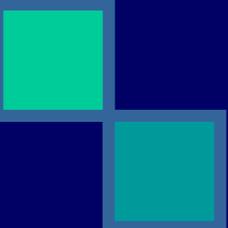


FUNDING WATER PROJECTS IN AFRICA: THE NEPAD CONTEXT

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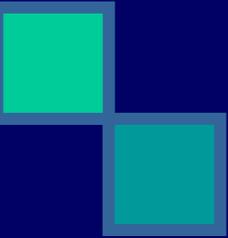


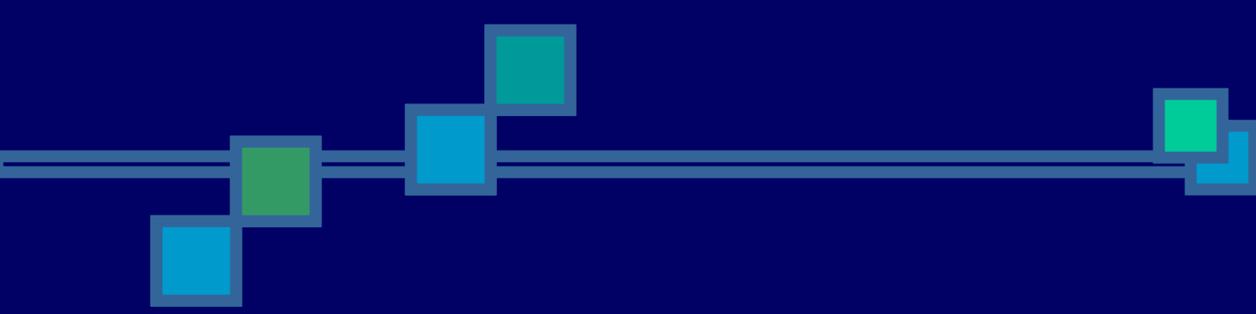
PRESENTATION OUTLINE

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- Background
 - NEPAD.
 - Challenges
 - The African Water Vision.
 - The Framework for Action
 - Funding Sources
 - Concluding Messages
- 



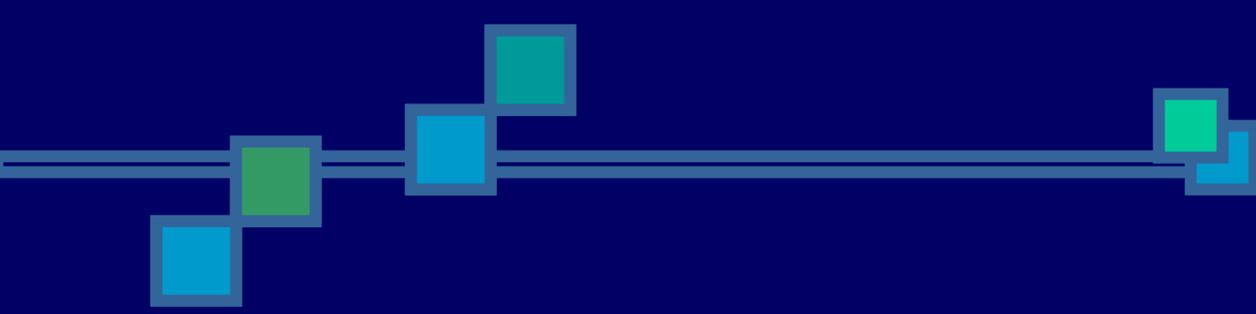
Background

- 
- Africa is a continent of great possibilities and uncertainties.
 - Sahelian Droughts in the 1970s
 - Mozambican Floods and reversal of economic recovery
 - Drought in Horn of Africa- 23 million drought affected , 1983/84 300,000 deaths in Ethiopia .
 - Current famine in Niger and Darfur
- 



