



# 7<sup>TH</sup> SESSION OF THE AFRICAN MINISTERS COUNCIL ON WATER (AMCOW)

**JOHANNESBURG**

**13 NOVEMBER, 2009**

## **SECOND AFRICAN WATER WEEK**

**“Carrying forward the Commitments of the Sharm el Sheikh AU Summit on Water and Sanitation: A Sprint to the Finish”**

**Johannesburg, 9-11<sup>th</sup> November 2009, 2008**

### **SUMMARY OF PROCEEDINGS AND OUTCOMES**

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#### **A. Introduction**

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The 2<sup>nd</sup> African Water Week took place in Johannesburg, South Africa from 9 – 11 September 2009 under the theme “Carrying forward the Commitments of the Sharm el Sheikh AU Summit on Water and Sanitation: A Sprint to the Finish”. The choice of the theme underlines the realities of Africa’s water security and sanitation situation and the urgent need to implement those commitments made by the political leadership in accelerating progress towards the achievement of the MDGs and the African Water Vision and Framework for Action targets for water and sanitation. AWW-2 also served as a useful occasion to involve the 1600 participating stakeholders, including 20 Ministers responsible for water, in taking stock of the many commitments made, and the actions that have been developed to operationalise them.

A clear message throughout the Week was on the delivery of actions to meet the commitments, given that many of these commitments still remain to be implemented in many African countries. In line with the positive mood and posture of stakeholders and the political leadership towards implementation, participants have proposed messages which are informed by the need for action in the 4 thematic areas discussed during the Week.

Further evidence of the desire to implement actions is reflected in the proposal to use the AWW series to report actions taken at country level in meeting the global and regional commitments that have been made. It is recognised that Africa is 54 countries, with different starting points in pursuing progress towards water security. There are good cases to show that offer more hope than gloom. As the continent pursues its water agenda articulated in the Africa water Vision, there should be greater emphasis on reporting the successes achieved by others so as to promote lessons-sharing.

The messages that follow are presented to AMCOW for endorsement, for the eventual information of African governments and regional partners, so as to add value to the implementation of the water actions that have been identified to operationalise the commitments.

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#### **B. Framework for Reporting Actions in line with the implementation of the Sharm el Sheikh Commitments**

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##### **Issues**

The African Union, meeting in Sharm El Sheikh in July 2009, tasked AMCOW to regularly report on the implementation of the commitments that have been made on water security and sanitation in various declarations. In fulfilment of this request, the African Development Bank has, on behalf of AMCOW, prepared a working document titled **“Delivering on Africa’s Water Security**

**Commitments: A Framework for Reporting Actions to the African Union**". The framework provides AMCOW with a mechanism for reporting regularly to the AU Heads of State and Government on the progress that countries are making towards meeting goals set in the MDGs and the Africa Water Vision. The greater effort is, of course, in the implementation of the actions identified under the various thematic and sub-thematic areas, where countries are required to localise and own the actions that address their water security and sanitation challenges. It is hoped that the obligation to report will serve to constantly remind countries of the need to take those actions that address their water security issues.

## **Messages**

- (a) AMCOW should adopt the '*Framework for Reporting Actions*' as the basis for implementing and reporting the actions that countries are taking to meet the water security commitments;
- (b) Countries should internalise the actions in their national plans and provide annual reports on their water security status;
- (c) Regional Bodies - RECs, RLBOs - should adopt the reporting mechanism and provide input to AMCOW annual report on progress on water security;
- (d) A peer review mechanism should be institutionalised in the recognition that different countries are at different points of implementing water security;
- (e) The AMCOW Secretariat should be given technical and logistical support to monitor and report actions;
- (f) The actions taken by countries should form the major agenda item at successive Water Week events, with countries taking turns to report.
- (g) Partners should to the extent possible use existing regional mechanisms and initiatives to channel funding for the sector.

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## **C. Thematic deliberations and messages**

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AWW-2 focused on 4 main themes delivered in 20 sessions. The themes were:

- a. Financing Water and Sanitation Infrastructure for Economic Growth
- b. Closing the sanitation gap
- c. Climate change and Water Adaptation
- d. Managing Africa's trans-boundary waters

In addition there were 30 side events which either deliberated further on some of the themes or presented case studies and experiences on some regional programmes and projects.

