



Cooperation in International Waters in Africa



ANNUAL REPORT

July 2011 – June 2012



The World Bank





CIWA

Cooperation in International Waters in Africa
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FOREWORD

Africa is endowed with more than 60 transboundary river basins, almost half that are shared by two or more countries. Given the central role that water plays in human well-being, economic development and environmental protection, the strengthening of cooperative management and sustainable development of international waters is a key priority for the African continent.

The Cooperation in International Waters in Africa (CIWA) partnership initiative, launched in 2011, is taking a new approach to fostering sustainable development of shared waters in Africa. It is working to support riparian governments by helping them to unlock the potential for sustainable, climate-resilient growth by addressing key constraints and impediments that hinder cooperation in managing international waters.

Since CIWA's launch, specific projects have been developed on two important river basins: the Nile and Zambezi. CIWA's evolving work program is centered around promoting growth, strengthening regional cooperation and integration, improving water resources management, supporting sustainable development of water resources and strengthening stakeholder engagement, communication and coordination.

I am pleased to write this foreword for the inaugural 2012 Annual Report of CIWA. It catalogues the progress CIWA has made this past year, and offers our partners an overview of CIWA's achievements and the promise it holds for delivering its mandate. It is a measure of the confidence that African governments and development partners have in the new entity that has began its work by focusing on critical river basins that are central to Africa's future. As CIWA support is expanding to new basins and regional economic communities, we look forward to strengthening the CIWA partnership in the weeks and months ahead, and thank all CIWA partners for their support to this fledgling initiative.

Jamal Saghir
Director, Sustainable Development, Africa Region
The World Bank

MESSAGE FROM THE PROGRAM MANAGER

Sub-Saharan Africa has an unprecedented opportunity for transformation and sustained growth through the development of its water resources. Water is vital to nearly every sector in Africa, including urban services and industry, land management, energy, agriculture, environmental services and fisheries.

Virtually all of the rivers, lakes and aquifers in the region are shared by more than one country. This poses complex political and management challenges. Climate change further compounds these challenges as it threatens to undermine hard-won development progress. Achieving water security to support growth and to build climate resilience is at the heart of water resource management and development in Sub-Saharan Africa. The ability of countries to secure water for industrial, environmental, agricultural, and domestic uses will depend on better management of water resources and more cross-sectoral planning and integration. And with shared waters, this requires building trust, confidence and cooperation with other basin countries to ensure that outcomes are mutually beneficial and risks are effectively mitigated. This complexity adds financial costs as well as longer timeframes to projects with transboundary significance.

CIWA supports riparian governments to unlock the potential for sustainable and climate resilient growth by addressing the constraints to cooperative management and development of international waters. CIWA's focus on water-related growth reflects the desire of riparian governments engaged in cooperative management to accelerate development in support of economic growth and poverty reduction.

Despite the nascent stage of the program, there is already substantial demand for CIWA support from basin organizations. To date, ten formal requests have been received from across Sub-Saharan Africa. CIWA has committed to engagement in two basins, the Nile and the Zambezi, and has facilitated the preparation of first phase projects

in each basin with a total CIWA allocation of US\$13 million. CIWA has also allocated resources to catalytic programs across Sub-Saharan Africa. All of the funds pledged to date have been allocated and CIWA will be seeking further financing to meet the demand and pursue more basin engagement opportunities.

Importantly, CIWA has already begun to achieve significant results, having facilitated a process to help unlock the potential of the Batoka Gorge Hydro-Electric Scheme in the Zambezi basin. This initiative provides an excellent example of the transformational development potential that CIWA was designed to unlock.

The past year has witnessed growing support from development partners with new commitments from Denmark and Norway, building upon the United Kingdom's opening contribution, as well as strong interest expressed by the Netherlands, Sweden and other partners. An important milestone for CIWA was the first meeting of the Consultative Group in March 2012 during the World Water Forum in France. Participants represented organizations that are active in the water sector from government, civil society and the private sector and included regional organizations such as AMCOW. This group contributed their broad expertise to help sharpen CIWA's strategies and plans.

In the coming year CIWA will concentrate on obtaining new funding to be able to respond to the growing demand for support. From an operational point of view, CIWA will focus on implementation of the programs in the Nile and the Zambezi basins and begin engagement with at least one more basin. CIWA will also launch analytical work to help inform African decision-makers and basin organizations about the opportunities and challenges in the water-energy-food nexus and inclusive green growth as it relates to cooperation in international waters in Africa.

Gustavo Saltiel - CIWA Program Manager

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INTRODUCTION

This Annual Report outlines CIWA's progress over the period of July 2011 through June 2012. The report is structured as follows:

Section 1: "Program at a Glance" provides an overview of CIWA's program and expected results.

Section 2: "Engaging with Basins", summarizes the current demand that CIWA has received from basins in Sub-Saharan Africa, provides the justification for the selection of the first two recipient basins (Nile and Zambezi) and outlines plans for the first phase projects.

Section 3: "Overview of Results" captures CIWA's progress against the predefined annual targets for the program development objective as well as the intermediate results.

Section 4: "Catalyzing Transboundary Water Management and Development" provides an overview of CIWA's catalytic plans to help address challenges of water resources management and development in Sub-Saharan Africa.

Section 5: "Financial Report" provides summary tables of donor contributions and allocations of funds to the sub-programs and projects.

Section 6: "Future Plans: FY13 and Beyond" provides a brief look at planned activities and targets for the coming year.

INTRODUCTION



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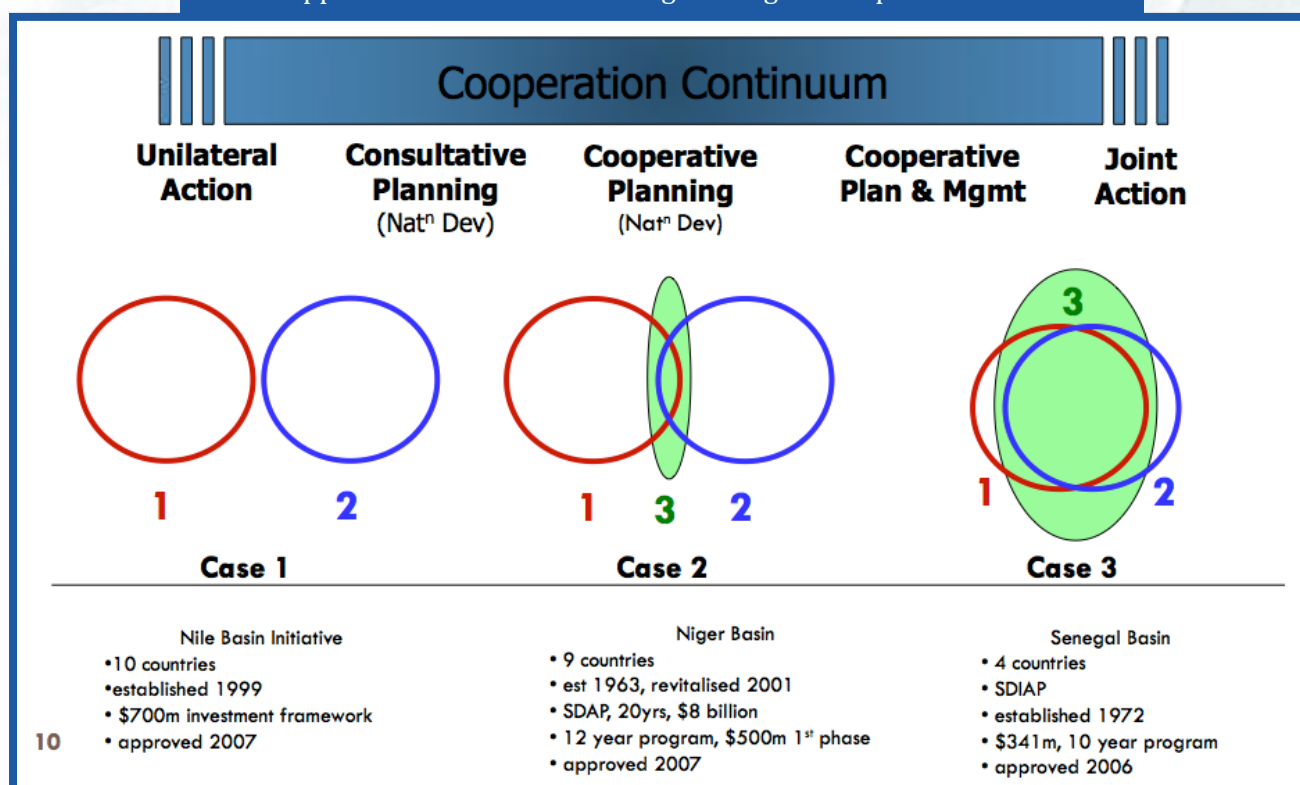
SECTION 1: PROGRAM AT A GLANCE

SECTION 1: PROGRAM AT A GLANCE

Climate resilient growth and poverty reduction in Africa depend on the sustainable management and development of its international waters. The key sectors that contribute to growth, most importantly agriculture and energy, depend on water. All of the major water sources in Africa are shared between at least two and sometimes as many as ten or more countries. This transboundary nature of Africa's rivers, lakes and aquifers adds considerable political, technical, environmental, and financial complexity to the pursuit of sustainable development. The added complexity posed by international waters has often resulted in stalled investments or the adoption of sub-optimal development choices that have a real and significant cost. Cooperative action is necessary to optimize benefits regionally and mitigate the shared risks including those of climate variability and change.

The Cooperation in International Waters in Africa (CIWA) program seeks to support riparian governments to unlock the potential for sustainable and climate resilient growth by addressing the constraints to cooperative management and development of international waters. CIWA's focus on water-related growth reflects the desire of riparian governments engaged in cooperative management to accelerate development in support of economic growth and poverty reduction. It also leverages the comparative advantage of the program's host institution, the World Bank, to bring knowledge and experience of infrastructure investment across the water-related sectors in Africa.

