters of River Nile, Lake Victoria, Lake Chad whose basin is shared by five African Countries. Even Major public works like dams, irrigation and gravity water schemes continue to dry up despite the huge resources invested in such projects.

Financing Areas Necessary to achieve Food and Energy security in Africa

Area 1: Enhancing Production and Productivity.
To contain food and energy insecurity, factor productivity (land, labour, and capital) will have to be raised substantially. To this end, Financing should be directed towards: (i) Technology Development/Research; (ii) Advisory Services and Technology Delivery; (iii) Sustainable Management of Land and Water Resources; (iv) Water for Agricultural Production; (v) Development and Promotion of Labour Saving Technologies including Appropriate Mechanization; (vi) Improved Access to High Quality Inputs and Stocking Materials; (vii) Accelerated Production of Selected Strategic Enterprises (including food security crops).

Area 2: Improving Access to and Sustainability of Markets: Productivity growth and significant improvements in marketing is an opportunity lost. Farmers need to be assisted to participate in higher value-added market chains than they can present. Therefore, Africa must finance major public works like roads, railways, and telecommunications. To harness Markets, new investments must be directed towards
(i) Increased Value-addition in Agriculture, emphasizing Strategic Commodities, involving the promotion of Public Private Partnerships (out grower models, the warehouse receipt system, contract farming), and assistance with improving post harvest handling, storage, rural market infrastructure, and
(ii) Increased capacity of farmers’ organizations to build up skills in management, entrepreneurship, and group dynamics so they can engage in higher level value-chain activities including collective marketing.

Area 3. Farmer Institution Development: Farmer institutions are important forums for mobilising farmers around a common objective, delivery of services as well as policies that support agricultural development. They form key entry points for service delivery to individual households or communities. Farmer organisations play a leading role in technology promotion, market organisation and value addition. Yet Majority farmer institutions in Africa are still characterized...
should be offered financial incentives to invest in practices that sequester carbon and activities that protect and restore water catchment systems.

5. Public Private Partnerships in Irrigation Infrastructure: African Experience and application to Swaziland

Stewardship programs offer the necessary positive incentives to encourage farmers to adopt environmentally friendly practices. Providing ecosystem services through the adoption of environmentally friendly practices, incentives must encourage and enable farmers to continue providing ecosystem services through the adoption of environmentally friendly practices. Stewardship programs offer the necessary positive incentives to encourage farmers to adopt these practices. Farmers should therefore be able to benefit from these programs through which their existing and future activities enhance water quality and ensure its efficient use. Since these activities take place through groups, it also means that advisory services, monitoring and accountability would be more effective.

Area 4: Fund to Reward Farmers for Ecosystem Services and Carbon offsets:

Farmers interact with the environment daily and are a centre of gravity in climate change mitigation and adaptation. Not only do farmers produce food, feed and fibre, but also a whole range of ecosystem services directly and indirectly benefiting society and the environment. In order to achieve long term positive effects, incentives must encourage and enable farmers to continue providing ecosystem services through the adoption of environmentally friendly practices. There are two broad types of model: i) Concession to a developer with full cost recovery ii) Third party management of an irrigation system.

Examples of PPPs:

Guerdane irrigation Project Morocco

The first model is extremely rare in Africa as the risks are high for the commercial developer. The Guerdane Project in Morocco, initiated in 2004, claimed to be the first of its kind in Africa. This project involved the provision of additional water resources to an existing project, which was threatened by declining groundwater resources. Private sector companies were invited to construct a 90 km. Pipeline and other irrigation infrastructure to enhance irrigation water supplies. The private sector supplies 43% of financing whilst Government provides the balance through a combination of subsidy and soft loan.

NaNet Small scale Irrigation Scheme, Mauritania

This is a small irrigation scheme, which pumps water from a tributary of the Senegal River to irrigate 27.5 ha. The scheme is managed by a cooperative, which interacts with various private sector suppliers on behalf of the farmers.

SWADE

In Swaziland the Swaziland Water and Agricultural Development Enterprise (SWADE) a parastatal organization has been implementing two major irrigation projects: the Komati Downstream Development Project (KDDP) and the Lower Usuthu Smallholder Irrigation Project (LUSIP).

Implementation of KDDP began in 1999 and involves pumping irrigation water from the Komati River, mainly for sugarcane. The community was mobilized to form farmers’ associations, which are effectively commercial companies. SWADE has assisted in the formation of these FAs, trained them and facilitated both the capital and recurrent financing from Development Finance Institutions (DFIs). There are now 21 FAs cultivating 3800 ha.

