

PROPOSED 2011 WORK PLAN AND BUDGET

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LIST OF ACRONYMS

AfDB	African Development Bank
AMCOW	African Minister's Council on Water
AWF	African Water Facility
AU	African Union
CBO	Community Based Organisation
EXCO	Executive Committee of AMCOW
GC	Governing Council
GSE	Gender and Social Equity
GWP	Global Water Partnership
IWRM	Integrated Water Resources Management
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
NWRM	National Water Resources Management
OSC	Oversight Steering Committee
OWAS	Water and Sanitation Department of the AfDB
PCR	Project Completion Report
PIA	Project Implementing Agency
PIDA	Programme for Infrastructure Development in Africa
RBO	River Basin Organisations
REC	Regional Economic Communities
RMC	Regional Member Country
TA	Technical Assistance
TAC	Technical Advisory Committee of AMCOW
TWRM	Transboundary Water Resource Management
UK	United Kingdom
WRM	Water Resource Management
WSS	Water Supply and Sanitation
WWC	World Water Council

1 INTRODUCTION

1.1 This Work Plan and Budget outlines the operational programme of the African Water Facility (AWF) for 2011, along with the organisational and support activities which complement operations. It also presents a detailed staffing and administrative expenses budget required to implement the 2011 programme.

1.2 In line with the Operational Procedures of the AWF, the budget proposals of the AWF must be submitted to the African Development Bank (AfDB) Board of Directors for approval, after endorsement by the AWF Governing Council (GC). In this regard, the indicative Work Plan and Budget for 2011 operations was submitted to the AWF Governing Council (GC) for review and it was endorsed at its ordinary meeting of 24th November 2010 in Addis Ababa, Ethiopia. The GC comments have been incorporated and this revised version has been prepared for submission to the AfDB Board for approval of the AWF Administrative Expenses Budget.

1.3 The Work Plan has been prepared during a period of transition and change as a result of the recent completion of an Effectiveness Assessment of the AWF and the ongoing preparation of a five year Strategic Plan (2012-2016) pursuant to the recommendations of the Assessment. As a result, the 2011 Work Plan and Budget document has been drafted in line with the current AWF Operational Strategy, recommendations contained in the Effectiveness Assessment report as well as lessons learned so far.

1.4 The year 2010 saw the completion of a comprehensive Effectiveness Assessment of the Facility's operational activities and the institutional set-up undertaken by an independent consultant. The assessment concluded that the AWF has developed into a successful institution, with many valuable assets contributing significantly to the continents water resources development agenda. The assessment report also addressed some critical areas needing improvement and included improving portfolio quality, increasing disbursements, realigning interventions to Africa's changing commitments, and enhancing knowledge management. The report also called for the development a medium-term strategy to facilitate implementing the many pertinent recommendations that will revamp the AWF. The implementation of the recommendations of the Assessment forms a major building block of this Work Plan for 2011.

1.5 A summary on the Facility's achievements in 2010 is given in Annex 1. The 2010 Annual Report, which will discuss them in detail, will be submitted later for approval

1.6 The main principles that will guide activities in 2011 are as follows:

- Focusing on strategic planning and refining of operational processes early in the year
- Ensuring effective and timely implementation of the ongoing projects and expediting disbursements
- Ensuring quality at entry in the development of new projects as well as quality during implementation for on-going projects
- Limiting the number of new project approvals in order to allow AWF to focus on project quality and implementation concerns

- Ensuring leadership and involvement of AMCOW in AWF operations, and supporting AMCOW strategic initiatives
- Mainstreaming gender and social equity in AWF operations
- Documenting and disseminating results and knowledge emanating from AWF operations
- Enhancing communications, visibility and outreach
- Managing human resources and institutional concerns in this period of transition
- Mobilising additional resources for AWF operations from 2012 onwards.

1.7 The AWF Work Plan and Budget document comprise the main report of six sections and Annexes, which provide detailed information to support the report. Section One provides a brief introduction to the purpose the document and the guiding principles that shape the operational focus and the budget assumptions for 2011. Section Two presents the strategic orientation for 2011. The Work Programme is presented in Section Three and involves portfolio management issues, knowledge generation and dissemination and new operations to be financed, as well as resource mobilisation requirements. Section Four presents the budget proposals for staffing and administrative expenses for implementing the work programme, and Section Five the funding requirements for 2011. The main conclusions and recommendations to the AfDB Board are provided in Section Six.

2 STRATEGIC ORIENTATION/ACTIVITIES

The broad strategic actions to be undertaken in 2011 and which impinge on all activities include the following:

- Complete the preparation of the *AWF Strategic Plan (2012-2016)* and other related documents, which is one of the main recommendations of the Effectiveness Assessment, with targeted completion by July 2011.
- Improve *leadership and involvement of AMCOW* in AWF operations, and continue *support to AMCOW* in implementing regional strategies and initiatives that shape the direction of the water sector in Africa
- Mainstream Gender and Social Equity in all new projects in accordance the recently prepared AWF Gender and Social Equity Strategy, as well as emphasise and bring out more clearly the impact of AWF projects on adaptation to climate change.

3 WORK PROGRAMME FOR 2011

This section outlines the many operational support and administrative activities that will be undertaken in 2011 which are essential to the effective operation of the Facility. These are summarised below.