Figure 1: Cooperation Continuum
 CIWA supports basins at different stages along the cooperation continuum





Cooperation in International Waters in Africa

The objective of the program is to strengthen cooperative management and development of international waters in Sub-Saharan Africa to facilitate sustainable, climate-resilient growth. The expected results are:

1. *Strengthened regional cooperation and integration* - This aims to foster cooperative transboundary institutions for greater regional stability and creation of an enabling environment for shared sustainable growth.
2. *Strengthened water resources management* - This aims to support evidence-based knowledge for planning and decision-making to maximize development opportunities and minimize climate risks.
3. *Strengthened water resources development* - This aims to support investments that improve resilience to climate variability and change, enhance food and energy security, and enable countries to follow a lower carbon growth path.
4. *Strengthened stakeholder engagement and coordination* - This aims to enable greater voice in decision-making processes of civil society, private sector and academia in the cooperative management and development of shared basin resources.

The 10-year targets for the program are:

- US\$10 billion of investment financing for implementation of projects influenced by CIWA
- 50 million direct beneficiaries of projects influenced by CIWA
- 5 basins with strengthened institutions
- 5 basins with improved analytic tools, data and capacity

- 10 investment opportunities with regional benefits progressed in the project cycle
- 5 basins with improved engagement with civil society, private sector and/or academia

These targets reflect the high level of ambition for the program by the potential recipients, contributing Partners and the World Bank. CIWA is a long-term program, recognizing the need for long-term engagement when working in international waters, and as such it aims to attract funds in the range of US\$200 million over ten years. The scale of financing proposed reflects the significant requirements to achieve the ambitious targets.

The Africa Region Sustainable Development Department of the World Bank and a group of Development Partners established the CIWA program in 2011. The financing mechanism is a multi-donor trust fund administered by the World Bank with an initial contribution from the UK's Department for International Development and subsequent contributions from Denmark and Norway. A number of other donors have expressed interest in supporting the program.

CIWA responds to demand from interested basin institutions through its "Basin Engagement Sub-program". Basin programs are selected according to their alignment with CIWA's objective, potential to contribute to one or more of CIWA's results and the expressed interest by basin countries. CIWA works with selected basins by establishing a long-term partnership with objectives defined in a "CIWA Support Plan" (CSP). This plan is developed with participating basin institutions and is aligned with existing basin strategic plans. All projects financed by CIWA will contribute to the broader basin objectives outlined in the CSP.

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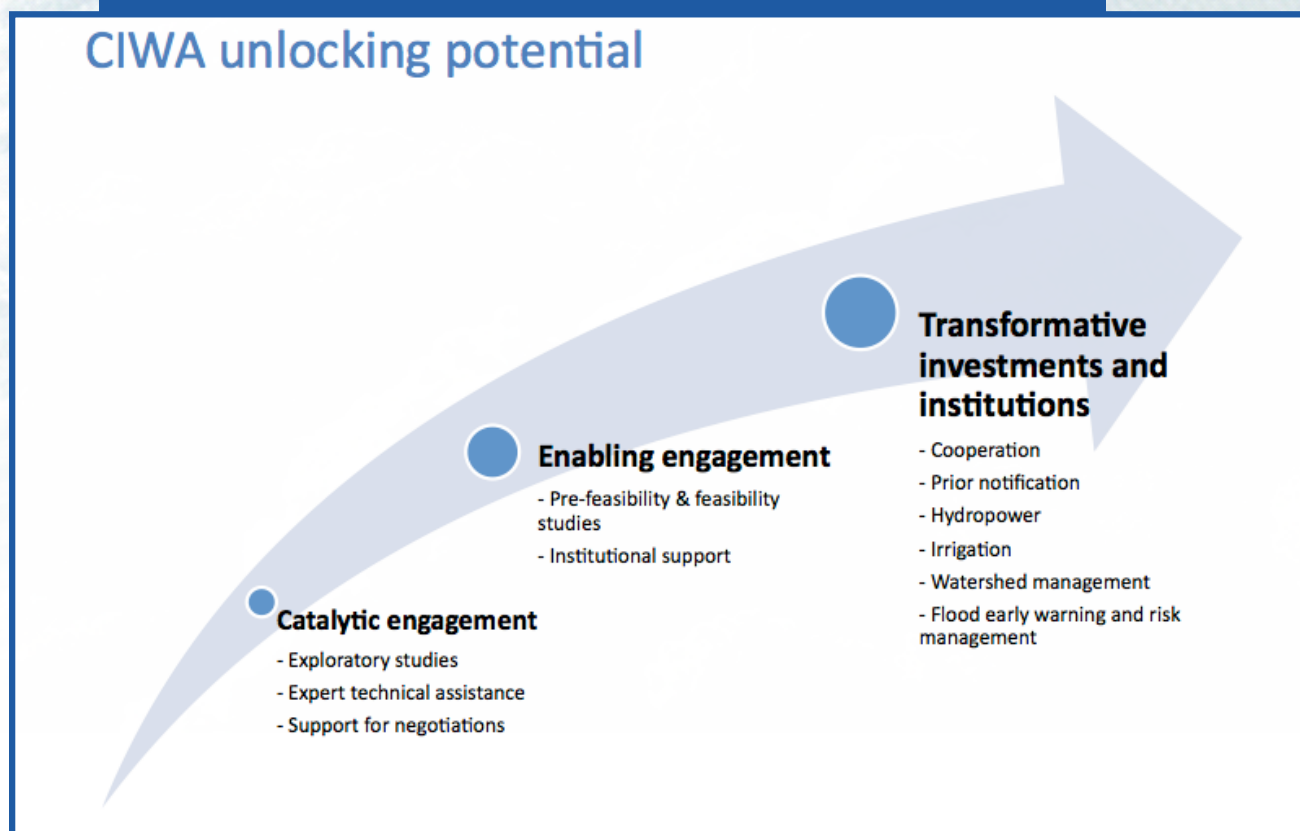
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CIWA is opportunistic in promoting cooperative water resources management and development through the “Catalytic Sub-program”. This sub-program will finance analysis and will promote the application of tools to provide an overview of potential opportunities and entry points for facilitating cooperation in international waters. It will increase knowledge of the strategic

importance of international waters in Africa and the political economy, as well as the economic and financial implications of cooperation (or lack thereof) of water investments that contribute to climate resilience and inclusive growth. This will demonstrate the tangible benefits of unlocking the potential of cooperation on joint investments.

Figure 2: Unlocking Potential
CIWA provides support to catalyze and enable transformative investments and institutions

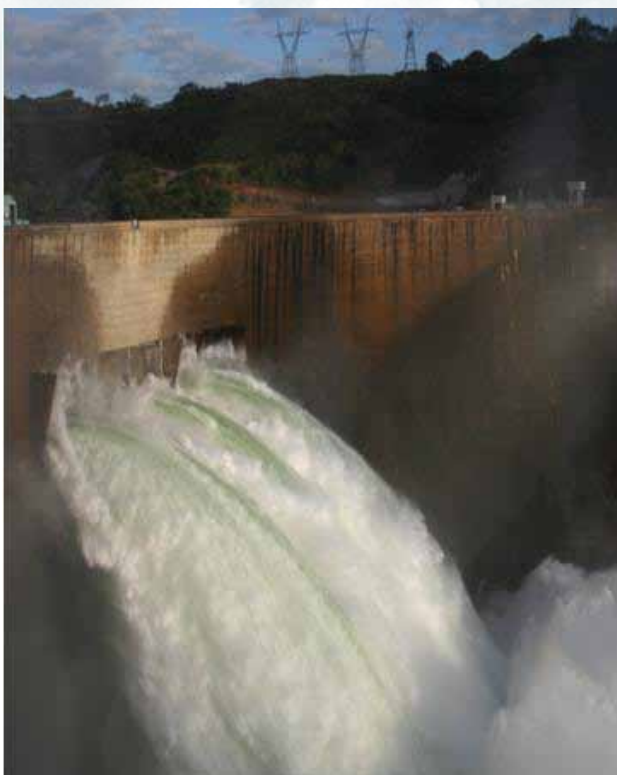


CIWA's design has been informed by lessons learned from past World Bank and Development Partner involvement in transboundary water issues in the Nile, Niger, Zambezi and Senegal River Basins in Africa, international waters in other regions, as well as other programs supported by multi-donor trust funds such as the African Water Resources Management Initiative (AWRMI), the Water Partnership Program (WPP) and the South Asia Water Initiative (SAWI).

CIWA employs a harmonized approach to all its activities and will strive to complement other existing African water and development programs by focusing on cooperation that leads to investments and growth.

CIWA Panel of Experts

The CIWA Panel of Experts was established in June 2012. The creation of this multi-disciplinary Panel of Experts is in direct response to requests made by Development Partners at the extraordinary CIWA Advisory Committee meeting held in April 2012 as well as by some potential new donors. Their purpose in requesting this was to ensure incorporation of senior expertise in the areas of development, water management, political economy and institutional development to the CIWA team. The members of the Panel include high-level, internationally recognized professionals, both internal and external to the Bank. The Panel will provide CIWA with strategic guidance as well as independent assessments and reviews related to the implementation of the overall CIWA Program. The Panel of Experts will act independently but in accordance with the Bank's policies and guidelines.



The Panel of Experts is comprised of the following individuals:

- John Briscoe, the Gordon McKay Professor of the Practice of Environmental Engineering and Environmental Health at Harvard University and director of the Harvard Water Security Initiative
- Claudia Sadoff, a Lead Economist at the World Bank, and Leader of the South Asia Water Initiative
- Vivien Foster, the Sector Manager of the Energy Unit in the Vice Presidency of Sustainable Development of the World Bank
- Julia Bucknall, the Sector Manager of the Water Unit in the Vice Presidency of Sustainable Development of the World Bank
- John Nash, lead Economist for Sustainable Development in the Africa Region of the World Bank
- Karin E. Kemper, the Sector Manager for Environment in the Latin America Region of the World Bank

The first meeting of the Panel of Experts will take place in advance of the CIWA Advisory Committee Meeting to be held in the next fiscal year. Details on each of the panel members may be found in Annex 5.

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SECTION 1: Program at a Glance



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SECTION 2: ENGAGING WITH BASINS

SECTION 2: ENGAGING WITH BASINS

The Basin Engagement Sub-program provides support to develop and implement cooperative water resources management and development in international waters including basins, aquifers and lakes (hereinafter referred to generically as “basins”). This section presents the demand for CIWA engagement from basin organizations, the selection of priority basins along with a summary of the justification for their selection and an overview of the projects developed for those selected basins.

