2021 WORK PLAN AND BUDGET

February 2021
# Table of Contents

*Executive Summary and Recommendations* ................................................................................................. i

*Acronyms and abbreviations* ........................................................................................................................ iii

1. **INTRODUCTION** ................................................................................................................................ 1
   1.1 About this document ................................................................................................................................. 1
   1.2 The African Water Facility ....................................................................................................................... 1
   1.3 Organisational Structure and Governance ............................................................................................ 1
   1.4 The AWF 2017-2025 Strategy (currently under review) ........................................................................ 2
       1.4.1 Priority Pillars .................................................................................................................................. 2
       1.4.2 Cross-cutting Issues ......................................................................................................................... 3
       1.4.3 Review and development of a revised 2017-2025 AWF Strategic Plan ............................................. 3
   1.5 Cumulative achievements ......................................................................................................................... 4
       1.5.1 Overview .......................................................................................................................................... 4
       1.5.2 Geographical Coverage and Contribution to AWV 2025 Targets .................................................... 4
   1.6 Structure of the Report ............................................................................................................................. 5

2. **PROGRAMMATIC PHYSICAL TARGETS** .............................................................................................. 6
   2.1 Strategic Priorities .................................................................................................................................... 6
   2.2 Key planning assumptions and targets for 2021 ...................................................................................... 6
   2.3 Allocation of funds to strategic priorities ............................................................................................... 7
   2.4 Project identification ............................................................................................................................... 8
   2.5 Project Screening ..................................................................................................................................... 9
   2.6 Project Appraisal ..................................................................................................................................... 9
   2.7 Project Preparation and Implementation ............................................................................................... 10
       2.7.1 Active Projects .................................................................................................................................. 10
       2.7.2 Project Completion ........................................................................................................................... 10
       2.7.3 Project Closure .................................................................................................................................. 10
   2.8 Investment Promotion Activities ........................................................................................................... 11

3. **BUDGET PERFORMANCE AND FINANCIAL MANAGEMENT** .......................................................... 12
   3.1 Administrative Budget ............................................................................................................................. 12
   3.2 Budget for ongoing projects .................................................................................................................... 14
   3.3 Project disbursement ............................................................................................................................... 14
   3.4 Budget Utilisation - Administrative Costs ............................................................................................ 14
   3.5 Administration to Cost Ratio ................................................................................................................... 14
3.6 Mobilisation of Co-funding ................................................................. 15
3.7 Mobilisation of Financing for Downstream Investments ..................... 15
3.8 Adequacy of AWF Funding ................................................................. 16
3.9 Advocacy and resource mobilisation .................................................. 18
3.10 Annual Independent Audit ................................................................. 19

4. ENHANCING PROGRAMMATIC AND ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS ................................................................. 20
4.1 Independent Evaluation ...................................................................... 20
4.2 Fast-tracking project appraisal ............................................................ 21
4.3 Quality at Entry .................................................................................. 21
4.4 Project Supervision ............................................................................ 22
4.5 Task Managers ................................................................................... 22
4.6 Delayed Projects ................................................................................. 22
4.7 Project Cancellation ........................................................................... 23
4.8 Partnerships ....................................................................................... 23
4.9 Communication .................................................................................. 24
4.10 Knowledge Management ................................................................... 25
4.11 Human Resources Management ....................................................... 25

5. ADDRESSING CROSS-CUTTING ISSUES ........................................ 28
5.1 The Main Cross-cutting Issues ............................................................ 28
5.2 Gender and Social Equity ................................................................. 28
5.3 Climate Change .................................................................................. 29
5.4 Poverty Alleviation and Employment Creation .................................... 29
5.5 Irregular Migration and Displaced Persons ......................................... 30
5.6 Transition States ............................................................................... 30
5.7 Private Sector Involvement ............................................................... 31

6. OTHER ACTIVITIES ............................................................................. 32
6.1 Operationalizing AUSIF ................................................................. 32
6.2 Complete Merger of the Bank’s Water Trust Funds (AWF, RWSSI and MDWPP) ...................... 32
6.3 Revision of the 2017-2025 AWF Strategic Plan .................................... 33
6.4 The COVID-19 Pandemic ................................................................. 33
6.5 Phase II of the Nordic Development Fund (NDF) support ..................... 34
6.6 Denmark/AfDB Collaboration on Water, Sanitation and Hygiene (WASH) to Combat COVID-19 in the Sahel and Horn of Africa ................................................................. 35
6.7  Risk Management ................................................................. 35

7.  CONCLUSIONS ........................................................................ 36

ANNEX 1 .............................................................................................. I
ANNEX 2 ............................................................................................... IV

List of Figures and Tables

Figures
Figure 1: The distribution by regions of AWF funding from 2005 to 2020 ......................... 4

Tables
Table 1: Project Commitments and Funding by Strategic Priority ....................................... 8
Table 2: Projects to be Appraised and Approved in 2021 .................................................. 10
Table 3: Expenditure funded from the AWF Special Fund .................................................. 13
Table 4: Expenditure funded by AfDB .............................................................................. 13
Table 5: Projected Financial Status of the Special Fund at end of 2020 ................................ 17
Table 6: Expected contributions to the AWF Special Fund in 2021 .................................. 17
Table 7: Summary of AWF staffing position as of September 2020 ................................. 26
Executive Summary and Recommendations

This document presents the proposed 2021 Work Plan and Budget of the African Water Facility (AWF) to the Governing Council for its endorsement following its earlier review and endorsement by the Oversight Committee (OSC) during its 14th Meeting on xx November 2020. The above steps of review are in accordance with the AWF’s Operational Procedures.

Strategic priorities

The 2021 Plan has been guided by the AWF 2017–2025 Strategy whose implementation started in 2017 and is expected to end in 2025 but is currently undergoing review. Consistent with this strategy, proposed activities in 2021 are focused around three strategic priorities namely project preparation, catalytic investments and investment promotion.

New AWF commitments

The AWF plans to allocate 75% of the annual budget for new grant commitments to project preparation activities and 25% to catalytic investments. Investment promotion activities will not be separately funded but will be mainstreamed within project preparation and catalytic investment activities, and in activities to establish the Africa Urban Sanitation Investment Fund (AUSIF).

At least five new projects (3 investment project preparation and 2 catalytic projects) are planned to be appraised and approved in 2021. The total commitment for the five projects is €10 million. The five projects are to be identified during 2021 and will be from five countries in the Sahel and Horn of Africa (Mali, Niger, Burkina Faso, Ethiopia and Somalia).

COVID-19 Response

The AWF will work with Government of Denmark and the Nordic Development Fund (NDF) to develop programmes for combating the spread of COVID-19 through WASH and IWRM measures targeting poor communities in five fragile countries of the Sahel and Horn of Africa (Mali, Niger, Burkina Faso, Ethiopia and Somalia). The projects will have a small element of emergency support in improving water and sanitation services, and mainly focus on the preparation of investment-ready projects for developing climate resilient water and sanitation infrastructure and promoting innovation through catalytic investments delivering water and sanitation services.

Cross-cutting issues

Cross-cutting considerations, which include gender and social equity, climate change, poverty alleviation and employment creation, private sector involvement, irregular migration and displaced persons, and transition states, will continue to be applied in the selection, preparation and implementation of new commitments in 2021. It is probable all new projects appraised in 2021 will be located in transition states.

Ongoing projects

As of 30 September 2020, there were 25 active projects with a total AWF commitment of €39.8 million and undisbursed balance of €22.3 million. These will continue to be implemented in 2021, and disbursement totalling €12 million will be provided. The AWF plans to carry out at least two supervision/launch missions for every active project in 2021 but most missions will be conducted virtually. It is expected that 12 active projects will be completed, and 12 previously completed projects closed in 2021

Administrative budget

The AWF administrative budget estimate for 2021 is €4,259,147. Of this, €2,157,231 (50.6%) will be contributed from the AWF Special Fund, while €2,101,916 (49.4%) will come from the African Development Bank. In comparison with 2020, there is an increase of €260,000 (6.5%) in the AWF annual budget to cater for the new staff position of a monitoring and evaluation (M&E) officer which was converted from the previous position of Chief Water Policy Officer, increased resource mobilisation activities, increased preparation of knowledge products and increased communication activities.
Advocacy and resource mobilisation

The available funds for operational activities beyond September 2020 are estimated at €8.526 million. The AWF has already received commitments from Austria, Denmark and NDF to support its work programme for 2021, 2022, 2023 amounting to € 28 million. The resource mobilisation to replenish resources of the Special Facility will continue and will be carried by the AWF in collaboration the Bank’s departments for resource mobilisation and syndications, co-financing and client solutions, (FIRM and FIST). This will mostly rely on virtual meetings on one to discussions, organisation of replenishment conference and dialogue with different donors to raise resources for the AWF Special Facility and the new AUSIF fund. It is planned to raise at least €10 million in new commitments from partners to the Special Fund in 2021.

Partnerships

Forging and leveraging partnerships and collaboration is one of the key strategies for AWF to implement its work plan and secure resources. The facility’s plans to renew efforts at resource mobilisation in 2021 will go hand-in-hand with reaching out to, and engaging with development partners to leverage their capacities and resources for addressing Africa’s water priorities. The Facility will maintain its historically close coordination with the African Ministers’ Council on Water (AMCOW) to harmonise activities and related strategic initiatives; to establish an investment promotion platform and organize investment promotion events jointly; and continue promoting project-related partnerships with donors and the private sector to generate co-financing and leverage investments. The AWF will also make efforts to identify and reach out to new donors while strengthening relationships with existing partners.

Communication

In the Management Response to the Bank’s Independent Evaluation Department, (BDEV) independent Evaluation of the AWF (2005-2018), the Water Development and Sanitation Department (AHWS) and AWF management has committed to improving the AWF’s communication activities. Therefore, in 2021, the AWF plans to refresh its communication, visibility and outreach activities, taking advantage of the Bank’s inhouse communication capacities, and optimising use of the AWF’s digital platforms and multimedia tools. The AWF will revise its Communication and Advocacy Strategy and Action Plan and use it to guide the renewed efforts at improving its communication.

Knowledge management

As another key action under the Management Response to the BDEV Independent Evaluation of the AWF, the Facility in 2021 will continue with activities to design, prepare and disseminate key knowledge products to support the AWF’s communication and resource mobilisation drives, and the planned launch of the AUSIF Fund.

Operationalizing AUSIF

In 2021 the AWF supported by the Steering Committee, will work with the Consultant for the AUSIF study to complete the study, mobilise resources to capitalise the fund, and operationalise it.

Complete Merger of the Bank’s Water Trust Funds (AWF, RWSSI and MDWPP)

The study on the merger of the water trust funds is expected to be completed in 2020. In 2021 the merger will be put into effect by AWF assisted by relevant departments of the Bank including the Legal Services (PGCL) and Financial Management (FFMA) Departments.

Human Resources Management

A total of 11 out of 13 positions are currently filled in the AWF. It is planned to fill the two vacancies in 2021 and add a third new position to the AWF of a Principal Water Supply and Sanitation Expert for Central Africa.

Recommendation

Following the review and endorsement of the AWF 2021 Work Plan and Budget by the Oversight Committee (OSC), the Governing Council is requested to consider and endorse the 2021 AWF’s Work Plan and Budget which has an administrative budget of €4.259 million, of which €2.157 million (50.6%) will be drawn from the AWF Special Fund, and €2.102 million (49.4%) will come from the AfDB.
### Acronyms and abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AHWS</td>
<td>Water Development and Sanitation Department</td>
</tr>
<tr>
<td>AMCOW</td>
<td>African Ministers’ Council on Water</td>
</tr>
<tr>
<td>AUSIF</td>
<td>African Urban Sanitation Investment Fund</td>
</tr>
<tr>
<td>AWF</td>
<td>African Water Facility</td>
</tr>
<tr>
<td>AWV</td>
<td>African Water Vision</td>
</tr>
<tr>
<td>BDEV</td>
<td>Independent Development Evaluation Department (AfDB)</td>
</tr>
<tr>
<td>CIF</td>
<td>Climate Investment Fund</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Economic Community of Central African States</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>EUR</td>
<td>Euro</td>
</tr>
<tr>
<td>FFMA</td>
<td>Financial Management Department (of the AfDB)</td>
</tr>
<tr>
<td>FIRM</td>
<td>Resource Mobilisation Department of the (of the AfDB)</td>
</tr>
<tr>
<td>FIST</td>
<td>Syndications, Co-financing and Client Solutions Department (of the Bank)</td>
</tr>
<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environmental Facility</td>
</tr>
<tr>
<td>GWP</td>
<td>Global Water Partnership</td>
</tr>
<tr>
<td>ha</td>
<td>Hectares</td>
</tr>
<tr>
<td>IWRM</td>
<td>Integrated Water and Resource Management</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and evaluation</td>
</tr>
<tr>
<td>MDWPP</td>
<td>Multi-Donor Water Partnership Programme</td>
</tr>
<tr>
<td>NDF</td>
<td>Nordic Development Fund</td>
</tr>
<tr>
<td>OSC</td>
<td>Oversight Committee</td>
</tr>
<tr>
<td>PCR</td>
<td>Project Completion Report</td>
</tr>
<tr>
<td>PGCL</td>
<td>General Counsel and Legal Services Department (of the Bank)</td>
</tr>
<tr>
<td>PPP</td>
<td>Public-Private Partnership</td>
</tr>
<tr>
<td>RBOs</td>
<td>River Basin Organisations</td>
</tr>
<tr>
<td>RECs</td>
<td>Regional Economic Communities</td>
</tr>
<tr>
<td>RMCs</td>
<td>Regional Member Countries</td>
</tr>
<tr>
<td>RWSSI</td>
<td>Rural Water Supply and Sanitation Initiative</td>
</tr>
<tr>
<td>UA</td>
<td>Unit of Accounting</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollars</td>
</tr>
<tr>
<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
</tr>
</tbody>
</table>
1. INTRODUCTION

1.1 About this document

This document – the 2021 work plan and budget of the African Water Facility (AWF) – presents the targets and development impacts that the AWF intends to achieve in 2021, along with the milestones, deliverables, resources and budget requirements for achieving them. The document builds on the results and achievements of 2020 as a planning baseline and describes the opportunities and challenges that have both informed the planning, and could impact the implementation, of AWF’s programmatic activities in 2021. The 2021 work plan and budget has also taken into consideration the recommendations of the BDEV evaluation of AWF over the period 2006 – 2018, which evaluation was approved by the Board of Directors in June 2020. The workplan has further taken into consideration some of the recommendations emerging from the ongoing integration of the Rural Water Supply and Sanitation Initiative (RWSSI) and Multi-Donor Water Partnership Programme into AWF, and the ongoing revision of the AWF Strategy (2017-2025). These two studies are expected to reach completion at the end of 2020 and be considered for final approval in the first quarter of 2021.

