

THE AFRICA-EU WATER PARTNERSHIP PROJECT:

Unlocking finance for regional
water infrastructure in Africa



This project is co-funded by
the European Union





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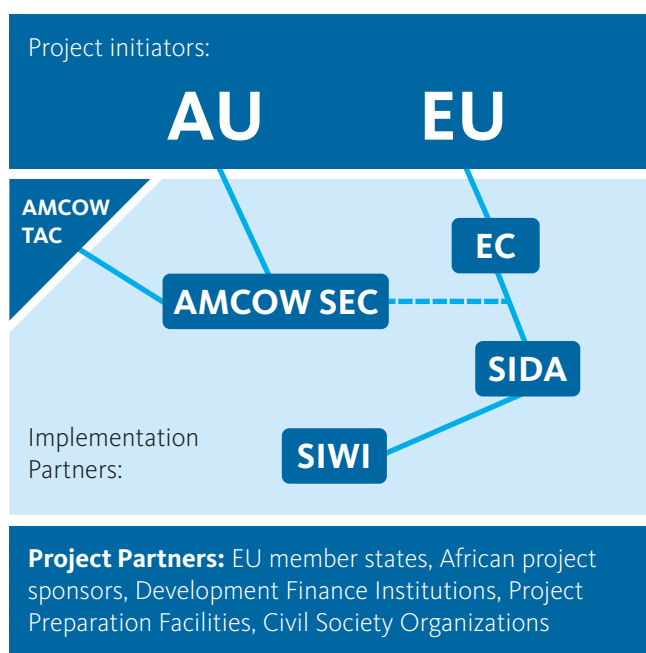
In 2002, the European Union (EU) and the African Union (AU) established the EU-Africa Strategic Partnership on Water Affairs and Sanitation to contribute to achieving water supply, sanitation and water resources management related to the Millennium Development Goal targets in Africa. The partnership was operationalized by the Africa Working Group of the EU Water Initiative, chaired by African Ministers' Council on Water (AMCOW) and the EU. The Africa-EU Water Partnership Project (AEWPP) is a continuation of this partnership. Project implementation is assigned to the Stockholm International Water Institute (SIWI).

AEWPP aims to achieve the Africa Water Vision for 2025 – the principle political instrument guiding equitable and sustainable use of water for socioeconomic development in Africa - and the Sustainable Development Goals by enhancing the financial viability of water infrastructure projects in Africa, making more public and private capital accessible for water-related infrastructure projects, and encouraging and supporting African governments to invest in water governance through capacity building.

Financed by the European Commission (€1.8 million over three years), AEWPP is a flexible engagement process that is anchored in the Reference Group on Infrastructure of the Joint Africa-EU Strategy (JAES), the strategic political reference for overall Africa-EU relations which aims to improve access to integrated regional and continental infrastructure networks.

AEWPP will be jointly implemented by AMCOW, EC, Swedish International Development Cooperation Agency (Sida) and SIWI. Partnership dialogue will be integrated on an as-needed basis, to ensure buy-in, develop cutting-edge knowledge, share input on specific projects as they are identified, and promote projects for financing.

To achieve its objectives AEWPP will actively partner with a broad range of actors and institutions including EU member states, African project sponsors, DFIs, project preparation facilities and civil society organizations (CSOs). AEWPP welcomes additional partners to support both the process of unlocking financing for water infrastructure in Africa, as well as to directly contribute to the financing of the AEWPP's demonstration projects.



Note: solid line indicates a contractual relationship, while dotted line a collaborative relationship

THE CHALLENGE

Water infrastructure is key to sustainable development in Africa. The annual funding gap to meet water infrastructure needs in Africa has been estimated at over 11 billion USD. Given the demands placed on national budgets by diverse development needs such as education and health care, addressing the infrastructure backlog will require efficiency, participation, risk-sharing and coordination from a range of actors, including international development partners, national governments and the private sector.

Demand for regional water infrastructure in Africa presents both challenges and opportunities for sustainable development in Africa. There are many infrastructure project concepts still to be developed into financially viable projects, and also substantial funding resources that are yet to be mobilized.

SNAPSHOT: The AEWPP components

1. Sustainable water infrastructure financed and developed:

- Identification and prioritization of infrastructure projects
- Advancing the financial viability of five (5) infrastructure projects

2. Capacity building for water sector governance, including capacity for project financing:

- Identification of capacity development needs
- Development of tools for integrated planning
- Knowledge management



THE AEWPP APPROACH

The AEWPP seeks to improve the financial viability of water infrastructure projects in Africa by targeting obstacles to accessing capital. It will also support African governments to invest in water governance by identifying capacity building and institutional development needs (with a focus on infrastructure finance).

AEWPP will select a number of demonstration water infrastructure projects in collaboration with development finance institutions, project preparation facilities, and civil society organizations (CSOs).