Lower Usuthu Smallholder Irrigation Project (LUSIP)

At LUSIP, water is diverted from the River Usuthu and carried through a Feeder Canal to a reservoir formed by three dam walls. Water is stored during the rainy season and distributed throughout the year to irrigate mainly sugarcane. Once more, the community has been mobilized to form FAs.
The Department of Water Affairs is responsible for the operation and maintenance of the major water infrastructure. All of the water users both in and outside of the project are members of the Irrigation District, a statutory body that will contract a service provider to maintain and operate the tertiary delivery systems and collect irrigation fees. The Executive Board of the Irrigation District is elected by the water users.

In SWADE’s approach, the FAs are considered to be part of the private sector and the partnership between SWADE (public sector) and the FAs is a way of empowering the FAs so that they can interact effectively and independently with other stakeholders in both the public and private sectors.

**ABSTRACT**

It is an opportune time for African water utilities to access the commercial markets for their financing and funding needs.

The prior decade saw the institutionalization of wide spread reforms across the water sectors in most African countries. The reform process has focused on cost recovery tariffs, efficiency in management and human resourcing and commercialization of the utility operations. Consequently, the reform process has increasingly created financially viable entities, particularly in urban areas.

Local debt capital markets have also been evolving and are now capable of providing financing mechanisms designed to satisfy the needs of the water utilities in the form of long tenured loans and bonds. Recent innovative transactions such as K-Rep micro-project finance initiative in Kenya and issuance of a utility bond in Botswana are proof of the market’s appetite for such transactions.

Whilst commercial debt brings a number of benefits such as increased accountability, planning capacity and utility autonomy a number of obstacles present themselves in the effort to leverage private finance into the sector. Governments need to invoke regulation that facilitates borrowing for instance tax deductibility of water linked funding) and provide policy security that reduces the risk perception around the sector. Financiers may need design innovative facilitating mechanisms relying on the cash flows of the utility rather than more traditional asset secured lending. Better market information is also required to ensure that fair risk assessments can be made by potential lenders.

2. **Presentation: Africa Water Utility Regional Comparative Utility Creditworthiness Assessment**

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**Keywords:** Water utility, credit rating, Africa

**ABSTRACT**

As African water utilities seek to access the commercial markets, credit ratings and benchmarking processes will become increasingly important. From the utilities point of view, such reviews will enable them to understand their bankability as well as communicate with potential lenders around key financial and operational ratios. Additionally, such exercises will provide comfort to financiers who will not have an in depth understanding of the sector.

A credit assessment exercise was carried out for seven water utilities in Kenya, Uganda, Burkina Faso, Senegal and Tunisia. In addition to the financial viability of the companies, the regulatory environment and prevailing economic environment, the state of the banking sector and capital market development was assessed. This assessment was done by Global Credit Ratings, a premier credit rating agency active in Africa.

The survey finds that there is a strong degree of bankability emerging in the African Water Sector. Donor finance does in some cases reduce the bankability of utilities by occupying a significant place in the capital structure of utilities, while operational issues, particularly around receivables management, continues to affect the short term liquidity of utilities. Overall, however, the seven water utilities surveyed are considered investment grade by Global Credit Ratings on a local currency scale.

3. **Presentation: Establishing a conducive investment environment**

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**Keywords:** financing; budgets, project preparation, governance.
ABSTRACT

This paper gives a brief overview of international perspectives on financing water and the governance reform and instruments needed to create a more conducive environment for investment. The paper looks at some of the key political processes that have led to commitments from African governments and international partners and at the actions necessary to convert these commitments into action.

Political impetus

At the global level, a key catalyst for action on financing for water was the high level Camdessus Panel (March 2003) and the subsequent adoption of some of its recommendations in the G8 Water Action Plan (WAP), at the meeting in Evian, France, later that year. This stimulated a flurry of activity on financing for water, including the G8-Rome Action Plan (RWP) to hold a ministerial conference on financing for water, which was followed by the G8 progress report on financing for water. In parallel with global activity, political processes in Africa (informed by regional and national stakeholder consultations) led to the AMCOW Brasilia declaration on financing for water in 2007.

In June 2008 the African Union called on Ministers of finance and water together with the AfDB to hold a meeting to develop financing policies and called for more focus on financing water, including the Gurria Task Force in 2006 and ministerial statements on financing at the World Water Forums in Mexico and Istanbul. Collectively these and other initiatives have given a political impetus to financing for water as well as a more analytical view from a finance, rather than a purely water perspective.

The G8 produced a progress report during 2009 on their Water Action Plan. The report shows that bilateral disbursements to Africa for water and sanitation increased significantly from US$ 382 million to US$ 839 million from 2002 to 2007 (based on OEC-D-UAC credit reporting system). Multilateral support also increased. The G8 countries represent about 82% of all donor funding. Support from G8 countries is not solely restricted to ODA flows, but includes stimulating better governance, policy reforms, preparing plans and strengthening partnerships, including support to AMCOW. The G8 highlights governance issues as an obstacle to progress, along with a lack of priority for water and sanitation in national plans and budgets. The G8 progress report recommends further dialogue and stronger partnerships with African countries through the Africa-G8 Partnership.