DEMAND FOR CIWA ENGAGEMENT

With nearly 100 international rivers, lakes and aquifers across Sub-Saharan Africa there is substantial potential and opportunity for CIWA. Awareness has been raised among potential recipients utilizing the World Bank's existing network as well as those of development partners. To date, CIWA has received ten requests for engagement from organizations within the following basins:



Basin	Organizations Requesting Engagement	Countries Involved
Nile	Nile Basin Initiative Nile Basin Discourse	Burundi, Democratic Republic of the Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, Uganda
Zambezi	Interim Zambezi Commission Secretariat Zambezi River Authority	Angola, Botswana, Malawi, Mozambique, Namibia, Tanzania, Zambia, Zimbabwe
Volta	Volta Basin Authority	Benin, Burkina Faso, Cote D'Ivoire, Ghana, Mali, Togo
Southern Africa aquifers	SADC Groundwater Management Institute	Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe
Orange Senqu (Lesotho Highlands)	Government of Botswana International Waters Unit (on behalf of Lesotho and South Africa)	Botswana, Lesotho, Namibia, South Africa
Okavango	Government of Botswana	Angola, Botswana, Namibia
Incomati-Maputo	Progressive Realization of the Inco-Maputo Agreement (PRIMA)	Mozambique, South Africa, Swaziland
West Africa River Basins	ECOWAS Water Resources Coordination Center	ECOWAS Member States

SELECTION OF BASINS: NILE AND ZAMBEZI

Requests from basin organizations and potential engagement were reviewed according to the following criteria:

- *Alignment:* Engagement must align with the CIWA objective and contribute significantly to one or more of CIWA's expected results.
- *Strategic importance:* Engagement must address critical issues in the basin.
- *International River Basin Benefits:* Engagement should promote the optimization of basin-wide and regional benefits, and build cooperation and trust amongst stakeholders.
- *Strong Regional Interest and Country Commitment:* Engagement should be demand driven and in line with the strategic direction and the needs of the basin.
- *Complementarity and Additionality:* Engagement should complement ongoing World Bank and/or Partner programs and continue or build on existing work.

Highlights

Strategic Overview of
International Waters in Africa

While there are many data sources on international waters, no comprehensive compendium currently exists. CIWA has embarked on a process to gain an overview of river basins, lakes and aquifers in Africa. This overview will complement the existing CIWA basin selection criteria and be used to help inform CIWA's decision-making process on future engagements. It will also have a broader application as a reference on international waters in Sub-Saharan Africa. It will be developed in partnership with relevant international institutions potentially including AMCOW and ANBO.

The overview will provide key data, information and thematic maps on each basin such as GDP, population, basin institutions, legal framework, agreements, hydropower, irrigation and RAMSAR sites. This information will be presented through a series of thematic maps, fact sheets, basin atlases and be hosted on an interactive web portal.

Objectives for CIWA's engagement with the basin and opportunities for projects were explored with each potential recipient to better outline the scope of support. This information was summarized as a brief "Justification Note" outlining the reasons CIWA should embark upon a long-term engagement with the basin. These Justification Notes formed the basis to review the merits and challenges of engaging in a basin and for subsequent endorsement by the CIWA Advisory Committee.

This fiscal year, the Nile and the Zambezi basins were endorsed for long-term engagement by the Advisory Committee. The remaining requests are being prioritized for endorsement in the next fiscal year in anticipation of further pledged financing.

The process to prepare a project from concept note through appraisal and negotiation takes approximately one year. It must be noted that CIWA cannot approve a recipient grant until sufficient financing has been pledged. While CIWA is continually exploring new options with existing

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and potential partners, CIWA must be careful to not go too far in the project preparation process if there are insufficient funds available as this could unfairly raise expectations of potential recipients. Consequently there will necessarily be some time lag between the pledging of funds by donors and subsequent disbursement to recipients.

JUSTIFICATION FOR ENGAGEMENT IN THE NILE BASIN

Criteria	Justification
Alignment	<p>Basin engagement contributes to all four of CIWA's expected results:</p> <ul style="list-style-type: none"> • Strengthening the platform for basin-wide cooperation • Improving capacity for water resources management • Identifying and preparing strategic investment opportunities • Increasing the involvement of civil society in the planning and implementation of management and development projects
Strategic Importance	<p>Cooperative development and management of the Nile waters can generate substantial 'win-win' benefits to help unlock the full productive potential:</p> <ul style="list-style-type: none"> • Potential to increase hydropower production with Ethiopia having the second largest undeveloped hydropower potential in Africa and untapped potential in the NEL region could meet 65% of NEL energy needs • Potential to increase power trade in the region • Potential to increase irrigated agriculture with only a small fraction of the estimated 8 million hectares of irrigation potential already developed • Significant opportunities for improved ecosystem services through reversing erosion, deforestation and wetland degradation • More than \$20 billion in investments of transboundary significance already identified <p>Critical natural resource:</p> <ul style="list-style-type: none"> • World-class environmental assets including Lake Victoria and the Sudd wetlands • 230 million people live within the basin • Poverty is acute with four of the riparians being among the world's ten poorest countries • Nile is a primary source of fresh water for many riparians with Egypt receiving 97% and Sudan 91% • Water plays a central role in the economies of most riparians and is essential to regional food security and hydropower production
International River Basin Benefits	<p>There are ambitious plans for growth utilizing Nile waters. These include enhanced energy availability, food production, transportation, industrial development, domestic supplies for rapidly increasing populations, and environmental conservation for tourism as well as protecting the economic life of important water-related infrastructure. Unilateral plans made outside of the larger river basin context pose a risk that some national investments in water-related sectors could be sub-optimal and foreclose future development opportunities.</p>
Strong Regional Interest and/or Country Commitment	<p>The Nile Basin Initiative was established in 1999 and now has a membership comprised of ten of the eleven riparian states. While there is an impasse over the current Cooperative Framework Agreement, the Nile Council of Ministers continues to meet to advance cooperation. The Nile-COM recently demonstrated ownership by agreeing to scale up member state contributions to cover the core costs of maintaining the minimum functionality of the NBI.</p>
Complementarity and Additionality	<p>Builds upon a program of support over the past 13 years primarily financed by US\$200 million from the Nile Basin Trust Fund.</p>

SECTION 2: Engaging with Basins

JUSTIFICATION FOR ENGAGEMENT IN THE ZAMBEZI BASIN

Criteria	Justification
Alignment	<p>Basin engagement contributes to four of CIWA's results:</p> <ul style="list-style-type: none"> • Reducing the obstacles to cooperation • Improving management of water resources to ensure sustainability and optimum utilization • Identifying and preparing strategic investment opportunities • Enhancing academic partnerships to further local knowledge base
Strategic Importance	<p>Significant opportunity to achieve economic development in a region challenged by food insecurity, power shortages and water-related shocks:</p> <ul style="list-style-type: none"> • Potential to increase firm energy production by 35,000 GWh/yr • Potential to increase irrigated agriculture by 343,000 Ha with 80% located in the poorest countries (Malawi, Zambia and Zimbabwe) • More than \$16 billion in investments already identified <p>Critical natural resource:</p> <ul style="list-style-type: none"> • One of the most diverse and valuable natural resources in Africa • 30 million people depend on the river • Plays a central role in the economies of 8 countries • Is essential to regional food security and hydropower production • Poverty is persistent across the basin • Coefficients of inequality are among the highest in the world
International River Basin Benefits	<p>Optimization of regional benefits include:</p> <ul style="list-style-type: none"> • Better management of climatic variability that cause losses of up to \$1 billion each year through floods and droughts • Greater economic growth (eg coordinated operation of existing hydropower facilities can yield increase in firm energy of 7%)
Strong Regional Interest and/or Country Commitment	<p>6 of 8 riparian states have ratified an agreement to establish the Zambezi Watercourse Commission (ZAMCOM) and Interim ZAMCOM Secretariat is established.</p>
Complementarity and Additionality	<p>Builds upon significant program of support over the past 10 year (ZACPRO) funded by Sweden, Denmark and Norway. World Bank water sector operations in 6 of 8 riparian countries.</p>



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BASIN PROGRAMS: NILE AND ZAMBEZI

CIWA's intention is to undertake a long-term engagement with a few primary basins as well as shorter-term engagement with other basins as the opportunity arises. Following Advisory Committee endorsement, CIWA Support Plans (CSP) are under development as living documents that outline the strategic context and long-term objectives for CIWA's engagement in the selected basins as well as the expected results of the first phase projects for each recipient organization. These plans are developed in collaboration with basin recipient organizations and are closely aligned with their long-term visions, goals and strategies. The CSPs provide the framework under which CIWA-financed projects are prepared, integrated and monitored in alignment with the broader basin objectives.

First phase projects were prepared for the Nile and Zambezi basins and will be implemented by two recipient organizations in each basin. Descriptions for these two programs and their first phase projects are outlined below.

Nile Basin Climate-Resilient Growth Program

Objective:

The long-term objective of CIWA in the Nile Basin is to strengthen cooperative water resources management and development to facilitate sustainable climate-resilient growth.

Strategic Context:

The Nile River Basin is shared by eleven countries: Burundi, Democratic Republic of Congo (DRC), Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda. It is one of the world's longest rivers and it covers one-tenth of Africa's total land mass. It is the economic life-line for the estimated 230 million people who live within the boundaries of the Basin and the over 350 million people who live in the countries that share and depend on Nile waters.

Four of the Nile riparian countries are amongst the world's ten poorest, with per capita incomes of US\$100-200 per year. An estimated 75% of the population of Nile basin countries lives in rural areas where food security and livelihoods are highly vulnerable to the vagaries of nature. Floods and droughts routinely cause devastation and growing climate variability could lead to more disastrous impacts.

The tremendous potential for development in the basin is largely untapped. The Nile is the primary source of water for domestic, agricultural and industrial uses for many riparians, particularly those located in downstream reaches. Each Nile riparian country faces unique challenges, but all have ambitious national development plans to fuel economic growth and promote poverty alleviation efforts that depend critically on the sustainable use and management of shared Nile waters. These plans include enhanced energy availability, food production, transportation, industrial development, domestic supplies for rapidly increasing populations, and environmental conservation for tourism and to protect the economic life of important water-related infrastructure. All these much-needed investments are largely to be made at the national level. However, the benefits and sustainability of many of these investments need to be enhanced from a regional perspective. If unilateral plans are made and implemented without consideration of the larger river basin context, there is a risk that some of the national investments in water-related sectors could be sub-optimal and foreclose future development opportunities. Cooperative development and management of shared Nile waters can generate substantial 'win-win' benefits to help unlock the full productive potential of the Nile Basin for more prosperous national and regional sustainable growth and poverty reduction.