AWW-2 recognised that the Africa Regional Position Paper sent to the 5<sup>th</sup> World Water Forum truly articulates the state of water security in the region. The thematic issues, actions and messages carried in the Paper should therefore be the reference for national, regional and global action. The issues and messages that are raised in these outcomes of AWW-2 are to reinforce those captured in the Regional Paper, in the firm knowledge that the commitments that have been made fully address many of the water security and sanitation challenges that the region faces.

The following summarises the thematic issues and messages from the various sessions.

### **1. Financing Water and Sanitation Infrastructure for Economic Growth**

## **i. Financing water infrastructure: Revisiting needs and prospects**

### **Issues**

Water infrastructure development is inextricably linked with economic growth. Countries, and more specifically the Ministers responsible for finance and planning, must fully recognise this nexus. The African Water Vision 2025 released in 2000 estimated the financial requirements to deliver the Vision at US\$20 billion each year over a 20-year time horizon. The lion's share of that investment – some US\$ 12 billion – was seen to be required to achieve the Vision's targets in drinking water and sanitation. Updated data, made possible through ongoing studies on Africa's infrastructure requirement, put the new estimate at US\$50 billion per year, largely as a result of more realistic estimates for hydroelectric power. The estimated gap in financing is assessed at some US\$30 billion. Findings from the recently completed study, African Infrastructure Country Diagnostic (AICD), also underscore the extent of the financing gap, the importance of hydropower in driving Africa's water security and development, and the challenges in sustainable delivery of water supply services.

To underscore the importance of water and economic growth, the AU has requested a meeting of Water and Finance Ministers to deliberate on policies and strategies for financing water infrastructure.

### **Messages**

- (a) The update of financing needs for Africa's water resources infrastructure has established the scale of financing required to meet the MDGs and the African Water Vision. Countries should disaggregate these requirements to the national level and seek the funding to boost economic growth;
- (b) Closing the financing gap requires actions from Governments and National Stakeholders, Private Sector, Civil Society, Regional Bodies and Development Partners. Country ownership and increased local sources of finance are key pathways to achieving the goals;
- (c) A significant number of regional finance instruments and channels have been established. These should be scaled up instead of creating new ones, whilst addressing any inherent weaknesses. These instruments include the Rural Water Supply and Sanitation Initiative, the African Water Facility and the Water for African Cities and others.
- (d) More specifically countries should:
  - Prepare sector investment plans that draw synergy between major water-using sectors, particularly energy and agriculture;
  - Undertake reforms that reduce operational inefficiencies and assure cost recovery, using the 3Ts – tariffs, taxes, transfers
  - Increase Government for sector investments
  - Deliver on the eThekweni commitment on financing sanitation (0.5% of GDP)
  - Meet agriculture investments under the Maputo public expenditure pledge (10% of GDP)
  - Strengthen partnerships with Africa's emerging partners;
  - Enhance and promote the role of the private sector and local finance, mindful of the reality that the prudent pricing of the cost of services holds the key to sustainable delivery of the service.

## **ii. Financing water for energy and agriculture**

### **Issues**

The urgent need to secure water for food and energy through developing the infrastructure to control and manage water has been emphasized by all concerned stakeholders during various technical and political events, including AWW-2. Africa is well endowed with significant hydropower resources which are only exploited at less than 5% of its potential, compared to 80% in OECD countries or nearly 30% in other emerging countries on other continents. The recent food crisis has been a wake-up call to revitalize African agriculture and ensure more reliable access to agricultural water. The World Development Report (2007) identified agriculture as possible engine for growth. In an expression of strong commitment to support agriculture in Africa, in July 2009, the G-8 leaders pledged \$20 billion over three years to strengthen agriculture through the Comprehensive African Agriculture Development Program (CAADP).

### **Messages**

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

## **iii. Financing water supply services**

### **Issues**

There have been calls for the design of innovative financing arrangements that support the water provision. Local debt capital markets have been evolving and are now capable of providing financing mechanisms designed to satisfy the needs of the water utilities in the form of long tenured loans and bonds. Recent innovative transactions such as K-Rep micro-project finance initiative in Kenya and issuance of a utility bond in Botswana are proof of the market's appetite for such transactions. However for such innovations to go up to scale there is need to design appropriate policies and regulations that facilitate the use of these financing arrangements.