Governance and reducing risk

Of the 87 recommendations contained in the Camdessus report, half relate to improving governance to reduce risk and ensure funds are used effectively. The report stressed that the prevailing environment has a critical impact on the boxes of public funding and private investments. Evidence shows that better governance increases access to finance for infrastructure and requires inter alia adequate policies and laws; effective institutions; an effective regulatory environment; transparency and accountability. A well-governed sector reduces commercial, political and reputational risk and brings greater and more stable returns, which favours investment. Better governance will also improve allocation of scarce resources, reduce the cost of infrastructure (e.g. from re-duced corruption or better/dearer options), avoid ‘white elephant’ projects and help to forestall the deterioration of national assets.

The Gurria task force called for more focus on the demand side and the sub-sovereign level. Local development banks and micro-finance are increasingly important for channeling funds to the local level but need support and strengthening, e.g. more independence, legal recourse to enforce contracts, and competent and honest staff and management.

Governance and reducing risk

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Building on the commitments

Despite raising awareness and political will, putting together the required finance has been slow and blockages remain. Governance issues along with limited prioritization of water in national plans and budgets are two key obstacles discussed above. A third obstacle is the shortcoming of bankable projects attractive to financing institutions - even though there are adequate funds available for support. Initiatives such as the EU-Africa Infrastructure Trust Fund (based in EIB) and the NEPAD Project Preparation Facility set up in 2005 at the ADB, have funds to support project preparation for regional projects but water is not well represented other than through support for hydropower projects. The water sector should not let a focus on river basins risk sidelining water for hydropower projects. The water sector should be translated into practical application at the national level by domestic policy. The proposed meeting of water and finance ministers in 2010 is an opportunity to do this. The meeting should consider how to do this. The meeting should consider how to leverage for finance from other sources and how to develop more bankable projects for investment.

2. Presentation: Financing and water resources development and management

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Keywords: financing; WRM; governance; infrastructure.

ABSTRACT

This paper argues for more understanding of financing for water resources development and management (WRM). With increasing challenges, not least from climate change and growing demand, water security will not be attained without a much clearer understanding of financing for water resources. Moreover, productive sectors (agriculture, industry, energy etc) as well as a healthy environment depend on more investment in water resources management. Water resources often lacks an institutional home or political champion and is thus taken for granted. Better management might reduce conflicts over water. Infrastructure for water resources management and development (infrastructure and O & M) is a potential source of finance for WRM, and stronger links are needed between water resources planning and National Adaptation Programmes of Action.

Context

The big ticket items for financing as highlighted in the Framework for Action (FFA) presented at the World Water Forum in 2000 are related to water resources management (e.g. floods, agriculture, pollution control etc). Existing estimates provide ballpark figures that illustrate the size of the challenge. The FFA estimated the annual needs as some US$150 bn, compared with US$30 bn for domestic water & sanitation services. In 2007, the UNFCCC estimated that expenditures in water infrastructure will need to increase due to climate change. Adaptation funds are a potential source of finance for WRM, and stronger links are needed between water resources planning and National Adaptation Programmes of Action.

A recent GWP paper stresses the strong link between water financing and governance and the OECD is presently looking more in-depth into this issue. Unlike WS&S little work has been done on financing for WRM, but given the daunting level of infrastructure and O & M costs and good governance. Some stakeholders are aware of the risks, e.g. businesses have raised this at the World Economic Forum and some are acting to reduce water related risks to their business. However, there is little indication that this has translated into commensurate financing from governments and donors.

Soft and hard interventions

There is a dynamic interaction between the supply (hard) side of water resources development (infrastructure and O & M) and the demand side and soft interventions, such as institutional and legal reforms, participatory processes, information, accountability and integrity, dispute resolution etc. Better governance might reduce the need for or the cost of infrastructure and better infrastructure might reduce governance difficulties through provision of secured access to water (e.g. by reducing conflict over water). Infrastructure for water resources management and development varies considerably and could be for productive purposes (such as for energy, industry or agriculture), or for protective purposes (such as for flood management, wastewater and pollution control, catchment management and eco-system management). The latter are mainly public goods.
that will require different financing solutions to the former that can raise private finance.

Insufficient funding will prevent us from getting adequate policies and laws, effective institutions, an effective regulatory environment, access to reliable information, and transparent and reliable performance measurement. More information is needed on the costs of governance functions such as: monitoring and information management, policymaking and planning, stakeholder engagement, and administration and enforcement of policies and regulations. There is presently very little guidance on cost norms for establishing integrated water resources management, creating the enabling environment for a well-governed sector, and there is uncertainty on what are the priorities for financing.