The 2021 work plan and budget has been prepared with the objective of working towards meeting the objectives of the AWF 2017-2025 Strategic Plan, currently under review and ultimately, of contributing towards reaching the development impacts of the Africa Water Vision 2025 and water SDGs. The work plan includes an analysis of AWF’s long term financial situation, and suggestions for improving its financial sustainability.

The 2021 work plan and budget was first submitted for consideration by the Oversight Committee (OSC), the first step in the formal approval process of the AWF’s work plan and budget. It is subsequently being presented for endorsement by the Governing Council before submission to the Board of Directors for approval.

1.2 The African Water Facility

The African Water Facility (AWF) is a special fund established in 2004, and hosted and managed by the African Development Bank (AfDB) at the request of the African Ministers’ Council on Water (AMCOW). The AWF is a demand-driven, African-led project preparation facility that provides grants, mobilises investment financing, and offers expert technical assistance to support the preparation and implementation of innovative water and sanitation projects throughout Africa. In this way, it contributes to meeting the African Water Vision 2025 as well as water-related Sustainable Development Goals (SDGs).

The AWF’s intervention areas are numerous and include drinking water supply, sanitation and hygiene, agricultural irrigation and food security, hydropower and renewable energy, and knowledge management. Other areas are climate change adaptation and mitigation, integrated water resources management, transboundary water management and regional cooperation. The main donors to the AWF include Algeria, Australia, Austria, Burkina Faso, Canada, Denmark, Egypt, France, Nigeria, Norway, Senegal, Spain, Sweden, the United Kingdom, the African Development Bank (AfDB), the Bill and Melinda Gates Foundation (BMGF), the European Union, and the Nordic Development Fund (NDF).

1.3 Organisational Structure and Governance

The Facility has positions for 14 core staff who include the Coordinator, Finance and Administration Officer, Principal Water and Sanitation Specialist, Senior Water Engineer, Principal Monitoring and
Evaluation Officer, Water Resources and Climate Change Officer, Public-Private Partnerships (PPP) Expert, and a Team Assistant. Most of the staff are located at the AWF offices within the African Development Bank headquarters in Abidjan. Two staff members are located in the field, one each at the Bank’s East and South Africa Regional Development and Business Delivery Offices.

The AWF has a dual governance structure comprising the Governing Council and the African Development Bank. The first governance arm – the AWF’s Governing Council – is made up of UN-Water Africa, the African Union through the New Partnership for Africa’s Development (NEPAD) and AMCOW, AWF’s key donors, and the AfDB. The Governing Council provides policy guidance and direction to AWF’s work, and endorses all strategies, work plans, budgets, progress reports, audit reports, and proposals before they can be submitted to AfDB’s Board of Directors for final policy guidance, direction and approval.

The AfDB’s institutional set up and governance organs provide the second governance arm for the AWF. The first line of governance by the AfDB is provided by the Director of its Water Development and Sanitation Department (AHWS). He or she is responsible for technical guidance and day-to-day supervision of the AWF. Also, within the Bank’s institutional framework is AWF’s Oversight Committee (OSC) established by the Bank President to monitor and report to the Board on all financing approvals by AWF’s management and on the extent of the Bank’s compliance to its trusteeship responsibilities to the AWF. The Bank’s Board of Directors is the AWF’s highest policy organ. The Board approves the AWF’s establishing legal instruments, and any modifications to them. It also approves all operational procedures, control systems, work plans, budgets, reports, programmes, and strategies of the Facility.

Being housed by the AfDB allows the AWF to benefit from the Bank’s in-house capacity in many areas. These include legal matters, procurement, financial management systems, monitoring and evaluation and translation. The AWF is also able to use the Bank’s institutional machinery at regional and national levels to support its activities.

**1.4 The AWF 2017-2025 Strategy (currently under review)**

**1.4.1 Priority Pillars**

This strategy was prepared in 2016 and covers the period 2017 to 2025. The end of the strategy period is the end year of the African Water Vision.

The AWF 2017-2025 Strategy presents three strategic priorities around which AWF’s activities and operations are focused. Together, the three strategic priorities provide a rational approach to preparing infrastructure projects, while strengthening the enabling environment for investment, and facilitating investment financing. The three pillars are: -

- **Project preparation** - Project preparation is the focus of the AWF and will receive 75% of the programme budget over the strategy period (2017-2025). Key activities to be implemented under this pillar include feasibility studies, design studies, Environmental and Social Impact Assessments (ESIAs), and where necessary, provision of project structuring and transaction advisory services in collaboration with the Bank’s Legal Department and other partners such as Africa Legal. These activities all lead to preparation of projects that are bankable, and ready to secure public and/or private financing. Where necessary, support to strengthen the enabling environment for investments will be included within project and programme preparation activities. This may include such initiatives as preparing a climate change adaptation...
programme, or water resources development plan or investment programme to provide a basis for selection of specific projects; strengthening institutions and building capacity for water sector infrastructure management; and strengthening and building water information systems or knowledgebases to support evidence-based project design.

- **Catalytic investments** - Catalytic investment is the second most important pillar. It is expected to receive 15% of the programme budget over the strategy period. Through this pillar, the AWF provides funding to help proponents implement projects with the potential for triggering other projects or upscaled impacts. Priority is being given to public or commercial sector projects on water supply, sanitation, agricultural irrigation, climate smart investments/infrastructures and small hydropower projects that replicate or pilot innovative business models and technologies. They could also be projects that mobilise private sector financing, but which require gap financing to improve their viability.

- **Investment promotion** - This pillar will receive 10% of the programme budget over the strategy period. The activities under this pillar are designed to increase the number of investment opportunities in the water sector and mobilise higher levels of financing for projects which leverage private financing. Priority activities being supported under this pillar include establishing networking platforms for marketing investment project opportunities, linking project proponents with potential financiers, and in collaboration with other Bank Departments, establishing an insurance guarantee brokerage function to assist project proponents in the use of risk mitigation measures.

The AWF 2017-2025 Strategy, which is currently under review, is aligned with and supports the implementation of the Africa Water Vision 2025, and the attainment of the Sustainable Development Goals (SDGs). The Africa Water Vision is “an Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socioeconomic development, regional cooperation, and the environment”. The Strategy is also aligned with the AfDB’s Ten-Year Strategy and priority goals – the High 5s – and the Bank Water Policy.

### 1.4.2 Cross-cutting Issues

In addition to the three priority areas, the Strategy emphasizes a response to a number of cross-cutting issues. These include gender and social equity, climate change, environment, job creation, poverty alleviation, fragile states, irregular migration, and private sector participation.

### 1.4.3 Review and development of a revised 2017-2025 AWF Strategic Plan

In 2020 a study was undertaken to revise the 2017-2025 AWF Strategic Plan. The revision was necessitated by the decision taken by the AWF Governing Council in 2019 to merge the Bank’s other two water trust funds – the Rural Water Supply and Sanitation Initiative (RWSSI) and the Multi-Donor Water Partnership Programme (MDWPP) – with the AWF. The merger of the three trust funds is part of a wider institutional reform process in the Bank in line with the “One Bank” approach, the new Water Policy and the evolving Development and Business Delivery Model (DBDM), which emphasises streamlined business processes for efficiency.

The main objective of the study was to review the implementation of the current strategies of the AWF and RWSSI, and past operational activities of the MDWPP, and develop a revised and integrated strategic plan, M&E framework and financial plan for the period 2017-2025 for the AWF and two
integrated water trust funds. The activities to be implemented in 2021 will be based on the revised 2017-2025 strategy.

1.5 Cumulative achievements

1.5.1 Overview

The African Water Facility is one of the primary instruments of the water sector in Africa. It is used to mobilise resources to bridge the huge investment and infrastructure gap in Africa, and to move the continent towards achieving the objectives of the African Water Vision 2025 (AWV 2025). Since becoming fully operational in 2006, the African Water Facility has approved 123 projects worth €166.99 million. This is across three strategic plan periods and covers 52 African countries. Some 35% of these are fragile states. The AWF projects targeted the following sub-sectors: drinking water supply, sanitation and hygiene, agricultural irrigation and food security, hydropower and renewable energy, knowledge management, climate change adaptation and mitigation, integrated water resources management, transboundary water management and regional cooperation.

1.5.2 Geographical Coverage and Contribution to AWV 2025 Targets

The 123 AWF projects approved since 2005 are distributed across all five regions of Africa, but with the North and Central regions receiving relatively fewer projects than the other regions. The number of projects and total grant amount received by each region are indicated in the figure below. Out of the 123 projects approved, 11 projects worth €15.9 million span two or more regions of Africa. The AWF intends to undertake trainings and build capacity of Countries staff in the Central region to enhance their ability to submit proposals. The AHWS – water and sanitation expert in the Central region will help to support countries in identification and project preparation. In addition, the team will support private sector involvements and undertake investment promotions activities in the regions for the AWF prepared bankable projects.

Figure 1: The distribution by regions of AWF funding from 2005 to 2020
A total of 36 prepared projects are bankable, and about 64% of these have succeeded in securing the financing required for implementation. A total of €1.527 billion has been leveraged for downstream investment activities of the bankable projects. The cumulative leverage factor of the AWF is €29 mobilised for downstream investment for every €1.0 committed in preparation of bankable projects.

Many lives in Africa have benefited from projects prepared and implemented by the AWF. The cumulative number of beneficiaries from AWF projects with a water supply component has been estimated at 13.3 million (52% of whom are women), while beneficiaries of AWF projects with a sanitation component total about 8.3 million (of which about 52% were women). Other impacts of the AWF’s interventions in the water, sanitation and hygiene (WASH) sector include the improvement in water supply and sanitation policies of African countries, and the adoption of good water resources development practices by countries. Examples are the sanitation value chain approach in sanitation management. In the agriculture sector, an estimated 134,249 rural households are expected to benefit from irrigation and improved water and land management practices.

The African Water Facility has also made considerable contributions to promoting regional and transboundary water resources management across Africa. Specific interventions in this regard include support to the improvement of the Pan African Water and Sanitation Monitoring and Reporting System (WASSMO I and II), the establishment of a Regional Water Resources Management Centre in the ECCAS region, the strengthening of two existing transboundary river basin organisations – the Niger Basin Authority (NBA) and the International Commission for the Congo-Oubangi-Sangha Basin (CICOS) – and supporting the creation of two new transboundary water basins – one on the Volta river (Volta Basin Authority) and a second for the Ogooué, Ntem, Nyanga and Komo rivers shared by four ECCAS countries: Cameroon, Gabon, Congo and Equatorial Guinea.

1.6 Structure of the Report

This is the Work Plan and Budget of the African Water Facility for the fiscal year 2021. It is written with a modified structure to provide clarity, reduce repetition and enhance reader-friendliness. Further modification and improvement of the report structure will be continued in 2022 to take into consideration modifications from the expected merger of the water trust funds and revision of the AWF Strategic Plan 2017-2025. The report mostly limits itself to the achievements of the fiscal year 2021. Cumulative achievements since the AWF’s inception in 2006 can be found in the preceding section.

The 2021 work plan and budget comprise the main report and three annexes that contain detailed information to support the report. Section 2 of the main report, which follows this introduction, presents the programmatic physical targets for 2021. This includes targets for ongoing projects to be completed and closed during the year, and investment promotion activities to be carried out in the year. Section 3 presents the required budget to implement the planned activities, including the disbursement to ongoing projects. This section also includes an analysis of the current financial situation of the AWF Special Facility and makes suggestions for measures to be implemented in 2021 to improve the Facility’s financial sustainability. Section 4 presents targets for enhancing programmatic and organisational efficiency and effectiveness, including targets on the quality at entry of AWF-prepared projects, project supervision, and project cancellation. Section 5 presents the plan for addressing cross-cutting issues such as gender and social equity, employment creation and transition states, during implementation of planned activities. Section 6 presents a brief discussion on management of key risks while Section 7 presents the conclusion of the work plan and budget and recommendation to the governing council.
2. **PROGRAMMATIC PHYSICAL TARGETS**

2.1 **Strategic Priorities**

Consistent with its Strategy, AWF will focus its 2021 activities and operations around the three approved strategic priorities, which together provide a comprehensive approach to preparing sustainable infrastructure projects, whilst strengthening the investment-enabling climate, and facilitating investment financing. The three priority areas are the following:

1. **Project preparation:** The primary focus of AWF operations remains the preparation of project concepts into investment-ready bankable projects that support multi-purpose water resources development and use; this activity lies at the heart of the AWF’s mission. The AWF will provide support to all stages of the project preparation cycle, including the key prerequisites of the enabling environment to financial close.

2. **Catalytic investments:** The AWF will continue to provide small catalytic investments, or seed-funding to projects that employ innovative technologies or business approaches, mobilise private financing for water and sanitation, and that have the potential to trigger other projects or upscale impacts. As part of co-financing arrangements, different forms of grants or viability gap funding will be provided to such projects.

3. **Investment promotion:** The AWF will continue to support investment promotion activities with the aim of expanding the number of investment opportunities and projects financed in the water sector while contributing to accelerating the process from project identification to financial close. The investment promotion activities will be centred around the studies to establish and operationalise the Africa Urban Sanitation Investment Fund (AUSIF) and consolidation of the AWF investment opportunities identified under completed bankable AWF-prepared projects.

**Cross-cutting issues** that have an essential impact on the development of the sector will be fully integrated in AWF interventions in 2021. In particular, greater efforts will be made to mainstream gender and social equity considerations in all the AWF programmatic activities to ensure appropriate involvement and derivation of equitable benefits by women, youth, elderly, the poor and other vulnerable and marginalized groups from the AWF’s activities. Other cross-cutting considerations that will be made concern climate change, poverty eradication and employment creation, private sector participation, irregular migration and displaced persons, and transition states. Cross-cutting issues are addressed in more detail under Section 4.