3.1 PORTFOLIO MANAGEMENT

- Increase disbursement levels from 28% in 2010 to 35%¹ in 2011 by addressing all constraints as outlined in the Annex 2. Based on analysis of identified constraints, an action plan has been developed for each project that will lead to this increase in disbursements.
- Continue to emphasise project quality at entry in all new projects, and quality during implementation of ongoing projects. The AWF will seek support from the Bank's Quality Assurance and Results department to develop appropriate indicators for implementing the new Strategic Plan and adapt these to the Bank's environment. This will lead to improved Performance Monitoring and Reporting for the AWF.
- Ensure proper **project completion**: Undertake and finalise 80% of project completion work out of the fifteen (15) projects expected to be completed in 2011. The project completion work includes preparation of Project Completion Reports (PCR) as well as verifying fiduciary compliance and proper closure.
- Undertake **project audits**: As in 2010, undertake the audit of 30 projects in 2011.
- **Cleaning the portfolio**: Reduce the average age of projects from 2.0 to 1.7 years through appropriate actions including cancellations of over-aged projects.
- **Revision and preparation of basic documents**: Revise the AWF Operational Procedures and complete the new AWF Operations Manual. New approaches will be put in place once approved by the Board during the year.

3.2 KNOWLEDGE SHARING AND COMMUNICATION

- Prepare relevant **knowledge products** on completed projects, and prepare **thematic** knowledge products on AWF experience gained in IWRM, transboundary water resources management, sanitation, rainwater harvesting, water resources information management, and climate change adaptation.
- Effectively **communicate** the role AWF plays in the water sector, and widely disseminate the results (See Annex 3).
- Continue **Reporting and Oversight** functions with preparation of two progress reports (annual and interim), annual Work Plan and Budget, and documentation for Governing Council and AfDB Oversight Committee meetings.

3.3 NEW OPERATIONS

3.1 In 2011, the AWF will continue to provide support in new operations under the main areas of intervention noted in current Operational Strategy. The breakdown of planned project interventions and associated indicative financial requirements are shown in Table 1. The operational guiding principles for 2011 are as follows:

¹ Disbursement since the beginning of the year (excluding disbursements associated with operations signed in year) as a % of undisbursed balance at the beginning of the year

- With about 14 projects expected to be completed by the end of 2011, the new projects will basically serve to replace completed projects and thereby maintain a portfolio size of approximately 57 ongoing projects.
- The projects identified are reasonably well balanced with respect to the AWF current Operational Strategy with a focus on project and programme preparation (6 projects). This reflects the Facility's emphasis on leveraging funding. As a new development, the AWF expects to approve its first project under the pillar "Strengthening the Financial" base in 2011. As AWF projects often encompass more than one area of intervention, secondary areas of intervention that will be emphasised include strengthening the financial base (7 projects), National Water Resources Management (NWRM) (5) Transboundary Water Resources Management (TWRM) (5), and pilot investments in water supply/sanitation (3) and investments in water for productive uses (4).
- There is a good balance between national and regional projects, with 7 of the 14 focused on regional entities.
- The projects identified (including regional projects) impact on most of the 20 fragile States in Africa. Projects also have significant impact on adaptation to climate change (11 of 14 projects have a WRM focus).

Table 1: Summary of Indicative Project Financing Requirements for 2011 (all amounts in million Euro)

AWF Area of Intervention	Projects Approved 2010		Projects to be Approved 2011	
	No.	Amount	No.	Amount
Strengthening Water Governance	1	1.988	1	1.987
Investments to Meet Water Needs	3	5.319	9	12.439
Strengthening the Financial Base			1	1.350
Improving Water Knowledge	5	8.783	3	3.954
TOTAL Project Commitments	9	16.090	14	19.730

3.4 RESOURCE MOBILISATION

One of the main activities of focus in 2011 will be *resource mobilisation* to secure sustained funding for 2012 and beyond. Resource requirements for 2012-2016 will be defined in the new Strategic Plan. No funding commitments by donors have yet been made for 2012, either cash or in-kind contributions (i.e. Technical Assistants). The Bank remains committed to meet its in-kind obligations in 2012 (i.e. staffing, operational support and office expenses). In accordance with the Resource Mobilisation action plan (which was approved by the Governing Council in July 2010), activities will be carried out in collaboration with AMCOW and will centre on broadening the donor base. In line with the resource mobilisation action plan, a donors' conference will be organised to mobilise resources and will involve non-traditional donors such as the private sector entities and private foundations. In this regards, firm contacts have been established with the "Bill and Melinda Gates Foundation", which has already expressed its willingness to collaborate with the AWF.

4 STAFFING AND ADMINISTRATIVE EXPENSES BUDGET

4.1 HUMAN RESOURCES

4.1.1 It is anticipated that the number of full time staff will increase from the currently level of 12 to 17 by the end of 2011. This will consist of 13 professionals, two support staff, and a Coordinator and Director. Long-term consultants will be recruited to assist staff in implementing the work plan. AWF staffing and recruitment drive over the year will be shaped by two factors:

- The ongoing preparation of the five year AWF Strategic Plan (see 2.1) requiring the definition of operational focus from 2012 onwards and determining more precisely the associated number and skills mix required.
- Funding from 2012 onwards cannot be ascertained and therefore call for caution in undertaking new recruitments.

4.1.2 As a consequence, active recruitment of most of the previously approved new staff positions will continue to be put on hold until the completion of the Strategic Plan by June 2011. This principle will be reviewed during the year when strategic direction, operational focus and funding visibility will become clearer. Recruitment of operations staff (i.e. Task Managers) will only be undertaken in the third quarter of 2011. In the interim AWF will rely on other Bank Departments/Units, the Field Offices and consultants to support the implementation of the Work Plan.

