

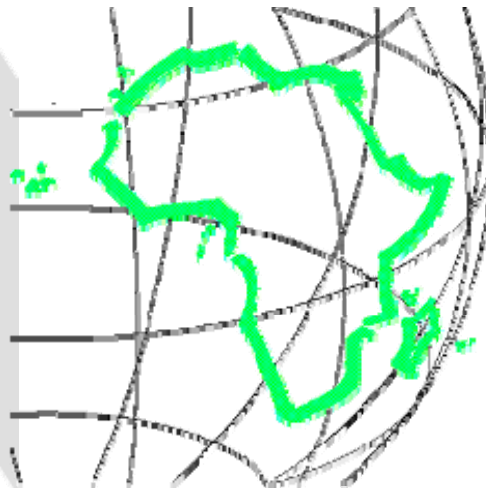
African Economic Outlook 2007

Water and Sanitation: How can Africa fill the gaps?

Celine Kauffmann, OECD

16th August 2007

World Water Week, Stockholm



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ORGANISATION FOR ECONOMIC
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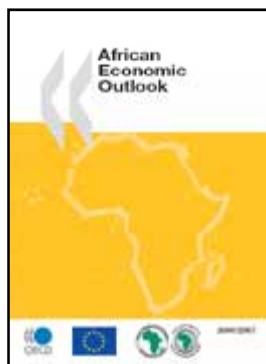
1 What is the African Economic Outlook Project?

2 Water and Sanitation: Can Africa fill the gaps?



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African Economic Outlook

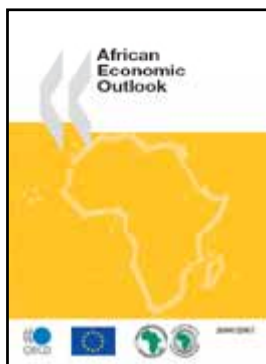
Measuring the Pulse of Africa

- ***Joint publication of the AfDB and the OECD Development Centre, supported by the EC – 6th edition.***
- ***Mobilising a network of in-country African experts & collaboration with WB, IMF, bilateral donors, ...***
- ***A resource for policy makers, aid practitioners, investors, researchers, students, ...***
- ***A monitoring tool for policy dialogue among African policy makers (nationally, APRM, ...) and with their partners (EC, G8, OECD)***