2.2 **Key planning assumptions and targets for 2021**

The key targets and planning assumptions of the 2021 work plan and budget, within the above strategic priorities, are the following:

1. Approve at least five new projects (three investment project preparation and two catalytic investments).
2. Total AWF commitment for the five new projects is estimated at €10 million.
3. Continue supervision of 27 active AWF projects that have a total commitment from the AWF Special Fund of €38.87 million.
4. Disbursement of approximately €12 million based on a project-by-project assessment of cash flow requirements and absorption rates.
5. Utilisation of €4.259 million in administrative expenses, of which €2.157 million (50.6%) will be drawn from the AWF Special Fund, and €2.102 million (49.4%) will come from AfDB.

Priority activities in 2021, besides continuing to pursue and bring to completion ongoing AWF and RWSSI projects, are the following:

1. Finalising any pending discussions and signing new grant agreements with donors.
2. Intensifying efforts at resource mobilisation for the AWF Special Facility and the new AUSIF Fund in collaboration with FIRM;
3. Intensifying efforts on communication, networking and marketing of the AWF.
4. Continuing the development of knowledge products to support communication and resource mobilisation.
5. Completion of the study for, and launch of, the African Urban Investment Sanitation Fund (AUSIF);
6. Finalisation and launch of the revised AWF 2017 – 2025 Strategic Plan;
7. Complete the preparation of, and seek GCF approval for the Africa multi-country Water and Climate Change Readiness Programme jointly developed by AfDB/AWF, the Global Water Partnership (GWP) and the Green Climate Fund (GCF).
8. Continuing the implementation of the Management Response to the BDEV Independent Evaluation of the AWF (2006-2018);
9. Finalization, launch and operation of the new African Water Facility (AWF) after merger with the Multi-donor Water Partnership Programme (MDWPP) and Rural Water Supply and Sanitation Initiative (RWSSI)

In 2021, most of the AWF activities are expected to be conducted virtually. The quantitative targets for the 2021 work plan and budget are summarised in Annex 1 and discussed in the sections of the report following this overview.

2.3 Allocation of funds to strategic priorities

Indicator: Allocation of AWF funds to project preparation, catalytic investments and investment promotion.

Plan: The AWF plans to allocate 75% of the annual budget to project preparation activities and 25% to catalytic investments. Investment promotion activities will not be separately funded but will be mainstreamed within project preparation and catalytic investment activities, and in the activities to establish the Africa Urban Sanitation Investment Fund (AUSIF). The planned allocation of funding by strategic priority in 2021 is shown in Table 1, with details for each category discussed under other sections of this section.
Table 1: Project Commitments and Funding by Strategic Priority

<table>
<thead>
<tr>
<th>AWF Strategic Priority (% allocation from Strategy 2017-25)</th>
<th>Planned New Project Approvals 2021</th>
<th>Countries (tentative list)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (€ Million)</td>
<td>Funding allocation No. of projects</td>
</tr>
<tr>
<td>Project Preparation (75%)</td>
<td>7.5</td>
<td>75% 3</td>
</tr>
<tr>
<td>Catalytic Investments (15%)</td>
<td>2.5</td>
<td>25% 2</td>
</tr>
<tr>
<td>Investment Promotion¹ (10%)</td>
<td>0.0</td>
<td>0% 5</td>
</tr>
<tr>
<td>Total</td>
<td>10.0</td>
<td>100% 5</td>
</tr>
</tbody>
</table>

2.4 Project identification

Project identification is the first of the five major stages in the AWF project cycle. The other main stages are appraisal, full preparation and implementation, and evaluation and closure. The AWF employs a flexible multi-pronged approach to ensure a steady stream of new quality projects into the project pipeline to replace projects that are completed and closed, and guarantee that there is a sufficient number of projects in the future pipeline to meet commitment targets as indicated in AWF’s Strategy 2017-2025.

The AWF project identification approach comprises three elements:

(a) on-demand identification, through which eligible project owners submit unsolicited funding requests to the AWF;

(b) proactive project identification, through which the AWF reaches out to its strategic partners – the African Ministers’ Council on Water (AMCOW), the African Development Bank, regional economic communities, river basin organisations and countries – and solicits projects of a priority nature from them; and

(c) programmatic identification, through which the AWF develops medium-term programmes that provide a guiding framework under which project applications can be submitted and evaluated. The programmatic identification approach has been employed under the ‘African Urban Sanitation Investment Fund (AUSIF) Programme.’ It will also be applied under the ‘Water and Climate Change Projects Preparation Programme’ to be developed in 2020.

Indicator: The number of new solicited and unsolicited Project Concepts obtained for possible inclusion in the AWF project pipeline.

Status: In 2020, the AWF received 17 project concept notes from non-governmental organisations in the regional member countries (RMC)s: four were from Southern Africa region; three from Eastern Africa; four from Central Africa; five were from West Africa; and one was from North Africa region. The AWF also received requests for partnerships from six organisations, two of which were intergovernmental organisations.

Plan: The target for 2021 is to identify 10 new potential projects. The AWF will employ a combination of programmatic identification to identify projects under the new NDF and Denmark programmes, and

¹ Investment Promotion Funding is imbedded into costs for project preparation and catalytic investment through donors’ conferences as well as undertaken during partnership meeting and resource mobilisation initiatives
on-demand Concept Notes from the RMCs to identify projects for possible addition to the AWF project pipeline.

2.5 Project Screening

Project screening is the process through which solicited and unsolicited project concepts undergo preliminary assessment to evaluate their suitability for selection and addition to the AWF project pipeline.

Indicator – The number of project proposals from countries and partners screened for possible inclusion in the AWF project pipeline.

Status: In 2020, the AWF received and screened 17 project concepts received from RMCs, which was a 212.5% performance against the annual target of screening 8 project concepts. All 17 were found not to be aligned with AWF’s strategic priorities and, therefore, none was progressed to the AWF project pipeline. Six partnership requests received were also reviewed and four were found to be suitable and are under consideration.

Plan: It is planned to screen 8 new projects in 2021. In addition, the AWF will embark on the following activities: (1) complete the updating of the AWF Application for Funding template to reflect the expanded scope of the new merged Water Trust Fund; and (2) update the eligibility and selection criteria for project screening for the merged Water Trust Fund.

2.6 Project Appraisal

Indicator – The number of project proposals fully appraised and approved, and total amount of commitment for the new projects.

Status: As of 30th September 2020, six projects were fully appraised and four were approved. The four projects, which have a total commitment of €3.715 million, are from Kenya, Ghana, Zambia and AMCOW. The approval process has been initiated for the remaining two projects that were appraised (from Morocco and Mauritania). These two are expected to be approved in the last quarter of 2020. The seventh project that was appraised is from Togo. The Project Appraisal Report (PAR) for this project was under finalisation by September 2020. The AWF further responded to an internal call for proposals from the Bank’s Climate Change and Green Growth Department (PECG) for preparation of Pilot Programs for Climate Resilience (PPCR) in priority countries of the Climate Investment Fund (CIF) under its Strategic Program for Climate Resilience (SPCR). Under this programme, the AWF in 2020 initiated the process to prepare a pilot project on climate resilience in Ethiopia which is expected to be approved in 2021.

Plan – The number of project proposals fully appraised and approved, and total amount of commitment for the new projects.

In 2021, it is planned to fully appraise and approve at least five (5) new projects of which 3 will be project preparation and 2 catalytic investments with a total AWF commitment of €10 million. The new projects will focus on support to the COVID-19 response through WASH-sector interventions. The required funding for all five projects is within the resource envelope of the balances in the Special Fund, and new programmes developed with donors and AWF’s partners. The projects to be appraised are shown in the table below.
Table 2: Projects to be Appraised and Approved in 2021

<table>
<thead>
<tr>
<th>No</th>
<th>Project</th>
<th>Estimated Amount (€ million)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>COVID 19 – interventions in water supply, sanitation and hygiene programme</td>
<td>1.25</td>
<td>To be identified under Denmark Programme</td>
</tr>
<tr>
<td>2</td>
<td>COVID 19 – interventions in water supply, sanitation and hygiene programme</td>
<td>1.25</td>
<td>To be identified under Denmark Programme</td>
</tr>
<tr>
<td>3</td>
<td>COVID 19 – interventions in water supply, sanitation and hygiene programme</td>
<td>2.5</td>
<td>To be identified under NDF programme</td>
</tr>
<tr>
<td>4</td>
<td>COVID 19 – interventions in water supply, sanitation and hygiene programme</td>
<td>2.5</td>
<td>To be identified under NDF programme</td>
</tr>
<tr>
<td>5</td>
<td>COVID 19 – interventions in water supply, sanitation and hygiene programme</td>
<td>2.5</td>
<td>To be identified under NDF programme</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>10.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

2.7 Project Preparation and Implementation

2.7.1 Active Projects

**Status**: At the end of 2020, there will be a total of 27 active projects at different stages of preparation and implementation. These are the projects that the AWF will continue to implement in 2021. This will be increased by the number of new projects to be approved in 2021.

2.7.2 Project Completion

Completion is the stage in the project cycle at which all planned activities have been undertaken, and implementation has been concluded.

**Indicator** – The number of projects brought to completion in the year.

**Status**- Two projects (Multinational - Integrated regional development programme for the Ruzizi Plains; and Zambia - Climate resilient smallholder irrigation development programme) were completed between January and September 2020 (22.2% performance) while another three projects (from Côte d'Ivoire, DR Congo and Madagascar) are on track to be completed by the end of the year (all in the month of December 2020). Three of the projects (from Eswatini, Orange-Senqu Basin and South Africa), have had their completion dates extended to 2021. One project (from Morocco) has been closed, restructured and re-approved. This project is now due for closure in December 2022.

**Plan**: In 2021, it is planned to bring twelve (12) of the 25 ongoing projects to completion.

2.7.3 Project Closure

Project closure is the stage of formally closing project operations and evaluating their successes. Project closure involves notifying stakeholders of the closure; handing over deliverables, equipment, and documentation to the project owners; winding up supplier and service contracts; releasing staff; performing a final audit and preparing a project completion report (PCR).

**Indicator** – The number of projects closed in the year
**Status** - As of 30 September 2020, two completed projects (from Zambia and Liberia) had been closed (50% performance against annual target). Two projects (the Multinational Ruzizi Plains project – and the Somalian project) had their Project Completion Reports (PCRs) completed and approved in 2020 (40% performance against annual target). By 30 September 2020, 19 final project audits had been completed (127% performance), four audits were ongoing and recruitment of four audit firms to undertake 16 audits for 2021 was ongoing (75% performance).

**Plan** – The target for 2021 is to close 12 completed projects. In addition, it is planned to: approve 12 PCRs; conduct 17 final project audits; and recruit auditors to undertake 12 additional audits.

### 2.8 Investment Promotion Activities

The AWF will continue with investment promotion activities to ensure that AWF-prepared projects attract financing for downstream investment.

**Plans:** Planned activities for investment promotion by the AWF in 2021 are:

- Finalizing the study for the establishment and operationalization of the Africa Urban Sanitation Investment Fund and undertaking initial resource mobilisation efforts for the fund.
- Developing a portfolio of projects and marketing it to donors at international events and through the AWF’s web portal.
- Reviewing completed projects to identify those with a potential to attract private financing and marketing this collection of projects to the private sector.
3 BUDGET PERFORMANCE AND FINANCIAL MANAGEMENT

3.1 Administrative Budget

Status: The AWF administrative budget for 2020 was €4.0 million. Of this, €2.1 million (53%) was contributed from the AWF Special Fund, while €1.9 million (47%) came from the African Development Bank. The €2.1 million from the AWF Special Fund is composed of €1.40 million for staffing and administrative expenses and €0.70 million for project-related administrative activities (project audits, project completion, sanitation studies and knowledge products and consultancy).

Plan 2021: The AWF administrative budget forecast for 2021 is €4,259,147. Of this, €2,157,231 (50.6%) will be contributed from the AWF Special Fund, while €2,101,916 (49.4%) will come from the African Development Bank. Compared to 2020, there is an increase of €260,000 (6.5%) in the AWF annual budget. The main reasons for the increase are the following:

- The position of Chief Water Policy Officer was not budgeted for in 2020. A decision was taken in early 2020 to convert this position to an M&E position. This is the driver of the increase in the Bank’s portion of the administrative budget.
- The budget line for resource mobilisation has been increased from €200,000 in 2020 to €300,000 to cater for the planned intensification in resource mobilisation efforts in 2021.
- The budget line for Studies and Knowledge Products budget has been increased from €100,000 in 2020 to €200,000 in 2021 to cater for an increase in preparation and dissemination of knowledge and learning products in line with the recommendations of the BDEV Independent Evaluation of the AWF (2005-2018).
- All others budget lines have either been maintained, reduced or slightly increased based on an assessment of the workload (and corresponding budget requirements) in the current year and planned targets for 2021. For example, the project audit budget has slightly increased to cater for the increased number of audits expected in 2021 while the consultancy budget has reduced slightly as consultancy inputs associated with the major process of the merger of the water trust funds and revision of the AWF 2017-2025 will have been completed in 2020.

The key expenditure areas of the administrative budget are three, namely: (1) staff costs, consultants, and missions (covering staff salaries, benefits, technical assistants, individual consultants, travel, accommodation, etc.); (2) other administrative costs, including office overhead costs; meetings, workshops, and seminars; governance meetings; hospitality; resource mobilisation; and communication; (3) project related costs, covering project preparation, consultancy firms, project audits, studies, and knowledge products.