SECTION 2: Engaging with Basins



Cooperation in International Waters in Africa

Recipient Basin Partners:

The first phase of the program has two recipient partners: the Nile Basin Initiative (NBI) and the Nile Basin Discourse (NBD). These organizations were established more than ten years ago and engage constructively to support Nile cooperation, management and development. CIWA's plan to work with both organizations recognizes the need to involve civil society in this important inter-governmental initiative.

1. Nile Basin Initiative

The NBI is an inter-governmental organization dedicated to the equitable and sustainable management and development of the shared water resources of the Nile Basin. The ten member countries are Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania and Uganda with Eritrea as an observer. The NBI was established in 1999 by the Ministers of Water Affairs of each member country declaring a Shared Vision "to achieve sustainable socio-economic development through the equitable utilization of, and benefit from, the common Nile Basin water resources."

The NBI has three core programs:

- *Facilitating Cooperation.* To facilitate, support and nurture cooperation amongst the Nile Basin countries so as to promote timely and efficient joint actions required for securing benefit from the common Nile Basin water resources.
- *Water Resources Management.* To assess, manage and safeguard the water resource base that supports the peoples of the Nile Basin through applying the principles of knowledge-based IWRM to water development planning and assessment.
- *Water Resources Development.* To identify, prepare and facilitate investment in transboundary water development projects and programs whilst mitigating negative impacts on the health of the Nile Basin's resources through applying the principles of IWRM.

2. Nile Basin Discourse

The NBD is a civil society organization established in 2002 to strengthen civil society participation in Nile Basin Initiative developmental processes and programs. It builds civil society capacity to contribute to social and climate resilience of riparian communities and informs the design, implementation and monitoring of Nile Basin policies and programs. It is managed by a regional Secretariat based in Entebbe, Uganda with national level forums in each of the eleven riparian states.

The NBD has matured into a civil society network with more than 800 member organizations that raises awareness among civil society actors on Nile Basin development programs and promotes a culture of "One Nile, One Family."

NBD's extensive ground presence in riparian communities makes it uniquely placed to link higher-level Nile cooperation processes and projects with local community perspectives and needs. NBD channels community-based voices to ensure broad stakeholder engagement and coordination in Nile Basin programs and processes for a sustainable and equitable climate resilient growth.



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SECTION 2: Engaging with Basins

First Phase Projects:

1. Nile Cooperation for Results Project

Budget: US\$1.5 million (complementing US\$13.8 million from the Nile Basin Trust Fund)

Start Date: January 2013

Duration: 3 years

Partner: Nile Basin Initiative

Objective: To facilitate cooperative water resource management and development in the Nile Basin.

Key Results:

- 4 pre-feasibility studies completed for irrigation and watershed management
- 5 investment projects with regional significance identified
- Expansion of strategic assessment of power generation to include South Sudan
- Enhanced flood forecasting system in Eastern Nile
- Framework for dam safety developed
- Basin-wide hydromet network designed
- Decision Support System (DSS) supported across nine basin countries

- Analyses of planning scenarios using DSS to inform decision-makers
- Analyses of climate risk using DSS
- Evidence base for cooperation more clearly defined
- National/regional linkages strengthened

2. Engaging Civil Society for Social and Climate-Resilience

Budget: US\$1.5 million

Start Date: January 2013

Duration: 3 years

Partner: Nile Basin Discourse

Project Objective: To contribute to the equitable and sustainable development of the Nile Basin through increased engagement of civil society in Nile Basin cooperation programs and processes.

Key Results:

- Improved design, implementation and monitoring of NBI projects through integration of civil society voices
- Communities impacted by NBI projects better informed
- Capacity of members strengthened to promote Nile cooperation

3. Nile Basin Support Program

Budget: US\$1 million (initial allocation)

Start Date: January 2013

Duration: 3 years

Partner: World Bank executed

Description: Implementation support and technical advice for recipient organizations. Analytical work is also being proposed. This work will be managed by the World Bank in partnership with basin organizations.





Cooperation in International Waters in Africa

Zambezi River Basin Development Program

Objective:

The long-term objective of CIWA is to strengthen cooperative management and development within the Zambezi River Basin to facilitate sustainable, climate-resilient growth.

Strategic Context:

The Zambezi River Basin (ZRB) is one of the most diverse and valuable natural resources in Africa. Its waters are critical to sustainable economic growth and poverty reduction in the region. In addition to meeting the basic needs of more than 30 million people and sustaining a rich and diverse natural environment, the river plays a central role in the economies of the eight riparian countries - Angola, Botswana, Malawi, Mozambique, Namibia, Tanzania, Zambia, and Zimbabwe.

It provides important environmental goods and services to the region, and is essential to regional food security and hydropower production. Characterized by strong climatic variability, the River and its tributaries are subject to strong seasonal variation in the hydrological regime, with a cycle of floods and droughts that have devastating effects on the people and economies of the region, especially the poorest members of the population.

The ZRB has been the subject of a long history of sustained efforts to foster cooperative development. While there has been little investment in the ZRB over the last 30 years, sustained economic growth above 6% in many of the riparian states is providing new opportunities and increasing development pressure on the resources of the basin. More than US\$16 billion worth of investments have been identified at the pre-feasibility or feasibility stage of preparation and the combined GDP among the ZRB riparian states is estimated at over US\$100 billion. Despite this increasing prosperity, poverty is persistent across the basin and co-efficients of inequality for some of the riparians are among the highest in the world. Reflecting the

dual nature of the regional economy, new investments in large infrastructure co-exist alongside a parallel, subsistence economy that is reliant upon environmental services provided by the river.

An integrated water resource management (IWRM) strategy developed for the ZRB known as ZAMSTRAT seeks the following potential outcomes over the next 10 to 15 years:

- a. **Energy security** through hydropower investments (US\$10.7 billion) resulting in an additional 35,300 GWh/yr firm energy and an additional 60,000 GWh/yr average energy
- b. **Agricultural production** increased, enhancing regional food security through an additional 343,000ha increasing irrigation to 775,000 ha/yr (85% in Malawi, Zambia and Zimbabwe)
- c. **Increased employment**, particularly in the agricultural sector, with over 500,000 jobs created
- d. **Economic resilience** increased and growth benefits sustained through reduced exposure to floods (>US\$1 billion in losses avoided on average per year) and adaptive measures to climate change
- e. **Regional transport** costs and travel times reduced through bridge investments and navigation
- f. **Water supplies** secured for urban and industrial demands (>1,000M m³/yr to Botswana, Malawi, Zambia and Zimbabwe)
- g. **Environmental restoration** of the Zambezi Delta and improved fisheries production through systematic introduction of basin wide environmental flows



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Recipient Basin Partners:

The first phase of the program has two recipient partners: the Interim ZAMCOM Secretariat (IZS) and the Zambezi River Authority (ZRA). It is important for CIWA to work with both the nascent Zambezi Commission to support the broad inclusive process of basin development as well as the existing state-run corporations and private sector companies engaged in managing large hydro power installations on the Zambezi. These players will need to work together closely over the long-term to foster new development and better management of the river.

1. Interim ZAMCOM Secretariat

The Zambezi Commission (ZAMCOM) is envisioned to be a water management organization for the entire Zambezi River Basin, as stipulated in the ZAMCOM Agreement and drawn in line with the revised SADC Protocol on Shared Watercourses. The Zambezi Riparian States established the Interim ZAMCOM Secretariat (IZS) in May 2011, hosted by the Government of Botswana in Gaborone. The IZS is expected to work with the Riparian States to operationalize the ZAMCOM Agreement and establish its requisite organs including the Permanent Secretariat. It will also support implementation of short-term actions prioritized in the Zambezi IWRM Strategy (ZAMSTRAT).



2. Zambezi River Authority

The Zambezi River Authority (ZRA) was established in 1987 through legislation in the Parliaments of Zambia and Zimbabwe and is jointly owned by the governments of Zambia and Zimbabwe in equal proportions. The ZRA is governed by a Council of Ministers consisting of four members including the Ministers holding portfolios of Energy and Finance in each country. The primary functions of the Authority are set out in the schedule to the Zambezi River Authority Acts as follows:

- Operate, monitor and maintain the Kariba Complex
- In consultation with the National Electricity Undertakings, investigate the desirability of constructing new dams on the Zambezi River and make recommendations thereon to the Council.
- Subject to the approval of the Council, construct, operate, monitor and maintain any other dams on the Zambezi River.
- Collect, accumulate and process hydrological and environmental data of the Zambezi River for the better performance of its functions and for any other purpose beneficial to the Contracting States.
- In consultation with the National Electricity Undertakings, regulate the water level in the Kariba reservoir and in any other reservoir owned by the Authority.
- Make such recommendations to the Council as to ensure the effective and efficient use of the waters and other resources of the Zambezi.
- Liaise with the National Electricity Undertakings in the performance of its functions that may affect the generation and transmission of electricity to the Contracting States.

SECTION 2: Engaging with Basins

First Phase Projects:

1. Strategic Planning in the Zambezi River Basin

Budget: US\$4 million

Start Date: January 2013

Duration: 3 years

Partner: Interim ZAMCOM Secretariat (IZS)

Objective: To support the institutional development of the ZAMCOM Secretariat and to strengthen water resources management and sustainable development in the basin.

Key Results:

- Permanent ZAMCOM Secretariat legally established with functions defined in the ZAMCOM Agreement
- Plan for financial sustainability based on member state contributions
- Basin-wide Master Plan developed
- Flood-forecasting and early warning system developed
- Zambezi Water Information System enhanced

2. Zambezi River Development Program

Budget: US\$6 million

Start Date: January 2013

Duration: 3 years

Partner: Zambezi River Authority (ZRA)

Objective: To support the development of hydropower potential within the Zambezi River Basin and to enhance the safety of existing infrastructure

Key Results:

- Updated feasibility study for the Batoka Gorge Hydro-Electric Scheme
- Environmental and Social Assessment for the Batoka Gorge Scheme
- Improved safety of the existing Kariba hydropower complex with completion of dam break analysis
- Legal review of governance and organizational oversight completed
- ZRA water resource management function enhanced
- Options developed for future role of ZRA in the Zambezi basin



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3. Zambezi Basin Support Program

Budget: US\$1 million (initial allocation)

Start Date: January 2013

Duration: 3 years

Partner: World Bank executed

Description: Implementation support and technical advice for recipient organizations. Analytical work is also being proposed. This work will be managed by the World Bank in partnership with basin organizations.