4.1.3 The recruitment of the complement of staff planned for the year will involve establishing and recruiting one new staff, recruitment to replace departed staff and filling vacant TA positions. The recruitment plan will involve the following:

- **New Staff Position:** In view of increased financial and administrative duties at the Facility, there has arisen the need to establish and recruit one new position of “Finance and Administration Officer” to be funded under the AWF Special Fund.
- **Replacement of departed Staff:** Continue the process for the immediate recruitment of existing key staff position of AWF funded “Portfolio Management Officer”, which has become vacant due to departure of the incumbent, and the AfDB funded Water Resources Management Officer (recruitment completed and staff to start in January).
- **Replacement of departed Technical Assistance Staff:** Continue to pursue the replacement of TA position for Water Resources Management Specialist funded by Norway. Also finalise the discussions and pursue the recruitment of TA position for Monitoring and Evaluation Specialist funded by France.

4.1.4 Other human resource actions to be undertaken in 2011 include outsourcing, staff training, leadership and team building, use of Field Offices.

Table 2: Summary of 2011 Staffing Plans, by Source of Funding

	End of 2010	End of 2011	Comments
Management Staff (AfDB funded)	2	2	
Professional Staff (totals)			
• AfDB funded	4	5	1 replacement to start in January
• AWF funded	2	4	1 replacement and 1 new position
• TA Donor funded	2	4	Replacement of Norway and France TA
Support Staff (AfDB funded)	2	2	
TOTAL STAFF	12	17	

4.2 THE ADMINISTRATIVE EXPENSES BUDGET PROPOSALS

4.2.1 The Administrative Expenses Budget for 2011 provides the expenditure to be incurred in implementing the Work Plan. The budgetary provisions made are broken down by the three major sources of funding: (i) the AWF Special Fund, (ii) AfDB in-kind support to the Facility and (iii) contributions from donors in the form of Technical Assistance. The budgetary provisions are shown in Table 3 and detailed in Annex 5. The total staffing and administrative expenses budget for 2011 is estimated at €3.6 million, which amounts to 3.9% of the overall project portfolio.

Table 3: Summary of Administrative Expenses Budget (Euros)

Administrative Expenses	2011	2010 Comparative spending
i) Expenses from AWF Trust Fund Budget		
Staffing (paid for directly from AWF account)	275 000	177 260
Administrative Expenses	1 462 012	996 887
Sub-total	1 737 012	1 174 147
ii) Expense from AfDB Administrative Budget Support		
Staffing (AfDB secondments to AWF)	830 532	740 581
Administrative Expenses (missions, consultants)	183 988	162 808
Overhead Allocation (office and other expenses) & Operational Support (from Bank Departments)	663 601	554 031
Sub-total	1 678 121	1 457 420
iii) Donors Technical Assistance		
Technical Assistance Sub-total	232 500	218 706
TOTAL STAFFING and ADMIN. COSTS	3 647 633	2 850 273

4.2.2 The 25% increase in the staffing and administrative costs is mainly due to: (i) the inclusion of the staff benefits (pension, health care, education) in the staffing expenses, (ii) the recruitment of a water resources management specialist, (iii) increased consultancy budget (more comprehensive audits, outsourcing of PCR, and other studies), (iv) an adjustment of the overhead costs by the AfDB.

5 FUNDING REQUIREMENTS FOR 2011

5.0.1 The total requirements for programme financing and administrative expenses amount to Euro 23.4 million. Adequate **Financial Resources** are available to fund the proposed 2011 Work Plan. This will be met by a carryover of €33.1 million from 2010 and additional planned donor contributions of €12.8 million in 2011. At the end of 2011 there shall be a balance to be carried forward amounting to about €22.5 million for use in 2012, not including project cancellations in 2011.

5.0.2 The budgetary provisions for Staffing and Administrative expenses of Euro 3.6 million have already been met in part by the Bank in its ordinary budget (Euro 1,678,121) and donor TA support (Euro 232,500). The balance of Euro 1,737,012 will be drawn from the resources of the African Water Facility Special Fund and is the object for consideration by the AfDB Board in this paper.

Table 4: Summary of Funding for the 2011 Work Plan (million Euros)

Description of Funds	2010	2011
i) Resource Requirements		
Project Financing	16.1	19.7
Staffing and Administration Costs	2.9	3.6
Sub-total	18.9	23.4
ii) Funding Commitments		
Cash Commitments	44.3	10.9
In-Kind Commitments from AfDB and Donors	1.7	1.9
Balance brought forward from 2009	6	
Sub-total	52.0	12.8
iii) Funding Balance		
Annual Balance	33.1	-10.6
Cumulative Balance (Difference 2010 and 2011)		22.5

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSIONS

- In preparing this Work Plan, the AWF has benefited from the five years of operational experience and lessons learned since the start of operations in 2006. As well, the Facility has just undergone an Effectiveness Assessment, which has put forward a large number of recommendations to improve its operations and institutional effectiveness. These have been taken into account in the preparation of this Work

Plan, with corresponding actions noted throughout this report and defined in a series of Action Plans.