The detailed breakdown of the 2021 administrative budget is shown in Table 3.
Table 3: Expenditure funded from the AWF Special Fund

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>BUDGET 2020</th>
<th>EXPENDITURE 2020 (at as Sept)</th>
<th>BUDGET 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Salaries and Benefits 2</td>
<td>391,576</td>
<td>222,079</td>
<td>410,231</td>
</tr>
<tr>
<td>Technical Assistants (TA)</td>
<td>270,082</td>
<td>102,977</td>
<td>200,000</td>
</tr>
<tr>
<td>Consultancy (Firms)</td>
<td>400,000</td>
<td>166,340</td>
<td>300,000</td>
</tr>
<tr>
<td>Consultancy (Individuals)</td>
<td>200,000</td>
<td>150,129</td>
<td>200,000</td>
</tr>
<tr>
<td>Project Audits (Grants)</td>
<td>200,000</td>
<td>203,754</td>
<td>250,000</td>
</tr>
<tr>
<td>Governing Council</td>
<td>70,000</td>
<td>2,465</td>
<td>70,000</td>
</tr>
<tr>
<td>Resource Mobilization</td>
<td>200,000</td>
<td>14,164</td>
<td>300,000</td>
</tr>
<tr>
<td>Communication Costs</td>
<td>50,000</td>
<td>24,861</td>
<td>50,000</td>
</tr>
<tr>
<td>AWF Annual External Audit</td>
<td>7,000</td>
<td>6,500</td>
<td>7,000</td>
</tr>
<tr>
<td>Studies and Knowledge Products</td>
<td>100,000</td>
<td>1,982</td>
<td>200,000</td>
</tr>
<tr>
<td>Workshops and Seminars</td>
<td>50,000</td>
<td>9,559</td>
<td>50,000</td>
</tr>
<tr>
<td>Mission Cost 2 (Project Appraisal, Supervision)</td>
<td>120,000</td>
<td>8,088</td>
<td>120,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,058,658</strong></td>
<td><strong>912,898</strong></td>
<td><strong>2,157,231</strong></td>
</tr>
</tbody>
</table>

Table 4: Expenditure funded by AfDB

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>BUDGET 2020</th>
<th>EXPENDITURE 2020 (at as Sept)</th>
<th>BUDGET 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Salaries and Benefits 1</td>
<td>870,382</td>
<td>650,786</td>
<td>971,416</td>
</tr>
<tr>
<td>Consultancy</td>
<td>0</td>
<td>6,211</td>
<td>10,000</td>
</tr>
<tr>
<td>Operation Support (legal, finance, IT, Procurement etc.)</td>
<td>500,000</td>
<td>375,000</td>
<td>525,000</td>
</tr>
<tr>
<td>Mission Cost 1 (Projects Supervision)</td>
<td>120,000</td>
<td>10,451</td>
<td>120,000</td>
</tr>
<tr>
<td>Overhead Costs (Office Running Costs)</td>
<td>450,000</td>
<td>337,500</td>
<td>472,500</td>
</tr>
<tr>
<td>Meetings - Bank Business</td>
<td>0</td>
<td>1448</td>
<td>2,000</td>
</tr>
<tr>
<td>Hospitality</td>
<td>0</td>
<td>805</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,940,382</strong></td>
<td><strong>1,382,199</strong></td>
<td><strong>2,101,916</strong></td>
</tr>
<tr>
<td><strong>TOTAL AWF and AFDB Funded Expenditure</strong></td>
<td><strong>3,999,040</strong></td>
<td><strong>2,295,097</strong></td>
<td><strong>4,259,147</strong></td>
</tr>
</tbody>
</table>

Notes

1. The AfDB budget is approved in Units of Account (UA); Euro amounts are calculated based on 2020 months average (1 UA = 1.23 Euro).
2. Benefits are estimated based on data provided by the Human Resources Management Department (CHHR).
3. Operational support and overhead costs are not formally included in the AfDB budget of the AWF. The overhead costs are estimated at the end of the year by the Bank proportionally to the number of AWF staff; operational support cost estimates are based on project commitments, with a 5% increase relative to 2020. In order to estimate the administrative costs as accurately as possible, they are taken into account in the AWF budget.
4. In accordance with Bank’s procedures, the AWF may move budgeted amounts among line items as required for proper execution of the budget.
3.2 Budget for ongoing projects

**Status:** As of 30 September 2020, there were 25 ongoing projects with a total AWF commitment of €36.1 million. The undisbursed project grants balance at the end of September 2020 was €22.29 million.

3.3 Project disbursement

Project disbursement refers to the transfer of finances from the AWF special fund to executing agencies for project implementation in accordance with the financing agreement.

**Indicators**

(a) The amount of funds disbursed to projects; and “total amount disbursed” expressed as a percentage of “total planned disbursements”.

(b) The disbursement in a year expressed as a percentage of the undisbursed balance at the start of the year.

**Status** – In the year 2020, there were 27 active projects at the facility. The AWF grant commitment to the 27 projects amounted to €39.779 million. By September 2020, a total of €2.70 million had been disbursed to the projects to support their implementation. This was 6.78% of the total AWF grant commitment, and a performance of 67.5% of the revised disbursements of €4 million. With respect to the second indicator, the disbursement as at September 2020 was 12% of the undisbursed balance at the start of the year, which was lower than the annual target of 30%.

**Plan:**

(a) It is planned to disburse €12 million to active projects in 2021 and achieve 100% planned disbursements. This estimate is based on a detailed project-by-project assessment of cash flow requirements and absorption rates.

(b) Disbursed funds in 2021 will be at least 30% of the undisbursed balance at the start of 2021.

3.4 Budget Utilisation - Administrative Costs

**Indicator** – The total administrative expenditure as a percentage of total administrative budget.

**Progress** – The total administrative expenditure as of September 2020 was €2.3 million, which is 67.5% of the annual budget of €4.0 million against the annual target of 100% expenditure. In terms of the two funding sources, the utilisation rate for the AWF Special Fund budget was 44.3% while that of the African Development Bank was 71.2%.

**Plan:** 100% utilisation of the administrative budget in 2021.

3.5 Administration to Cost Ratio

One of the metrics used to monitor the AWF’s financial performance is the ratio of administrative costs to direct project costs. This indicator is used to measure the ratio of aggregated indirect costs (administrative and governance costs not directly related to an individual project) to aggregated direct costs (project related costs and disbursements). The methodology used entails separating staff costs
from project activities and administrative activities using the time records of staff; and separating other cost lines between project and administration costs. The indicator provides an idea of the efficiency of an organisation by comparing the administrative expenses to all project related costs.

**Indicator** – The ratio of administrative costs to direct project costs.

**Status** - Project-related administrative costs as of September 2020 totalled €1,559,682. When combined with project disbursements in 2020 (€2,678,365), it gives a total of €4,238,047 as the aggregated costs directly related to project implementation. The aggregated indirect costs funded by AWF and the African Development Bank in 2020 totalled €735,415. The AWF administrative to cost ratio was therefore 17.3%, which was higher than the annual target of 6.00%.

**Plan** - It is planned for administrative costs to be no more than 6% of direct project costs in 2021.

### 3.6 Mobilisation of Co-funding

The level of financing required to implement the AWF Strategy (2017-2025) is substantial. To increase the leverage effect and number of projects supported with contributions from the AWF’s Special Fund, the facility strives to mobilise co-funding for project implementation from grant beneficiary countries, development partners, other project preparation facilities (PPFs), and non-governmental organisations.

**Indicator** - The amount of committed project co-funding expressed as a percentage of total project funding requirements.

**Status** - As of September 2020, four projects (from Kenya, Ghana, Zambia and a multinational/AMCOW project) had been fully appraised and approved. The total AWF grant commitment to the four projects was €3.715 million (which was 71.9% of total funding requirement); co-financing from other development partners was €0.777 million (15% of total funding requirement), and in-kind contribution from the beneficiary countries was €0.676 million (13.1% of total funding requirement). The combined co-funding from AWF partners and beneficiary governments (cash and in-kind) was €1.454 million (28.1% of the total funding requirement).

**Plan** – In 2021 it is planned to mobilise at least 25% of the cost of AWF-supported projects as monetary contribution from AWF partners, and 50% of project costs as combined monetary and in-kind contributions from AWF partners and grant beneficiaries.

### 3.7 Mobilisation of Financing for Downstream Investments

An important measure of AWF’s performance is the extent of investment financing mobilised from public, private sector and non-governmental sources for the implementation or upscaling of AWF-prepared projects.

**Indicators**

(a) **Committed investment financing** mobilised for water sector infrastructure projects, from follow-on investment projects that are directly attributable to AWF funded studies, or catalytic investment projects.

(b) **The number of projects and financing committed** in scaling up innovative approaches or business models
African Water Facility

2021 Work Plan & Budget

16

(c) **Leverage Ratio**\(^2\) - Committed investment financing from all sources against AWF funding directed at the preparation of investment projects

(d) **Success Rate** – The percentage of completed AWF-supported investment-ready and bankable, gender informed projects and programs that mobilize follow-on financing from governments, development partners and private sector.

**Status** - In 2020, the AWF continued to mobilize resources to finance downstream investments prepared through its completed projects. A total of US$24.38 million was secured for downstream investments in two projects – ‘Integrated regional development programme for the Ruzizi Plains’ (a multinational project covering Burundi, the Democratic Republic of Congo and Rwanda) and ‘Developing an integrated urban water management master plan for the Marondera Municipality’ from Zambia). The pledges for investment finance for the two projects came from Global Environment Facility (GEF), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), the private sector (Rwanda Energy Group), Nordic Development fund (NDF) and the Government of Zambia. In addition, the Bank had pledged a total of €119 million in investment finance to two further AWF projects – one in northern Nigeria (‘Komadugu - Yobe water resources strategic action plan investment’) and another in southern Mozambique (‘Development plan and feasibility study for urban sanitation, drainage, and solid waste management in Chimoio and Inhambane’). The Board approval of the pledges was deferred to 2021 as the Bank has prioritized interventions to address the COVID-19 pandemic in 2020.

**Plan:**

(a) It is planned to secure €10 million in new commitments for downstream investments in 2021.

(b) Two projects will be committed to scale up innovative approaches /or novel business models in 2021.

(c) –Committed investment financing from all sources expressed as a ratio of AWF funding to prepare the investment projects is planned to remain at 29:1 in 2021

(d) In 2021, it is planned that ≥ 50% of AWF-prepared investment-ready, projects secure subsequent financing from governments, development partners and private sector.

3.8 **Adequacy of AWF Funding**

The adequacy of AWF funding indicator is used to provide a summary of AWF’s financial position. It provides an indication of its ability to continue routine operations over a three-year period. For a number of years, there has been progressive drawdown of resources in the AWF Special Facility, with little replenishment. This was partially due to the staffing issues described above, and partially as a result of inadequate attention being paid to resource mobilisation. This situation is set to change with the increased efforts made by AHWS/AWF and FIRM in 2020 to secure new resources for the AWF Special Fund.

**Indicator** - The total funding available for future commitments expressed as a percentage of the planned funding needs over the next 3 years.

---

\(^2\) The leverage ratio is one of the AWF Key Performance Indicators that indicates the level of committed investment financing from all sources (follow-on investments), against the AWF funding directed at the preparation of investments projects (completed bankable projects).
**Status:** The estimated available funds for operational activities beyond September 2020 is €8.526 million. This can only cover the AWF’s work programme for the last quarter of 2020 and part of 2021. The AHWS/AWF in collaboration with FIRM in 2020 continued a resource mobilisation drive that was initiated in 2019. The efforts began to yield fruits, with a new commitment of €1.5 million from Austria, and two other donors – Denmark and NDF – providing new pledges of €20 million and €7.5 million respectively, to the Fund. New grant agreements with the two donors are expected to be signed by the end of 2020.

**Plan** - 100% of funds needed for operations over the next three years (at least €45 million) are to be available at the end of 2021.

The table below summarises the situation expected at the end of 2021. The AHWS/AWF will continue to work with FIRM in 2021 and beyond to raise more resources into the Special Fund, and achieve the target of funds sufficiency.

**Table 5: Projected Financial Status of the Special Fund at end of 2020**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (€ mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Requirements</strong></td>
<td></td>
</tr>
<tr>
<td>New Project Grant Commitments (AWF Fund) 2021</td>
<td>10.00</td>
</tr>
<tr>
<td>Administrative and Operational Expenses (AWF Fund) 2021</td>
<td>2.20</td>
</tr>
<tr>
<td>Total AWF Fund Requirement in 2021</td>
<td>12.20</td>
</tr>
<tr>
<td><strong>Funds available in 2021</strong></td>
<td></td>
</tr>
<tr>
<td>Estimated balance brought forward from 2020</td>
<td>5.50</td>
</tr>
<tr>
<td>Expected 2021 contributions *</td>
<td>15.97</td>
</tr>
<tr>
<td>Total funds available in AWF Fund in 2021</td>
<td>21.47</td>
</tr>
<tr>
<td><strong>Estimated balance to be carried forward to 2022</strong></td>
<td>9.27</td>
</tr>
</tbody>
</table>

**Notes:**

1. With signed agreements €0.8m from BMGF (4th tranche of $1.0m), Austria €0.7 (€0.5 m for 2021 Strategic commitment and €0.2 technical assistance commitment) and €0.3m from Nigeria.

2. There is a firm commitment from NDF (€7.5 m) and Denmark (€20m over three years). These agreements are expected to be signed by end of 2020.

**Table 6: Expected contributions to the AWF Special Fund in 2021**

<table>
<thead>
<tr>
<th>Source of contribution</th>
<th>Amount (€ mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark (assuming €20 M will be disbursed equally over 3 years)</td>
<td>6.7</td>
</tr>
<tr>
<td>NDF</td>
<td>7.5</td>
</tr>
<tr>
<td>Bill &amp; Melinda Gates Foundation (€1 million)- 4th tranche</td>
<td>0.8</td>
</tr>
<tr>
<td>Austria (€0.5 m year 2 Strategic Plan support and €0.2 m for TA)</td>
<td>0.7</td>
</tr>
<tr>
<td>Nigeria</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16.0</strong></td>
</tr>
</tbody>
</table>
3.9 Advocacy and resource mobilisation

The continuity of AWF operations, and the facility’s ability to implement the Strategy 2017-2025 and contribute to attainment of the African Water Vision (AWV) 2025, depends on its ability to network and continually secure adequate financial and technical resources. For a number of years, the AWF annual reports have shown dwindling resources in the AWF Special Facility necessitating a strong response in the form of resource mobilisation. The AWF, in collaboration with FIRM, prepared a resource mobilisation strategy to guide activities to raise resources, and in 2020 the AWF started to implement the strategy.