SECTION 2: Engaging with Basins



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SECTION 3: OVERVIEW OF RESULTS

SECTION 3: OVERVIEW OF RESULTS

The overall impact of CIWA is to strengthen sustainable climate-resilient growth in Sub-Saharan Africa. CIWA seeks to support riparian governments to unlock the potential for sustainable and climate resilient growth by addressing the constraints to cooperative management and development of international waters. CIWA's focus on water-related growth reflects the desire of riparian governments engaged in cooperative management to accelerate development in support of economic growth and poverty reduction. It also leverages the comparative advantage of the program's host institution, the World Bank, to bring knowledge and experience of infrastructure investment across the water-related sectors in Africa.



RESULTS TO DATE: PROGRAM DEVELOPMENT OBJECTIVE

CIWA aims to catalyze and enable transformative water related investments as well as support the institutions that manage and develop the basins. As with all infrastructure preparation projects and institutional strengthening work, the impact of any support may not be realized for many years after the support has been provided. Nevertheless, CIWA aims to track progress towards these long-term results by measuring the estimated investment values and estimated direct beneficiaries of infrastructure projects on an interim basis. Ultimately, CIWA will only count US\$ amounts of actual secured financing for investment projects and actual direct beneficiaries of those projects as a ten-year target.

Program Development Objective: To strengthen cooperative management and development of international waters in Sub-Saharan Africa to facilitate sustainable climate resilient growth.

Indicator i): US\$ financing mobilized for cooperative management and development of international waters projects supported by CIWA.

Target FY12: US\$2 billion (value of potential projects influenced by CIWA)

Actual: US\$2.5 billion - CIWA catalyses restart of negotiations for the preparation of Batoka Gorge hydro-electric scheme. CIWA conducted analysis of the financial implications of the stalled development of this long identified major infrastructure project. CIWA then facilitated negotiations between Zimbabwe and Zambia to review the implications of the analysis and encourage the restart of project preparation. The total expected cost of this project was estimated in 1993 as \$2.5 billion. CIWA plans to update to the feasibility study under the Zambezi basin engage-program. The potential cost of this investment will be counted at year ten only if the project actually secures financing.

Indicator ii): Number of people directly benefiting from improved water resources management and development in target basins through projects supported by CIWA.

Target FY12: 3 million (number of potential beneficiaries of projects influenced by CIWA)

Actual: 6 million - Potential beneficiaries of the planned energy production of the Batoka Gorge hydro-electric scheme. This number is the 'people-equivalent' figure derived from the mean energy production (estimated as 8739 GWhr/yr) and an average household consumption in Zambia (estimated as 1.2 million households assuming 5 people per household) of 7200 KWhr/yr.



Highlights

UNLOCKING POTENTIAL IN THE ZAMBEZI BASIN: BATOKA GORGE

The Batoka Gorge Hydro-Electric Scheme is a project that was originally conceived as part of a cascade with the original Kariba Dam complex completed in 1961 between Zambia and Zimbabwe. A feasibility study for a dam and two hydropower plants was conducted in 1992. The generation capacity of the two plants totaled 1600MW. The total cost at the time was projected at US\$2.5 billion.

A disagreement over a financial debt between Zambia and Zimbabwe on the original Kariba dam stalled the development of the Batoka scheme. The losses from the delay of this project have been estimated at US\$700 million annually or US\$7 billion since the original planned commission date of 2002.

CIWA facilitated a high-level political process between Ministers from Zambia and Zimbabwe to try and resolve the impasse. This process included analytical work on the financial and economic implications of the impasse as well as options for moving forward. Leveraging the World Bank's pre-existing relationships with key officials, CIWA initiated a meeting of the Zambezi River Authority Council of Ministers. This meeting led to an agreement to break the impasse and move forward with development of Bakota Gorge Hydro-Electric Scheme.

CIWA is proposing to support the Zambezi River Authority to update to the feasibility study to enable this project to move forward and unlock the potential.

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RESULTS TO DATE: INTERMEDIATE RESULTS

Progress towards achieving all four of the Intermediate Results involved significant preparation work in each of the two priority basins of the Nile and Zambezi, as well as initiation of engagement with RECs and organizations in other basins. The key milestones for this preparatory work included:

- **2 basins, the Zambezi and the Nile, were selected and endorsed by the CIWA Advisory Committee.** Engagement in the Nile Basin will be implemented by two institutions: the Nile Basin Initiative and the Nile Basin Discourse. The justification note outlines the strategic context and objectives for long-term engagement in the basin divided into two phases. The initial phase is proposed to start in January 2013 for a duration of 3 years and the second phase to run for 5 years. Engagement in the Zambezi Basin will be implemented by Interim ZAMCOM Secretariat and the Zambezi River Authority. This program is planned to start in March 2013.
- **Nile Basin program design completed to appraisal stage.** A project to support climate-resilient growth was developed with the Nile Basin Initiative reflecting their priorities as articulated in their 5-year Strategic Plan and Program Framework. The proposed project has a total budget of US\$15 million of which CIWA's support is planned to be US\$1.5 million. A formal World Bank Project Con-

cept Note (PCN) was drafted, reviewed and approved in April and the Pre-Appraisal Mission completed successfully in May. For the Nile Basin Discourse, a PCN was completed for a program valued at US\$1.5 million and is expected to be approved early in the next FY.

- **Zambezi Basin program design outlined and under discussion with CIWA Basin Steering Committee partners.** A project to support sustainable water resources management and development in the Zambezi basin was developed with the Interim ZAMCOM Secretariat, reflecting their priorities as articulated in their IWRM Strategy and Plan for Operationalization, and with the ZRA reflecting their plans for hydropower development. The proposed project has a duration of 3 years with a total budget of US\$13 million. A formal World Bank Project Concept Note (PCN) was drafted, reviewed and approved in May.

- **Representatives from 4 more basins and 2 RECs have requested engagement with CIWA.** Basin Engagement and Catalytic projects are currently under review based upon requests from the following basins and RECs: Volta, Inco-Maputo, Okavango, Lesotho Highlands/Orange-Senqu, SADC Groundwater and ECOWAS. Dialogue has been initiated with ECOWAS and the Volta Basin Authority. These new requests will be more fully developed, evaluated on the basis of their strategic value and prioritized for review and endorsement by the Advisory Committee. The detailed preparation and implementation of any projects will be subject to the availability of new financing. It must be noted that all of the current resources available to CIWA have been allocated to the first two aforementioned basins.



Progress toward the FY12 targets for each Intermediate Result are presented below.

Intermediate Result 1. Regional cooperation and integration strengthened

Target FY12: 2 project design outlines completed for projects that aim to strengthen regional cooperation and integration.

Progress against target: Fully achieved.

- ***NBI project designed to strengthen regional cooperation.*** The project will contribute to regional cooperation and integration by supporting the platform for dialogue between Member States, strengthening national/regional linkages, building an evidence base for cooperation and supporting the transition to coverage of core financing from Member States.

- ***IZS project designed to strengthen regional cooperation.*** This project will contribute to regional cooperation and integration by supporting the establishment of a permanent Secretariat that will serve as a platform for dialogue between the 8 member states. Additionally, it will support the development of the first ever basinmaster plan to guide the equitable and reasonable utilization of shared water resources. This project seeks to build partnerships between power authorities and the basin commission in recognition of the existing bi-lateral agreements for power generation and trade.

Intermediate Result 2. Water resources management strengthened

Target FY12: 2 project design outlines completed for projects that aim to strengthen water resources development.

Progress against target: Fully achieved.

- ***NBI project designed to strengthen WRM.*** The project includes the application of the Nile Basin Decision Support System (DSS) to identify and analyze the opportunities and challenges of basin management including climate risk assessment. Furthermore, support will be provided to the DSS user community of all member state Ministries of Water as well as academics to advance DSS development and application. The project will improve the knowledge and analytical foundation for a shared understanding of cooperative water resource management and development options. Also, the project will support the enhancement of the flood forecasting system to include drought and flash floods in the Eastern Nile. Finally, the project will provide a detailed specification of the planned basin-wide hydromet system.

- ***IZS project designed to strengthen WRM.*** The Zambezi project will improve the knowledge base and analytical capacity by strengthening the water information management system (ZAMWIS) and undertaking basin-level climate risk analysis. The project will also develop a flood forecasting and early warning system for better management of extreme events.

Intermediate Result 3. Water resources development strengthened

Target FY12: 2 project design outlines completed for projects that aim to strengthen water resources development.

Progress against target: Fully achieved.

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SECTION 3: Overview of Results

- **NBI project designed to advance a variety of investment opportunities.** The project aims to plan and prepare transformative investment projects of regional significance in hydropower, irrigation and watershed management. The project will undertake 5 pre-feasibility studies and associated ESIA's in the Nile Equatorial Lakes region. The project will also provide technical support and capacity building to improve dam safety in the Eastern Nile with the development of a regional dam safety framework and guidelines.

- **ZRA project designed to advance Batoka Gorge Hydro-electric scheme and enhance Kariba dam safety.** This project will support the Zambezi River Authority to update the feasibility studies for the Batoka Gorge Hydro-Electric Scheme, preparing an Environment & Social Assessment, and exploring transaction options. Also, the Zambezi program will support the Zambezi River Authority to enhance the operations and safety of the Kariba hydropower complex including dam break analysis. Under the support to ZAMCOM, the

project will take forward the discussions on regional development initiated through the basin wide Multi-sector Investment Analysis Opportunities Study.

Intermediate Result 4. Stakeholder engagement and coordination strengthened

Target FY12: 2 project design outlines completed for projects that aim to strengthen stakeholder engagement and coordination.

Progress against target: Fully achieved.

- **NBI project expands partnerships with academia and power utilities.** The project enhances knowledge partnerships with stakeholder networks including government, power utilities and academia with an internship program that provides training to regional specialists. The project also proposes the development of an Eastern Nile Climate Change portal with tools and data to enhance the understanding of the potential of increased hydro-variability and options for accounting for this within their planning processes.

- **Nile Basin Discourse project designed to better coordinate civil society engagement in the Nile basin.** The project will support bridging policy and practice to inform project design and help monitor NBI activities, creating a safe space for dialogue with civil society groups, and capacity development to contribute to capacity development in Nile Basin communities directly related to projects.