- The AWF is at a cross roads and is currently in the process of developing new strategic directions to guide its future operations. This work plan and budget has defined the objectives for 2011 and the corresponding actions and funds required to achieve these objectives. While adequate financial resources are available to fund the Work Plan. Human resources remain a challenge for the Facility and consequently the strategic plan under development will include adequate numbers and skill mixes of professionals to enable the Facility achieve its mandate. Meanwhile recruitment to replace key staff departures will be pursued vigorously. It has been determined that one new staff position needs to be established to support the Facility's finance and administrative functions.
- The 2011 Work Plan and Budget has been reviewed and cleared by the Governing Council of the AWF at its meeting in Addis Ababa, Ethiopia on 24 November 2010 for submission to the AfDB Board of Directors.

6.2 RECOMMENDATIONS

The Board of Directors of the AfDB is invited to take note of the 2011 Work Plan and approve: (i) the creation of one (1) new AWF project staff position and (ii) the 2011 AWF Staffing and Administrative Expenses Budget in the amount of €1,737,012 for the financial year ending 31st December 2011 from the resources of the AWF Special Fund.

ANNEX 1: AWF BASIC INFORMATION AND ACHIEVEMENTS

ANNEX 1.1: AWF AT A GLANCE

Background and Objectives:

The African Water Facility (AWF) is an initiative of the African Ministers Council on Water (AMCOW). It is hosted and managed by the African Development Bank (AfDB). The overall purpose of the Facility is to assist African countries to mobilize and apply resources for the Water and Sanitation sector to help enable them to successfully implement the Africa Water Vision (2025) and meet the MDGs (2015). The AWF began its operations in 2006.

Areas of Focus / Sub-sectors: AWF provides support in the following areas:

- Strengthening water governance by increasing African countries and regional organisations' capacity to govern their water resources based on IWRM principles and cooperative arrangements;
- Meeting water needs through the preparation of programmes and projects that will attract follow-on investments, and piloting innovative technologies and approaches that may lead to widespread adoption;
- Strengthening the financial base of African countries and regional organisations by attracting additional funding to the sector and ensuring more effective use of available funding;
- Improving water knowledge by increasing the capacity for informed decisions making to guide water development planning and implementation;

Target Beneficiaries:

Central Government/Ministry or Agencies; Local Government/ Municipalities; NGOs/CSOs; Community Based Organisations (CBO); Regional, sub-regional and sectoral organisation (i.e. Regional Economic Organisation); Lake and River Basin Organisations

Administration & Governance Structure

- **Governing council:** Determines general policy direction and guides the operational activities of the Facility. Composed of 13 members: AMCOW (5), DONORS (5) NEPAD 1) UN-WATER (1) AfDB (1), and chaired by AMCOW Minister
- **Board of Directors of the Bank:** Responsible for the general operations of the AWF Fund including project approval, approving projects beyond Euro 2 million and delegating approval for smaller projects as noted below.
- **AfDB President:** Approves projects between Euro 500,000 and Euro 2 million
- **Director/AWF:** The administrative head of the Facility, responsible for the overall management of the Facility. Approves projects valued below Euro 500,000
- **Coordinator/AWF:** Day-to-day management of the Facility and supervision of staff

Outcomes & Results to Date:

66 projects, at a total investment of about Euro 79 million have been approved since the Facility became operational in 2006. They are spread across 50 countries and cover the following interventions:

- 12 projects relate to the implementation of national IWRM;
- 7 projects focus on the implementation of trans-boundary water resources development initiatives and programmes in Africa;
- 13 projects are small capital investment projects designed to attract additional resources or to introduce innovative technologies;
- 20 projects concern preparation of water supply and sanitation programmes/projects;
- 14 projects support information and knowledge management;

Since inception, AWF has mobilized Euro 130 million from the European Commission (25.0 M), UK (16.7M), Canada (12.9 M), Sweden (12.2 M), France (12.0 M), Spain (12.0 M), AfDB (11.3), Norway (10.6 M), Denmark (5.4 M), Australia (3.4), Austria (4.0 M), Senegal (0.2M) and Algeria (0.1 M)

Assets, Lessons Learned and the Way Forward:

An independent Effectiveness Assessment of the AWF was completed in October 2010. The conclusions provide a concise overview of the assets of the AWF, the lessons learned and way forward.

“Over the last 5 years, the African Water Facility has developed into a successful institution, with many valuable assets. The most important assets are indubitably:

- **Diverse portfolio.** Close to 60 projects have been approved so far, with a diversity of innovative projects in many countries across Africa, with a particular strength in Trans-boundary Water Resource Management. Other areas of innovation include water sector M&E and urban water and sanitation services.
- **Innovation and quality.** The 8 project assessments that were part of this assignment reveal these AWF projects to be generally effective and are delivering stated outcomes, even if progress has been slow in some cases. AWF-funded projects are commonly seen by other partners as innovative and focused on emergent issues.
- **Sound management.** To manage its projects, the Facility uses an effective operating system with strong financial controls anchored to an efficient institution (AfDB). This has been recognized in a recent evaluation commissioned by the European Union.
- **Scaling up capacity.** Some projects have already led to good proposals for larger scaled up projects, demonstrating an interesting leverage effect. This scaling up capacity is an illustration of the very purpose for which the Facility was established - mobilising more financial resources for the water sector in Africa.
- **Support to fragile States.** The AWF has taken advantage of its ability to provide support to post-conflict countries, with projects in most of the so-called ‘fragile States’ in Africa.
- **Support to applicants.** AWF provides valuable support to applicants during the project development process. This is recognised by the sector as a flexible, innovative, participative and unique way of preparing and appraising projects.
- **People.** Skilled and highly motivated staff contributed to AWF’s success. A good sign of this is that except for top management, turnover is rather limited. These staffs are a very valuable asset to build on and keep on developing the Facility.
- **Roots.** AWF is an African-based organisation with strong links with AMCOW and therefore the ministerial level of the water sector in all African countries. This role of the Facility in the water sector indubitably contributed to its success.
- **Knowledge.** The Facility has accumulated and produced substantial and valuable knowledge on the water sector and the potential for scaling up more promising approaches. However this potential is yet to be fully realized.

