

## Annex E – Risk Analysis

Risk Description	Mitigation applied	Notable Status Updates
<p>1. Challenging political context. All work in international waters has an inherent risk that domestic or international political issues (related or unrelated to water issues) may negatively impact the context in which such projects operate, resulting in long-term delay or even failure of specific projects which could impact the success of the program. This risk is often beyond the scope or the influence of CIWA or of the partner organizations (RBO, REC, NGO, or of other regional organizations).</p>	<p>CIWA has a diversified portfolio geographically (programs in East, West, Central, and Southern Africa), in types of support (focus on strengthening information, institutions, and infrastructure), and in type of clients (RBOs, RECs, etc.). While the political context may be challenging for one type of work in a particular region, it may be less so for another type in another region. Portfolio diversification helps mitigate political risks at the program level.</p> <p>Based on its political economy study, political economy analyses are mainstreamed in CIWA program planning. Programs in the Horn of Africa, Nile, Niger, Okavango, Volta and Zambezi Basins are informed by political economy considerations, which help to better understand risks, design projects that balance ambition and risk, and formulate mitigation strategies that enable effective program implementation.</p>	<p>The political economy of the Nile region saw shifts in FY19 with significant changes in Ethiopia as well as Sudan. The changes in Ethiopia create the potential for improved cooperation, while the changes in Sudan are still ongoing. South Sudan has seen decreased conflict and forced migration into Uganda and Kenya, but growing conflict in the DRC caused a new wave of refugees into Uganda. In the Nile Basin, diseases like Ebola in DRC have impeded NBD’s ability to engage in community follow up. Climate change and conflict have also led to migration where some programs were being implemented.</p> <p>The Zambezi Basin project closed in June 2019 and the overall risk remained moderate throughout the life of the project. The Batoka Gorge project was impacted by the situation in Zimbabwe, as well as growing energy and public finance deficits. Good Client and Bank relations at policy and top executive levels was an important element for addressing normally challenging political contexts.</p>

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<p>2. Insufficient basin-wide commitment. Some countries within a basin may not have formal membership in the participating basin organizations and/or may challenge the basin organization's engagement with CIWA.</p>	<p>For all applicable projects, CIWA continues to follow the World Bank Safeguards Policy on international waters OP 7.5 which, in the absence of appropriate agreements or arrangements for the entire waterway, or parts thereof, requires the beneficiary state to formally notify other riparian states of the proposed project. The Policy lays down detailed procedures for the required notification, including the role of the Bank, period of reply, and the procedures to follow in case there is an objection by one of the riparians to the project.</p> <p>The CIWA basin engagement strategies and/or project development process also provide a means to engage with various stakeholders around the design of CIWA programs.</p>	<p>In the Niger Basin, Guinea has entered into an agreement to construct the Fomi dam, at a more upstream location, with less adverse impacts than the initial one. The NRBMP is financing NBA's efforts to ensure that the basin perspective remains a focus of the Guinea authorities to maximize positive transboundary impacts.</p> <p>The NBD is a network of network organizations in the Nile Basin countries: there is commitment among members, though in varying levels. In some country National Discourse Forums (NDFs), there is a mentality of dependence for support from the Secretariat. In others, like the DRC, the national chapter are self-driven. The Burundi NDF has an MOU with government, and they are called upon by government on key sector issues, for instance, to mobilize communities to handle disasters.</p>
<p>3. Inadequate stakeholder voice. Stakeholders may not fully engage in the project cycle, resulting an inadequate voice in decision-making, raising the potential of public protest or civil action that could jeopardize or delay development projects.</p>	<p>The program prioritizes the involvement of stakeholders and thorough consideration of stakeholder needs and concerns throughout the project cycle. One of CIWA's four result areas (a "Platform for Cooperation") aims to strengthen stakeholder engagement in water resources management and development.</p>	<p>Across the diverse cultural and political landscapes in Africa there are differing amounts of space for strong stakeholder voice and participation. In some transboundary basins the strategy for stakeholder engagement is the same or on a positive trajectory: RBOs have a Stakeholder Engagement Strategy documents yet risks around the structure of the advisory and</p>