- **Zambezi project to enhance partnerships with academia.** The project will enhance partnerships with academia to help broaden the base of transboundary knowledge and analysis in the basin.





SECTION 4:

CATALYZING TRANSBOUNDARY
WATER MANAGEMENT AND
DEVELOPMENT

SECTION 4: CATALYZING TRANSBOUNDARY WATER MANAGEMENT AND DEVELOPMENT

OBJECTIVE OF CATALYTIC SUB-PROGRAM

The CIWA Catalytic Sub-program aims to catalyze support and provide a clearer, deeper understanding of factors influencing the cooperative development and management of international waters in Africa as a means to unlock the potential contribution to economic growth and poverty reduction. It is predicated on a combination of mutually reinforcing economic sector work, technical assistance and capacity enhancement tools that support the achievement of CIWA's primary objective and further regional and national development objectives.



PLANNED ACTIVITIES OVER THE NEXT FIVE YEARS

Sustained engagement in program activities with program recipients and relevant stakeholders will occur over a five-year implementation period. Annual progress reviews under the auspices of the CIWA Advisory Committee and Consultative Group will be used to review objectives, progress and activities, and make necessary adjustments as needed. The program will include partnerships with an expanded set of stakeholders, including river basin organizations, regional economic commissions, national ministries (such as finance, economic planning and development, agriculture, energy, etc.), and organizations across Africa (AMCOW, ANBO), as well as contributing donors to CIWA.

A set of activities, contributing to the two pillars, has been identified for the first five years of the program. These are designed to lay the foundation for CIWA's continuing support, to provide a guiding overview of potential opportunities for engagement, and to develop a deeper understanding of the economic and financial impacts of strategically important water investments that contribute to building climate resilience growth. Specifically, work under components 1 and 3 has been prioritized and additional activities under the

PLANNED ACTIVITIES OVER THE NEXT FIVE YEARS (*CONT'D*)

remaining components will be initiated on a rolling basis. Each component will link closely with and build upon ongoing related work and it will support the engagement at the Basin-level windows of CIWA. In the medium to long-term, the program may be expanded to include additional components that contribute to the program's development objective and are aligned with the strategic pillars.

Activities are designed around two pillars and six components, as follows:

Knowledge Services

1. A *Strategic Overview* to assess opportunities and entry points for facilitating cooperation in international waters in Africa;
2. The *Political and Institutional Economy* of cooperation including the policy and legal instruments on which cooperative efforts are built and aligned;
3. The *Economic and Financial Analysis* of cooperation in international waters and its contributions to economic growth in Africa.

Facilitation and Capacity Building

4. Improved access to *Best Practices and Training Workshops* in areas such as basin operation and management, climate resilience, information management and investment planning, economic valuation;
5. *Cross-basin learning* through professional networking of key institutions at regional and country levels to share experiences for modernized basin planning, development and management and facilitate cooperation amongst stakeholders. It will include learning from other regions of the world.
6. Facilitating platforms for *Strategic Dialogue* to facilitate cooperation amongst stakeholders.

Detailed descriptions of each component can be found in the project concept note.



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SECTION 4: Catalyzing Transboundary Water Management And Development

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SECTION 5: FINANCIAL REPORT

SECTION 5: FINANCIAL REPORT

STRUCTURE OF THE TRUST FUND

CIWA is a Multi-Donor Trust Fund (MDTF) managed by the World Bank on behalf of contributing Development Partners. The specific type of MDTF is known as a “Programmatic Trust Fund” in which donors commit their funds on the basis of contributing to a thematic framework rather than for any specific project. Within the framework, CIWA will support projects executed by recipient organizations as well as projects directly managed by the World Bank.

DONOR PLEDGES AND DEPOSITS

The total funds pledged are US\$19.85 million as of June 30, 2012. Of that, US\$8.01 million has been deposited in the CIWA-TF account. This leaves a remaining balance of US\$11.83 million to be deposited in the coming years. Table 1 presents the pledges, deposits and outstanding balances.

The contributing donors are the United Kingdom of Great Britain, the Government of the Kingdom of Denmark, and the Government of the Kingdom of Norway.

The financial information, including exchange rates, presented in this report is as of June 30, 2012, unless otherwise noted.

Table 1: Overview of Donor Pledges and Deposits

Contributing Partners	Pledges			Deposits		
	Currency	Amount (Donor Currency)	Amount (US\$)	Date Deposit Received	Amount Received (US\$)	Outstanding Balance (US\$)
Denmark (DANIDA)	DKK	18,700,000	3,228,217	29-Feb-12	1,703,119	1,525,098
Norway	USD		882,746			882,746
United Kingdom (DFID)	GBP	10,000,000	15,734,303	7-Jan-11	6,311,600	9,422,704
Total			19,845,266			11,830,548

Development partners deposit funds according to an agreed-upon schedule of deposits that is detailed in the Administration Agreement or other documents exchanged between the Bank and the partner. This schedule can be amended as necessary to meet project disbursement requirements.

CIWA can sign grant agreements allocating resources to recipient-executed projects up to the amount of pledges in signed Administration Agreements less the cost of administration, contingency, currency fluctuation reserve and Bank-executed projects and activities.

ALLOCATIONS AND PROJECTED DISBURSEMENTS

As of June 30, 2012, US\$19.5 million has been allocated to CIWA projects and activities which fully allocate virtually all of the available funding.

Table 2 – Allocation of Funding

Allocation of Funding	US\$
Pledges in signed Administration Agreements	19,845,265
Plus interest income	50,679
Less 2% Administrative Cost Recovery	396,905
Funds available for allocation	19,499,039
Less allocation to projects/activities	19,490,716
Unallocated funds	8,323
% Allocated	100.0%

The majority of funds have been allocated to the two prioritized basins: Nile and Zambezi. There are two recipient-executed projects as well as a bank-executed program providing catalytic and implementation support in each basin. This amounts to US\$15,000,000. To initiate activities in other basins, allocations are proposed in West Africa (through ECOWAS) and in the Lesotho Highlands. Finally, an allocation has been made for the first phase of Africa-wide catalytic work to support the basin programs. The following table provides a breakdown of the funding allocation and a projected disbursement schedule.

Table 3: Breakdown of allocations by project

Basin/REC	Recipient	Project Description	Allocation (US\$)	Actual Disbursements (US\$)	Projected Disbursement (US\$)				
				FY12	FY13	FY14	FY15	FY16	Total
Nile	NBI	Nile Cooperation for Results	1,500,000				1,500,000		1,500,000
Nile	NBD	Engaging Civil Society	1,500,000		250,000	500,000	500,000	250,000	1,500,000
Nile	World Bank	NB Support Program	1,000,000		600,000	200,000	200,000		1,000,000
Zambezi	ZRA	Enhancing Infrastructure development	6,000,000		500,000	1,200,000	2,100,000	2,200,000	6,000,000
Zambezi	ZAMCOM	Strategic Planning	4,000,000		500,000	800,000	1,000,000	1,700,000	4,000,000
Zambezi	World Bank	ZRB Support Program	1,000,000	126,857	550,000	161,572	161,572		1,000,000
ECOWAS	World Bank	West Africa Support Program	400,000		100,000	200,000	100,000		400,000
Lesotho Highlands	World Bank	Water transfer study	2,000,000		500,000	1,200,000	300,000		2,000,000
Africa-wide	World Bank	Catalytic program	900,000	86,217	813,783				900,000
		Sub-total projects	18,300,000	213,074	3,813,783	4,261,572	5,861,572	4,150,000	18,300,000
	World Bank	Management & Administration Fee (6%)	1,190,716	292,159	224,639	224,639	224,639	224,639	1,190,716
		Total Allocated	19,490,716	505,233	4,038,422	4,486,211	6,086,211	4,374,639	19,490,716

Projected disbursement for FY13 is approximately US\$4.0 million and the total amounts of available funds are projected to be fully disbursed by the end of FY16.

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Expenditure and Fund Balance

A total of US\$505,233 was expensed in this reporting period (FY12). There have been no disbursements to recipient executed projects since the first projects are still under preparation. An additional US\$182,087 was committed in the form of signed contracts to suppliers that will be expensed in FY13. The majority of expenditures have been related to setting up the fund, designing the basin engagement and catalytic sub-programs, designing the Nile and Zambezi projects and Consultative Group and Advisory Committee meetings. It should also be noted that other resources have been utilized to advance the establishment of CIWA and its projects where possible in order to maximize trust fund resources for projects. For example, the Nile Basin Trust Fund provided the resources for the preparation of the Nile Basin Initiative project. Also, resources US\$46,212 from the African Water Resources Management Initiative (AWRMI) were utilized. Additionally, the World Bank has provided internal resources in the amount of US\$474,658 to support the start-up of CIWA since its inception.

Building CIWA's portfolio has required some lead time. While expenditure to date is low, it is expected that disbursement, and consequently expenditure, will increase sharply starting FY13 as recipient-executed projects are approved. This trajectory is not uncommon in a multi-donor trust program like CIWA and indeed similar initial start-up periods have occurred in other programs such as the NBTF, CAADP and SAWI.

Table 4: Fund Balance

Fund Income vs Expenses	US\$
Total Deposits	8,014,719
Plus interest income	50,679
Less 2% Administrative Cost Recovery	160,294
Total Income	7,905,104
Total Expenses	505,233
Fund Balance	7,399,871

FUTURE FUNDING REQUIREMENTS

The demand for the CIWA program from potential recipient organizations has exceeded the available funding. CIWA has fully allocated the approximately US\$20 million funding pledged to date.

CIWA has identified a pipeline of potential projects that have a current estimated total value of over US\$90 million to support six basins/RECs: Volta, ECOWAS, Inco-Maputo, Zambezi, SADC (Groundwater Management Institute) and the Nile. Most of these projects are in an early concept stage with initial requests for engagement from basin organizations/RECs. These opportunities will be further explored and prioritized for potential allocation when CIWA obtains sufficient funds.

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SECTION 6:

FUTURE PLANS:
FY13 AND BEYOND

SECTION 6: FUTURE PLANS: FY13 & BEYOND

During FY13, CIWA will begin implementation of the programs in the Nile and Zambezi basins. Additionally, CIWA will engage with at least one more basin and begin development of a first phase project. Discussions have already been initiated and will be continued in the next year with organizations in the Volta basin, Inco-Maputo basin, Lesotho Highlands and those dealing with aquifers in southern Africa.