The key issue is how to build on these assets to maximize AWF’s contribution to the development of the African water and sanitation sector. During the initial years of AWF’s history it has naturally focused on developing a substantial portfolio of innovative projects, as part of its consolidation phase. The African Water Facility now needs to expand its staff numbers to be able to devote sufficient time and resources to activities such as support to projects being implemented, M&E and potential scaling up activities, in order to fulfil its many functions and be a high performing Africa-wide project funding and support instrument.”

ANNEX 1.2: SUMMARY OF ACHIEVEMENTS IN 2010

This summary presents an overview of the activities undertaken and results achieved by the African Water Facility up to September 2010.

1. **AWF Effectiveness Assessment:** In accordance with the AWF Operational Procedures, an Effectiveness Assessment of the Facility's operational activities and the institutional set-up was initiated in 2009. A draft final report was endorsed by the AWF Governing Council at an Extra-ordinary meeting in Cape Town in July 2010, subject to minor revisions. The final version of the report was submitted in September, and confirmed that the Facility provides an important value addition to the African water sector, whilst also identifying several areas for improving operational and institutional efficiency.
2. **Project approvals:** Nine projects were approved in 2010 at a total amount of €16.1 million. A total of 66 projects have now been approved since inception of operations in 2006, amounting to €79 million.
3. **Disbursements:** Efforts undertaken to improve project implementation and increase levels of disbursements are showing positive results, with €12.3 million disbursed in 2010, compared to €7.9 million disbursed in 2009. The AWF achieved 66% of planned disbursements in the year. In total, €32.4 million has been disbursed to date, which represents 41% of the total project portfolio amount. An action plan is being implemented to further improve AWF disbursements, which is designed to systematically address all the constraints impacting on project implementation.
4. **Project Completion and Results:** Eight more projects were successfully completed in 2010, bringing the total completed to 14. The projects have achieved anticipated results, including: (i) preparation of a water supply and sanitation programme for Central African Republic and funds mobilised for investments; (ii) improved access to drinking water using innovative rainwater harvesting systems in rural Uganda, directly benefiting 720 households and 30 institutions; and (iii) improved access to sanitation and water supply for 14,000 urban poor in Kampala, Uganda, using innovative ecological sanitation technologies and improved water distribution infrastructure. Furthermore, significant catalytic effects of AWF funding have been realised, with a total amount of about €260 million (four times the AWF portfolio) mobilised to date to finance water sector follow-on interventions in five African countries and two regional organisations.
5. **Human Resources Management:** The vacant Coordinator and Director positions were filled by Bank appointed staff in the first half of 2010. As well replacements for the retired Chief Operations Officer and the vacant Water Resources Manager positions were recruited by the AfDB.
6. **Resource Mobilisation:** AfDB committed 10 million Units of Account (approx. €11.3 million) to the Facility which was paid in 2010. Australia joined with an AUD 5 million (€3.4 million) contribution paid in 2010. Austria renewed and significantly increased their funding with a contribution of €3.6 million. In total, cash commitments since inception amount to €130 million as at December 31st, 2010. Funding for the 2011 operations is secured, however the situation for 2012 and beyond continues to be a challenge with no funding commitments yet made. To address this concern a revised resource mobilisation action plan was prepared and approved by the AWF Governing Council in July, and is now being implemented.

ANNEX 2: IMPROVING PROJECT IMPLEMENTATION AND DISBURSEMENT

	Actions to be taken by the AWF in 2011
Need for Action Plan	<ul style="list-style-type: none"> Develop and implement an action plan for increasing project disbursements that is regularly reviewed. The Action Plan to accelerate implementation and increase levels of disbursement is outlined below.
GRANT PREPARATION AND FULFILMENT OF CONDITIONS FOR FIRST DISBURSEMENT	
Reduce the delay for preparation and signature of the Grant Agreement	<ul style="list-style-type: none"> Work more closely with Bank GECL to expedite preparation of Grant Agreements Continue to seek the involvement of AfDB Field Offices to expedite signature by Recipient.
Reduce delays by Recipient to fulfil the conditions precedent to Grant Effectiveness	<ul style="list-style-type: none"> Minimise and harmonise conditions precedent to Grant Effectiveness in all Grant Agreements. Where necessary and appropriate, include more flexible conditions for Grant Effectiveness to enable Recipients to open a Special Account in local currencies. Report monthly on fulfilment of Grant Effectiveness conditions to highlight projects requiring additional attention. Support Recipients in fulfilment of conditions for Grant Effectiveness.
Reduce the delay by the Bank in making first disbursement	<ul style="list-style-type: none"> Support Recipients in making a request for first disbursement.
PROJECT IMPLEMENTATION AND SUPERVISION	
Use of more responsive procurement procedures	<ul style="list-style-type: none"> Increase use of national procurement procedures and post procurement review, as permitted within the AWF/Bank procedures. Encourage advance procurement actions (before 1st disbursement).
Reinforce Recipient capacity to implement projects	<ul style="list-style-type: none"> Systematically organise launching mission for new projects. Organise training workshops on procurement and disbursement for new projects as required. Encourage Recipient Project Implementation Units to work closely with Field Offices and locally recruited AWF procurement support specialists. Increase accessibility to AWF/Bank procedures by placing guidelines, tools, FAQ etc. on AWF website.
Increase capacity of AWF to undertake procurement functions	<ul style="list-style-type: none"> Strengthen AWF procurement capacity and response time through the recruitment of a full time Procurement Officer, and in the interim continue to use the services of a Procurement Consultant. Provide ongoing procurement training to AWF Task Managers. Delegate Bank Field Office staff to undertake project procurement support functions. Outsource procurement support functions to local procurement specialists, particularly where Field Offices don't exist or have limited capacity to provide support.
Improve project supervision	<ul style="list-style-type: none"> Ensure minimum of one supervision per project per year. Involve Bank Departments and Field Offices experts to undertake supervision missions and to be on call to provide project related technical support services. Outsource supervision to local consultants where Field Offices don't exist or do not have the capacity to provide technical support. Preparation and timely submission of project reports to be improved (see below) since good reporting will facilitate desk supervision. Explore options for AWF/representative attendance at project steering committees meeting. This will encourage preparation of progress reports, and facilitate joint monitoring and resolution of problems. Increase number of AWF Task Managers. Involvement of Task Managers in supervision is essential since they understand the technical issues. However, the number of projects