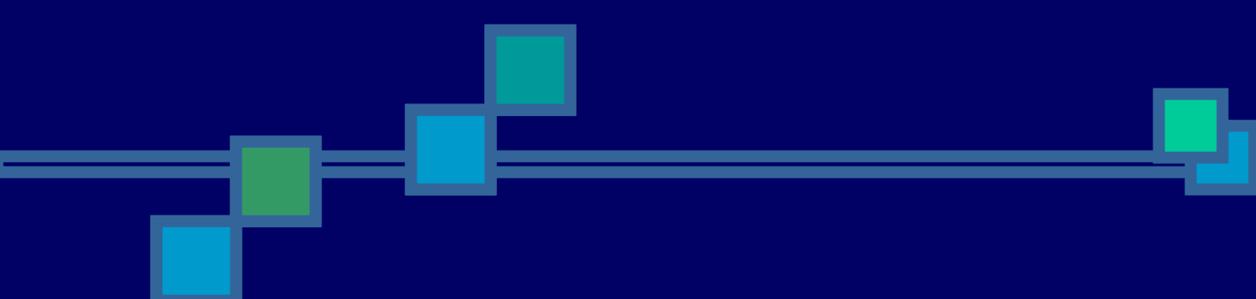
Background (cont,d)

- 2001-2003- Southern African Drought affected 20 million people
 - 1999-El Nino rains in Kenya and Tanzania destroyed infrastructure, caused disease and massive economic damage
 - These are examples of uncertainties.
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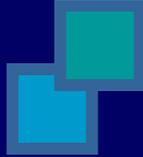


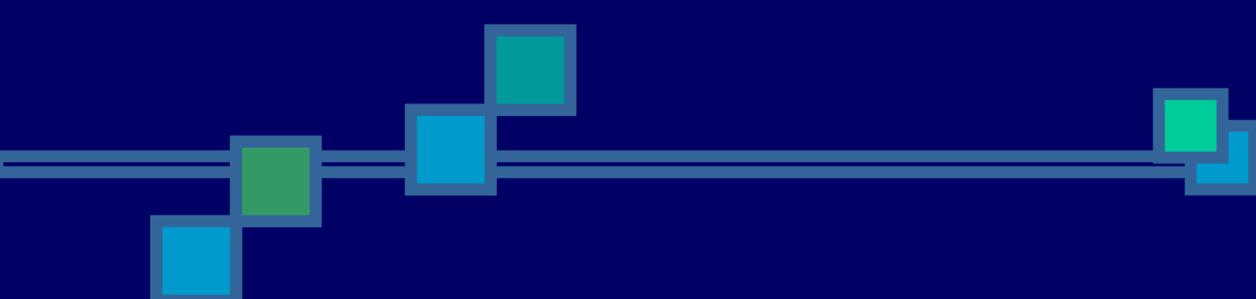
Background (cont'd)

- Lesotho Highlands Water Project-one of the greatest Engineering feats of the 20th Century.
 - Multi-million dollar scheme to export water from Lesotho to the thirsty industrial heartland of South Africa.
 - “White Gold” is major foreign exchange earner and self-sufficiency in electricity.
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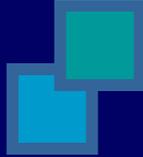


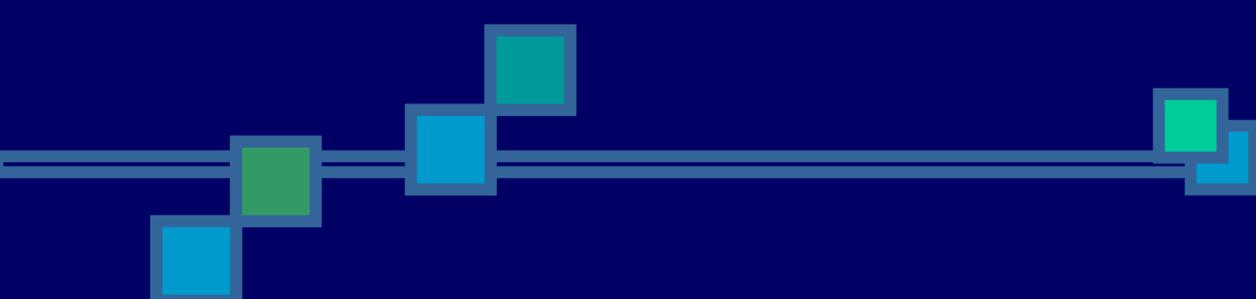
New Partnership for Africa's Development (NEPAD)