Different functions have different prospects for financing. The supply of well-defined services with clear beneficiaries, such as for water abstraction or control of pollution, are suitable for user payments (tariffs or licence fees) whereas abstraction or control of pollution, are suitable with clear beneficiaries, such as for water functions, costs and financing of WRM, infrastructure and governance and on the interaction between these elements.

More work is needed to investigate the economic and financial dimension of managing water resources: the actual expenditures presently incurred, the ways of minimising costs, and the possible financing sources to pay for water resources management. Government, the private sector and social organisations all have a role in providing finance although for most governance functions finance should be mainly from government budgets to ensure vested interests do not unduly influence decision-making processes. Investments in WRM infrastructure have a lumpy nature and long lead time, which has financial implications. The economic valuation of the benefits of water resources management has been discussed for some time but has never been carried out. A macro-economic case for water (including resource development and management and delivery of services), similar in nature to the Stern Review on the Economics of Climate Change, has yet to be carried out.

There are only three sources of funds: tariffs and other user contribution, tax-based subsidies, and external transfers (3 T’s), even loans have to be paid back from taxes or tariffs. Matching the best sources to different functions requires careful analysis, e.g. for public goods and socially desirable projects, innovative funding may be possible with a mix of public and private finance. Strategic financial planning for WRM, similar to that developed for WS&S by the EUWI Finance Working Group and OECD, may be a way to identify the most realistic use of different sources of finance for different functions.

Conclusion

There is a complex interplay between the costs and the benefits of WRM, which raises many governance questions. What systems of governance need to be put into place? Are there minimum levels of governance that must be achieved? What areas of governance expenditure produce the best results? Similarly, what type and size of water resources infrastructure is needed to achieve water security? This paper is the beginning of a process in support of on-going work by the OECD, GWP, EUWI and others. It is a work in progress and the aim is to stimulate debate at the Africa Water Week. The authors invite comments and, in particular, examples of innovative financing of water resources development and management and water governance, or indeed examples of blockages to such funding.

3. Presentation: Experiences of financing Water Resources Management Programs in Africa

M. Blomberg, African Water Facility, African Development Bank, Tunis, Tunisia

Keywords: Water resources, WRM IWRM, TRWM, funding, Africa

ABSTRACT

The African Water Facility (AWF) was established in 2005 with the objective of mobilising and applying resources for the Water and Sanitation Sector in Africa, in support of achieving the African Water Vision 2025. The Facility is an initiative of the African Ministers’ Council on Water (AMCOW), and is administered by the African Development Bank. The AWF portfolio currently comprises 51 projects of which 24 focus on Water Resources Management (WRM).

With food security and climate variability concerns gaining importance, the significance of WRM has been recognised and is receiving greater attention within and outside the sector. Yet less than half of the African countries have WRM plans, and those that do severely lack resources to implement them. Transboundary organisations specifically face issues related to short-term unsecured funding.
The water sector faces a general shortage of fundable programs, inadequate data for planning and weak institutional frameworks. There are also challenges specific to WRM and governance that have limited the funding of these activities: Results of investments made are not readily visible in the short term, and implementation of sustainable systems requires alternative institutional and financial structures compared to the long established central and local government systems. AWF is an African response to the Sector’s challenges providing support for a wide range of water governance interventions, which are designed to improve the enabling environment and strengthen WRM. The demand for WRM funding expressed to AWF may be categorised in four main areas of support:

- Development of national and transboundary WRM plans and programs to secure follow-on investments
- Implementation of information systems for better planning and monitoring of water resources
- Decentralised IWRM to catchment level
- Capacity building of RECs and river/lake basin organisations to more effectively carry out their mandate

Capacity building of RECs and river/lake basin organisations to more effectively carry out their mandate has resulted in a doubling at the very least of the original estimates (apart from water supply and sanitation) to realize Africa’s water security objectives.

1.2 Six years after the release of the report of the Camdessus Panel on Financing and the various G8 commitments, is there sufficient progress in Africa? With the Millennium Development Goals timeline of 2015 fast approaching, what can be done to scale up delivery of infrastructure and services and how can financing mechanisms be improved in support of this? Are governments increasing finance to the sector through local resource mobilization efforts, are we fully exploiting the use of innovative financing mechanisms that also tap into private financing? Are we introducing approaches that provide incentives to improve efficiency of resource utilization, enhance performance of utilities and improve their bankability? Are we improving governance, which is essential for effective investment? Are we taking advantage of economies of scale offered by regional infrastructure financing?