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		<p>decision-making stakeholders are unchanged yet remain significant. In other basins, transboundary water discourse is treated only as a national security issue.</p>
<p>4. Inadequate coordination between participating basin organizations. If participating basin organizations have mutually inconsistent objectives, this may weaken the overall development effectiveness of CIWA's program.</p>	<p>CIWA works to encourage and motivate strong cooperative working relationships. A Basin Support Plan is developed for all basins or regions in which CIWA has a long-term engagement. The BSP outlines CIWA's vision for support and changes in the basin, including alignment of CIWA-supported projects with the broader objectives of each of the basin organizations, as well as potential synergies, any overlaps or gaps and ways to overcome them.</p> <p>CIWA also seeks out ways to facilitate learning across basins in Africa.</p>	<p>During FY19 CIWA facilitated a visit of the new head of the Niger Basin Authority to Addis Ababa to join the World Bank's Africa water week there, as well as visit ENTRO.</p> <p>CIWA attended the General Assembly of the African Network of Basin Organizations (ANBO) where it presented ideas to facilitate greater exposure to digital data opportunities across river basins in Africa.</p>
<p>5. Inadequate implementation capacity and readiness can cause short to medium-term delay. Some basin organizations may have insufficient capacity or experience to effectively engage in basin management and development, causing delays in project implementation which could affect the overall pace of the program achieving its objectives.</p>	<p>During project preparation, Bank experts assess implementation capacity and readiness of the recipient organization and plan the magnitude and complexity of CIWA's engagement accordingly. The Bank provides support for financial management, procurement, and project management. Project-supported capacity enhancement might also be a contingency for project approval, for example, a project may be conditioned on the hiring of an environmental and social expert to provide safeguards support. Many projects address this risk by designating an institutional support and capacity building</p>	<p>The Volta Basin Project was impacted by the lack of required staffing in critical positions such as procurement and safeguards which caused delays in implementation. While these problems were resolved by the new leadership in 2018, the project had to be restructured, and the additional delays caused by restructuring did not leave enough time for implementation of investments that were prepared.</p> <p>The NRBMP has financed an updated institutional and organizational analysis of the</p>

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	<p>component that addresses this risk. In addition, CIWA can employ Bank-executed programming as an initial financing modality to strengthen recipient implementation capacity and readiness.</p>	<p>NBA and a series of sensitization missions in the member countries by the Executive Secretary to obtain political support in favor of the proposed improvements.</p> <p>This Zambezi River Basin Management project was impacted by the level of participation and high turnover of member state representatives dealing with transboundary water. ZAMCOM is all a new organization operating with minimum functionality and lacked staff with requisite skill to address technical and administrative elements of the project.</p> <p>In the Nile Basin staffing and capacity risks continue to exist because of delayed or incomplete country contributions to NBI.</p> <p>Over the last year NBD had limited financial resources which affected its outreach and ability to implement its planned activities.</p>
<p>6. Technical complexity of transboundary water projects can lead to long-term delay. Transboundary water programs are inherently complex and require seasoned perspective to avoid pitfalls and errors that can seriously undermine management and can adversely affect the progress of development projects and cause long-term delays.</p>	<p>CIWA taps into the global structure of the Bank and the embedded strong technical expertise of Bank staff on both sectoral and transboundary-specific fronts during project preparation and implementation.</p>	<p>The Volta project illustrated the challenge of addressing technical and political complexity within a standard project implementation period of 4 years. There was a lack of realism in planning for both studies and implementation in one project cycle.</p>

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<p>7. Insufficient World Bank capacity to engage across an increasing number of basins.</p>	<p>Before starting an engagement with a new basin, CIWA ensures that there is sufficiently strong technical capacity as well as regional experience to lead the engagement within the World Bank.</p> <p>CIWA also mitigates this risk by collaborating closely with Bank country offices as well as by drawing on local knowledge of other partners. Transparency and good information flows between the Bank and partners help ensure a strong partnership.</p> <p>CIWA focuses most of its existing resources on priority basins and identification of any additional priority basins would need to be complemented by corresponding assessments and appropriate action to ensure balance between program requirements and staffing availability.</p>	<p>FY19 saw the expansion of support to the Horn of Africa, which built on the existing engagements and capacity within the Nairobi office. The Bank team managing the CIWA engagement is the same as the one managing a complementary IDA engagement.</p>
<p>8. Inadequate prioritization of Stakeholder Engagement and Coordination (Intermediate Results Area 4) and explicit incorporation of gender considerations.</p>	<p>When starting a new engagement in a priority basin, CIWA works with the clients to develop a balanced program with support that cuts across the four results areas. During preparation and implementation, CIWA mainstreams gender, poverty and stakeholder engagement considerations as standard actions. However, because of the typically “upstream” nature of many of CIWA-supported actions, social inclusion and gender-related outcomes may not be within the scope of the CIWA activity. In these cases, CIWA will strive to lay the groundwork for future</p>	<p>Zambezi- The preparatory studies for the Batoka Gorge project included environment and social impact assessment and management plans included stakeholder engagement activities as well as specific steps that take social issues, including gender, into account.</p>