1. Recognizes past attempts for continent-wide development failed due to reasons including:
 - Questionable leadership.
 - Lack of African ownership.
 - Poor governance.
- 



NEPAD (Cont'd) Recognizes a new set of circumstances:

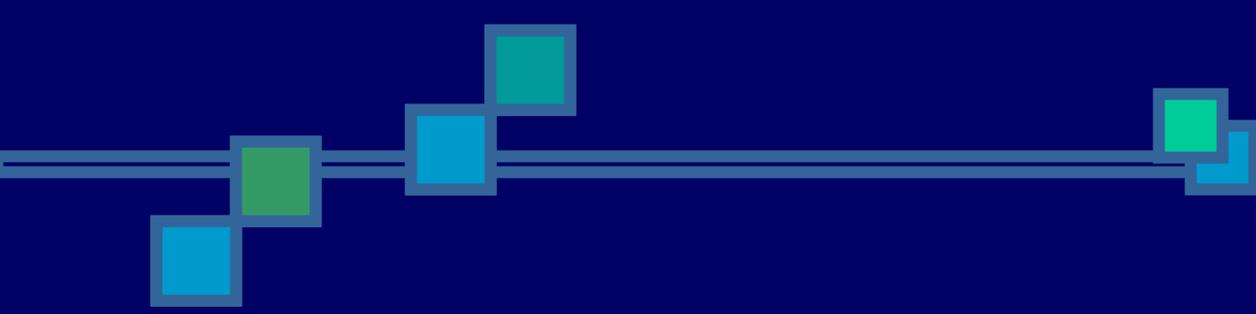
- Spread of Democracy backed by African Union.
 - A more vocal civil society.
 - African Govts resolve to resolutely support regional cooperation and economic integration.
- 



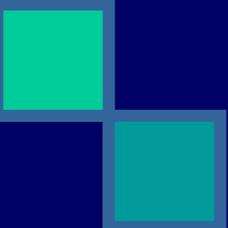
NEPAD OBJECTIVES

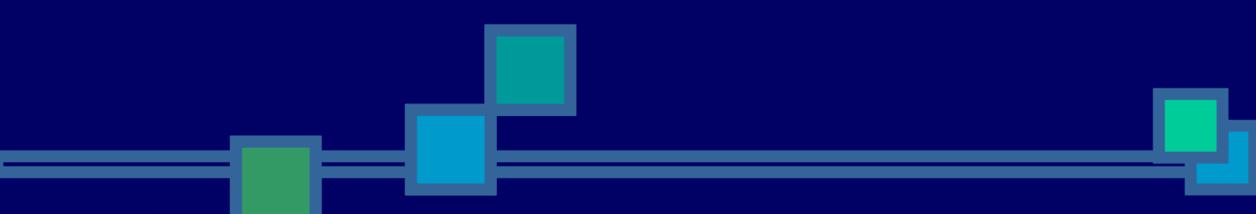
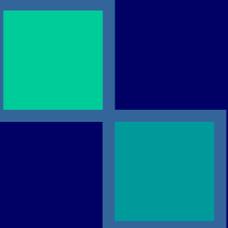
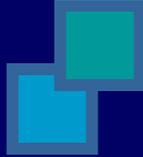
- To achieve these objectives, African leaders will take joint responsibility for the following:
 - - Strengthening mechanisms for conflict prevention, management and resolution at the regional and continental levels, and to ensure that these mechanisms are used to restore and maintain peace;
 - - Promoting and protecting democracy and human rights in their respective countries and regions, by developing clear standards of accountability, transparency and participatory governance at the national and sub-national levels;