1.3 The Thematic Session should therefore provide the opportunity to review financing needs and flows in the sector, examine further the bottlenecks and explore opportunities for scaling up financing using more efficient approaches. The session should also enable actors to share the

Annex 2: Approach, Content and Structure of Parallel and Plenary Sessions

Sub-Theme: Financing Water and Sanitation Infrastructure

Detailed Session Agenda

Monday 9th to Wednesday 11th November, 2009

Lead Convener: African Development Bank/Africa Water Facility
Co-Convenors: Global Water Partnership (GWP), OECD, World Bank/Water and Sanitation Program (WSP), World Water Council (WWC), Infrastructure Consortium for Africa (ICA), Food and Agricultural Organization (FAO), Department of Water and Environment Affairs, S. Africa

Conceptual Approach to Thematic Session

1.1 Africa’s low base of water infrastructure and weak institutions is accounting for poor progress in the fight against poverty and retarding economic growth. The linkages between water security and economic growth cannot be disputed. However, sustainable financing for scaling up infrastructure and improving water resources management in Africa remains a key challenge. Recent revision of the Africa Water Vision financing estimates...
advances that are being made in innovative financing such as accessing less traditional sources of finance for small water and sanitation providers, benchmarking and credit rating of utilities to improve access to the domestic capital markets and advances in regional finance architecture. The question of tracking the impact of finance as part of the accountability for results may also be examined. Countries, NGOs and other entities will be encouraged to share experiences, and best practice from other regions will be encouraged.

Overall Session Description

1.4 The Financing Theme is a crosscutting one that is linked to all the other three themes of the Conference. Three important focus areas and sessions have been identified which altogether address the spectrum of key financing issues ranging from regional needs and gaps, infrastructure delivery, financing mechanisms and institutional and policy issues. In view of the urgent need to promote better dialogue between the finance and water sectors given the inextricable linkages between water infrastructure and economic growth and poverty reduction, key messages from these sessions will seek to contribute to further strengthening this dialogue.

1.5 Each of the three sub-themes has a Lead Convener, who is collaborating with other partners to leverage resources, effort and expertise. A Lead Rapporteur will pool together the inputs from all the session rapporteurs and will present this to the AWW-2 Chief Rapporteur and ensure the key messages from the Financing Theme are captured in the outcomes.

1.6 Below is a description of each of the three sub-themes of the Financing Theme. These are further elaborated in the session synopsis and plan that follows.

Session 1: Financing water infrastructure for Africa’s growth and development (Lead: AfDB, Co-convenors – WWC, ICA, WB)

This session has two segments and is designed as a key strategic session aimed at setting the pan-African needs in context and seeks to make the nexus between water and growth better understood. It will examine the financing needs of the Africa Water Vision and also seek to understand the key issues emanating from the recent African Infrastructure Country Diagnostic (AICD) Study and the relevant issues for the sector. The session would look at financing water in relation to other sectors, especially agriculture and energy and how this links to infrastructure, water resources management and adaptation to climate change. The session will emphasize how to make existing commitments work rather than invent new ones.

Session 2: Scaling-up financing of WSS services to meet the MDGs (Lead: WSP)

Financing Water Supply and Sanitation (WSS) infrastructure in Africa is widely regarded as the key challenge to meeting national goals and to meeting the WSS MDGs. Sources of finance for WSS investments have been summarized as the 3Ts: Taxes, Transfers and Tariffs. Financing WSS is conventionally viewed as determining sources of additional public sector funds for infrastructure investments from these sources. Yet identifying sources of additional finance is only one dimension to the problem of sector finance. The session will look at ways to build systems and capacity for efficient and effective spending of public money and innovative ways to tap into private or commercial financing.

Session 3: Financing WRM and governance (Lead: GWP, Co-convenors – OECD, AWF)

This session covers establishing a conducive environment and the stewardship of water resources in order to make infrastructure investment feasible and functional. The session looks at funding for the so-called ‘soft’ interventions, as well as making sure big water resources investments are spent wisely and sustainably. The session would cover other finance in WRM including regional financing and using Adaptation Funds.

AWW-2 Theme: Financing Water and Sanitation Infrastructure

Parallel Session: Financing Water Infrastructure for Africa’s Growth and Development

Segment 1: The Big Picture

Conveners: African Development Bank/Africa Water Facility


Date and time: Monday 9 Nov 2009, 14:30 – 15:45

Aim

This session is designed as a key strategic session aimed at setting the pan-African water sector needs in context. It seeks to elaborate the strong nexus between water and economic growth. Participants will be able to appreciate the big picture on financing infrastructure and the key actions that are needed to achieve the desired results including key messages to be considered in support of promoting the water-finance dialogue.
The development of water for food and energy in Africa. The session also aims to take stock of and present the various initiatives supporting water for agriculture and energy in Africa and discuss future priority actions.

Session Description:
The sub-theme will start with a keynote address that will present the financing requirements and challenges facing water development for food and energy security in Africa. The presentation by FAO will also summarize ongoing and planned initiatives in support of these sectors. This will be followed by another presentation from NEPAD-CAADP about the political commitments to support agriculture and recent pledges in support of the agriculture sector in Africa. The session will present several experiences in the region for clean energy development and public-private-partnership in developing irrigation in addition to the African farmer’s perception to achieving food security and the current financing strategies. The session will end with an open discussion including the presenters and 2-3 Ministers in the form of a panel.

