The African Development Bank Group

“The First African Development Bank Water Week”

Address by

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Greetings and Salutations

The Honourable Alhaji Muhktari Shagari, Chair, African Ministerial Council on Water,
Honourable Ministers,
Members of the Board of Directors, African Development Bank Group,
Dr. Bill Cosgrove, President, World Water Council,
Distinguished Guests,
Ladies and Gentlemen,

I am deeply honoured and pleased to address this august gathering at the First African Development Bank Water Week. An old African expression declares, “Water is Life”. As we all know, water resources management and development are among the most crucial development challenges that we face in Africa. Poverty reduction, economic development and social progress are all inextricably tied with the development and management of the region’s water resources. It is therefore my hope that the activities of the Water Week will give further impetus to the various efforts that have been embarked upon to tackle water issues on the Continent.

Perhaps more than any other sector, water and sanitation impacts on all the main themes of the development agenda - poverty alleviation, environmental sustainability, private sector-led growth, education, participatory development and good governance. Investment in water resources development is therefore a major tool in achieving poverty reduction, which is the Bank’s overarching objective as enshrined in the Bank’s Vision and in line
with the policies and strategies outlined in the Bank’s Strategic Plan for 2002-2007. The Bank has consequently taken part and contributed to all major water initiatives for water and sanitation development— including the Camdessus Panel.

**The Challenge of Water Resources Development in Africa**

Honourable Ministers, distinguished guests, ladies and gentlemen,

Despite the central role water plays in national development and poverty reduction, it is sad to note that the water sector in Africa is gravely underdeveloped. Utilisation of water resources is abysmally low, with only 3% of the total renewable water resources exploited for water supply, agriculture and industrial use each year. As a result, nearly 50% or over 300 million, mostly poor people living in rural, peri-urban and urban areas, do not have access to safe water supply and adequate sanitation facilities. The absence of adequate water supply and sanitation services undermine human dignity, contribute to the poor health statistics in the continent and may lie at the root of many of the continent’s current social, economic and political problems. Lack of access to WSS is a poverty trap, as efforts to improve the lot of the unserved population are frustrated by frequent illness and make it imperative to spend inordinate amounts of time and money trying to meet their potentially affordable basic needs.

In Africa, only 12.5 million hectares of land are under irrigation, accounting for less than 30% of the estimated potential of 45 million ha -- about 6% of the total cultivated area. Yet irrigation can contribute significantly to the required
3.3% increase in food production, which is needed to achieve food security by 2025. In addition, only about 4% of the available exploitable hydropower resources potential in Africa have been exploited.

The imperative of overcoming poverty and bringing about socio-economic development requires that urgent action be taken in the water sector. In this regard, efforts to ensure the sustainable use and management of this vital resource have resulted in a number of international and regional commitments for action. It is in this light that the Bank has focused on the development and management of water resources and is at the centre of major initiatives designed to tackle the challenges of providing basic water needs and services to its member countries.

**Global and African Responses to the Challenges**

Distinguished Guests, Ladies and Gentlemen,

Global and African responses to the water situation have focussed on activities to: raise awareness on the critical importance of water for sustainable development and to raise additional resources for investments in the water sector. The establishment of the Global Water Partnership, the World Water Council, the organisation of the First World Water Forum in Marrakech in 1997, and the Second World Water Forum in The Netherlands in 2000, have all attempted to address these issues. In addition, the World Panel for Financing Water Infrastructure which was constituted in 2001 as a joint initiative of the Global Water Partnership and the World Water Council and the Third Water
Forum in Kyoto, have addressed ways and means of raising new financial resources in support of water resource development.

At the African regional level, some of the important initiatives include: the 2000 African Water Vision and Framework for Action; the NEPAD Water Program; the African Ministerial Council On Water (AMCOW); the African Water Facility; the Nile Basin Initiative; the UN Water Africa Forum; as well as several sub-regional initiatives and programs. Many governments have also launched their own national initiatives.

Permit me to briefly review two of the most important regional initiatives: the African Water Vision and the NEPAD Program for Water.

The Africa Water Vision was first presented at the Second World Water Forum in The Hague, 2000, as part of the World Water Vision and represents Africa’s efforts at addressing its water crises. The Vision envisages “An Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation, and environment”. The Framework for Action to achieve the Vision calls for: strengthening governance of water resources; improving water knowledge; meeting urgent water needs; and strengthening the financial base for the desired water future. It envisages investment requirements of about USD12 billion per year until 2025 in order to achieve the targets on water supply and sanitation coverage in Africa.