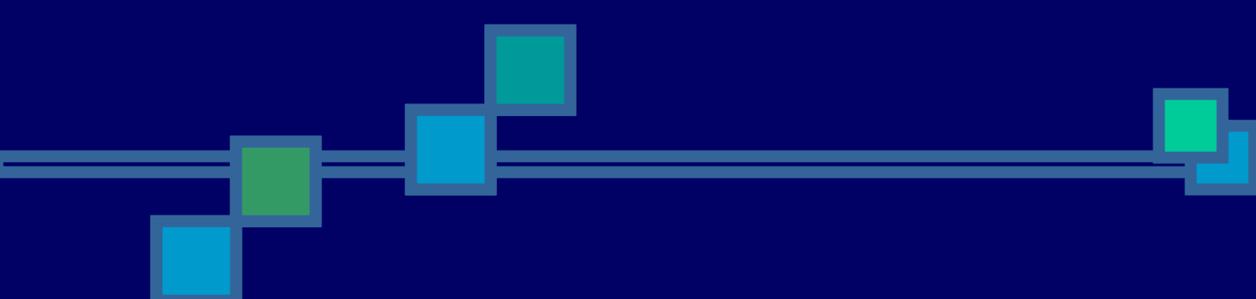




NEPAD OBJECTIVES (Cont'd)

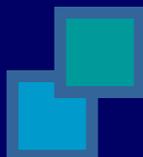
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- Restoring and maintaining macroeconomic stability, especially by developing appropriate standards and targets for fiscal and monetary policies, and introducing appropriate institutional frameworks to achieve these standards;
 - Instituting transparent legal and regulatory frameworks for financial markets and auditing of private companies and the public sector;
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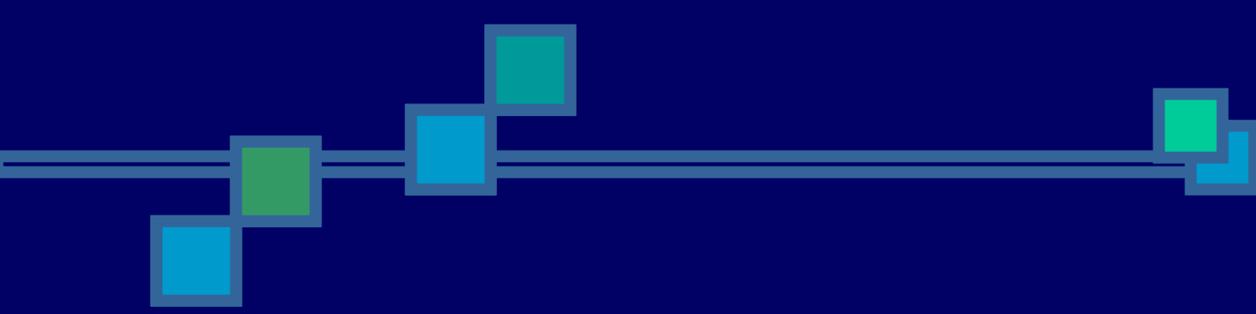
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- - Revitalising and extend the provision of education, technical training and health services, with high priority given to tackling HIV/AIDS, malaria and other communicable diseases;
 - -Promoting the role of women in social and economic development by reinforcing their capacity in the domains of education and training; by the development of revenue-generating activities through facilitating access to credit; and by assuring their participation in the political and economic life of African countries;
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- -Building the capacity of the states in Africa to set and enforce the legal framework, as well as maintaining law and order;
 - ***-Promoting the development of infrastructure, agriculture and its diversification into agro-industries and manufacturing to serve both domestic and export markets.***
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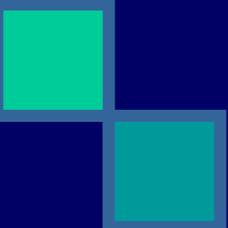
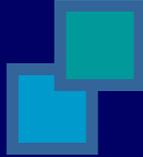