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African Economic Outlook

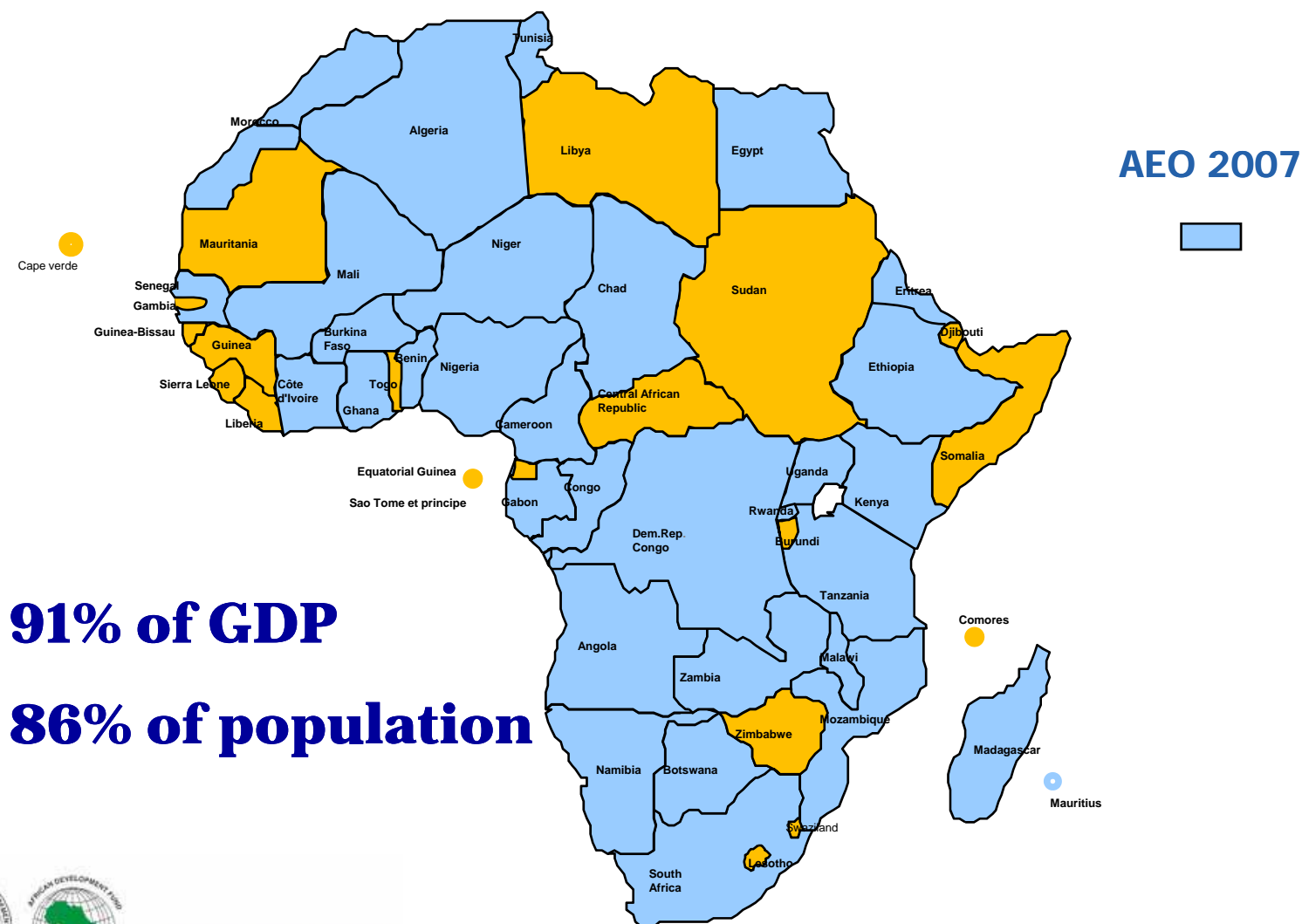
An innovative product, an evolving process

- ***Comprehensive, comparative and independent analysis of 31 countries and short-term macroeconomic forecasts.***
- ***Annual focus***
 - *2003: Privatization*
 - *2004: Access to energy*
 - *2005: SME development*
 - *2006: Transport infrastructure*
 - *2007: Access to drinking water and sanitation*
- ***Statistical annex, including innovative indicators***



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Coverage 2007: 31 African countries



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1

What is the African Economic Outlook Project?

2

Water and Sanitation: Can Africa fill the gaps?



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Access to water and sanitation: the facts

- ***10 million people / year** have gained access to improved drinking water over 1990-2004 in sub-Saharan Africa*
- *With population growth, the number of unserved has increased by about **60 million** and SSA is unlikely to reach the MDGs by 2015.*
- *The situation is worse for sanitation: **35 million more people** annually need access to improved sanitation (current trend: 7 million).*
- *If the MDGs were reached by 2015, **234 million people** would still lack access to safe drinking water and **317 million** to improved sanitation*



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Access: the outstanding experiences

