



African Water Facility
Facilité africaine de l'eau

Mobilising Resources for Water in Africa
Mobiliser des ressources pour l'eau en Afrique

2022 Annual Report:

Executive Summary

Background

The African Water Facility (AWF) is Africa's primary project preparation instrument for water and sanitation, mobilizing resources to bridge the infrastructure gap the continent faces, and to move it towards achieving the SDGs and the objectives of the African Water Vision 2025. Since becoming fully operational in 2006, the African Water Facility has mobilized a total of €205 million in pledges, 95% of which have been realized. With this secured financing, the AWF has approved a total of 133 water projects worth €195 million in the 16 years of its existence. The projects are distributed across all five regions of Africa. A total of 52 projects (out of the 133 projects) prepared by AWF are bankable, about 48% of which have succeeded in securing the financing required for implementation. The cumulative leverage factor of the AWF is €20 mobilized for downstream investment for every €1 committed to prepare bankable projects.

Many lives in Africa have been positively impacted through the projects that have been prepared and implemented by the AWF. The cumulative total number of beneficiaries of AWF's water supply projects is estimated at 14.1 million people (52% of whom are women), while beneficiaries of AWF's sanitation-related projects total about 9.19 million people (of whom about 52% were women). The African Water Facility has also made considerable contributions to promoting regional and transboundary water resources management across Africa.



2022: The Year Of Reporting

2022 was characterized by a strong performance from the Facility. This was the year that the Facility rebounded from the slump in activities brought about by the COVID-19 pandemic, and buoyed by increased numbers of technical staff, boldly set on advancing its programmes. After many months of preparations, the Denmark/NDF Programme on Climate Resilient WASH in the Sahel and Horn of Africa finally took off, with several projects approved and others at an advanced level of preparation.

Projects in the active AWF portfolio were managed, with many registering steady progress, and a few reaching completion. The AWF has also been active on the international scene, building partnerships to support its future work, and raising awareness about its activities and those of the Africa Urban Sanitation Investment Initiative (AUSII) – a new financing window proposed for establishment within the AWF. The detailed achievements of the year are further described below.



Our Key Accomplishments

Programmatic Activities

This was the second year of implementation of the African Water Facility's Revised Strategy 2017-2025. Operational activities during 2022 focused on preparing investment-ready projects, implementing catalytic investments, and engaging with donors to mobilize resources for the Facility. In addition, the Facility made progress on multiple strategic and organizational activities including those required for establishment of the proposed urban sanitation financing window – AUSII.

During 2022, 43 project concepts were screened and 20 were found suitable for inclusion in the AWF project pipeline. The annual target of screening five projects was greatly exceeded. In the same year, appraisal commenced on 14 projects and by the end of the year, ten projects had been fully appraised (142.9% performance) and eight projects approved to receive an AWF grant (114.3% performance). Five of the projects are part of the Denmark/NDF WASH Programme in the Sahel and Horn of Africa; one project was a restructured city-wide inclusive sanitation (CWIS) project in Togo; one project was a prefeasibility study for the Nounbiel Multi-purpose Dam Project in the Volta Basin; and the last project was a new phase of preparatory activities for the Water Resources Development Programme in the Komadugu-Yobe Basin in Nigeria.



In 2022, the Facility had 26 active projects receiving €5.12 million in disbursements, representing a 60% performance against the Facility's annual target of disbursing €8.60 million. The amount of funds disbursed was 30.4% of the undisbursed balance at the start of the year. Seven projects were brought to completion in 2022, one more than the annual target of completing six projects. Six completed projects were closed, which is 100% of the annual target of closing six projects.

Cross-cutting issues (gender and social equity; climate change; environment; poverty alleviation and employment creation; irregular migration and displaced persons and private sector involvement) were being analyzed and mainstreamed in the identification and preparation of projects. Six of the eight newly-approved projects in 2022 are in fragile countries, and the grants approved to fragile countries was 89% of AWF grant commitments in the year.

A total of 21 project supervision missions covering 15 eligible projects for supervision were conducted in the year against the planned target of 15 supervision missions (a performance of 140% against the annual target). Six of the 15 projects were supervised twice in 2022. The AHWS/AWF assigned 13 task managers to manage the 26 active projects. Out of 26 active projects, five (19.2%) were delayed (against the annual target of less than 10% delayed) while two projects (7.69%) became eligible for cancellation (which is higher than the annual target of less than 2% of active projects being eligible for cancellation). The two projects are being monitored closely.