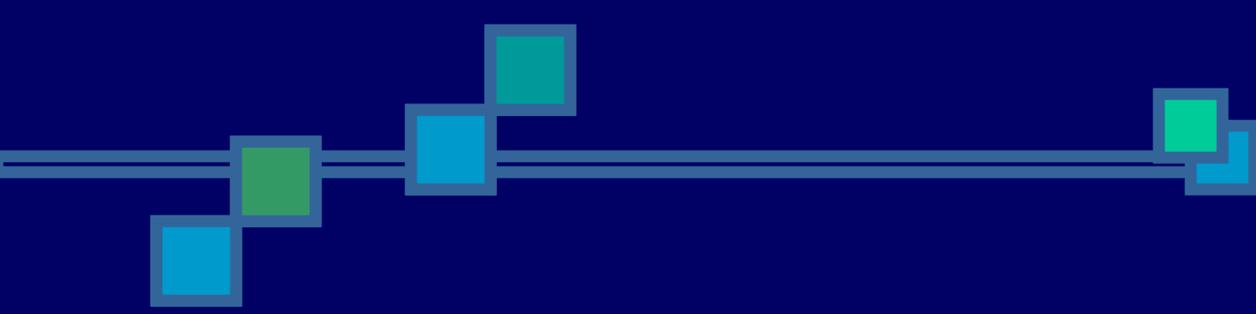
Challenges of Water Resources Management in Africa

1. Sustainable access to meet basic needs.
 2. Ensuring water for food and energy security.
 3. Adequate quantity and quality for ecosystem maintenance.
 4. Institutional reforms for good governance.
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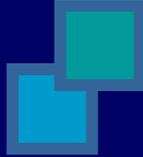


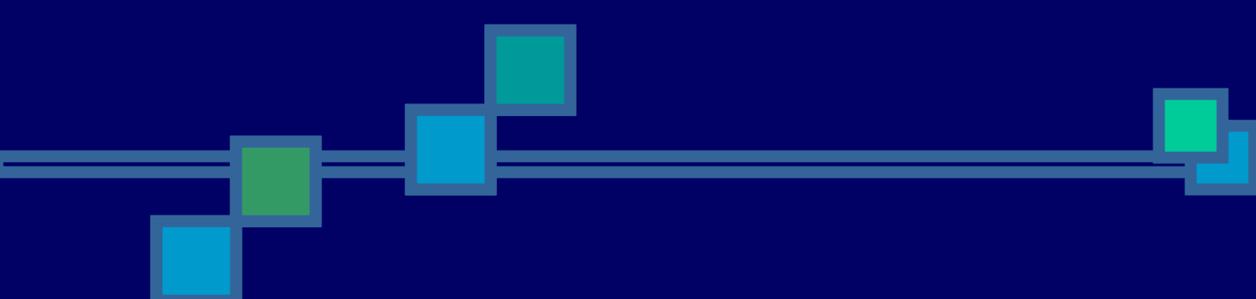
Challenges (Cont'd)

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5. Securing and retaining skilled and motivated water professionals.
 6. Effective systems and capacity for research and development.
 7. Coping with extremes of climate and rainfall.
 8. Reversing man-made water quantity and quality problems such as overexploitation, pollution and degradation of watersheds.
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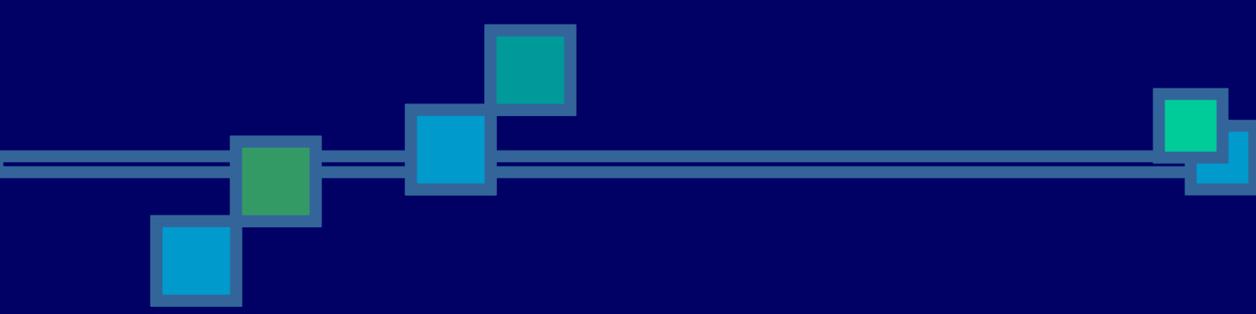
Challenges (Cont'd)