	<p>per Task Manager is too high, limiting AWF ability to supervise.</p> <ul style="list-style-type: none"> • Make better use of the Bank's network of field offices and support from other Departments.
Reporting	<ul style="list-style-type: none"> • Consider options to simplify project reporting requirements, with more focused and result oriented reporting formats and reduced numbers of reports, yet maintaining emphasis on quality. • Assess options to link second and subsequent disbursements to submission of progress reports. • In the situation where the capacity of Recipient/PIA is limited, which hinders their preparation of progress reports, explore options to provide support such as through project consultants.
Cancellation	<ul style="list-style-type: none"> • Review and adapt AfDB procedures for project cancelation, and use this option as appropriate to expedite project implementation. • Cancel non-performing projects, which will also send a clear message to other problem projects.
PORTFOLIO MANAGEMENT	
Develop more responsive portfolio monitoring mechanisms	<ul style="list-style-type: none"> • Produce Quarterly Project Implementation Review report which summaries status and develops action plans for each project. • Improve portfolio monitoring and reporting, and undertake quarterly portfolio project review.

ANNEX 3: IMPROVING KNOWLEDGE MANAGEMENT

	Actions to be taken by the AWF in 2011
Enhance AWF's approach to knowledge transfer and management	
Generate knowledge products	<ul style="list-style-type: none"> • Preparation of knowledge products for most completed projects, combined with preparation of AWF PCRs. • Preparation of various thematic knowledge products, with an initial focus on IWRM at national and transboundary levels, water resource information management, sanitation, rainwater harvesting and climate change. • Prepare knowledge documentation for AWF managed activities, such as the Water for Growth study. • From the various knowledge generation activities, prepare different types of documents tailored for intended audience. • Develop plans for impact assessments by theme on a group of completed projects, to be undertaken 2 to 5 years after project completion, and link to revision of knowledge products.
Encourage partnerships and scholars	<ul style="list-style-type: none"> • Partner with knowledge organisations to generate and disseminate knowledge on topics of mutual interest. • Encourage visiting academics such as professors or PhD students to undertake research of mutual interest making use of the AWF portfolio of projects.
Dissemination	<ul style="list-style-type: none"> • Link knowledge dissemination to communications (see Communications Action Plan).
Project Identification and Design	<ul style="list-style-type: none"> • Use the generated knowledge (lessons learned, best practices, etc) to identify promising projects, technologies or approaches, and inform future project design.
Capacity and Training	<ul style="list-style-type: none"> • Increase knowledge management capacity within the AWF through recruitment of a knowledge specialist. • Make use of the generated knowledge to support the process of staff learning on best practices etc. • Organise seminars for AMCOW and other key stakeholders on current water sector issues, linking these to AWF acquired knowledge.
African water agenda	<ul style="list-style-type: none"> • Link AWF knowledge to the development of policies, strategies, action plans etc. • Use knowledge in support of advocacy efforts.