Status: Activities to be undertaken in 2020 included:

(a) preparation of a pitch document for donors, and preparation of knowledge products on AWF success stories,
(b) commencing preparations for market testing for the AUSIF fund;
(c) undertaking a European tour, led by the Director AHWS, to hold one-one-one discussions with development partners;
(d) requesting a UA 10 million grant from the Bank Group to the AWF Special Facility;
(e) commencing preparations for a donor roundtable conference for the AUSIF Fund in August 2020 on the side-lines of the world water week in Stockholm, Sweden;
(f) commencing joint preparation with AMCO, New Partnership for Africa’s Development /African Union Commission and United Nations Economic Commission for Africa for the annual replenishment conference of the AWF to be held in November 2020 in Austria hosted by the Austrian Ministry of Foreign Affairs.

The above efforts, which were in high gear in the first quarter of 2020, came to a standstill in April 2020 when travel bans, and lockdowns were imposed by countries across the world in response to the COVID-19 pandemic.

In the ensuing months of lockdown, the AHWS/AWF initiated discussions with Norway, Denmark, Austria, NDF, Sweden, the European Union and the Netherlands among others for possible COVID-19 response programming in Africa and secured pledges of € 27.5 million from the NDF and Government of the Royal Kingdom of Denmark. It also obtained a commitment of € 1.5 million from Austria.

Plan: In 2021, renewed efforts will be made by AWF in consultation with FIRM and FIST, to launch a new resource mobilisation drive that will mostly rely on virtual meetings and dialogue with donors to raise resources for the AWF Special Facility and new AUSIF Fund. Specific targets for 2021 are the following:

i) 10 new donors to be identified in 2021.
ii) 100% of identified donors contacted in 2021.
iii) 10 bilateral virtual meetings, 5 phone conferences, and 1 roundtable held in connection with resource mobilisation in 2021.
iv) Two new financing agreements signed with donors in 2021
v) A total of €10 million mobilised in new commitments to the AWF in 2021.
3.10 Annual Independent Audit

As a requirement of its Operational Manual, the AWF undergoes an independent external audit once a year.

**Status:** The 2020 independent audit report was submitted to the Bank’s Board of Directors together with the annual report. The auditors issued an unqualified audit opinion, which is consistent with past audit reports. Both documents were approved by the Board of Directors.

**Plan:** The planned targets with respect to audit in 2021 are two:

(a) As initiated in 2019, the AWF plans to have the independent audit and annual report of AWF activities presented to its governance bodies at the same time.

(b) To have an unqualified (i.e. positive) audit opinion issued by the audit firm.
4 ENHANCING PROGRAMMATIC AND ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS

4.1 Independent Evaluation

The year 2021 represents the second year of implementation of recommendations of the independent evaluation of the AWF covering the period 2005 to 2018 that was carried out. The evaluation which was carried out by the Bank’s Independent Evaluation Department (IDEV) and concluded in 2019, presented a positive picture of the AWF’s results and impacts and rated AWF as a highly relevant instrument for supporting African countries in addressing sector challenges. The study established, for example, that the AWF had been effective in enabling RMCs to introduce innovative models for managing national water resources, that AWF projects had satisfactorily achieved their outcomes, and that AWF’s development effectiveness was overall satisfactory. But the study also highlighted areas for improvements that included (1) the incorporation of cross-cutting issues - especially gender - in AWF project designs; (2) following up with investment partners and institutions to ensure the implementation of environmental impact assessment studies for category 1 projects prepared by the AWF; (3) enhancing operational efficiency and; (4) broadening results reporting and communication about AWF as a facility, its operations and achievements and results.

Status: The BDEV independent evaluation was finalised and approved by the Board of Directors in June, 2020. In addition, a Management Response prepared by AHWS/AWF Management was approved by CODE. In this response, the management of AHWS and AWF committed to taking 14 actions under five thematic areas over a three-year (2019-2021) period to address the weaknesses that were identified. Implementation of the management response commenced in 2020 and included the following measures:

- Initiating a review of AWF’s Operational Procedures and Operational Manual as part of the integration process to merge the three water trust funds.
- Initiating a review of the AWF’s organisational framework as part of the integration process to merge the three water trust funds.
- Approaching AMCOW and constituting a joint task team to develop a partnership framework between AWF and AMCOW that will clarify and harmonize the roles of AMCOW and the RMCs in relation to the AWF mandate.
- Initiating arrangements to have a virtual AMCOW Technical Advisory Committee meeting held back-to-back with the Governing Council Meeting in 2020.
- Initiating the procurement of a communication specialist to review and improve the AWF’s communication strategy and the communications and advocacy plan.
- Initiating the revision of the monitoring and evaluation framework as part of the revision of the AWF 2017-2025 Strategy.
- Initiating improvements to the AWF website and the procurement of professional communication firms to develop multiple knowledge products.
- Initiating training for project executing agencies in project management, procurement and fiduciary matters.
- Ensuring the administrative budget of the AWF has adequate provisions to support communication, visibility and outreach activities 2021.
- Initiating plans to participate in regional fora such as the Africa Investment Forum and play a role in linking project developers to investors.
Plan: In 2021, the above actions (initiated in 2020) will be continued to deliver the outputs committed under the Management Response.

4.2 Fast-tracking project appraisal

The target of the AWF, consistent with good management practices, is to keep the time from project appraisal to project approval as short as is practically possible, to ease financial management and maintain project momentum, retaining the interest of project owners and implementing agencies.

Progress: The four projects approved by September 2020 took an average of 6.8 months from appraisal to approval, which is higher than the annual target of 4 months. The delays were caused by time spent in identifying potential investors and co-financiers; budget limitations and the weak capacity of executing agencies. Initial delays were compounded after March 2020 by further setbacks introduced by the COVID-19 pandemic.

Target: It is planned to attain a period of four months as the average duration from project appraisal to project approval in 2021.

4.3 Quality at Entry

The “Quality at Entry” (QaE) refers to aspects of an AWF project at the time the project is exiting the AWF portfolio and about to enter the portfolio of downstream investment partners before implementation commences. Quality at entry is a principal determinant of successful development outcomes and is the foundation on which successful project implementation is built. The QaE ratings of AWF projects are extracted from end of project reviews and project completion reports (PCRs). The ratings are based on 11 criteria grouped under four drivers of project quality: relevance, effectiveness, efficiency, and sustainability.

During the lifetime of projects, the AWF continuously and systematically applies quality at entry criteria as elaborated in the various reference guidelines (climate, GSE, etc.). The AWF develops a concept note when a project joins the pipeline and continuously updates it as the project progresses through preparation and appraisal. The AWF also conducts an additional internal review early in the appraisal stage to review project concepts and operations with respect to environmental mainstreaming and standards for environmental and social safeguards.

Indicator – The percentage of completed projects that have the overall PCR rating of “satisfactory” to “highly satisfactory”.

Status - Two AWF projects had their project completion reports approved in 2020 with overall PCR scores falling between 2.50 and 3.49 out of a maximum score of 4.0 and were rated “satisfactory”. Thus, the score for this indicator in 2020 is 100% projects rated “satisfactory” or “highly satisfactory” against the annual target of 90% rated “satisfactory” or “highly satisfactory” for overall project quality.

Plan: - It is planned that 95% of completed and closed projects in 2021 will have an overall PCR rating of “satisfactory” to “highly satisfactory”.
4.4 Project Supervision

Project supervision is critical to keep projects on track and detecting signs of any emerging challenges at an early stage.

Indicator - The number of supervision missions conducted in each year per active project.

Status - There were 27 active projects in 2020. By September 2020, the AWF had conducted 8 field supervision activities covering 8 projects. The AWF also conducted 8 desk-based supervisions and engagement of executing agencies in 2020. Thus, there were 16 supervision missions in 2020 against the target of at least 54 missions for the 27 active projects representing a ratio of 0.59 missions per project in 2020.

Plan - It is planned to conduct at least two missions per active project in 2021.

4.5 Task Managers

One of the measures by which the AWF ensures good management of its projects is through the appointment of task managers to coordinate and oversee the implementation of active projects (i.e. projects that have been approved but which have not been completed). The task managers are appointed from amongst AWF’s technical staff. As the number of AWF technical officers is small relative to the number of its projects, the AWF draws on the support of other Bank departments for supervision, which action is encouraged and recommended by the Bank’s Board. The AWF also task shares project appraisals and supervision with Bank operational staff.

Indicators:

(a) The average number of active projects managed by each task manager.

(b) The percentage of AWF project supervision activities (i.e. project appraisal, supervision and closure) that are task-shared (i.e. implemented jointly) with other Bank departments.

Status - In 2020, there were 11 AWF-appointed Task Managers responsible for managing the 27 active projects. Four of these task managers were from AWF while 8 were from the Bank’s Water Development and Sanitation Department (AHWS). The average number of projects managed by each task manager was 2.3, which was well below the annual target of four active projects for every task manager. In 2020, all activities related to project appraisal and supervision across the 27 active projects were task-shared with personnel of other Bank departments.

Plan:

(a) The target in 2021 is for an average of 4 active projects managed by each task manager.

(b) At least 90% of project activities are to be shared with other departments of the AfDB especially in the areas of resource mobilisation, communication, agriculture and agribusiness, energy, water and sanitation, fragile states and gender.

4.6 Delayed Projects

As a further measure of monitoring project timeliness, the AWF tracks projects that are experiencing delays. Delayed projects are defined as projects that have had zero disbursements for a period of 12
months, or where 50% or more of the planned disbursements over a two-year period have not been made.

**Indicator** - The number of projects that are delayed expressed as a percentage of total active projects.

**Progress** - As of September 2020, ten of the 27 active projects fitted the description of delayed projects. This translated to 37% of active projects being delayed, which was higher than the annual target of 10%.

**Plans:** The AWF target in 2021 is to ensure that at the end of the year, fewer than 10% of projects are on the delayed list. This is possible through close monitoring of delayed projects and by carrying out a regional portfolio review exercise that tracks performance of projects on a monthly basis. Close follow up of projects has been initiated in 2020 and will be continued into 2021.

4.7  **Project Cancellation**

Project cancellation is the termination of a project prior to its completion. The AWF considers a project eligible for cancellation if it is still under implementation (approved but not completed) and has received no disbursement over the previous 24 months or has triggered other preconditions for cancellation set out in the contract agreement or project document.

AWF task managers pay special attention to ageing projects in order to help resolve any problems hindering their progress. If the project bottlenecks cannot be easily resolved, and there are no other viable alternatives to salvage the aging projects, the task managers initiate cancellation of the projects.

**Indicator** - The number of projects that are eligible for cancellation expressed as a percentage of total active projects.

**Progress** - As of September 2020, no projects out of 27 active projects (0%) were eligible for cancellation as per African Development Bank guidelines.

**Plan** - Projects eligible for cancellation shall be no more than 2% of active projects in 2021. Close follow up of delayed projects will be continued in 2021 to ensure that no new projects become eligible for cancellation.

4.8  **Partnerships**

Forging and leveraging partnerships and collaboration is one of the key strategies that AWF employs to implement its work plan and deliver on its goals. Over the years, AWF has formed 163 partnerships and leveraged them to support 119 projects. This represents an average of 1.4 partners per project. AWF’s partners include grant recipient governments, regional economic communities (RECs), river basin organisations (RBOs), non-governmental organisations (NGOs), community-based organisations (CBOs), multilateral financing institutions, bilateral agencies, the private sector and other funding sources, including trust funds.

**Indicator** - Number of active project partners.

**Status** – The AWF set and attained a target of maintaining existing partners in 2020. The AWF had 163 partnerships supporting the portfolio of 123 approved projects at the end of September 2020 (a ratio of 1.32 projects per partner). The AWF in 2020 also strengthened ties with sister departments in the Bank (including the Corporate IT Services Department (CHIS), Communications and External Relationships
Department (PCER), Delivery, Performance Monitoring and Results Department (SNDR), Resource Mobilisation Department (FIRM) and General Counsel and Legal Services Department (PGCL) and with three multilateral financial institutions, the Asian Infrastructure Investment Bank, Asia Development Bank and Islamic Development Bank. Discussions regarding establishing new partnerships are under consideration with the African Climate Resilient Investment Facility (AFRI-RES), and with the Global Water Partnership (GWP) and Global Climate Fund (GCF).

**Plan:** The AWF’s plan is to maintain and grow the number of AWF partnerships in 2021. The facility’s plans to renew efforts at resource mobilisation in 2021 will go hand-in-hand with reaching out to, and engaging with development partners to leverage their capacities and resources for addressing Africa’s water priorities. The facility will maintain its historically close coordination with AMCOW to harmonise activities and related strategic initiatives; establish an investment promotion platform and organize joint investment promotion events; as well as continuing to promote project-related partnerships with donors and the private sector to generate co-financing and leverage investments. The AWF will also make efforts to identify and reach out to new donors while strengthening relationships with existing partners. Most of these activities will be done virtually.

### 4.9 Communication

The AWF has developed and is running a communications programme that targets a wide audience and makes use of various media and channels. The objectives of the communications programme are to: (a) share the results of AWF’s work broadly; (b) increase AWF’s visibility; (c) enhance AWF’s credibility and reputation; (d) improve AWF brand positioning; and (e) ensure AWF’s compliance with the African Development Bank’s accountability, transparency and public disclosure policies.

**Indicators** –

(a) The number of AWF website visitors.

(b) The frequency of website updates

(c) The number of outreach events.

(d) The number of press releases issued.

**Status:** Key achievements of AWF as of September 2020 included the following: revamping of the AWF website, adding a database of bankable projects, adding a Twitter handle updated daily with news from the water sector; creating a new Facebook page with fresh content; participating in numerous virtual events and providing information on the AWF through these events. The AWF had 41,230 visitors to its website by the end of September 2020.

**Plans –** As one of the actions in the Management Response to the BDEV Independent Evaluation of the AWF, enhancing communications, visibility and outreach will be stepped up in 2021, taking advantage of the Bank’s inhouse communication capacities and optimising the use of the AWF’s digital platforms and multimedia tools. Also planned in 2021 is the completion of hire of a communication expert and carrying out a revision of the AWF Communication and Advocacy Strategy and Action Plan with the benefit of this expertise. The consultant will also support the ongoing work to enhance communications through the AWF website and social media platforms. Specific targets related to communication are the following:
(a) Number of AWF website visitors: target of 40,000 website visitors in 2021.
(b) Frequency of website updates: target of one update per month in 2021.
(c) Number of outreach events: target of 8 virtual outreach events in 2021.