- Achieving sustainable financing for investments in Water Supply, Sanitation, irrigation, hydropower and other uses.
 - Mobilizing Political will, creating awareness and securing commitment from all stakeholders.
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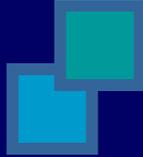


Salient Features of the African Water Vision

- - **THE VISION**
 - *Equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional co-operation, and the environment*
- 



FRAMEWORK FOR ACTION

- The framework in achieving this vision calls for:
 -
 - “ Strengthening governance of water resources
 - “ Improving water wisdom
 - “ Meeting urgent water needs
 - “ Strengthening financial base for desired water future
 -
- 

Indicative Costs

Framework Cost	US\$billion
Water for basic needs	5.00
Sanitation & Hygiene	7.00
Irrigation	4.00
Industry, energy, tran	2.10
Flood and Drought	0.40
Policy, Inst, Cap.Blg	0.35
Knowledge & Info	0.45
Awareness & Ed	0.45
Research & Dev	0.25
Total	20.00



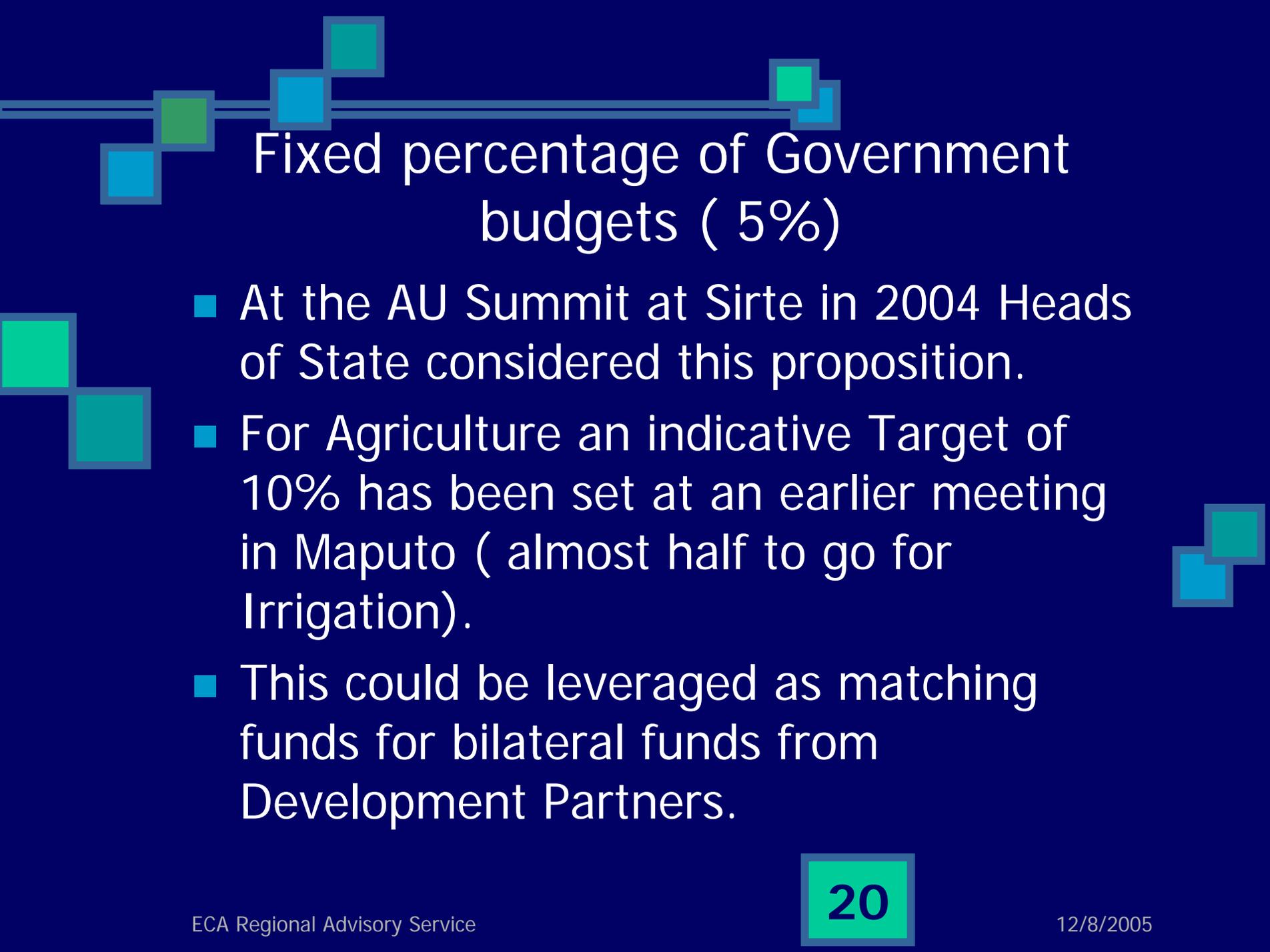
Proposed Sources of Investment

1. HIPC Savings: requires that Water be explicitly included in PRSP proposals.
 2. A fixed percentage of Govt Budgets (5%)
 3. Bilateral and Multilateral aid to match Govt. Commitments.
 4. Urban Revenue Transfer for Rural Water and National Capacity Building.