Strategic Activities



A key strategic activity undertaken in 2022 relates to the establishment of the new urban sanitation financing window originally intended as a separate fund – the African Urban Sanitation Investment Fund (AUSIF) now renamed the African Urban Sanitation Investment Initiative (AUSII). During the year, the AUSII Steering Committee appraised several institutions and selected the AfDB as the host institution for the new initiative. The Bank proposes to set up AUSII as a special operational window within AWF, as opposed to a separate new fund. The AWF's Establishment Instrument, Operational Procedures and Operational Manual are in the process of being revised to allow for establishment of the new window in the AWF.

Another important strategic activity in 2022 was the hosting of a virtual investment promotion event at which six AWF-prepared investment projects were promoted to potential financiers. No pledges were received to date for the projects, but further promotional events are planned for 2023.

Budget



The AWF administrative budget for 2022 was €4 million, with €2.3 million (57%) contributed from the AWF Special Fund and €1.7 million (43%) coming from the AfDB. The main cost items in the administrative budget were: staff costs; project missions; other administrative costs, covering such items as overhead costs, operational support, governance meetings, communication, and resource mobilization; and project-related costs. The utilization rate of the combined administrative budget on 31st December 2022 stood at 86.97%. A total of 81.19% of the AWF budget and 94.75% of the AfDB budget were expended. The financial position of the AWF Special Fund is moderate, with €14.29 million available in the Fund to support new commitments beyond 2022.

Resource Mobilization



In 2022, the AWF made efforts to meet annual targets on advocacy and resource mobilization, reaching out to over 20 potential donors. The AWF also organized consultations with donors in March 2022 at the 9th World Water Forum in Dakar, Senegal. In March 2022, the AWF launched its investment case, a tool used to support donor engagement and resource mobilization. Part of the resource mobilization effort involved encouraging donors to attend the AWF donors' meetings in June and November 2022. Concrete pledges received so far as a result of these efforts are a pledge from USAID for US\$3 million in unrestricted contributions and technical assistance (TA). This pledge was in support of the annual target of mobilizing €14 million in new commitments for regular AWF programming in 2022, and which AWF is folding into its broader fundraising target by end 2024 and beyond.

A resource mobilization drive was also initiated in 2022 to secure the initial capital for the operationalization of the AUSII. A resource mobilization activity took place at an outreach event organized on the sidelines of the World Water Week 2022 in Stockholm, Sweden where many key stakeholders were gathering. At this event, the creation of AUSII was communicated to a sizeable audience including donors, potential partners, private sector actors and fund managers but no pledge has been received as yet.

Communications



In 2022, the AWF continued to promote its work through frequent communication updates on its website and social media handles. In 2022, the Facility published 18 news articles on the AWF website; published weekly Water Digest bulletins and disseminated them among AHWS/AWF staff; prepared 7 press releases published on the AWF and AfDB websites; and promoted its work at four major international events (9th World Water Forum, Stockholm World Water Week, World Water Congress, and African Water Association's Innovate for Water Investment Forum). The AWF's Facebook, Twitter and LinkedIn pages registered 291 new subscribers, and a total of 40,438 people viewed the posts. The AWF undertook six virtual outreach events and significantly advanced its visibility and provided opportunities for stakeholders to engage with the Fund's work.

Human Resources



By end of December 2022, a total of 11 of 13 staff positions in the AWF were filled, representing a staffing position of 84.6% against the annual target of 100% but a major improvement on previous years. The process to fill the two vacant positions commenced in 2022 and will be completed in the first quarter of 2023. The vacant positions are those of the Principal Rural Water Security Officer and Principal Monitoring Evaluation and Project Portfolio Management Officer. Both positions will be financed by the AWF.

Conclusion

AWF's performance in 2022 was strong, with many annual targets met or exceeded. The areas for improvement to be addressed in 2023 include the mobilization of downstream investment, project identification, screening, preparation and appraisal; project closure; delayed projects; and disbursement to active projects.