4.10 Knowledge Management

The AWF engages in a broad range of knowledge management activities through which it creates, shares, uses and manages knowledge and information on water sector investments.

**Indicators** –

(a) The number of knowledge products prepared and disseminated.
(b) The number of knowledge management events organised.

**Status** – As of 30 September 2020, two sets of bids were being evaluated to select communication firms to prepare knowledge products under two lots: Lot 1 on urban sanitation and water resources management; and Lot 2 on water resource monitoring, information management systems, and gender and social equity. Two consultancies are expected to be commissioned by the end of November to prepare different knowledge products under the two lots. The knowledge products will include policy brief or technical papers, audio documentaries, video documentaries, retractable banners or branded pull up stands, and power point presentations on the topics of the two lots. While arranging for the production of the large batch of knowledge products, the AWF prepared several advance knowledge products (including short stories, policy briefs and podcasts) on water development monitoring and evaluation.

**Plan** – As another key action responding to the BDEV Independent Evaluation, the facility in 2021 will continue with activities to design, prepare, produce and disseminate key knowledge products to support the AWF’s communication and resource mobilisation drives, and the planned launch of the AUSIF Fund. Under guidance of the incoming communication firms, the AWF will establish a quarterly pipeline of communications deliverables (knowledge products, beneficiary impact stories, social media campaigns) that tie in opportunities with other Bank projects. The first batch of knowledge products will be ready for dissemination in June 2021. Specific targets related to knowledge management are the following:

(a) The number of knowledge products prepared: target of 8 stories and 8 case studies on lessons learnt from completed projects prepared in 2021.
(b) The number of knowledge management events organised: target of 2 virtual knowledge management events organised in 2021.

4.11 Human Resources Management

The people of an organisation are the most important inputs for delivering organisational goals and targets. The AWF organogram has a total of 14 staff positions. For a number of years prior to 2020, the staffing situation in the AWF was poor, with many vacancies (including the position of Coordinator) and high staff turnover. This situation seriously constrained the ability of the facility to implement its programmes. In 2019, a considerable effort was made to address the problem, which resulted in the
filling of five staff vacancies, bringing the total number of staff to 11 (out of 14 positions). This greatly improved the ability of the facility to fulfil its functions and is expected to facilitate its timely delivery of programmatic targets in the 2021 AWF work plan and budget.

Indicator –

(a) The number of vacant staff positions filled.

(b) The number of AWF staff expressed as a percentage of the total number of available staff positions

Status – As of 30 September 2020 a total of 11 of 13\(^3\) staff positions were filled, representing a performance of 84.66% staffing against the target of 100% staffing. The recruitment of staff to fill one vacant position – the position of Principal Monitoring and Evaluation Specialist – is ongoing. Discussions are also under way with the Bill and Melinda Gates Foundation to fund the vacant position of Principal Sanitation Expert. The table below shows the staffing position as at 30\(^\text{th}\) September 2020, and projected situation for 2021.

Table 7: Summary of AWF staffing position as of September 2020

<table>
<thead>
<tr>
<th>Positions</th>
<th>Status as of September 2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AFDB-funded Positions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coordinator</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Programme and Knowledge Officer</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Finance, Administration and Resource Management Officer</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Water Resources Management Officer (Southern Africa)</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Senior Water Engineer (Eastern Africa)</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Portfolio Analyst</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Monitoring and Evaluation Specialist</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Team Assistant</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td><strong>AWF-funded Positions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Water &amp; Sanitation Engineer</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Sanitation Specialist</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Public-Private Partnership Finance Expert</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Sanitation Expert (New)</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Water Supply and Sanitation Expert (Central Africa) (New)</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Principal Water Resources &amp; Climate Change Specialist (TA Austria)</td>
<td>🟢</td>
<td>🟢</td>
</tr>
</tbody>
</table>

Key

- 🟢 = filled  
- 🟢 = vacant

---

\(^3\) When the position of Chief Water Policy Officer fell vacant in 2018, it was decided not to fill this post, which reduced the total number of positions in AWF to 13. In 2020, it was decided to replace the position of Chief Water Policy Officer with that of Principal Water Supply and Sanitation Expert for Central Africa. This restored to the total number of staff positions to 14.
**Plans:** In 2021 it is planned to complete negotiations with development partners and carry out recruitment to fill the two vacancies and the proposed new position of a Water Supply and Sanitation Expert for Central Africa.

(a) Number of vacant staff positions filled: target of 3 positions filled in 2021.

(b) Number of AWF staff expressed as a percentage of the total number of available staff positions: target of 100% staffing in 2021.
5 ADDRESSING CROSS-CUTTING ISSUES

5.1 The Main Cross-cutting Issues

Cross-cutting issues are themes that have an important bearing on all aspects of development. Therefore, they deserve to be addressed under all project categories (i.e. they cut across different project types). Consideration for cross-cutting issues is an integral part of AWF’s Operational Procedures, and a requirement during the implementation of all AWF programmes and activities. The main cross-cutting issues taken into consideration in the identification, preparation, approval, implementation and monitoring and evaluation of AWF projects are gender and social equity, climate change, environmental protection, employment creation, poverty alleviation, irregular migration, transition states, the role of the private sector and integrated water resource management (IWRM). These issues are discussed in detail below.

5.2 Gender and Social Equity

In gender and social equity, the AWF aims to deepen consideration of gender and social equality themes in the context of development and is strengthening capacity in this area.

**Indicator –**

(a) The percentage of approved AWF projects that aim to improve gender and social equity, and/or deliberately target vulnerable groups.

(b) The percentage of Gender and Social Equity (GSE) indicators that are embedded within other indicators.

**Status** – In 2020, it was planned to develop a set of tools, checklists and M&E indicators to mainstream GSE considerations into project preparation terms of reference (ToR) and related feasibility studies. It was also planned to critically examine study design outputs to ensure that they produce gender informed designs. The AWF further planned to review its AWF 2010 Gender and Social Equity Strategy (GSES). Under Catalytic Investments, priority was to be given to projects that contributed to gender equality, pro-poor considerations and promoted social inclusion. The review of M&E indicators was initiated in 2020 under the study to revise the AWF 2017 – 2025 Strategic Plan but the review of the AWF 2010 Gender and Social Equity Strategy and preparation of tools and checklists was suspended until the merger and revision of the AWF 2017-2025 Strategy are completed. In this way the revision will cover the needs of the other two water trust funds absorbed into the AWF. All (100%) projects approved in 2020 were screened for their incorporation of gender and social equity issues and appropriate adjustments were made in project design.

**Plans:**

(a) **Target:** 100% of project proposals screened and approved for AWF grant funding in 2021 take into consideration the revised Gender and Social Equity (GSE) Guidelines.

(b) **Target:** All Gender and Social Equity (GSE) indicators are embedded within other indicators

In 2021, the AWF will start to operate the revised M&E indicators (being revised as part of the preparation of a new AWF 2017-2025 Strategy) that have mainstreamed GSE considerations. The AWF will also revised the 2010 GSE Strategy and develop new tools and checklists to guide project preparation and other programmatic activities of the new AWF.
5.3 Climate Change

Climate change is arguably the single biggest threat to the sustainability of ecosystems and the human race on planet Earth. Climate change is already under way and having far-reaching effects on all aspects of development. It is imperative, therefore, that all projects contribute to mitigating the impacts of climate change and/or reducing the risk of its impacts on communities and the environment.

**Indicators** -

(a) The percentage of AWF projects in which climate change adaption and mitigation measures have been mainstreamed.

(b) The percentage of approved AWF projects that demonstrate or pilot climate adaptation or mitigation approaches.

**Status** - In 2020, AWF’s newly recruited climate change specialist worked with task managers to ensure that all (100%) new projects appraised in 2020 incorporated climate change adaptation and mitigation measures. The climate change specialist started to review projects in the AWF project pipeline with the intention of identifying and grouping together pipeline projects with a potential to contribute significantly to climate change adaptation and mitigation (to ease prioritization). Furthermore, through the climate change specialist, the AWF provided technical support to two transboundary water projects (in the Lake Kivu and Lake Victoria basins) in developing Project Identification Forms (PIF) for GEF funding. The Lake Kivu project succeeded in securing a USD 6.5 million grant from GEF. The AWF also prepared a pilot project in Ethiopia under the CIF Pilot Programme for Climate Resilience that is expected to be approved in 2021. Finally, the AWF has been working with partners (AfDB Climate Department, GWP and AMCOW) to prepare an Africa multi-country water sector capacity building Readiness Programme for possible GCF financing.

**Plans:**

(a) The percentage of AWF projects in which climate change adaption and mitigation measures have been mainstreamed. Target: 100% in 2021.

(b) The percentage of approved AWF projects that demonstrate or pilot climate adaptation or mitigation approaches. Target: 80% in 2021.

Further to the above targets, the AWF will continue and complete activities on climate change initiated in 2020. These include the identification and prioritisation of projects in the project pipeline that have potential to contribute to climate change adaptation and mitigation; supporting RBOs and RECs in preparing applications for climate financing; following up the approval of the Ethiopia pilot project; and completing the preparation and seeking approval from GCF for the Africa Regional Readiness Programme.

5.4 Poverty Alleviation and Employment Creation

Ending poverty in all its forms is the number one goal of the SDGs, and employment creation is one way of achieving this.

**Indicators** –

(a) The number of direct temporary and permanent jobs created.
(b) The percentage of AWF-funded projects in which poverty alleviation measures have been mainstreamed.

**Status:** In 2020, poverty alleviation and employment were carefully considered in all 7 appraised and 4 approved projects. For urban sanitation projects, the City-Wide Inclusive Sanitation (CWIS) concept was applied which takes a pro-poor approach and targets employment creation.

**Plans:** In 2021, it is planned to continue the emphasis on poverty alleviation and employment creation under all of AWF’s programmatic work streams.

(a) Number of direct temporary and permanent jobs to be created through approved projects: Target of 1,000 temporary jobs and 500 permanent jobs created in 2021.

(b) Poverty alleviation measures to be mainstreamed in 100% of projects approved in 2021.

## 5.5 Irregular Migration and Displaced Persons

**Indicators** – The percentage of AWF-funded projects that promote stability and make a contribution to addressing the root causes of irregular migration and displaced persons on the African continent. This will be achieved mainly through improving people’s living conditions, including by the provision of basic water and sanitation services, improving food security, increasing access to sustainable energy, and promoting the productive use of water.

**Status:** The issues of migration and displaced people were addressed in AWF appraised, approved and on-going projects in 2020 by considering youth, employment creation, gender mainstreaming and improving living conditions for project beneficiaries through the provision of basic water and sanitation services, irrigation for improved food security, and access to renewable clean energy and hence improving the quality of life for people. The issues of irregular migration and displaced persons were analysed while preparing the Mauritania, Togo, Morocco and other projects that will be approved at the end of 2020. Consideration of these issues was also given for the Zambia, Ghana and Kenya projects that were approved in early 2020.

**Plan** – The percentage of AWF-funded projects that promote stability and make a contribution to addressing the root causes of irregular migration and displaced people on the African continent. **Target:** 100% in 2021.

In 2021, the AWF will prepare projects to combat the spread of COVID-19 in Africa through WASH and IWRM measures. The new programmes will be funded by the Government of Denmark and NDF. The target countries for the new programme in the Sahel and Horn of Africa are Mali, Niger, Burkina Faso, Ethiopia and Somalia. These countries are among the poorest on the continent, and face many development challenges, including displacement of populations from the countryside by climate and environmental disasters, insurgency and insecurity. These countries have high net outward migration rates. By targeting these countries and extending vital services of water and sanitation to their unserved poor populations, including those displaced from the countryside and resettled in peri-urban parts of large cities and municipalities, the AWF will be making a direct contribution to addressing the issues of irregular migration and displaced persons.

## 5.6 Transition States

**Indicators** – The percentage of AWF funds across all strategic pillars provided to transition states, and number of transition states supported.
Status - It was planned for 33% of funds to be committed to fragile states in 2020. One of the projects approved in 2020 – support to AMCOOW Pan Africa Water and Sanitation Monitoring System – will be implemented in African countries including fragile states. Two other projects in Mauritania and Togo targeting Transition States, are on course for approval by the end of December 2020.

Plan – The percentage of AWF funds across all strategic pillars provided to transition states, and number of transition states supported. Target: 33% of funds in 2021; 4 fragile states supported.

In 2021 the AWF will continue to implement the AMCOOW water and sanitation sector monitoring programme, which targets all African countries including fragile states. The AWF will also implement the projects in Mauritania and Togo expected to be approved in late 2020. Furthermore, the AWF will prepare projects for approval under the COVID-19 response programme funded by the Government of Denmark and the NDF. All projects prepared under the COVID-19 programme will be located in fragile countries in the Sahel and Horn of Africa. Furthermore, many of the countries that will be targeted under the African multi-country readiness programme for GCF financing will be fragile countries. Therefore, the AWF will meet or exceed the above target on commitment of funds to fragile countries.

5.7 Private Sector Involvement

The AWF supports the private sector through its project activities in several ways. For example, the private sector is involved in helping governments establish PPP policy, institutional and regulatory frameworks, and initiation of PPP transactions. They also help to create enabling environments for private sector investments; and they support the promotion of micro, small or medium scale enterprises (MSME) as service providers.

Indicators - The percentage of bankable projects and catalytic investments in which a component on private sector participation (through financing or facility management via PPP models) has been mainstreamed.

Status: - In 2020 all new projects including sanitation projects under the AUSIF program were reviewed for the inclusion of private sector involvement. One project targeting private sector participation was undergoing approval. This was the project for the outsourcing of operation and maintenance of rural water supply through the involvement of private sector in Morocco. The AWF also initiated a review of completed AWF-prepared projects for further screening to revive and update them for potentially structuring into PPP format and possible inclusion in forthcoming promotion activities for downstream investments. The AWF also developed a concept to introduce a web-based networking platform to increase the private sector involvement in the water and sanitation sector. The networking platform will be extended to all stakeholders and primarily boost the collaborative preparation of project concepts ready for investment. This will not only reduce the time required to develop the project concept but also improve the rate of the success owing to its participatory nature during the concept development stage. The networking platform will also be used for promoting the investment ready projects.

Plan - The percentage of bankable projects and catalytic investments in which a component on private sector participation (through financing or facility management via PPP models) has been mainstreamed. Target: 20% in 2021.