Furthermore, dialogue with ECOWAS has been initiated to explore CIWA's potential future engagement in the West Africa region. Direct engagement with ECOWAS may constitute an important pilot program with a regional economic community. The broad objective would be to

unleash the potential for growth through water resources development projects that would benefit from enhanced cooperation in international waters.

CIWA will commence projects under the Catalytic sub-program. The prioritized projects are:

- A *Strategic Overview* to assess opportunities and entry points for facilitating cooperation in international waters in Africa;
- The *Economic and Financial Analysis* of cooperation in international waters and its contributions to economic growth in Africa.





Cooperation in International Waters in Africa

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SECTION 6: Future Plans: FY13 and Beyond

The planned targets for each result area as defined in the CIWA program results framework are listed in the table below:

Result	Indicator	Target FY13 (cumulative as at June 2013)
<i>Program Development Objective</i> Cooperative management and development of international water resources strengthened	i) US\$ financing mobilized for cooperative management and development of international waters projects supported by CIWA	US\$4 billion (value of potential projects influenced by CIWA)
	ii) number of people directly benefiting from improved water resources management and development in target basins through projects supported by CIWA	6 million (potential direct beneficiaries of projects influenced by CIWA)
<i>Intermediate Result 1.</i> Regional cooperation and integration strengthened	Number of trans-boundary basin institutions strengthened to improve regional cooperation based on progress as defined in the CIWA Support Plans (CSP)	3 basins with programs and CSPs designed 3 basin institutions with projects in operation that contribute to strengthening regional cooperation and integration
<i>Intermediate Result 2.</i> Water resources management strengthened	Number of basin institutions with improved analytic tools, data (including real time monitoring systems) and capacity based on progress as defined in the CSP	3 basins with programs and CSPs designed 3 basin institutions with projects in operation that contribute to strengthening water resources management
<i>Intermediate Result 3.</i> Water resources development strengthened	Number of investment opportunities with regional benefits that have been advanced through CIWA support	2 basins with programs and CSPs designed 2 basin institutions with projects in operation
<i>Intermediate Result 4.</i> Stakeholder engagement and coordination strengthened	Number of basins with improved engagement with civil society, private sector and academia based on progress as defined in the CSP	3 basins with programs and CSPs designed 3 basin institutions with projects in operation that contribute to strengthening stakeholder engagement and coordination

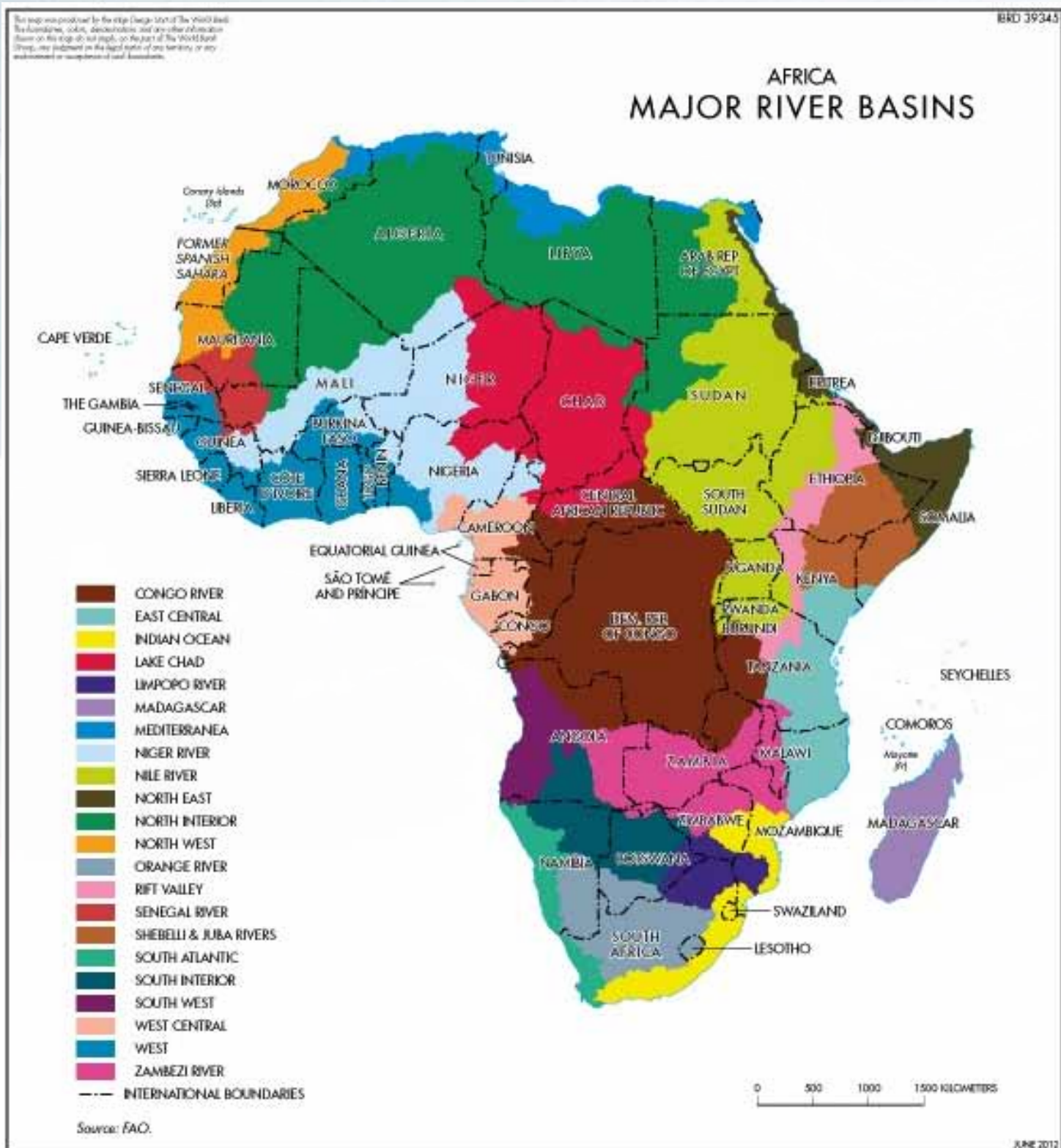
ANNEXES



ANNEX 1: LIST OF ACRONYMS

AC	Advisory Committee of CIWA
AfDB	African Development Bank
AMCOW	African Ministers' Council on Water
ANBO	African Network of Basin Organizations
AWF	African Water Facility
AWRMI	Africa Water Resources Management Initiative
CG	Consultative Group of CIWA
CIWA	Cooperation in International Waters in Africa
CSP	CIWA Support Plan
DSS	Decision Support System
ECOWAS	Economic Community of West African States
ESIA	Environment and Social Impact Assessment
EU	European Union
FY	Fiscal Year
GDP	Gross Domestic Product
ICA	Infrastructure Consortium for Africa
IDA	International Development Association
IWRM	Integrated Water Resources Management
IZS	Interim ZAMCOM Secretariat
MDTF	Multi-Donor Trust Fund
NBD	Nile Basin Discourse
NBI	Nile Basin Initiative
NBTF	Nile Basin Trust Fund
NGO	Non-Governmental Organization
OMVS	Senegal River Development Organization
PCN	Project Concept Note
PIDA	Program for Infrastructure Development in Africa
RBO	River Basin Organization
REC	Regional Economic Community
SAWI	South Asia Water Initiative
VBA	Volta Basin Authority
WB	World Bank
WPP	Water Partnership Program
WRD	Water Resources Development
WRM	Water Resources Management
ZAMCOM	Zambezi Watercourse Commission
ZRA	Zambezi River Authority
ZRB	Zambezi River Basin