Time | Component | Topic & Scope | Convener/Chair/Presenter
--- | --- | --- | ---
14:30 | Welcome, Purpose of Sub-Theme | Recap of key messages on financing from previous African high-level declarations | Chair: Hon. Mofady MOLELEKI, AMCON EXCO, Minister of Natural Resources, Lesotho and Chairman of Governing Council of African Water Facility
Facilitator: Arthur Swatson (Principal Water and Sanitation Engineer, AfDB)

Presenter: Sering Jallow, Officer in Charge, Water and Sanitation Department/African Water Facility

15:15 | Financing of the business of water supply and sanitation | DWAF, South Africa
Presenter: Helgard Muller, Chief Director, DWAF

15:30 | Discussion and Targeted interventions |
16:00 – 17:30 | Wrap up and end of Segment 1 | Chair

Theme: Financing Water and Sanitation Infrastructure
SESSION 1: Financing Water Infrastructure for Africa’s Growth and Development
Segment 2: Financing Water for Food and Energy in Africa
Lead convener: AfDB
Co-convenors: World Bank, Food and Agriculture Organisation, Islamic Development Bank, International Federation of Agricultural Producers

Date and time: Monday 9 Nov 2009, 16:00 – 17:30

Aim
Following the High Level Meeting on “Water for Agriculture and Energy in Africa, the Challenges of Climate Change” in Sirte December 2009, the session aims to present the challenges facing the development of water for food and energy in Africa. The session also aims to take stock of and present the various initiatives supporting water for agriculture and energy in Africa and discuss future priority actions.

Session Description:
The sub-theme will start with a keynote address that will present the financing requirements and challenges facing water development for food and energy security in Africa. The presentation by FAO will also summarize on-going and planned initiatives in support of these sectors. This will be followed by another presentation from NEPAD-CAADP about the political commitments to support agriculture and recent pledges in support of the agriculture sector in Africa. The session will present several experiences in the region for clean energy development and public-private-partnership in developing irrigation in addition to the African farmer’s perception towards achieving food security and the current financing strategies. The session will end with an open discussion including the presenters and 2-3 Ministers in the form of a panel.
The session will also consider particular initiatives in Africa and analyze factors affecting their success and failure. Questions to a panel of experts will address the following, among others:

1. Viability – Has the African water sector increased in financial viability in the past decade? What are key reforms required and barriers to this increased viability?

2. Financial knowledge – Have utilities increased their relationships with financiers? Have technology innovations allowed for increased use of innovative financial products in utility management? Have utilities started to borrow funds?

3. Given the increase in utility viability, what have been key obstacles to increased long-term lending to the water sector (either through bonds or through loans)?

   a. Knowledge of financial products/markets
   b. Borrowing approvals and regulation
   c. Anticipated effect on the poor and/or tariff adjustments

**Theme:** Financing Water and Sanitation Infrastructure

**Parallel Session 2:** Scaling up Financing of WSS Services to meet the MDGs using Market Resources: How far have we come?

**Lead convener:** Water and Sanitation Program – Africa (WSP-Af)

**Date and time:** Tuesday 10 Nov 2009, 09:00 – 10:30

**Aim**

The session seeks to create an agenda to accelerate market financing for the water sector on the continent based on emerging lessons from pilot activities that have been underway over the past years.

**Session Overview**

For a number of years, since the Camdessus panel, the water sector has been advocating efforts to increase the use of market or commercial financing to develop new water infrastructure. A series of development partner initiatives and in-country efforts have been made to demonstrate that this is possible and beneficial to the sector. This session will critically analyze the rationale for looking for market funds, from a strategic and technical feasibility perspective.

The session will also consider particular initiatives in Africa and analyze factors affecting their success and failure.
Different experiences will be shared and future priority actions discussed. Key messages and information will be identified that can be used in the preparations for the Water/Finance Ministers meeting that is foreshadowed in the Sharm el-Sheik declaration.

Description
The sub-theme will set the overall context and rationale for financing for water resources management highlighting specific aspects related to governance and funding public goods that may differ from financing water supply services (covered in other sub-themes). This will cover ways to get more finance into WRM including regional financing and using Adaptation Funds and how to ensure investment in water infrastructure is used effectively and sustainably. Presentations will give examples of strategic financial planning, financing for integrated water resources management, and how to bring water financing into the mainstream of national budgets. Examples will be given of financing water resources management programmes by the AfDB Group.