The AWF will also continue the review of completed bankable projects to identify opportunities for further private sector financing of these projects.
6. OTHER ACTIVITIES

6.1 Operationalizing AUSIF

In 2018, the African Development Bank (AfBD) in its capacity as trustee and administrator of the AWF, and the Bill and Melinda Gates Foundation (BMGF), signed a grant agreement to establish a new programme titled ‘The African urban sanitation investment fund (AUSIF) programme’. This programme builds on the success of an eight-year (2011-2018) AWF programme funded by the BMGF titled ‘Municipal-supported un-sewered sanitation improvements for the urban poor’ under which urban sanitation projects were supported in eight African countries (DR Congo, Madagascar, Mozambique, Namibia, Senegal, Sierra Leone, Uganda and Zimbabwe). One of the objectives of the AUSIF programme is to establish a new special fund (AUSIF) that will leverage public and private investments to support urban sanitation in Sub-Saharan Africa. AUSIF will aim to develop business innovations that lead to robust, affordable and financially and environmentally sustainable sanitation services for urban dwellers with a focus on the urban poor.

In 2019, the AWF commissioned a study to design the new fund and outline its niche business model, medium to long-term investment strategy and hosting arrangements. The study, which is being conducted by an international consortium (RebelGroup BV of Rotterdam and Waste of The Hague) and overseen by a Steering Committee, has three phases. The first phase focuses on background analyses and scenario development for the proposed fund; the second phase will develop a business plan, government structure, legal instruments, financial arrangements and operational procedures for the proposed fund; and the third phase will support the operationalization of the fund, including staff recruitment, investment plan preparation and capitalization of the fund. The preliminary idea of the fund is a facility that combines direct catalysing and operationalizing of local sanitation initiatives with capacity building of the private sector through a private equity approach.

Progress: In 2020 the AWF supervised the activities of the consultant, and organised Steering Committee meetings in March and May 2020 to discuss the phase 1 and phase 2 deliverables of the consultant. The AWF also organised a virtual webinar in September 2020 with the World Bank Water and Sanitation Team to obtain feedback on the concept of the new fund. Before the serious spread of the COVID-19 pandemic, the AWF initiated arrangements for a donor roundtable conference as a side event at the Stockholm Water Week to raise funds for AUSIF. Unfortunately, Stockholm Water Week was cancelled due to the COVID-19 pandemic. In the third quarter of 2020, the AWF initiated the recruitment process for an international sanitation expert to work with the consultant in completing the study and setting up the Fund.

Plan: In 2021 the AWF supported by the international sanitation expert and Steering Committee, will work with the consultant to complete the study, mobilise resources to capitalise the fund, and launch it.

6.2 Complete Merger of the Bank’s Water Trust Funds (AWF, RWSSI and MDWPP)

The Banks’s Water Resources Development and Sanitation Department (AHWS) is host to three trust funds, namely (i) the African Water Facility (AWF) that prepares water projects to secure investments in water infrastructure development throughout Africa; (ii) the Rural Water Supply and Sanitation Initiative (RWSSI) that promotes inclusive and sustainable services in rural areas; and, (iii) Multi Donor Water Partnership Program (MDWPP) that promotes capacity building for integrated water resources management and development, including transboundary water management and regional integration. In 2019 the AHWS/AWF commissioned a study to assess the feasibility of merging the three trust funds into one. This was to avoid duplication and overlapping mandates and ensure the sustainability of the
three trust funds. The merger of the three trust funds is part of a wider institutional reform process in line with the “One Bank” approach, the new water policy and the evolving Development and Business Delivery Model (DBDM), which emphasises streamlined business processes for enhanced efficiency. The report of the merger study was presented to AWF’s Governance Council in November 2019 with two recommendations for their consideration: to (a) undertake loose merger of the three trust funds with mark-up windows; and (b) to undertake a complete merger of MDWPP and RWSSI into the AWF. The Governing Council chose the latter option which entails integrating RWSSI and MDWPP into AWF’s legal structure. This decision was later endorsed by the Bank’s Board of Directors. An international development consultant was subsequently contracted to provide four deliverables, namely (a) a revised instrument for the AWF Special Fund; (b) revised Operational Procedures (OP) for the AWF Special Fund; (c) a revised AWF Operational Manual (OM); and (d) a roadmap for implementation of the ‘complete merger’ option.

**Progress:** An international development consultant was contracted in 2020 to elaborate the ‘Complete Merger’ option and provide four deliverables, namely (a) a revised instrument for the AWF Special Fund; (b) revised Operational Procedures (OP); (c) a revised AWF Operational Manual (OM); and (d) a roadmap for implementation of the ‘complete merger’ option. By 30 September 2020, the integration study had progressed considerably. The consultant prepared draft forms of the key deliverables. An Inter-Departmental Working Group (IDWG) was created to review the draft deliverables, discuss merger options and guide the work of the consultant.

**Plan:** The study on the merger of the water trust funds is expected to be completed in 2020. In 2021 the merger will be implemented by AWF assisted by relevant departments of the Bank including the Legal Services (PGCL) and Financial Management (FFMA) Departments. The AWF will subsequently operate as the new merged trust fund.

### 6.3 Revision of the 2017-2025 AWF Strategic Plan

**Status:** Alongside the study to integrate the three water trust funds, the AWF in 2020 commissioned a study to revise the 2017-2025 Strategic Plan taking into account the modified mandate, scope and focus of the AWF after the merger. The study carried out a detailed review of the implementation of the current strategies of the AWF and RWSSI as well as the past operational activities of the MDWPP, and from this review intends to develop a revised and integrated strategic plan, M&E framework and financial plan for the period 2017-2025 for the new AWF. The reviews undertaken during the study paid special attention to the following issues: (a) the governance arrangements for the integrated Fund; (b) capacity development previously provided to RMCs that needs to be continued under the integrated Fund; (c) the support to Transboundary River Basin Organisations (RBOs) that needs to be continued under the integrated Fund; (d) organizational learning and best practice sharing, both internally and externally; and (e) the financing of the revised strategic plan.

**Plan:** The revised AWF 2017-2025 Strategy is expected to be completed in 2020 and will be used in 2021 to prepare the 2022 annual workplan and guide reporting in subsequent years.

### 6.4 The COVID-19 Pandemic

At the time of preparing the 2021 Work Plan and Budget, the world was facing an unprecedented health and economic crisis stemming from the outbreak of the COVID-19 disease, declared a global pandemic in March 2020 by the WHO. COVID-19 is an infectious disease caused by a new coronavirus first detected in Wuhan, China in December 2019. The virus causes infection of the respiratory system producing flu-like symptoms like cough, sore throat, fever, general weakness and, in more severe cases,
difficulty in breathing. COVID-19 is spread from person to person through infected air droplets projected into the air during sneezing or coughing by an infected person. It can also be transmitted when humans have contact with hands, surfaces or objects that contain the virus, and then touch their eyes, nose or mouth with the contaminated hands. At the time of preparing the report, there was no vaccine or treatment for COVID-19. Africa, like the rest of the world, has not been spared from the wrath of COVID-19. All 55 countries in Africa have reported infections.

As of 30 September, 2020\(^4\) Africa had 1.175 million cases, 25,825 deaths and 985,103 (84\%) recoveries. The COVID-19 disease has been a major disruptor and affected all aspects of life across the world. Specifically, for the AWF, the main impacts of the pandemic have been the following:

(a) The closure of offices, and a change to working from home for most AWF staff;

(b) The cancellation of international events (meetings, conferences, workshops, seminars, world water week, etc.) in order to prevent the spread of the disease. At some of these events, the AWF had planned to showcase the results of its programmatic work and development impacts, market the facility, make a pitch for AUSIF and other programmes of the facility, engage with potential donors and partners, and mobilise resources for the AWF Special Fund;

(c) The suspension of international travel, and related to this, the suspension of physical AWF project missions and physical consultations and meetings;

(d) A shift in donor interest from supporting regular water and sanitation programming, to support the COVID-19 response through WASH measures on the continent, with a focus on fragile states.

The implications of the above changes are profound and far-reaching. With respect to the financial outlook for 2021 the pandemic presents both challenges and opportunities. On one hand, the changes brought about by COVID-19 represent diminished prospects for general mobilisation of much needed resources for the AWF Special Facility. On the other hand, the pandemic has cast a spotlight on the weak WASH systems of African countries and provided new opportunities for programming to support augmentation of WASH services as an urgent response measure to the pandemic.

The impact of the pandemic on the AWF’s performance has been assessed (see section on risk assessment below), and appropriate mitigation measures recommended.

**Plan:** The AWF will take appropriate measures to minimise the impact of the pandemic on its performance (mitigation measures have been proposed under the Risk Management Section). The AWF will also work with the Bank and its partners to mobilise resources and apply them in supporting the water sector in Africa response to the pandemic.

**6.5 Phase II of the Nordic Development Fund (NDF) support**

The Nordic Development Bank (NDF) in 2014 provided a grant of €6 million to the AWF to support a call for proposals for water resources management and development projects incorporating climate change adaptation and mitigation measures. The AWF contributed €10.8 million to the programme, at the close of which 238 project concepts had been received from Regional Member Countries (RMCs), Regional Economic Communities (RECs) and Transboundary River Basin Organisations (RBOs), and evaluated. The 34 best project concepts were put into the project pipeline, and nine (seven national and

---

two multinational projects) were selected for preparation into bankable projects. The NDF programme benefitted 14 countries in Africa with projects prepared in the following countries: Botswana, Burkina Faso, Cameroon, Congo, Equatorial Guinea, Gabon, Lesotho, Mali, Mozambique, Namibia, Rwanda, South Africa, Tanzania and Zambia). The projects prepared under the programme have the potential to leverage €1.6 billion in downstream investments and generate significant development impacts.

In 2020, the AWF started working with the NDF to develop a follow-on programme to support WASH-based COVID-19 interventions in four fragile states in the Sahel and Horn of Africa (Burkina Faso, Mali, Niger and Somalia). A new programme has been developed with the NDF under which it will provide €7.5 million to improve access to drinking water and sanitation for urban communities in the four countries while making a contribution to building climate resilient WASH infrastructure. A small part of the grant (€ 0.5 million) is earmarked for technical assistance support. The two parties (AfDB/AWF and NDF) are expected to sign a financing agreement for the new programme in the last quarter in 2020. Thereafter the identification and preparation of projects will start.

6.6 **Denmark/AfDB Collaboration on Water, Sanitation and Hygiene (WASH) to Combat COVID-19 in the Sahel and Horn of Africa**

In connection with the pandemic, the AfDB/AWF developed a new programme in 2020 on COVID-19 response in Africa, in partnership with the Government of Denmark (and the NDF as described above). The new programme targets five fragile countries in the Sahel and Horn of Africa (Burkina Faso, Mali, Niger, Ethiopia and Somalia). The programme, which will have a duration of three years (2021-2023), will have two focus areas: (a) strengthening the capacity for water, sanitation and hygiene, including rehabilitation of existing WASH facilities, support of catalytic and transformational WASH investments, and preparation of investment-ready WASH projects; and (b) innovative financing for water supply and sanitation including building the capacity of commercial entities to develop products for lending to water utilities. The Government of Denmark will extend a grant of €20 million to support the programme.

Preparation of a full project proposal and its approval is expected to be completed in early 2021. Thereafter, the two parties are expected to sign a financing agreement to be followed immediately by identification and appraisal of projects to be supported under the programme.

6.7 **Risk Management**

A detailed assessment of risks which have the potential to jeopardize the 2021 Work Plan has been undertaken as part of the process of preparation of the 2021 Annual Work Plan and Budget and is presented under Annex 2. The analysis was based on the understanding that plans and strategies are informed by risks and assumptions which need to be mitigated and managed.

The assessment focused on two main categories of risks: (1) risks in AWF’s external environment and; (2) risks in AWF’s internal environment. For each risk identified, appropriate mitigation measures have been proposed.

Of the multiple risks that have been identified, external risks related to the impact of the COVID-19 pandemic on normal programming and the risk of weak resource mobilisation have the highest likelihood to negatively impact the smooth implementation of the 2021 workplan and budget. The AWF will pay great attention to these risks, and the implementation of the identified mitigation measures. Successfully addressing these risks requires the full weight and support of AfDB through its One Bank policy to facilitate the growth and sustainability of AWF’s positive results and development impacts.
7. **CONCLUSIONS**

*Conclusions*

The 2021 Work Plan and Budget targets are realistic and achievable. They are informed by experience of implementation and build upon and consolidate previous achievements. Implementation of the improvements recommended by the BDEV independent evaluation is ongoing and involves renewed focus on building synergies with sister Bank departments. Leveraging partnerships and collaboration is showing early signs of success and growth in outreach, communications and sharing knowledge is required which the plan details for 2021.