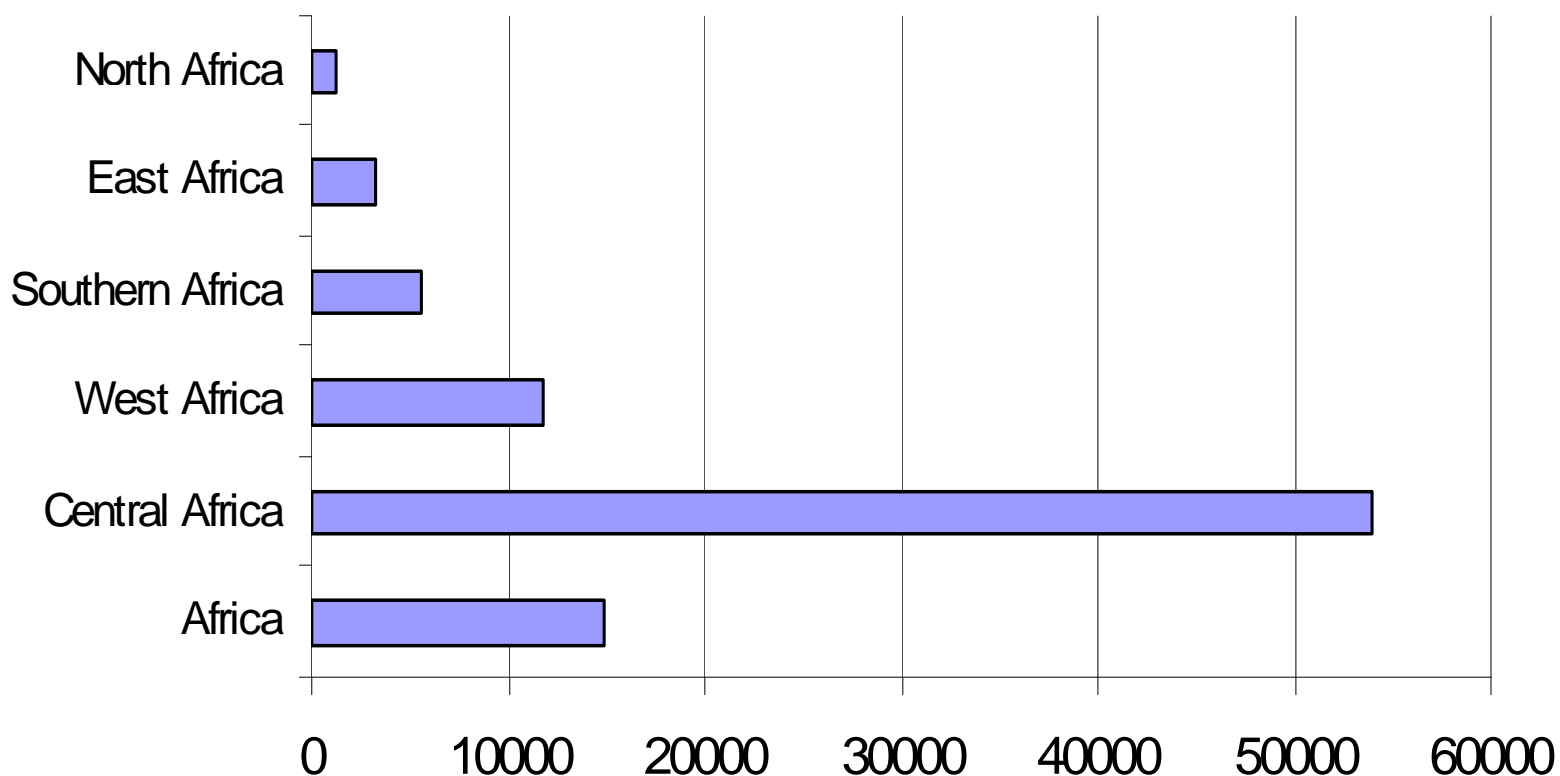
- ***North Africa:***
 - *91% have access to drinking water (highest level in developing world with Latin America).*
 - *Sanitation coverage up by 12% points between 1990 and 2004 (at 75%), on track to reach the 83% target by 2015.*
- *Quasi universal access to water in **Mauritius** and **South Africa**.*
- ***Uganda:*** *coverage for drinking water × 3 between 1990 and 2006 (from 21 to 61 per cent).*
- ***Tanzania:*** *90% of population have access to some form of sanitation.*



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A resource issue?