Theme: Financing Water and Sanitation Infrastructure
Parallel Session 3: Financing for Water Resources Management and Governance in Africa

Session conveners: Global Water Partnership

Date and time: Tuesday 10 Nov 2009, 11:00 – 13:00

Aim
The session aims to increase knowledge on financing in relation to water resources management and governance, including how this influences investment in infrastructure and economic development more broadly. The session will focus on creating the enabling environment for attracting investment and using it effectively. Different experiences will be shared and future priority actions discussed. Key messages and information will be identified that can be used in the preparations for the Water/Finance Ministers meeting that is foreshadowed in the Sharm el-Sheik declaration.

Time Component: Topic & Scope Convener/Chair/Presenter
09:00 Background presentation Setting the scene for the session, objective and expectations 
African Water Association

09:10 Overview of market finance initiatives 
Small and large scale debt financing efforts in Africa including bond transactions, microfinance and pooled finance structures
WSP-Af 
Presenter: Kameel Virjee

09:20 The Credit Quality of African Water Utilities 
Summary of findings from a review of seven African water utilities
WSP-Af 
Presenter: Marc-Joffe, Global Credit Ratings

09:50 Panel discussion: Facilitated discussion around key questions including from the audience 
Introduction to panel questions 
Introductions: Water Utility, Financier, Credit Enhancement agency, Credit Rating Agency 
Facilitated discussion around key questions including from the audience
WSP-Af 
Panellists: 
W. Muhairwe, NWSC, Uganda; Francis Mugo, NCWSC; Anne Aliker, Stanbic, Kenya; ABSA, South Africa; Marc-Joffe, CR, South Africa 
Facilitator: Dominick de Waal

10:30 Summary and Conclusions 
WSP-Af
Africa, covering all aspects of economic infrastructure, including ICT, irrigation, power, transport and water. In the case of water supply, the study collected extensive primary data from 80 water utilities in 24 countries, as well as detailed information on public expenditure patterns in the sector, and provides new estimates of the cost of reaching the Millennium Development Goals. The work on irrigation included extensive spatial modelling of the viability of developing such infrastructure across Africa. The potential for development of new water storage infrastructure based on hydropower schemes was also assessed. A representative of the World Bank, who led the study, will present the highlights and present key messages arising from the study.

The country and donor experiences will follow and will touch specifically on financing, including that of major infrastructure, PPPs in agriculture and water and sanitation delivery and country processes in raising the profile of water’s contribution to economic growth and the need to increase financing for the sector.

### Session 4: Highlights of African Infrastructure Country Diagnostics

**Theme:** Financing Water and Sanitation Infrastructure

**Parallel Session 4:** Highlights of African Infrastructure Country Diagnostics

**Session convenors:** African Development Bank/GWPAfrica/Global Water Partnership

**Date and time:** Tuesday 10 Nov 2009, 14:30 – 17:30

**Aim**
This session will present the highlights and main findings of the Africa Infrastructure Country Diagnostic (AICD) for the water sector. The session will also benefit from presentations on country and donor experiences relating to financing water and sanitation in the region with the aim of sharing good practices.

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<thead>
<tr>
<th>Time</th>
<th>Component: Topic &amp; Scope</th>
<th>Convener/Chair/Presenter</th>
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<tbody>
<tr>
<td>11:00</td>
<td>Welcome, Purpose of Sub-Theme</td>
<td>Chair: Hama Arba Diallo, Rapporteur: Allan Hall</td>
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<tr>
<td>11:05</td>
<td>Establishing a Conducive Investment Environment</td>
<td>GWP Professor Ola Busari, Executive Manager, Trans-Caledon Tunnel Authority (TCTA), South Africa</td>
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<td>11:20</td>
<td>Financing integrated water resources management</td>
<td>Global Water Partnership Martin Walsh, Deputy Executive Secretary, GWP</td>
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<tr>
<td>11:35</td>
<td>Experiences of financing WRM programmes in Africa</td>
<td>Africa Water Facility Malene Blomberg, Financial Specialist</td>
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<tr>
<td>11:50</td>
<td>Panel Discussion</td>
<td>GWPAWF Panelists Sanjay Wijesekera, Team Leader, Water &amp; Sanitation Team, DFID (UK), Brian Hollingworth, Economist, South Africa, Zandile Mafhe, Chief Director, Financial Management, DWEA, South Africa Facilitator: Alan Hall</td>
</tr>
<tr>
<td>12:50</td>
<td>Summary of Key Messages &amp; Recommendations</td>
<td>Rapporteur: Allan Hall</td>
</tr>
</tbody>
</table>

The AICD is one of the most detailed studies ever undertaken of infrastructure in Sub-Saharan Africa, covering all aspects of economic infrastructure, including ICT, irrigation, power, transport and water. In the case of water supply, the study collected extensive primary data from 80 water utilities in 24 countries, as well as detailed information on public expenditure patterns in the sector, and provides new estimates of the cost of reaching the Millennium Development Goals. The work on irrigation included extensive spatial modelling of the viability of developing such infrastructure across Africa. The potential for development of new water storage infrastructure based on hydropower schemes was also assessed. A representative of the World Bank, who led the study, will present the highlights and present key messages arising from the study.