 5. Community resources ("harambee").
 6. Innovative Financing –Private Sector development.
- 



HIPC Savings

- HIPC Savings are a targeted way of funding Water and Sanitation Projects.
 - With the Debt Cancellation for the most impoverished countries, the amount of funding for social investment including Water and Sanitation will be significantly increased.
 - The NEPAD principles of accountability will however have to be stringently applied.
- 



Fixed percentage of Government budgets (5%)

- At the AU Summit at Sirte in 2004 Heads of State considered this proposition.
- For Agriculture an indicative Target of 10% has been set at an earlier meeting in Maputo (almost half to go for Irrigation).
- This could be leveraged as matching funds for bilateral funds from Development Partners.

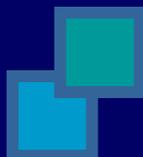


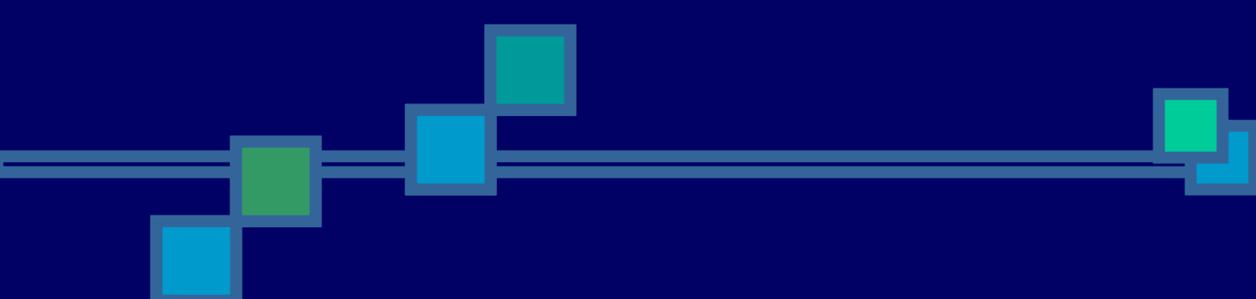
Traditional Donor Funding

- This is the major (Only) source of funding for IWRM in many countries.
 - Most govt allocations are set in anticipation of this funding inflow.
 - Conditions attached are sometimes self defeating and the project approach does not ensure sustainability.
 - New approaches are needed to ensure sustainability and create „win-win“ scenarios.
- 

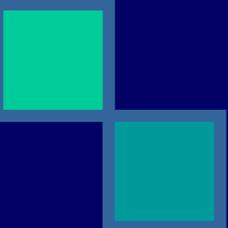
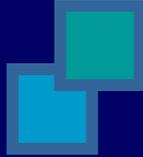