*Recommendation*

Following the review and endorsement of the 2021 Work Plan by the AWF Oversight Committee and Governing Council, it is recommended that the Board of Directors of the Bank consider and approve the 2021 AWF Staffing and Administrative Expenses Budget. This amounts to €4.3 million of which €2.3 million is to be funded from the AWF Special Fund and €2.0 million is to be provided as part of the AfDB’s administrative support to the AWF.
# ANNEX 1

## AWF Results Framework 2021

<table>
<thead>
<tr>
<th>Theme</th>
<th>Sub-theme</th>
<th>Indicator</th>
<th>Cumulative 2020 (cumulative total or long-term average)</th>
<th>Actual Sep 2020</th>
<th>Target 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness</td>
<td>Impact of AWF</td>
<td>Increase in population with access to safely managed drinking water</td>
<td>13.39 million; 52% women</td>
<td>5,500,000</td>
<td>1,601,875</td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Increase in population with access to safely managed sanitation facilities</td>
<td>8.72 million; 52% women</td>
<td>1,320,000</td>
<td>1,360,750</td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Increase in installed hydropower generation capacity</td>
<td></td>
<td></td>
<td>151 Mega watts</td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Increase in area equipped for agricultural irrigation</td>
<td>294,645 ha</td>
<td>29,560 ha</td>
<td>19,400 ha</td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Increase in area under planted forests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Number of farmer households to benefit from improved land and water management</td>
<td>159,249 rural households</td>
<td>68,400 households</td>
<td>3,575 households</td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Increase in multipurpose water storage capacity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Number of new jobs created</td>
<td>60</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Impact of AWF</td>
<td>Indirect project beneficiaries through improved livelihoods</td>
<td>19.26 million</td>
<td></td>
<td>33 million</td>
</tr>
<tr>
<td>AWF Project Pipeline</td>
<td>Project identification</td>
<td>Number of new project concepts/proposals identified</td>
<td>17</td>
<td>10 projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project screening</td>
<td>Number of project concepts/proposals screened</td>
<td>160% of planned projects</td>
<td>17</td>
<td>8 projects</td>
</tr>
<tr>
<td></td>
<td>Project appraisal</td>
<td>Number of project proposals fully appraised and approved.</td>
<td>123 projects approved</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>€ 155.94 million in committed grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project completion</td>
<td>Number of projects brought to completion</td>
<td>91 projects completed</td>
<td>2 projects (22.2%)</td>
<td>12 projects</td>
</tr>
<tr>
<td></td>
<td>Project closure</td>
<td>Number of projects closed in the year</td>
<td>40 projects closed; 33.7% of planned closures.</td>
<td>2 projects (50%)</td>
<td></td>
</tr>
<tr>
<td>Downstream investments</td>
<td>Mobilisation of financing for downstream investments 1</td>
<td>Committed investment financing mobilized for implementation of water sector infrastructure projects.</td>
<td>€ 1,527.4 million in commitments to 24 bankable projects</td>
<td>€ 24.38 million in new commitments</td>
<td>€ 10 million in new commitments</td>
</tr>
<tr>
<td></td>
<td>Mobilisation of financing for downstream investments 2</td>
<td>Number of projects and financing committed in scaling up innovative approaches / business models</td>
<td>2 catalytic projects</td>
<td>1 project</td>
<td>2 projects</td>
</tr>
<tr>
<td></td>
<td>Leverage ratio</td>
<td>Committed investment financing from all sources against AWF funding directed at the preparation of investment projects</td>
<td>29:1</td>
<td>29:1</td>
<td>29:1</td>
</tr>
<tr>
<td></td>
<td>Success rate</td>
<td>Percentage of completed AWF-supported investment-ready and bankable, gender informed preparation projects and programs that mobilize follow-on financing from governments, development partners and private sector</td>
<td>64% of completed projects</td>
<td>58.3% of completed projects</td>
<td>64% of completed projects</td>
</tr>
<tr>
<td></td>
<td>Budget utilisation</td>
<td>Total administrative expenditure as a percentage of total administrative budget</td>
<td>AWF 70.6% utilisation; AfDB 82.5% utilisation</td>
<td>AWF 44.3% utilization; AfDB 71.2% utilization</td>
<td>AWF 90% utilization; AfDB 90% utilization</td>
</tr>
<tr>
<td>Theme</td>
<td>Sub-theme</td>
<td>Indicator</td>
<td>Cumulative 2020 (cumulative total or long-term average)</td>
<td>Actual Sep 2020</td>
<td>Target 2021</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>-----------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Budget Performance and Financial Management</td>
<td>Project disbursement 1</td>
<td>Amount of funds disbursed to projects and proportion of disbursed funds as a percentage of planned disbursement and as the total AWF commitments to the projects.</td>
<td>77.1% of planned disbursement</td>
<td>€ 2.70 million disbursed; which is 68.5% of the revised disbursement target; and 6.9% of the total AWF commitment to projects</td>
<td>€10.8 million disbursed which is 90% of planned disbursement</td>
</tr>
<tr>
<td></td>
<td>Project disbursement 2</td>
<td>Disbursement in a year as a percentage of the undisbursed balance at the start of the year</td>
<td>21.8% of the undisbursed balance</td>
<td>Disbursed funds are 12% of the undisbursed balance at the start of 2020</td>
<td>Disbursed funds are 30% of the undisbursed balance at the start of 2019</td>
</tr>
<tr>
<td></td>
<td>Administrative to cost ratio</td>
<td>Ratio of administrative costs to direct project costs</td>
<td>Administrative costs are 9.0% of direct project costs</td>
<td>Administrative costs are 17.35% of direct project costs</td>
<td>Administrative costs are 6% of direct project costs</td>
</tr>
<tr>
<td></td>
<td>Adequacy of AWF funding</td>
<td>The total funding available for future commitments expressed as a percentage of the planned funding needs over the next three years.</td>
<td>25.0% of funds needed for operations over the next three years are available</td>
<td>28.42% of funds needed for operations over the next three years are available at the end of 2020</td>
<td>100% of funds needed for operations over the next three years are available at the end of 2019</td>
</tr>
<tr>
<td></td>
<td>Resource mobilisation</td>
<td>Amount of funds mobilised as new commitments into the AWF Special Fund</td>
<td>12.6% of planned amounts mobilised.</td>
<td>€ 27.5 million mobilised but grant agreement not yet signed AWF (211.5%)</td>
<td>€ 10 million mobilised in new commitments to the AWF</td>
</tr>
<tr>
<td></td>
<td>Mobilisation of co-funding</td>
<td>The amount of committed project co-funding expressed as a percentage of total project funding requirements</td>
<td>17.6% of project costs mobilised as combined monetary and in-kind contributions from AWF partners and grant beneficiaries</td>
<td>15% of the cost of AWF-supported projects mobilised as monetary contribution from AWF partners; 28.1% of project costs mobilised as combined monetary and in-kind contributions from AWF partners and grant beneficiaries</td>
<td>25% of the cost of AWF-supported projects mobilised as monetary contribution from AWF partners; 50% of project costs mobilised as combined monetary and in-kind contributions from AWF partners and grant beneficiaries</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Quality at entry</td>
<td>Percentage of completed projects that have overall PCR rating of “satisfactory” to “highly satisfactory”</td>
<td>96.4% of completed projects</td>
<td>100% of completed and closed projects attain performance of “satisfactory” or “highly satisfactory” with respect to the overall project quality</td>
<td>90% of completed and closed projects attain performance of “satisfactory” or “highly satisfactory” with respect to the overall project quality</td>
</tr>
<tr>
<td></td>
<td>Project supervision</td>
<td>The number of supervision missions conducted in each year per active project</td>
<td>0.68 missions per active project</td>
<td>0.57 missions per active project (8 field-based and 8 desk-based supervision activities against 28 active projects)</td>
<td>2.0 missions per active project</td>
</tr>
<tr>
<td></td>
<td>Task manager</td>
<td>The average number of active projects managed by each Task Manager.</td>
<td>An average of 4.87 active projects managed by each Task Manager</td>
<td>An average of 2.3 active projects managed by each task manager</td>
<td>An average of 4 active projects managed by each task manager</td>
</tr>
<tr>
<td></td>
<td>Task sharing</td>
<td>The percentage of AWF project supervision activities (i.e. project appraisal, supervision and closure) that is task-shared with other Bank departments.</td>
<td>91.8% of project activities are shared with other AfDB departments.</td>
<td>100% of project activities are shared with other AfDB departments)</td>
<td>100% of project activities are shared with other AfDB departments.</td>
</tr>
<tr>
<td></td>
<td>Delayed projects</td>
<td>The number of projects that are delayed expressed as a percentage of total active projects</td>
<td>Delayed projects are 20.4 of active projects in the year</td>
<td>Delayed projects are 37% of active projects in the year</td>
<td>Delayed projects are less than 10% of active projects in the year</td>
</tr>
<tr>
<td></td>
<td>Project cancellation</td>
<td>The number of projects that are eligible for cancellation expressed as a percentage of total active projects</td>
<td>Projects eligible for cancellation are 7.63% of active projects in the year</td>
<td>Projects eligible for cancellation are 0% of active projects in the year</td>
<td>Projects eligible for cancellation are less than 2% of active projects in the year</td>
</tr>
<tr>
<td></td>
<td>Partnerships</td>
<td>Number of active project partners</td>
<td>163 project partners</td>
<td>163 partners supporting 123 projects</td>
<td>163 partners supporting 123 projects</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>Number of AWF website visitors per year</td>
<td>32,295 website visitors per year</td>
<td>41,230 website visitors in the year</td>
<td>40,000 website visitors in the year</td>
</tr>
<tr>
<td>Theme</td>
<td>Sub-theme</td>
<td>Indicator</td>
<td>Cumulative 2020 (cumulative total or long-term average)</td>
<td>Actual Sep 2020</td>
<td>Target 2021</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Communication</td>
<td>Number of outreach events</td>
<td>8.72 outreach events per year</td>
<td>5 outreach events in the year</td>
<td>8 virtual outreach events in the year</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>Number of press releases issued</td>
<td>5.45 press releases issued per year</td>
<td>0 press releases issued during the year</td>
<td>0 press releases issued during the year</td>
<td></td>
</tr>
<tr>
<td>Knowledge management</td>
<td>Number of knowledge products prepared</td>
<td>5.54 knowledge products prepared</td>
<td>8 knowledge products prepared (four case studies; 2 stories and 2 policy briefs)</td>
<td>8 stories and 8 case studies on lessons learnt from completed projects prepared</td>
<td></td>
</tr>
<tr>
<td>Knowledge management</td>
<td>Number of knowledge management events organised</td>
<td>1.36 knowledge management events</td>
<td>AWF participated and co-organised 2 virtual events.</td>
<td>AWF participated in 2 virtual knowledge management events</td>
<td></td>
</tr>
<tr>
<td>Human resources management 1</td>
<td>Number of vacant staff positions filled</td>
<td>1 vacant position under process; 1 staff position under discussion.</td>
<td>3 vacant positions filled through staff recruitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources management 2</td>
<td>Number of staff expressed as a percentage of the total number of available AWF staff positions</td>
<td>69.2% staffing</td>
<td>84.6% staffing</td>
<td>100% staffing</td>
<td></td>
</tr>
<tr>
<td>Cross-cutting issues</td>
<td>Gender and social equity</td>
<td>Percentage of approved AWF projects that aim to improve gender and social equity, and/or deliberately target vulnerable groups.</td>
<td>100% of project proposals screened and approved for AWF grant funding in take into consideration gender and social equity issues</td>
<td>100% of project proposals screened and approved for AWF grant funding in take into consideration gender and social equity issues</td>
<td></td>
</tr>
<tr>
<td>Climate change</td>
<td>Percentage of approved AWF projects that demonstrate/pilot climate adaptation or mitigation approaches</td>
<td>0% of approved AWF projects</td>
<td>100% of approved AWF projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty alleviation and employment creation</td>
<td>Number of direct temporary and direct permanent jobs created</td>
<td>1,000 temporary jobs and 230 permanent jobs created</td>
<td>1000 temporary jobs and 500 permanent jobs created</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irregular migration and displaced persons</td>
<td>Percentage of projects that promote stability and address the root causes of irregular migration and displaced persons in Africa predominantly through improving living conditions, including the provision of basic water services, irrigation and energy options and productive uses of water</td>
<td>100% of projects address irregular migration and displacement</td>
<td>100% of projects address irregular migration and displacement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transition States</td>
<td>Percentage of AWF funds across all strategic priorities invested in Transition States and number of states supported.</td>
<td>35% of project preparation funds invested in Transition States</td>
<td>25% of funds in 2020 support interventions in fragile states; 0 states supported.</td>
<td>33% of funds in 2019 invested in Transition State; 4 states supported.</td>
<td></td>
</tr>
<tr>
<td>Private sector involvement</td>
<td>Number of AWF projects that target to support and strengthen private sector participation, including planning, transaction advisory services, and implementation of PPP arrangements.</td>
<td>25% of projects targeting private sector participation</td>
<td>20% of projects targeting private sector participation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## ANNEX 2

### Risk Assessment and Management

<table>
<thead>
<tr>
<th>No.</th>
<th>Risk/assumption</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>AWF’s External Environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>COVID-19: The COVID-19 pandemic will continue; RMCs will impose travel restrictions and lockdowns that will affect many aspects of the implementation of AWF activities including stakeholder consultations, training of beneficiaries, project supervision, etc.</td>
<td>Moderate</td>
<td>Moderate</td>
<td>• Greater use of Information Technology systems to support virtual supervision mission;                                                • Intensified client engagement on the regular basis through virtual platforms (WhatsApp, ZOOM, MS Teams etc.); • Use of local subcontracts to support on-the-ground work of international consultants who may be unable to travel • Keeping work plan targets to what can realistically be achieved under the new circumstances.</td>
</tr>
<tr>
<td>2</td>
<td>The AWF’s donors redirect resources to combat COVID-19 and its socio-economic impacts making it difficult for the AWF to mobilise funds to capitalise the Special Funds and finance its operations in the immediate and medium term.</td>
<td>Moderate</td>
<td>High</td>
<td>• AWF to seize the COVID-19 pandemic as an opportunity and develop programming in support of WASH sector interventions to support COVID-19 response in Africa. • The AWF in collaboration with AHWS and FIRM to continue and intensify the resource mobilization drive initiated in 2019 under the guidance of the AWF Resource Mobilisation strategy and Action Plan.</td>
</tr>
<tr>
<td>3</td>
<td>RMCs have reduced ability to borrow for downstream investment in AWF-prepared bankable projects due to national macro-economic instability introduced by COVID-19. In a related issue; donors redirect resources to combating COVID-19 and its diverse economic and social impacts thereby making it difficult for countries to attract resources for downstream investment.</td>
<td>Moderate</td>
<td>Moderate</td>
<td>• AWF to increase support to RMCs through investment promotion activities so as to improve the ability of RMCs to attract investment financing • AWF to mobilise and allocate more funds towards investment promotion activities.</td>
</tr>
<tr>
<td>6</td>
<td>Some Executing Agencies have technical and project management capacity which is compounded by high turnover of their staff.</td>
<td>Moderate</td>
<td>Moderate</td>
<td>• Continue assessing the implementation capacity of Executing Agencies during project appraisal, with a focus on financial management and procurement capacity. • Making suitable allocations in AWF grants, where necessary, for provision of TA support and training of Executing Agency staff; • Providing regular training to strengthen project management roles of the Executing Agency • Providing direct Bank technical support to Executing Agencies. • Providing additional technical support using senior advisory expert panelists. • Establishing interagency committees to increase the pool of national experts supporting AWF projects.</td>
</tr>
</tbody>
</table>