Projects:

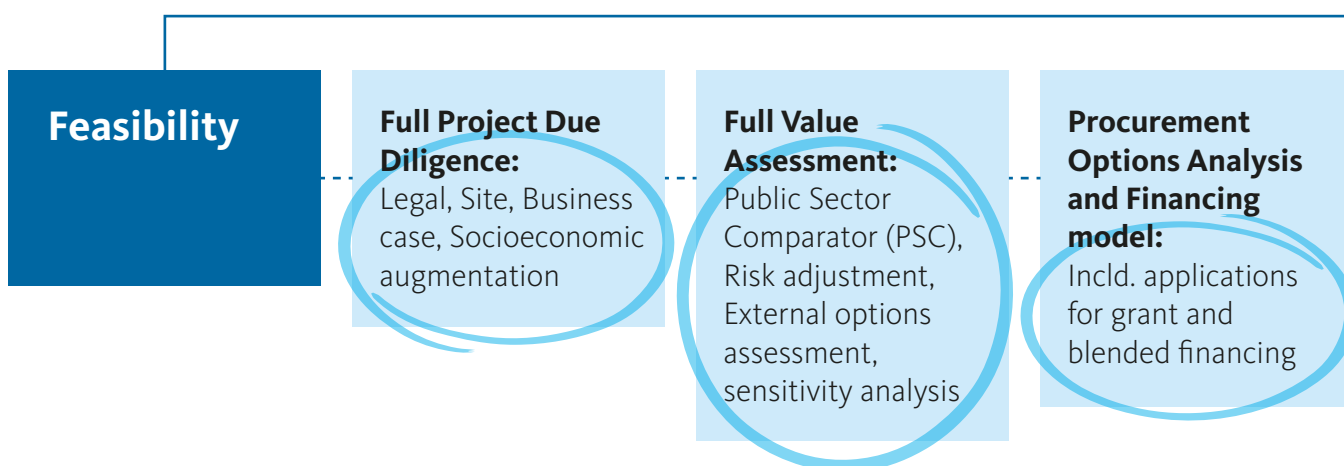
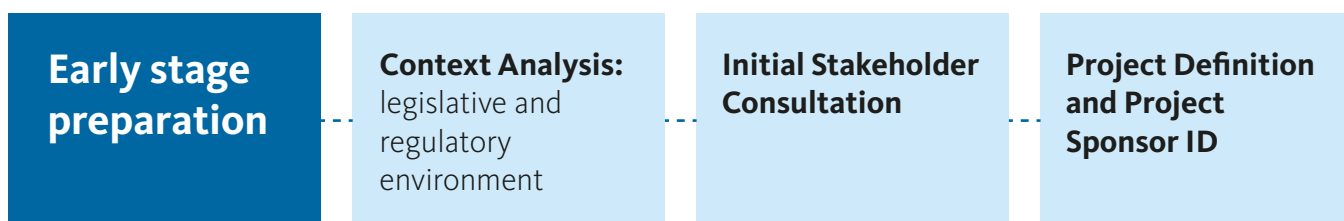
- may be located at the national level; all selected projects will have regional benefits or be formulated within the scope of regional programmes,
- will address significant water, food, and energy security needs while protecting water ecosystems and mitigating competition between countries over scarce water resources,
- will elevate cross-cutting issues including poverty eradication and gender equality, among others.

The AEWPP Project Support Team at SIWI and its resource network will subsequently work with project sponsors to resolve targeted challenges along the project's pathway towards implementation, while improving the project sponsor's internal capacity to consider alternative procurement and service delivery options that can lead to increased access to blended finance.



AEWPP Value Proposition

The AEWPP approach is most effective in the mid-stage of water infrastructure preparation. This enables the AEWPP to focus on resolving specific obstacles in order to 1) improve the project's ability to access public and private capital, and 2) enhance the projects development impacts.



As part of AEWPP, the SIWI Project Support Team in partnership with its Project Partners will drive catalytic interventions to unlock finance for regional water infrastructure in Africa. Examples of potential ways in which the AEWPP Project Partners will support water infrastructure projects in Africa include;

- building a business case for greater equity contributions by governments or donors into the capital requirements of water projects;
- building a business case for a project's improved development impacts through addressing cross cutting issues such as gender, poverty and human rights;



Note: Circles indicate areas of expected AEWPP support to projects.

- preparing applications (on behalf of country sponsors) for grant and blended financing to scale loans to support larger numbers of communities and improve development impacts;
- assisting project promoters to develop preliminary, blended financial models with a focus on leveraging equity from government and grants for the social components;
- undertaking key assessments such as: value for money including social/development impact components, options/ scenarios, political-economy risk, environmental impact, stakeholder consultation, gender analysis and impact, indigenous peoples and vulnerable groups impact, legal and regulatory frameworks, alignment of national and regulatory frameworks also related to transboundary projects, etc.

The Africa-EU Water Partnership Project (AEWPP) is a joint undertaking by the European Union, the African Ministers Council on Water and the Government of Sweden through Sida. This three-year project, financed by the European Commission, seeks to make more public and private capital accessible for water-related infrastructure projects in Africa and to encourage and support African governments to invest in water governance through capacity building. Project implementation is assigned to the Stockholm International Water Institute (SIWI).

Contacts

Annika Karlsson, Programme Manager, Sida | Email: annika.karlsson@sida.se

Anton Earle, Director, Africa Regional Centre, SIWI | Email: anton.earle@siwi.org

Elizabeth Yaari, Programme Manager, SIWI | Email: elizabeth.yaari@siwi.org



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