ANNEX 2: MAP OF BASINS IN AFRICA



ANNEX 3: PERFORMANCE MONITORING FRAMEWORK – FY12 RESULTS



Result	Indicator	Target FY12 (as at Jun 2012)	Actual FY12
Program Development Objective Cooperative management and development of international water resources strengthened	i) US\$ financing mobilized for cooperative management and development of international waters projects supported by CIWA	\$2 billion (value of potential projects influenced by CIWA)	\$2.5 billion - CIWA catalyses restart of negotiations for the preparation of Batoka Gorge hydro-electric scheme. CIWA conducted analysis of the financial implications of the stalled development of this long-identified major infrastructure project. CIWA then facilitated the negotiations between Zimbabwe and Zambia to review the implications of the analysis and restart project preparation. The total expected cost of this project was estimated in 1993 as \$2.5 billion. CIWA plans to update the feasibility study under the Zambezi basin engagement program.
	ii) number of people directly benefiting from improved water resources management and development in target basins through projects supported by CIWA	3 million (potential direct beneficiaries of projects influenced by CIWA)	6 million - Potential beneficiaries of the planned energy production of the Batoka Gorge hydro-electric scheme. This number is the 'people-equivalent' figure derived from the mean energy production (estimated as 8739 GWhr/yr) and an average household consumption in Zambia (estimated as 1.2 million households assuming 5 people per household) of 7200 KWhr/yr.
Intermediate Result 1 Regional cooperation and integration strengthened	Number of trans-boundary basin institutions strengthened to improve regional cooperation based on progress as defined in the CIWA Support Plans (CSP)	2 project design outlines completed for projects that aim to strengthen regional cooperation and integration	Fully achieved. • NBI project designed to strengthen regional cooperation. The project designed will contribute to regional cooperation and integration by supporting the platform for dialogue between Member States, strengthening national/regional linkages, building an evidence base for cooperation and supporting the transition to coverage of core financing from Member States. • IJS project designed to strengthen regional cooperation. This project will contribute to regional cooperation and integration by supporting the establishment of a permanent Secretariat that will serve as a platform for dialogue between the 8 member states. Additionally, it will support the development of the first ever basin master plan to guide the equitable and reasonable utilization of shared water resources. This project seeks to build partnerships between power authorities and the basin commission in recognition of the existing bi-lateral agreements for power generation and trade.
Intermediate Result 2 Water resources management strengthened	Number of basin institutions with improved analytic tools, data (including real time monitoring systems) and capacity based on progress as defined in the CSP	2 project design outlines completed for projects that aim to strengthen water resources management	Fully achieved. • NBI project designed to strengthen WRM. The project includes the application of the Nile Basin Decision Support System (DSS) to identify and analyse the opportunities and challenges of basin management including climate risk assessment. Furthermore, support will be provided to the DSS user community of all member state Ministries of Water as well as academics to advance DSS development and application. The project will improve the knowledge and analytical foundation for developing a shared understanding of cooperative water resource management and development options. Also, the project will support the enhancement of the flood forecasting system to include drought and flash floods in the Eastern Nile. Finally, the project will provide a detailed specification of the planned basin-wide hydromet system. • IJS project designed to strengthen WRM. The Zambezi project will improve the knowledge base and analytical capacity by strengthening the water information management system (ZAMWIS) and undertaking basin-level climate risk analysis. The project will also develop a flood forecasting and early warning system for better management of extreme events.
Intermediate Result 3 Water resources development strengthened	Number of investment opportunities with regional benefits that have been advanced through CIWA support	2 project design outlines completed for projects that aim to strengthen water resources development	Fully achieved. • NBI project designed to advance a variety of investment opportunities. The project aims to prepare transformative investment projects of regional significance in hydropower, irrigation and watershed management. The project will undertake 5 pre-feasibility studies and associated ESIA's in the Nile Equatorial Lakes region. The project will also provide technical support and capacity building to improve dam safety in the Eastern Nile with the development of a regional dam safety framework and guidelines. • ZRA project designed to advance Batoka Gorge Hydro-electric scheme and enhance dam safety. Within the Zambezi basin CIWA support has facilitated a high level political process between Ministers from Zambia and Zimbabwe to try and resolve the impasse over an outstanding debt that has prevented further development since 1987. This was based on analytical work on the financial and economic implications of the impasse which has delayed development of Bakota Gorge Hydro-Electric Scheme, resulting in real economic and financial costs to both Zimbabwe and Zambia, which have been calculated as several billion dollars. This work prompted a meeting of the Zambezi River Authority Council of Ministers and an agreement to break the impasse and move forward with development of Bakota Gorge Hydro-Electric Scheme. CIWA funds are proposed to support the Zambezi River Authority to update the feasibility studies, preparing an Environment & Social Assessment, and exploring transaction options. Also, the Zambezi program will support the Zambezi River Authority to enhance the operations and safety of the Kariba hydropower complex including dam break analysis.
Intermediate Result 4 Stakeholder engagement and coordination strengthened	Number of basins with improved engagement with civil society, private sector and academia based on progress as defined in the CSP	2 project design outlines completed for projects that aim to strengthen stakeholder engagement and coordination	Fully achieved. • NBI project expands partnerships with academia and power utilities. The project enhances knowledge partnerships with stakeholder networks including government, power utilities and academia with an internship program that provides training to regional specialists. The project also proposes the development of an Eastern Nile Climate Change portal with tools and data to enhance the understanding of the potential of increased hydro-variability and options for accounting for this within their planning processes. • Nile Basin Discourse project designed to better coordinate civil society engagement in the Nile basin. The project will support bridging policy and practice to inform project design and help monitor NBI activities, creating a safe space for dialogue with civil society groups, and capacity development to contribute to capacity development in Nile Basin communities directly related to projects.

ANNEX 4: PERFORMANCE MONITORING FRAMEWORK –10 YEAR TARGETS

Result	Indicator	Target FY11 (as at Jun 2011)	Target FY12 (as at Jun 2012)	Target FY13 (as at Jun 2013)	Target FY14 (as at Jun 2014)	Target FY15 (YEAR 5) (as at Jun 2015)	YEAR 10 (as at Jun 2020)
<i>Program Development Objective</i> Cooperative management and development of international water resources strengthened	i) US\$ financing mobilized for cooperative management and development of international waters projects supported by CIWA	\$0 billion (value of potential projects influenced by CIWA)	\$2 billion (value of potential projects influenced by CIWA)	\$4 billion (value of potential projects influenced by CIWA)	\$6 billion (value of potential projects influenced by CIWA)	\$8 billion (value of potential projects influenced by CIWA)	US\$ 10 billion mobilized for cooperative management and development international waters projects
	ii) number of people directly benefiting from improved water resources management and development in target basins through projects supported by CIWA	0	3 million (potential direct beneficiaries of projects influenced by CIWA)	6 million (potential direct beneficiaries of projects influenced by CIWA)	8 million (potential direct beneficiaries of projects influenced by CIWA)	10 million people directly benefiting from improved water resources management and development projects	50 million people directly benefiting from improved water resources management and development projects
<i>Intermediate Result 1.</i> Regional cooperation and integration strengthened	Number of trans-boundary basin institutions strengthened to improve regional cooperation based on progress as defined in the CIWA Support Plans (CSP)	0	2 project design outlines completed for projects that aim to strengthen regional cooperation and integration	3 basins with programs and CSPs designed 3 basin institutions with projects in operation that contribute to strengthening regional cooperation and integration	4 basins/RECs with programs and CSPs designed 4 basin institutions with projects in operation with at least 3 rated MS or higher	5 basins/RECs with programs and CSPs designed 5 basin institutions with projects in operation with at least 3 rated MS or higher	5 basins have strengthened regional cooperation and integration as defined in CIWA Support Plan
<i>Intermediate Result 2.</i> Water resources management strengthened	Number of basin institutions with improved analytic tools, data (including real time monitoring systems) and capacity based on progress as defined in the CSP	0	2 project design outlines completed for projects that aim to strengthen water resources management	3 basins with programs and CSPs designed 3 basin institutions with projects in operation that contribute to strengthening water resources management	4 basins/RECs with programs and CSPs designed 4 basin institutions with projects in operation with at least 3 rated MS or higher	5 basins/RECs with programs and CSPs designed 5 basin institutions with projects in operation with at least 3 rated MS or higher	5 basins with improved analytic tools, data (including real time monitoring systems) and capacity based on progress as defined in the CSP
<i>Intermediate Result 3.</i> Water resources development strengthened	Number of investment opportunities with regional benefits that have been advanced through CIWA support	0	2 project design outlines completed for projects that aim to strengthen water resources development	2 basins with programs and CSPs designed 2 basin institutions with projects in operation	2 investment opportunities advanced at least one stage	4 investment opportunities advanced at least one stage	10 investment opportunities with regional benefits that have been advanced through CIWA support
<i>Intermediate Result 4.</i> Stakeholder engagement and coordination strengthened	Number of basins with improved engagement with civil society, private sector and academia based on progress as defined in the CSP	0	2 project design outlines completed for projects that aim to strengthen stakeholder engagement and coordination	3 basins with programs and CSPs designed 3 basin institutions with projects in operation that contribute to strengthening stakeholder engagement and coordination	4 basins/RECs with programs and CSPs designed 4 basin institutions with projects in operation with at least 3 rated MS or higher	5 basins/RECs with programs and CSPs designed 5 basin institutions with projects in operation with at least 3 rated MS or higher	5 basins with improved engagement with civil society, private sector and academia based on progress as defined in the CSP

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ANNEX 5: PROFILE OF PANEL OF EXPERTS

ANNEXES

John Briscoe is the Gordon McKay Professor of the Practice of Environmental Engineering and Environmental Health at Harvard University where he directs the Harvard Water Security Initiative. He teaches undergraduate and graduate courses on water management and development. His career has focused on the issues of water, other natural resources and economic development. He has worked as an engineer in the government water agencies of South Africa and Mozambique; as an epidemiologist at the Cholera Research Center in Bangladesh; and as a professor of water resources at the University of North Carolina. In his 20-year career at the World Bank, he held high-level technical positions, including Country Director for Brazil (the World Bank's biggest borrower). He received his Ph.D. in Environmental Engineering at Harvard University in 1976 and his B.Sc. in Civil Engineering at the University of Cape Town, South Africa in 1969.

Claudia Sadoff is a Lead Economist at the World Bank, and Leader of the South Asia Water Initiative which works toward cooperative management and climate change adaptation on the rivers of the Greater Himalayas. She has served as leader of the World Bank's global Water Resources Team, Coordinator of the World Bank Nile Team, and Economic Advisor on joint appointment to the International Water Management Institute (IWMI) and the International Union for Conservation of Nature (IUCN). She was a founding member of the World Economic Forum's Global Agenda Council on Water Security and the Water and Environment Federation's International Programs Committee. She is a member of the Global Water Partnership's Technical Committee and the Asia Pacific Water Forum's Steering Group on Water and Climate Change. She holds a PhD in Economics.

Vivien Foster is the Sector Manager of the Energy Unit in the Vice Presidency of Sustainable Development of the World Bank. She also has previously worked as Lead Economist in the Office of the Director for Sustainable Development where she was responsible for coordinating a major knowledge program known as the Africa Infrastructure Country Diagnostic. Her work at the World Bank has involved both analytical and advisory services, and economic input into the design and supervision of projects, including a focus on the impacts of infrastructure reform and privatization on the poor. Before joining the World Bank, she was a Managing Consultant of Oxford Economic Research Associates Ltd in the UK where she advised private and public sector clients in the water and energy industries, and worked with numerous Latin American governments on issues relating to water sector reform. She holds a Doctorate in Economics from University College London.

Julia Bucknall is the Sector Manager of the Water Unit in the Vice Presidency of Sustainable Development of the World Bank. She has also worked as a Lead Natural Resources Specialist for the World Bank's Middle East and North Africa region. She was the lead author of a flagship publication on water in the region, "Making the Most of Scarcity". Over the past fifteen years, she has worked on water investment projects and analytical work in North Africa, Central Asia, Central Europe, Cambodia and Central America. She has studied at Cambridge University and MIT, where she earned a Masters in Environmental Policy and Planning.

John Nash is currently the lead economist for sustainable development in the Africa Region of the World Bank. He also has been Lead Economist for Sustainable Development, in the Latin America and Caribbean Region. He has an MSc and PhD in economics from the University of Chicago and a BS in economics from Texas A&M University. He has published on topics such as the WTO negotiations and developing countries; trade policy in developing and transition economies; agricultural policy adjustment; commodity policy; and climate change.

Karin E. Kemper is the Sector Manager for Environment in the Latin America Region of the World Bank. Previously she worked as the Lead Water Resources Management Specialist in the South Asia Environment and Social Unit of the World Bank. She has extensive work experience in the water sector and has carried out project investment activities, studies and research in a variety of countries. Her special interests include institutional and economic aspects of water management, including river basin and groundwater management, water allocation mechanisms and instruments, transboundary water issues, water user participation and decentralization. She holds a PhD in Water and Environmental Studies from Linköping University in Sweden.