ANNEX 4: ENHANCING COMMUNICATIONS AND OUTREACH

	Actions to be taken by the AWF in 2011
Communications and visibility	
Overview	<ul style="list-style-type: none"> Enhanced communications must be linked to knowledge management and resource mobilisation efforts, and will require inputs from all staff with the strong support of management.
Develop communication tools and materials	<ul style="list-style-type: none"> Develop documentation tools including: new brochures; success story flyers; videos and documentary; presentations with greater visual impact; a redesigned AWF web-page. Produce a series of briefing documents to cover the major issues AWF is dealing with. Develop different types of knowledge products tailored to intended audiences, such as short success stories to be included in the different promotional tools. Develop AWF Website as a principal source of information on the AWF
Increase visibility and prominence of AWF	<ul style="list-style-type: none"> Secure GC Chair and Ministers as well as donors' support to make AWF more visible and sustainable. Promote visibility in countries or in the sub-regions through projects and outcomes. At project level, strengthen actions aimed at improving the communication with donors, coordinating round tables, and collaborating through co-financing mechanisms. Inside the AfDB, systematically send relevant information to the key people and departments/offices such as VP, ORRU, OSAN, OWAS and field offices.
Regularly disseminate information	<ul style="list-style-type: none"> Disseminate knowledge products through a variety of channels. Prepare press releases on all significant events. Prepare Bank in Action contributions on all significant events to increase knowledge within the AfDB on the AWF.
Effectively engage with the media	<ul style="list-style-type: none"> Develop African wide media contacts. Develop appropriate material for television and other mass market media.
Coordinate communication activities with those of the AfDB	<ul style="list-style-type: none"> Involve AWF communications department for advice and specialized support. Coordinate communications with OWAS.
Outreach and Partnership Building	
Strategically position the AWF	<ul style="list-style-type: none"> Promote a new image of the Facility based on the positive success noted in the Effectiveness Assessment report, and the upcoming Strategic Plan 2012-2016.
Work closely with a wide range of organisations at global, regional and country levels	<ul style="list-style-type: none"> Engage with partners to build consensus on effective policies and practices; enhance advocacy; share knowledge; build capacity; coordinate aid and mobilise resources. Enhance project impacts through promoting pilot projects successes in order to leverage resources through replication and scaling up by partners. Take advantage of all opportunities for collaboration with donors at the operational level, such as technical or international meetings.
Joint training activities	<ul style="list-style-type: none"> Continue to undertake joint training on water related issues with Joint Africa Institute (JAI) , European Association of Development Training Institutes (EADI), etc.
Participate in key international events	<ul style="list-style-type: none"> Continue to participate in a wide range of events to promote the AWF and build partnerships.

ANNEX 5: ADMINISTRATIVE EXPENSES BUDGET FOR 2011

2011 budget and 2010 disbursements

	2011 Budget (Euro)			2010 Actual (Euro)		
	AWF	In kind	Total	AWF	In kind	Total
Staff Costs						
• AWF funded staff	275 000	-	275 000	177 260	-	177 260
• ADB staff remuneration	-	830 532	830 532	-	740 581	740 581
• Technical Assistants	135 000	97 500	232 500	112 456	106 250	218 706
Total staff costs	410 000	928 032	1 338 032	289 716	846 831	1 136 547
Administrative Costs						
• Staff missions - operations	162 822	57 178	220 000	49 996	138 955	188 951
• Consultancy services	650 190	124 810	775 000	747 097	21 924	769 021
• Project audits (1)	375 000		375 000			
• Workshops & seminars	100 000		100 000	97 561	-	97 561
• Governing Council	80 000		80 000	77 826	-	77 826
• Resource Mobilization	50 000		50 000	0	-	0
• Communications	40 000		40 000	21 057	-	21 057
• AWF Fund Audit Fees	4 000		4 000	3 350	-	3 350
• Entertainment & hospitality		2 000	2 000	-	1 929	1 929
• ADB overhead allocation (office etc)		203 601	203 601	-	94 031	94 031
• ADB ops support (legal, disb., etc.)		460 000	460 000	-	460 000	460 000
Total Administrative Costs	1 462 012	847 589	2 309 601	996 887	716 839	1 713 726
TOTAL EXPENDITURE BUDGET	1 872 012	1 775 621	3 647 633	1 286 603	1 563 670	2 850 273

- (1) Project audits costs were not differentiated from consultancy services costs in 2010,, but should be separately identified in 2011 since they will sharply increase in the next years.
- (2) AWF budget amounts include all funds received and disbursed through the AWF Special Fund Account, including AWF and some TA funded staff, and administrative expenses.

A7.1 Budget amounts have been estimated as follows:

7.1.1 Staffing

- i. **Project staff paid from the AWF fund:** 4 positions funded during 2011. This includes the existing two staff (Communications Expert and WRM Specialist), replacement of the departed Grant Officer, and the recruitment of the new Finance and Administration position.
- ii. **AfDB staff:** Coordinator, 5 professionals (recruitment of one water resources specialist), 2 support staff.
- iii. Donor-funded **Technical Assistants:** Funding commitments exist for Austria (position committed for all of 2011), DFID position committed up to November 2011, and the vacant Norway and France funded-positions which are both expected to be filled by end of September 2011.

7.1.2 Administrative Expenses

- iv. **Staff Missions:** Staff will undertake field missions to support the preparation, appraisal and implementation of projects. AWF staff will undertake about 57 project related missions (an average of one mission per on-going project) with 1 or 2 participants per

- mission at an average cost of €3,000 per person/mission. Budget for missions is provided for under both the AWF Fund and the AfDB Administrative Budget.
- v. **Consultancy Services:** Four individual consultants are expected to be contracted mainly to fill the positions for which AWF has temporarily put recruitment on hold. Short terms consultancy assignments have been budgeted to complement the longer term assignments. The total expense budgeted for consultancy services amounts to €775 000. This includes follow-up on the operational Effectiveness findings as well as the Water for Growth initiative. Finally, 30 project audits have been budgeted for at €375,000. Unit costs of the audits have been noticeably increased to cover a larger approach including auditing of the technical outputs. Budget for consultancy services is provided for under both the AWF Fund and the indicative AfDB Administrative Budget.
 - vi. **Workshops:** Various workshops will be organised and attended in 2011, including international and regional events, and support to project executing agencies. An amount of €100,000 has been earmarked.
 - vii. **Governing Council Meetings:** It is estimated that one ordinary and one extraordinary Governing Council meeting will be organised during the course of 2011 at the cost of about €80,000.
 - viii. **Resource Mobilisation:** Based on the RM action plan endorsed by the Governing Council in July 2010, a significant budget (€50 000) has been allocated to ensure the Facility secures sufficient funds to continue operations. The budget mainly consists of missions to be carried out by AWF in collaboration with AMCOW.
 - ix. **Communications Activities:** With several knowledge products under development, communication activities will increase in 2011. Furthermore, cost provisions are made for the preparation of brochures, leaflets, and other print products, as well as for media engagement.
 - x. **Fees for auditing** the AWF Special Fund are estimated at €4,000.
 - xi. **AfDB overhead allocation and AfDB operational support:** Linked to the AfDB headcount is an overhead allocation assigned to all the Bank's operational units for central costs and such as office space and services, IT support, public relations, and senior management time (€203,601). Also, several of the Bank's departments are providing operational support of the Facility, in particular, in the processing of projects. This includes, in addition to a part time of the Director, the Legal Department that supports the grant agreements, the Disbursement Unit that processes project payments, the Accounting and Treasury functions, the Partnership Unit that supports resources mobilisation activities, Field Offices involved in project supervision, and several others. The cost of the operational support provided to the Facility through these departments is not easily identifiable and the amount shown (€460,000) represents an estimate based on spending by some of the Bank's divisions significantly involved in supporting AWF. The estimate is equivalent to the cost of four professional staff.

