



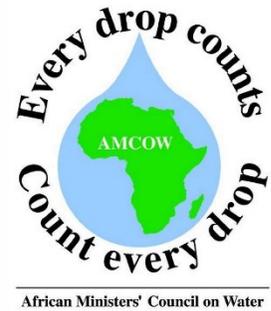
Document from the 7th Africa Water Week, held in Libreville, Gabon, 29 October – 2 November 2018



A knowledge asset of the African Ministers' Council on Water

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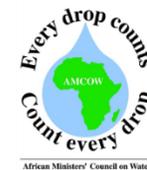




BRIDGING THE FINANCE GAP IN AFRICA WATER INFRASTRUCTURE

AFRICA WATER WEEK

November 01, 2018 | Libreville, Gabon



Africa-EU Water Partnership Programme (AEWPP)

1. Sustainable water infrastructure:

- Identify and prioritize infrastructure projects
- Advance financial viability of at least five projects

2. Capacity building for water sector governance:

- Identify capacity development needs
- Develop tools for integrated planning
- Knowledge management

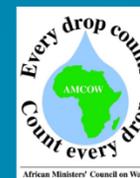
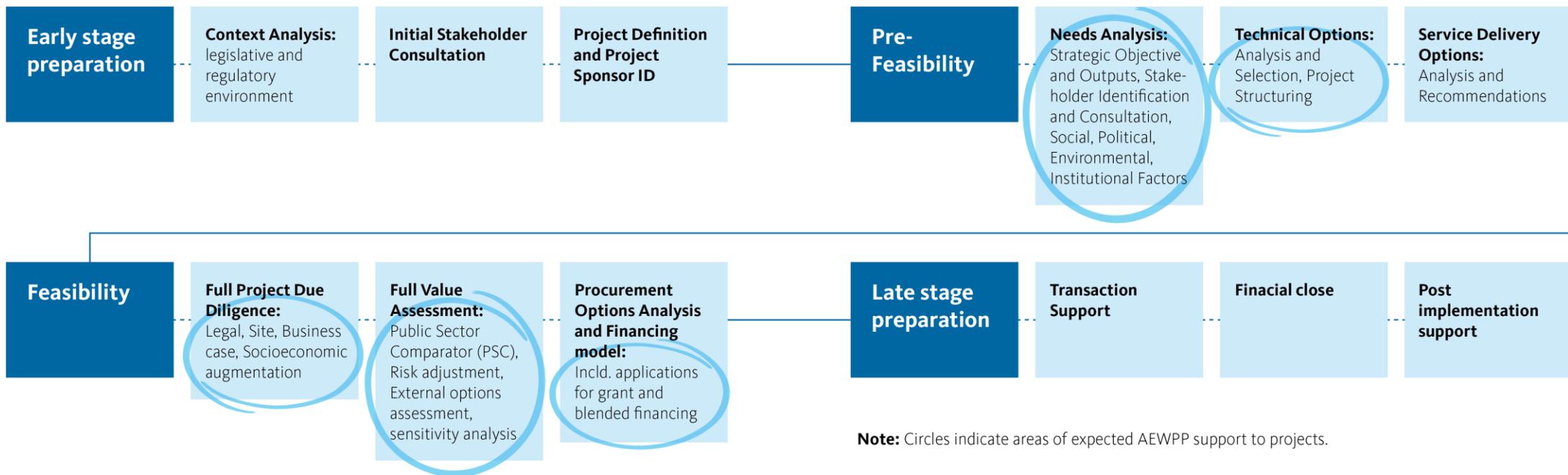


AEWPP value proposition

- Improve the financial viability of water infrastructure projects in Africa by targeting obstacles to accessing capital in the pre-feasibility and feasibility phases of project preparation
- Support African governments to invest in water governance by identifying capacity building and institutional development needs with a focus on infrastructure finance.
- Work in partnership with a select number of water infrastructure projects in collaboration with development finance institutions and project preparation facilities



AEWPP value proposition



Financing Trends in the African water infrastructure landscape

- Africa's infrastructure needs are 130-170 billion USD per annum
- Financing gap of 67.6-107.5 billion USD annually
- Out of the 75 billion USD commitments to Africa's infrastructure between 2012 and 2016, water and sanitation received just 17%
- Total financial commitments to the water sector stood at \$10.5bn in 2016, an increase from the \$7.5bn reported in 2015.
- African national government spending increased from \$3.5bn (excluding external financing) in 2015 to \$4.4bn in 2016.
- Irrigation and drainage accounted for the largest contribution, followed by potable water supply projects
- *source: Infrastructure Financing Trends in Africa - 2016, Infrastructure Consortium for Africa



Challenges in the African water infrastructure landscape

It is challenging to raise private sector finance for water infrastructure in Africa because of little attention to the long term financial sustainability of the water supply entities;

- Tariff setting - Lack of cost reflective tariffs
- Insufficient Long-Term Capital Planning - Lack of integrated long term capital planning (integration of financial and engineering planning)
- Lack of considering alternative procurement and financial structuring methodologies
- Not using modern asset management systems that could save significant capital and operational costs
- Low human capacity



Solutions

- Increase human resource management capacity for long-term capital planning
- Emphasis on project life cycle costs during capital budgeting
- Use of alternative procurement processes.
- Establish cost-reflective tariffs while ensuring basic guaranteed water standards for all.
- Mainstream new technologies to improve asset management and financial governance of water utilities.
- Increase private sector participation in the delivery of water infrastructure and related services through long-term performance-based contracting.



THANK YOU

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