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	development good practice into any outcomes with recommendations for future action.	
9. Available CIWA financing is insufficient to meet demand. Insufficient financing can cause risks raising expectations of potential recipient partners. Participating donors may be slow to commit resources relative to the demand for engagement by recipient basin organizations.	<p>CIWA continues to mobilize funding but demand from current and potential partners will continue to exceed current funding expectations given the breadth and depth of need across Africa.</p> <p>CIWA conducts regular and careful management of the pipeline to match demand to available resources and set reasonable expectations with our partners.</p>	SIDA committed additional resources during FY19 that enabled CIWA to keep allocating resources to key programs.
10. Fraud; or funds not being used appropriately.	The World Bank requires all trust fund beneficiaries and bidders to observe the highest standard of ethics in Bank financed grants and contracts. All CIWA grants are subject to the Bank's Anti-Corruption Guidelines, the Procurement and Consultant Guidelines, and the Standard Conditions for Trust Fund Grants, which delineate standard operating procedures for any fraud issues. The Anti-Corruption Guidelines provide for certain actions to be taken by grant recipients to prevent and combat fraud and corruption and the Standard Conditions provide for suspension and/or cancellation of disbursements, as well as the refund of disbursed grant proceeds in the event that fraud and corruption does occur. All recipient-executed projects are audited annually by an external	Within the Nile program challenges relating to liquidity of funds were identified which were occurring because of insufficient country contributions to meet core costs. The problems have been rectified by providing the needed financial management training.

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	<p>auditor as specified in the grant agreement. The Bank may require less frequent audits for small grants while retaining the right to request an audit as needed.</p>	
<p>11. CIWA support for investments in institutions, information systems and/or infrastructure is not sustained or advanced by riparians. CIWA operates upstream of actual investment and has limited control over country uptake of investment plans or sustained support for institutions. This risk becomes even more relevant as financiers other than the World Bank, with more flexible preparation standards, play an increasingly prominent role in financing infrastructure in Africa. This risk builds off of other risks, (for example, insufficient political will, or inadequate country buy-in) but it is important to consider because it feeds directly into the objectives, indicators and targets by which the program will evaluate its success as delineated in its PMF.</p>	<p>CIWA is demand driven and responds to the requests of potential clients. Cognizant of the long timelines, high transaction costs, and non-linearity of cooperative processes, CIWA carefully assesses the sustainability of potential support through in-depth consultations with the client organization and country governments and as informed by its own PEA.</p> <p>Sustainability measures are included in program design, for example capacity building for resource mobilization accompanies project preparatory activities; process for harmonization into national structures are outlined as part of formulating and endorsing regional institutions.</p> <p>Acknowledging that riparian commitments to cooperation can change over time and is driven by perceptions of risks vs. opportunities for cooperation, CIWA places a strong emphasis on maintaining and strengthening the perception of opportunity (which demanded its engagement) through knowledge and information sharing, analytical evidence, and continued dialogue. However, recognizing that riparian commitment to cooperative development can accelerate or lapse around specific issues, CIWA maintains the</p>	<p>Countries will always find it easier to focus on unilateral rather than regional investments. However, the understanding that sustainable infrastructure solutions are often regional in nature is growing, and CIWA continues to contribute to this understanding.</p> <p>As with all MDB projects, there is a risk of preparing projects at a high standard for equitable and sustainable development but the investment being implemented with a different donor with different implementation standards.</p> <p>In technical capacity, there are competing tools for modeling the basin, and some national counterparts are not able to match the RBOs technical capacity and therefore sophisticated tools have less uptake. The NBI, for example, is mitigating this through experimental training modalities, user meetings, a helpdesk, user communities of practice, academic collaborations and other efforts.</p>

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	ability to provide both long-term systematic and short-term catalytic support, as well as the flexibility of delivering support across the 3Is, allowing it to fine-tune delivery of support during program implementation.	