The country and donor experiences will follow and will touch specifically on financing, including that of major infrastructure, PPPs in agriculture and water and sanitation delivery and country processes in raising the profile of water’s contribution to economic growth and the need to increase financing for the sector.
To date such investment has been lacking. In spite of some progress being made in institutional reform and increased political commitment, key challenges remain to be addressed. African leaders have recognized the need to ensure a stronger integration of water sector development with the broader developmental agenda and to ensure priority is given to water as a key enabler of growth. This is manifest in the Sharm el-Sheikh commitments on water and sanitation and a key message from the Africa Regional Position Paper presented at the 5th World Water Forum in Istanbul.

In ensuring concrete actions are taken to realize this, a key step forward is the strengthening of dialogue between water and finance sectors. This has been a key recommendation of the African Heads of States and a process strongly supported and endorsed by UNSGAB, the AfDB and other key partners. The Plenary Session will therefore seek to identify key perspectives to be carried forward in this dialogue.

The session will also highlight the key messages for water and finance ministers from the parallel sessions on Finance dealing with water and growth, scaling up WSS financing to meet the MDG targets and financing water resources management. It will also seek to assess the state of follow up on key commitments by the G8 towards financing of water infrastructure development and water resources management in Africa through the G8-Africa dialogue.

Annex 3: Finance Session Plan

PLENARY SESSION: Financing Water and Sanitation Infrastructure for Africa’s Growth and Development

Conveners: African Development Bank, Global Water Partnership (GWP), World Bank/Water and Sanitation Program (WSP), World Water Council (WWC), Dept. of Water and Environment Affairs, S. Africa

Date and time: Wednesday 11 Nov. 11.00am – 12.30pm

Aim

To provide an important platform for discussing key issues and messages related to financing water infrastructure in support of Africa’s growth and development and in particular the messages that need to be carried forward in the dialogue between Water and Finance Ministers in Africa.

Description

The linkages between water security and economic growth cannot be disputed. In coming years and policy choices will face decision makers including how to ensure that adequate investments are made – and maintained – in water infrastructure that enables economies and societies to continue to grow both sustainably and equitably.
Session Programme

PLENARY SESSION: Financing Water Infrastructure for Africa’s Growth and Development
TIME: 10:30 – 12:00 TBC CONFERENCE: AWD/AWF, WWC, DWEA + WSP and GWP

11:00 Chairman’s Opening Remarks
Minister of Planning or Finance, S. Africa (tbc)

11:05
Preparations:
Key Messages from Finance Parallel Sessions (Rapporteurs: Alan Hall, Mr. Advisor GWP and K.S. Manu, Lead Rapporteur, African Development Bank)

11:15 Introduction of Panel Discussion and Parallel Sessions
Facilitator: Alan Nicol, WWC

11:20 Panel Discussion
1. AMCOW – Bai Mass Taal (Executive Secretary)
2. UNSGAB – Uschi Eid (Vice Chair)
3. ANEW – Prof. Kairu (Chair)
4. MoS Water: Bobby Pittman (Vice President)
5. WSP – Kamel Virjee (Director, Small and large scale debt financing)
6. World Water Council (WWC)

12:00 Contributions from Floor and wrap up
Rapporteurs: K.S. Manu, Alan Hall

Feedback from Parallel Sessions

Parallel Session – Plenary Sessions – Cont’d

PARALLEL SESSION: Financing for Water Resources Management and Governance in Africa: WMA
TIME: 13:30 – 15:15

13:30 Setting the Scene for the Conference
i) Dave Steel, USAID: Remarks on progress in delivering the MDGs
ii) Café Stella: Setting up WMA – implications for dialogue on water and sanitation commitments: Action Plan for reporting to the AU by AWD
iii) Overview of Sub-themes

14:15 Session: Financing Water & Sanitation Infrastructure

14:15 Setting the Scene for the Conference
i) Finance Panel Discussions on Key Messages

14:30 Session: Country and Donor Perspectives

14:30 Session: Country and Donor Perspectives – Cont’d

15:45 Panel Discussion – Cont’d

16:00 Session: Financing Water for Food and Energy in Africa

16:00 Session: Financing Water for Food and Energy in Africa – Cont’d

17:30 Key Message

Plenary Session – Cont’d

Opening Plenary
Conference Closing Address by the President of RSA, Special Guests to be invited to speak for 10 minutes each
Financing Water & sanitation Infrastructure for Economic Growth and Development

Lead Convenor:
African Development Bank / African Water Facility

Co-convenors:
Department of Environment and Water Affairs, South Africa (DWAF), World Bank/Water and Sanitation Program (WSP), World Water Council (WWC), Food and Agricultural Organization (FAO), Global Water Partnership (GWP) and Infrastructure Consortium for Africa (ICA)