ANNEX 6: FUNDING THE AWF 2011 WORK PLAN

(all amounts in Euro million)

RESOURCE Analysis (as at 31th December 2010)

RESOURCE REQUIREMENTS

	2010	2011	2012	Total
	Actual	Planned	For reference	2010-2012
Project Commitments	-16.1	-19.7	-20.0	-55.8
Staffing and Administration expenses (1)	-2.9	-3.6	-3.5	-10.0
TOTAL REQUIREMENTS	-18.9	-23.4	-23.5	-65.8

FUNDING COMMITMENTS

	2010	2011	2012	Total
				2010-2012
ADB in-kind contribution	1.5	1.7	1.7	4.8
Donor Technical Assistance	0.2	0.2	0.4	0.9
In-Kind Commitments	1.7	1.9	2.1	5.7

Cash commitments:

Donor	Pledges	Pledges	Received	Received	Expected payments	Expected payments	Expected payments
	2005 - 2010	% of Total Pledges	2005 - 2009	2010	2011	2012	Total 2010-2012
European Commission	25.0	19.5%	9.1	12.9	3.00		15.9
Canada	12.9	10.0%	12.9				0.0
France	12.0	9.3%	9.6		2.40		2.4
Denmark	5.5	4.3%	4.1	1.4			1.4
Sweden	12.2	9.5%	12.2				0.0
Norway	10.9	8.5%	8.0	2.9			2.9
Austria	3.6	2.8%	0.1	3.5			3.5
Spain	12.0	9.3%	9.0	3.0			3.0
Algeria	0.1	0.1%	0.1				0.0
UK	16.7	13.0%	5.5	5.7	5.50		11.2
Senegal	0.2	0.1%	0.2				0.0
ADB	11.3	8.8%	0.0	11.3			11.3
Australia	3.4	2.6%	0.0	3.4			3.4
Interest Earned	2.8	2.1%	2.5	0.3			0.3
Total Cash	128.5	100%	73.3	44.3	10.9	0.0	55.2
Balances brought forward from 2009				6.0			6.0
Total Cash Available				50.3	10.9	-	61.2

TOTAL FUNDING COMMITTED (CASH + IN KIND)

52.0	12.8	2.1	66.9
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FUNDING BALANCE

Annual Balance	33.1	-10.6	-21.4	1.1
Cumulative Balance (surplus/deficit)		22.5	1.1	

(1): expenses not commitments

ANNEX 7: PROCESS INDICATORS (DELIVERABLES)

Component	Deliverable for 2011
Identification	Participation in 6 national or regional sector review or aid coordination meetings
	Revised application format for proposals
	1 call for proposals initiated
Screening	12 screening meetings with 2 to 3 proposals reviewed per meeting
Preparation and Appraisal	14 projects appraised
	14 preparation/appraisal missions by AWF TM and consultants
Launching	10 launching missions by AWF and Field Offices
Supervision	30 supervision missions by AWF and 30 by Field Offices or locally outsourced consultants
Disbursement	35%
Audits of projects	10 audit firms recruited
	50 project audits
Completion	14 Project Completion Reports
	14 project completion and knowledge generation missions by consultants
Strategic Planning and Operational support	New Strategic Plan 2012-2016
	Revised Operational Procedures and Operations Manual
	2 procurement workshops for Recipients
	8 Bank Field Offices supporting AWF projects
Knowledge Management	14 knowledge products on completed projects
	6 thematic knowledge products
Gender and Social Equity	2 GSE training programmes for AWF Task Managers
Reporting	2 reports for Board approval (Annual report, Work Plan and Budget)
	4 reports for information (mid-year progress, two for AMCOW and one for OSC)
GC and OSC meetings	2 Governing Council meetings (1 ordinary, 1 extraordinary)
	2 Oversight Committee meetings
Outreach and Partnerships	Participation in 6 international/regional conferences, 15 workshops/meetings
Communications	Completion of new AWF website
	24 entries in AfDB Bank in Action website; 12 press releases;
	AWF Annual Report, knowledge products and other materials published and disseminated
AMCOW involvement	4 meetings with AMCOW TAC/EXCO
Human Resources Management	4 full-time professional staff recruited
	7 long term consultants and 6 short term consultants recruited
Resource Mobilisation	5 resource mobilisation meetings with non-regional countries, 5 with RMCs
	Donors roundtable