### **Messages**

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

- (a) Financiers need to design innovative facilitating mechanisms relying on the cash flows of the utility rather than more traditional asset secured lending.
- (b) Better market information is required to ensure that fair risk assessments can be made by potential lenders.
- (c) Use of market-based financing mechanisms should be mindful of the possible impact on the poor and tariff structures should be defined to balance the interests of both the provider and the consumer

## **iv. Financing for water resources management and governance**

### **Issues**

A lot of good progress has been made in the last five years, internationally and in Africa, on financing water resources management. In particular political awareness has increased and actions are underway to establish a more conducive co-operative environment. Yet, water resources management lacks an institutional home and champion and is a neglected area for financing. This requires improving governance, building capacities and strengthening institutions in order to reduce risks and provide a stable policy environment. The Africa Water Facility is a key source of funds to help establish the enabling environment including for IWRM, better planning, Transboundary WRM, building capacities and extending knowledge and research and in addition to support for meeting basic infrastructure needs. In this respect full support should be accorded to it and requires continued financial support from partners and African governments.

### **Messages**

- (a) Both hard (infrastructure) and soft interventions are needed and are inextricably linked. Without the governance and IWRM interventions, financing will not be available and infrastructure will be sub-optimal;
- (b) More work is needed to better understand the financing of water resources development and management and the governance functions. Additionally, there is a need to develop the economic case for water, both for services and resource management;
- (c) Prioritisation of allocation of water to different sectors is an emerging governance issue;
- (d) Need to better align donor and government funding. Plans and financing strategies are essential with each country strategy unique to their situation utilising a wide spectrum of financing mechanisms. At the same time, many administrations are unable to spend budget allocations and need to develop capacities;
- (e) Alternative and more targeted financing and organisational structures are needed to effectively manage the continent's water resources.

## **v. Harmonising studies and estimates of financing for Africa's water infrastructure requirements**

## **Issues**

AWW-2 took note of the well-meaning efforts to estimate the requirements for Africa's water-related infrastructure. A preliminary comparison of the data suggests significant differences in the numbers as a result of the differing methodologies, assumptions and timelines, even though the conclusions on required actions are broadly in agreement. However it is conceded that some specific recommended actions based on the estimates made may be ill-informed, thus requiring the need for collaboration and harmonisation of approaches between the various actors.

## **Messages**

There is a need for a Task Force to examine and harmonise their methodologies and assumptions to assure some consistency, and more importantly, to define and agree the strategies required at regional and country levels, which could feed into the proposed meeting of Water and Finance Ministers.

## **2. Closing the sanitation gap**

### **Issues**

Africa remains the continent most off-track to meet the sanitation MDGs. Urgent action is required at global, regional, country levels to address this major public health, economic, environmental, and human dignity issue. Recent years, have seen some important improvements – increased advocacy, increases in planning, coordination and some budget allocations and 50% of countries have embarked on Community-Led Total Sanitation Approaches (CLTS). The underlying issues behind Africa's poor performance are: lack of political will and leadership to address the sanitation challenge, inadequate public sector financing, absence of good policies and specific strategies in specific country situations to bring about sustainable sanitation improvements. The diversity of current coverage implies that a range of different approaches are required tailored to local circumstances.

### **Messages**

- (a) The AMCOW Sanitation Task Force should further develop typologies for sanitation strategies and engage with countries to stimulate improvement of sanitation policies and strategies.
- (b) The AMCOW Sanitation Task Force, working with the AfDB, JMP and other agencies should further develop instruments for monitoring sanitation progress to better inform national strategies.
- (c) The AMCOW Sanitation Task Force should develop clear milestones towards AfricaSan 3 to provide a further continent-wide platform to deepen sector understanding and share knowledge of successful approaches.
- (d) African countries should create clearer and higher level leadership for sanitation, considering either separate Ministries of Sanitation or leadership at Directorate level, rather than having sanitation leadership buried at a low level in Ministries of Health or Water.
- (e) The costs of inaction in sanitation costs most African countries about 5% of GDP, whilst budgetary allocations can be often up to 50 times less than this at only 0.01%. African countries should make significant efforts to increase public sector allocations to sanitation. Country economic analyses of the costs of not addressing the sanitation crisis are recommended to be undertaken to put sanitation higher up Ministries of Finance's priorities.