Renewable water per capita ($\text{m}^3/\text{inhab}/\text{yr}$)



Source: FAO, Aquastat.



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Mainly a management issue

- ***Weak extraction capacities*** - except in North and South Af.
- ***Inefficient use***: agricultural (68%), domestic (24%), industrial (8%).
- ***Industrial pollution***, poor sanitation and sewage practices.
Congo: 68% of SNE water samples comply with quality std.
- ***Wastage***: unaccounted for water reaches 50% in most cities.
Botswana: 46%, Mauritius: 47%, Cairo & Alexandria: 50%

=> *Combining “hard” and “soft” paths*



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Introducing water demand management the municipality of Windhoek

Programme components:

- *Increasing public awareness*
- *Implementation of block tariff system*
- *Legislation to address water conservation*
- *Improved maintenance and technical measures to reduce leaks*
- *Re-use of water: one of the first cities to introduce recycling of effluent for drinking purposes*

*In 2006: unaccounted-for water fell to 10.3%
(good practice: 15-20%, OECD: 10-33%, Singapore: 6%)*



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The remaining Challenges

- ***Implementing integrated water resource management (IWRM)***
- ***Strengthening local management***
- ***Advancing sanitation and wastewater treatment to the top of the agenda***



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Status of National IWRM

	Level 1	Level 2	Level 3
North Africa		Egypt Morocco Tunisia Mauritania Sudan	Algeria Libya
Central Africa		Cameroon	Burundi Central African Rep. Chad Congo DRC Rwanda
Eastern Africa	Uganda	Eritrea Ethiopia Kenya Mauritius Tanzania	
Western Africa	Burkina	Benin Ghana Mali Nigeria Senegal	
Southern Africa	Namibia South Africa Zimbabwe	Botswana Malawi Mozambique Swaziland Zambia	



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Source: Global Water Partnership, 2006

Key management issues

- *Strong national water **policies and legislation** backed up by political will.*
- *Sound **regulation**: monitor progress, set guidelines, design incentives to extend service provision and protect consumers (NWASCO in Zambia).*
- ***Strengthening capacity** on the ground (partnership in South Africa between TCTA and Umgeni Water).*
- ***Harmonisation** of different stakeholders' interventions (SWAP in Uganda).*
- ***Participation of all stakeholders**: improve efficiency, maintenance, avoid conflict (Ghana community approach).*
- ***Regional cooperation***



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Reducing the sanitation gap

- *Increasing access to drinking water can only be safely achieved if sanitation is tackled **simultaneously**.
Awareness rising: Senegal*
- *Investments are small compared to the health and environmental **costs of inaction** and **returns** (WHO: economic benefits of meeting MDGs in Africa = \$23 bl/yr).*
- *Overcome the **segmentation** of the sector: between administrations, among providers (Durban).*
- *Develop **technologies** adapted to communities' needs.*
- *Invest in **prevention campaigns** (Community health clubs in Zimbabwe).*



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Financing

A key issue for all stakeholders

- ***Investment needs: \$20bl/yr until 2025, 1/3 for sanitation, 1/4 for drinking water supply (Africa Water Vision 2025).***
- ***Insufficient **public money** (national budgets and ODA).***
- ***National water providers have failed to achieve financial viability.***
- ***Least attractive sector to **private investors**.***