On its part, the NEPAD Short-Term Action Plan for Water and Sanitation stresses the application of integrated water resources management (IWRM)
approaches; effective management of shared river basins, mitigation of floods and droughts; and meeting basic needs in water supply and sanitation.

The African Ministerial Council on Water (AMCOW) was set up by African Governments to provide political leadership, policy direction and advocacy in the management of water resources. AMCOW will facilitate international and regional cooperation and promote best practices in water policy reforms, integrated water resources management, food security, water supply and sanitation and assist in the delivery of national, regional and sub-regional programs. The Bank has supported the establishment of AMCOW and has maintained close links with its activities, particularly with respect to the African Water Facility. The establishment of AMCOW provides a unique window of opportunity that would facilitate efforts to encourage governments to spend more on the water sector and implement reforms.

**The ADB Responses**

Distinguished Guests, Ladies and Gentlemen,

The Bank’s response to the water and sanitation problem in Africa has been guided by its over-arching goals of reducing poverty and promoting development in Africa. The Bank has been financing water resources development in Africa since 1967 and so far, about USD 5.06 billion has been invested on 355 projects for water supply and sanitation, irrigation and hydropower. This represents about 12 % of cumulative Bank lending. The Bank’s response to the African water challenges have not only been through its lending operations but also by embarking on specific initiatives and participating in on-going activities with the potential to address the crisis.
The Rural Water Supply and Sanitation Initiative

The most significant initiative of the Bank in the water sector is the Rural Water Supply and Sanitation Initiative (RWSSI). The RWSSI was conceived by the Bank primarily to address the problem of low access to water supply and sanitation in rural Africa and to redress the urban bias of previous investment programmes. Specifically the Initiative has been developed as the Bank’s contribution to the achievement of the MDG targets in water and sanitation within the context of the African Water Vision. The main objective of the RWSSI is to accelerate access to improve and sustainable water supply and sanitation services through increased investment and the use of innovative approaches in investment projects/programmes implementation, management, and operations. The ultimate target of the initiative is to achieve 100 percent coverage by 2025. This would be achieved through intermediate phases and milestones: 66 percent access by 2010 and 80 percent access by the year 2015. To achieve these targets, an additional 270 million rural inhabitants would need to be provided with access. The rural focus of the Initiative is due to the fact that over 80 percent of the African population without access to water and sanitation lives in the rural areas, a special focus on these areas is necessary if the coverage targets are to be achieved.

The Bank’s Board of Directors approved the Framework for Implementation (FFI) of the Initiative in March 2004, paving the way for concerted action to implement the Initiative’s activities including lending and non-lending operations. The key elements of the Framework call for the Bank Group to play a lead catalytic role by galvanizing support and mobilizing
resources through the building of partnerships with donors, governments, and communities for financing the Initiative. Under the Framework, it is estimated that additional investments of up to US$14,700 million will be required, in order to attain the projected 80% coverage by the year 2015. The Bank Group is expected to mobilize about 30% of the overall requirements, which represents an investment of about US$ 360 million per year. It is anticipated that financial support for the programme would come from, among others, bilateral donors, multilateral funds, the proposed Africa Water Facility, as well as national governments and local communities.

During the conceptual stage, the RWSSI received broad support at several international forums, including the World Panel on Financing Water Infrastructure, the World Water Forum in Kyoto in 2003, and the G-8 meeting at Evian, 2003, where it received endorsement. The Initiative has also garnered the support of a number of governments such as Canada, France and the Netherlands as well as the European Union.

The various actions taken by the Bank with the support of its development partners has seen the Initiative make a strong transition from concept to implementation, starting with a pilot phase covering 7 countries.

**The African Water Facility**

Another important Initiative with which the Bank is involved is the African Water Facility. The overriding goal of the Water Facility is to contribute to the efforts to reduce poverty and promote sustainable development in Africa by expanding the capacity to access existing and future financing sources for the development of water resources.
The idea was first muted by the African Water Task Force and was subsequently endorsed by the Accra African Water Stakeholders Conference held in April 2002. The Conference recommended that AMCOW provide the political leadership and coordinate resources mobilization to establish a water trust fund that would be hosted by the Bank. The African Ministers Council on Water (AMCOW) has since assumed ownership of the Facility because it regards it as an important instrument for achieving both the African Water Vision and the Millennium Development Goals. AMCOW considers the Facility as an opportunity to increase African ownership of the development process, particularly with regards to water. In this capacity, it formally requested the Bank to host the Facility and to work with it in ensuring its speedy implementation. In response to the AMCOW request, the Bank developed a legal instrument for establishing the Facility Trust Fund, which has been approved by the Boards of Directors and Governors.