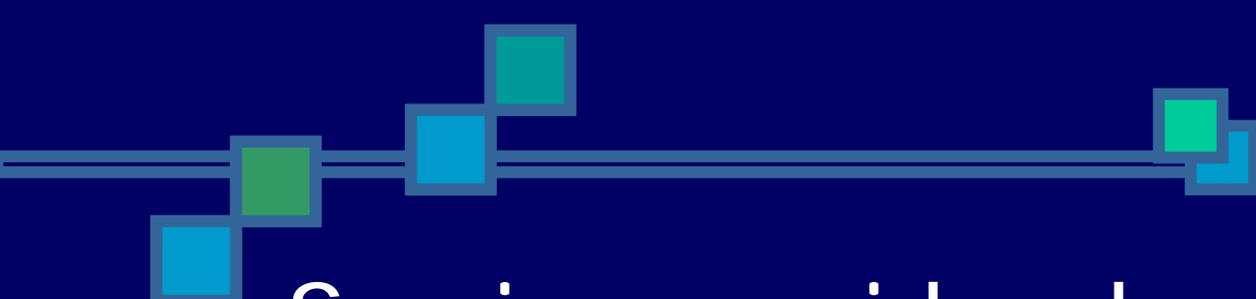
Urban –Rural Transfer

- This involves raising revenues from urban Water and Sanitation services which are used to increase coverage in rural services.
 - Equity is the main objective.
 - Investment in national productivity increases since most African economies are agricultural (rural) based.
- 



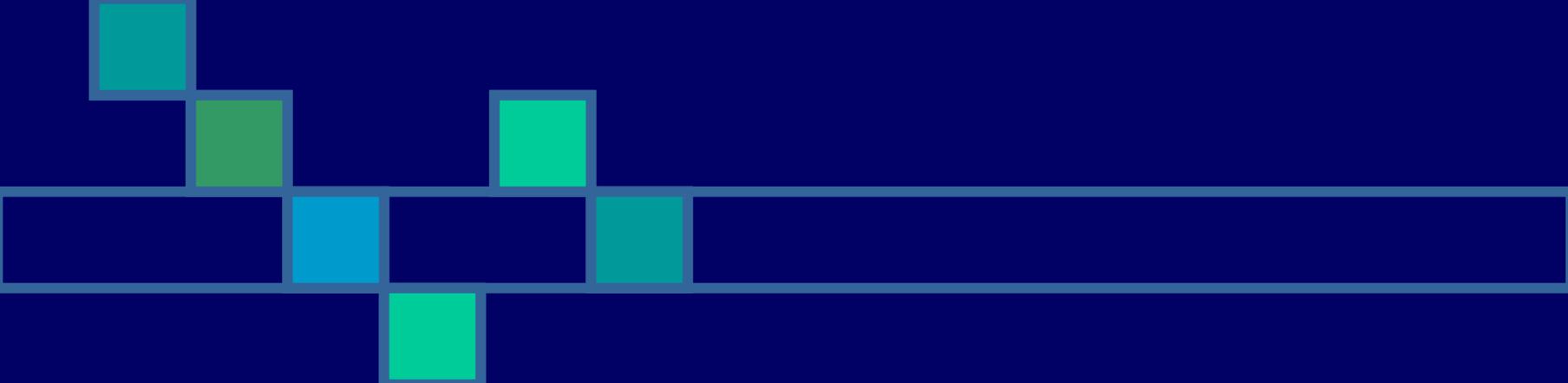
Community Resources (Harambee)

- 
- These are traditional means of self-help development funding.
 - May be stimulated by Govt incentives such as rural electrification program in Ghana.
 - Options between cash, labour or inkind material may be used in raising funds.
- 



Service provider development

- As part of capacity development create service providers not Govt employees.
 - This lent itself well to mobile telephony.
 - Can conditions be created where space application services are provided by small scale private sector?
 - This may be the key to sustainability to Donor funded project.
 - Will only work where the NEPAD rules of accountability and transparency is applied.
- 



THANK YOU!!