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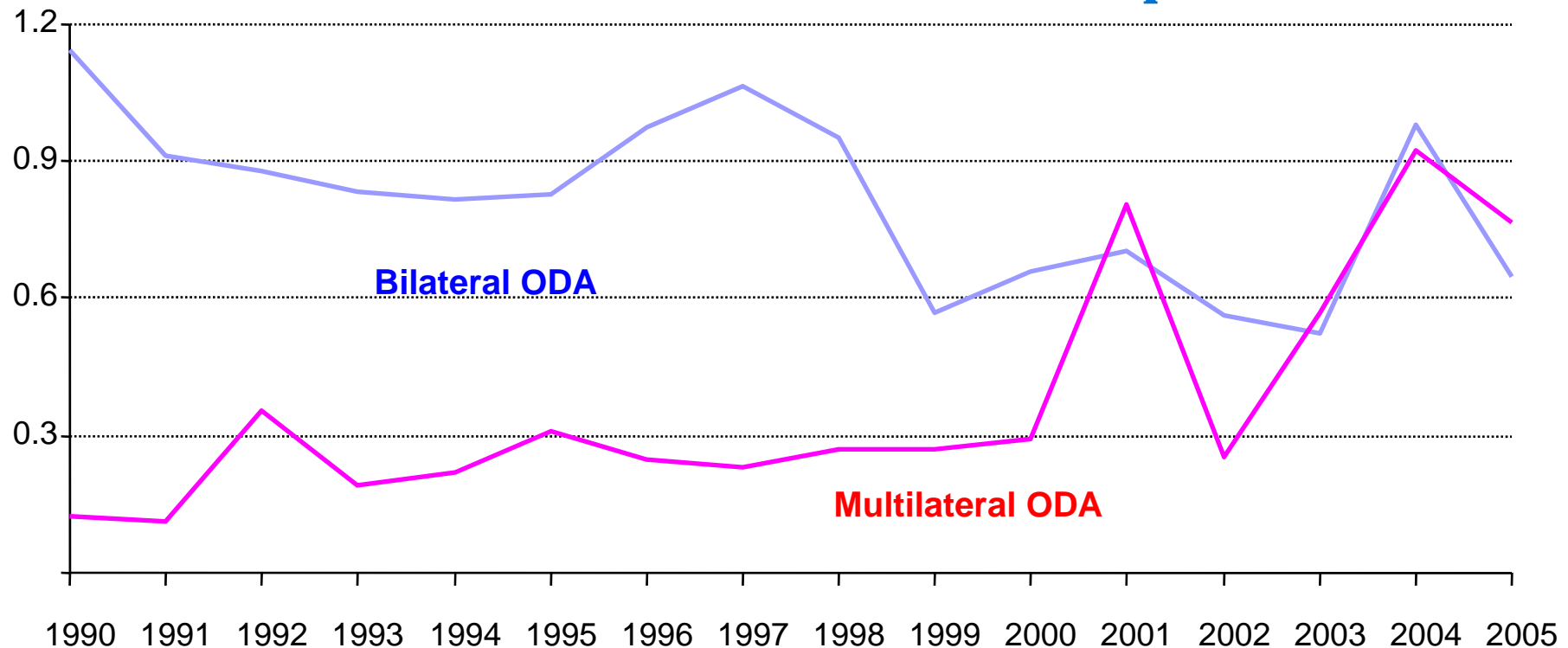
Strengthening utilities

- ***Financial independence:***
 - *cost-recovery: affordability and cross-subsidisation*
 - *sustainable & predictable public funding*
- ***Capacity building through benchmarking and partnerships (ex: UNSGAB Water Operators Partnership).***
- ***The role of small-scale local providers***
 - *Flexible, better knowledge of remote areas*
 - *But they need to be better regulated and their action facilitated by institutional framework (Uganda Association of Private Water Operators)*



What role for the donor community?

Total Water ODA to Africa, \$ billion, 2004 prices



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Source: OECD/DAC

What role for the donor community?

- *Using ODA to **leverage** further financing (Zambian Devolution Trust Fund).*
- *Using subsidies targeted on performance, such as **Output-Based Aid** (GPOBA in Mozambique, Kenya).*
- *Develop **innovative financial tools**: sub-sovereign financing facility in local currency, risk mitigation through resource pooling, guarantees (Jo'burg 2004 municipal bonds: 1st non-sov guaranteed loan in SSA).*
- *The role of the **African development Bank**: African Water Facility and the Rural Water and Sanitation Initiative.*



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Thank you



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