The activities that would be implemented to achieve these objectives include: coordinating aid flows to the water sector in Africa; supporting regional cooperation and integration through development of shared water resources; enhancing national and regional capacity; enhancing national and regional water knowledge; and, accelerating investments to meet basic water needs. The Facility is therefore an instrument that would assist in the implementation of the MDG targets and respond to the recommendations of the Camdessus Panel on Financing Water Infrastructure.

The Facility proposes to mobilize over $600 million to implement its Indicative Medium term Action Plan. Commitments and expressions of interest
for the Facility have come from the Netherlands and Canadian Governments as well as from the European Union. In addition, USAID, the Global Water Partnership, the Global Environment Facility, the UN Habitat under its program of Water for African Cities have all indicated their interest to collaborate with the Facility.

**Other Initiatives**

In addition to these two major initiatives, the Bank group has also collaborated with NEPAD on water. The NEPAD Heads of State Implementation Committee has designated as the lead institution to assist NEPAD implement its infrastructure development programme, including Water and Sanitation. NEPAD’s role is seen as essentially one of coordination, advocacy and facilitation focused on mobilizing political will and actions to implement policy and institutional reforms in the sectors, including harmonizing regulatory systems, and ratification of agreements; facilitating resource mobilization among external partners and helping to create an enabling environment for stepping up the flow of investments. NEPAD would also play an important role in fostering partnerships for infrastructure development and financing involving the private sector, infrastructure agencies and regional economic communities; developing a strategic framework to coordinate and monitor programs for regional infrastructure; and facilitating knowledge sharing, networking and dissemination of best practices among countries, regional communities and technical agencies.

Accordingly, the Bank has prepared a Short Term Action Plan (STAP) for implementing priority activities over the coming five years in the infrastructure
sector. Within this plan, the integrated management of trans-boundary water resources has been identified as one of the priority areas of intervention and work on seven major river basins is underway. The Bank is also assisting NEPAD in preparing the medium and long-term strategic framework for water.

Distinguished Guests, ladies and gentlemen,

I have also personally participated as a member of the Panel the Camdessus Panel on African water issues and development challenges, which have presented an assessment of water infrastructure financing needs linked to poverty reduction strategies in Africa. The Panel presented its findings and recommendations at the Third World Water Forum in Kyoto and also to the G8 summit in Avian, France. Currently, the Bank along with the World Bank and other partners is following up the implementation of the recommendation of the Panel.

In implementing these various initiatives, the Bank will give high priority to deepening its relations with all its development partners and, in particular, with the World Bank, the United Nations Agencies, and the European Commission, in the spirit of joint coordination and policy harmonization. Excellent working relations, often within the framework of Memorandums of Understanding, already exist with many of these institutions, and I would like to take this opportunity to express my appreciation for this spirit of cooperation that we have evolved over the years with our international partners. The Water Week offers yet another opportunity for deepening the partnerships for advancing water resources development on the continent.
In addition, we will take a number of measures to enhance the effectiveness of our interventions in water resources development. We will give particular emphasis to promoting Public Private Partnerships to allow for a better use of both concessional and non-concessional resources. And in line with the recommendation of the Camdessus Panel, we will review and introduce new lending instruments – such as non-sovereign guaranteed loans – as well as lending directly to local communities and municipalities.

**Conclusions**

While the challenges of water supply and sanitation in Africa are enormous, it is, however, also important to stress that the Bank’s efforts at responding to the enormous challenges facing the management and development of water is supported in this endeavour by many other institutions and stakeholders who share in the increasing consensus that water is an important instrument for poverty reduction and socio-economic development. In the light of these developments, we have little doubt that concerted and determined action on the part of African countries, donors, and international development institutions will lead to the achievement of the MDGs for water and sanitation in Africa.

**Launching RWSSI**

Distinguished guests, ladies and gentlemen,

This Water Week, the first of its kind to be organized under the auspices of the ADB, brings together African Ministers, the donor community, NGOs and many
African stakeholders to explore how to consolidate the momentum for water development on our continent. As previously stated in my address, the Bank has been developing the Rural Water Supply and Sanitation Initiative since 2002. In view of the unique nature of this gathering, I think this occasion is the opportune time and venue to showcase the Initiative to the outside world. Distinguished guests, ladies and gentlemen, on behalf of the Board of Directors and the Management of the African Development Bank, in this ancient city of Tunis, I declare the ADB Rural Water Supply and Sanitation Initiative formally launched, today the first of July 2004.

I wish you all a fruitful Water Week.

I thank you for your attention.