- (f) CLTS approaches need to be incorporated into national rural sanitation strategies and significant efforts made to stimulate the private sector to respond to increased sanitation demand and sustain the short term gains through household and community efforts.
- (g) Sanitation Advocacy is proving to be a successful tool to increase the profile of sanitation, but efforts need to be redoubled at country-level to persevere with simple, targeted, local messages with clear measurable goals.
- (h) AMCOW Sanitation Task force to prepare the road to AfricaSan 3 with a full report on the achievements of the eThekweni and Sharm el Sheikh achievements.
- (i) Sustainable sanitation requires systemic thinking and incentives to build capacity along the entire value chain for public sector management and to attract entrepreneurship.
- (j) Urban sanitation demands a specific focus. Phased, disaggregated, but city-wide approaches are needed to improving sanitation services in Africa's growing informal settlements fully integrated into slum-upgrading programmes.

### 3. Climate change and Water Adaptation (WMO)

#### Issues

Africa has been recognized as the continent most vulnerable to climate change, with three key areas in the continent, namely Coastal areas, Great lakes, and the semi-arid regions, identified as being particularly at risk. There is a need and an opportunity to protect the critical 'water towers' of central, west and eastern Africa (the Congo forests, the Fouta Djallon mountain areas and the Ethiopian highlands). Adaptation to climate change should be at the core of any development activity and calls for building climate resilience as this leads to a much stronger state, both at micro and macro levels. Given the importance of water resources and water infrastructure in economic development, there should be adequate investment in adapting to climate change to ensure their availability and sustainable use.

#### Messages

- (a) **Regional integration and development:** Effective response to climate change is dependent on African governments making climate change a core development activity, integrated into development strategies relating to food, energy and water security, and economic and social development strategies. Improved transboundary management and cooperation is essential.
- (b) **Administration, governance and institutional capacity:** Resilience must be built at the national, regional and local level, and the capacity of institutions in the water sector is a critical part of this resilience and of the ability to adapt to climate change. Water institutions must build their capacity to monitor water resources (surface and groundwater), for water resources assessment and water resources management.
- (c) **Finance and investment:** The financing of and investment in water infrastructure must be ramped up, through innovations such as an Adaptation Fund and through commitment of funding by African governments.
- (d) **Information:** Better information is an important element of responding to climate change, particularly in the transboundary basin context where shared information is an important element of building the common view of challenges and potential responses, and building trust between countries. This requires, inter alia, increased investment in monitoring of ground and surface water resources, improved capacity to short term forecasting and long term modelling, and improved dissemination of information



- (e) Water is a sector that is cross-cutting and so the Ministers responsible for water should involve other ministers in their countries in climate change and adaptation issues.

#### **4. Managing Africa's trans-boundary waters (GWP)**

##### **Issues**

The African continent has sixty-four international river basins that, collectively, cover 64% of Africa's surface area and contain more than 93% of its surface water resources. These rivers are shared between many countries: Congo and Niger (11 countries), Nile (10), Lake Chad and Zambezi (8).

A number of international agreements and Trans-boundary River Basin Organizations (TRBOs) have been established to facilitate cooperative management of these shared water-courses as well as minimize conflicts between and among riparian states, but their effectiveness and sustainability remains a key concern.

About 63 per cent of the total land in Africa lies within transboundary river basins. Five of the major river basins (the Congo, Nile, Niger, Chad and Zambezi) occupy about 42 per cent of the geographical area and sustain over 44 per cent of the African population.

These basins are characterized by growing scarcity of water, increasing population, degradation of shared freshwater ecosystems, and competing demand for the shrinking natural resource base. In the interest of sustainable development the riparian states should co-operate and develop collaborative infrastructures for the scientific management of their shared ecosystems.

Due to population growth, a changing climate and implementation of various water-dependent development initiatives, the demand for water has been increasing and outstripping supply in some of the African countries. Previous efforts to establish and sustain regional cooperation in water has led to realisation that that TRBOs are not yet a source of ready-made solutions to the governance of shared river basins. Further understanding is needed to learn, share experiences and decide on best practice within the African social, economic and political settings.

Addressing groundwater in the debate and negotiations on how to manage transboundary waters provides additional challenges, and the workshops sought to address the fundamental issues, challenges and opportunities on Managing Africa's Shared Waters.

At the heart of benefit sharing in transboundary water management is expected economic and social returns through infrastructure development resulting from cooperation, whether this infrastructure is developed by one or more countries with the outputs spilling over to the neighbours.

Infrastructure plays an important role in promoting sustainable economic growth and making growth more inclusive by sharing the benefits with the poor, particularly in remote areas and small and landlocked countries. Though there has been good progress, infrastructure development in Africa still lags behind its economic growth and international standards in terms of quantity and quality.

On 1<sup>st</sup> July 2008, the Heads of State and Government of the African Union, meeting at Sharm El-Sheikh in Egypt, emphasized the need to meet the social, economic demands of the growing populations while arresting ravages wrought by climate variation and calling for increased collaboration between their countries; between government, civil society and business; and demanding efficiency in investment between hydropower, agriculture and water.

On transboundary waters, they decided on the following measures

- **Reaffirmed** commitment to promoting cooperation and integration between the countries in all fields with a view to raising the living standards of our peoples and the wellbeing of future generations;
- **Recognized** that water is and must remain a key to sustainable development in Africa;
- **Expressed Concern** that there is an underutilization and uneven sharing of water resources in Africa, and that remains a growing challenge in the achievement of food and energy securities;
- **Awareness** of the need to make progress on the challenges of infrastructure financing, water conservation and equitable distribution, adapting to climate change, integrated management of national and transboundary surface and ground water,
- **Investment in information**, knowledge and monitoring and institutional development as well capacity building.

## Messages

- (a) In Africa, water is a symbol of peace, harmony and co-operation; it helps to sustain and to unify communities and regions. The foundation for sustained co-operation and collaboration between countries is built on shared values and visions, trust and confidence, and keen awareness of shared responsibilities and accountabilities.
- (b) While our primary focus is on shared water resources, we must all acknowledge that the sharing of water peacefully also enables countries to strengthen ties in many other arenas such as trade, transport, communications and information, while also strengthening and stabilizing political regimes.
- (c) Effective inter-state collaboration in the management of shared waters is greatly enhanced when all parties understand and agree on the characteristics and dimensions of the resource and the internal and external forces responsible for driving change in the resource.
- (d) It is difficult to engage all stakeholders effectively in management of transboundary waters. Civil Society Organisations have a crucial role to play in developing the capacity and competence of non-state actors so that they may contribute to decision making.
- (e) The issue of geographic scale is important – particularly when evaluating the options available to prevent or resolve disputes over water. The larger the scale, the greater the number and variety of options that are available. Thus, agreeing on how to manage transboundary waters can help solve issues that have been difficult to deal with at the local or community level.
- (f) Statutory and legal instruments embody the fundamental principles of wise use, prevention of pollution and peaceful co-existence.
- (g) Intergovernmental coordination and regional cooperation is necessary to achieve the goals set by individual countries as well as by subregional programs, such as East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), Economic Commissions for Westaern Africa (ECOWAS) and Southern Africa Development Community (SADC).
- (h) The increasing role and prominence of African Union, particularly on the political platform to address the continent's issues, is a welcome framework and is accelerating regional agreements and negotiations with donors and International Finance Institutions.

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## **D. AWW-2 Concluding messages**

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### **Meeting of Water and Finance Ministers**

Participants fully support the request of the AU for a meeting of Water and Finance Ministers to discuss water security and economic growth. This has been scheduled for 2010, and the AfDB and UNSGAB are working out the modalities for this. The first such meeting will be focus on water supply and sanitation. Participants appeal to African Governments to ensure that there is representation at the highest level to accord the meeting the importance and visibility that it deserves.

### **Format of Water Week Events**

The future format of the AWW series should offer the opportunity for benchmarking progress, deepen peer learning and stimulate stronger action at local level for results.

### **Gratitude to Organisers**

AWW-2 had the objective, among others, of securing renewed and firm commitment among governments, development partners and other water and sanitation actors to accelerate action to meet the agreed targets. As we contemplate the 3rd African Water Week, it is the collective wish of all participants that the actions that have been defined to operationalise the region's political commitments will truly be internalised at the country level and countries and others will come to report the trend and impact of their actions.

Participants would like to thank AMCOW, the South African Government, the Minister at the Presidency in charge of Planning, the Minister of Water and Environment, the Department of Water and Environment and the Local Organising Committee for a well-organised event.