

PRESS RELEASE

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MAINTAINING INVESTMENT IS VITAL IF AFRICA IS TO MEET RISING DEMAND FOR WATER SERVICES AND ACHIEVE DEVELOPMENT GOALS

For Africa's water needs to be met investment both in infrastructure and in operation and maintenance of water services has to be maintained and increased, while private sector engagement is essential.

These were the main conclusions of the two-day *Financing Water for Growth in Africa* meeting in Dakar, Senegal, on 26 and 27 November, organised by the Infrastructure Consortium for Africa and hosted by the Government of Senegal.

Increasing investment levels, encouraging private sector engagement, the need for a variety of solutions to meet different needs across the continent and trends in finance instruments were discussed by over one hundred and fifty decision-makers from around Africa, donor countries and international financial institutions. They also considered project preparation and discussed a number of current and proposed water sector projects, at different stages of development.

Participants at the meeting discussed how the level of private sector engagement in the water sector across the continent might be increased and considered the likely impact of the current global financial crisis on multilateral and bilateral donor assistance, the level of private sector investment and access to finance.

Setting the context for the meeting, Andrian Rakotobe, Director (Water and Sanitation) at the African Development Bank, reminded the meeting that "while access to improved water has increased since 1990 by about 7%, due to population increases the actual number without access has actually grown, by around 60 million. It is the same story with sanitation. At current rates of population growth and current investment levels, by 2015 Sub Saharan Africa will have 90 million more people without access to sanitation than in 2004."

Mr Rakotobe also encouraged the meeting to address hydropower and irrigation as well as access to drinking water and sanitation. "Water is a necessary ingredient in most of Africa's drivers of economic productivity - high-value crops into export markets, reliable energy, labour intensive manufacturing, economic connectivity and urban productivity," he said.

Welcoming participants to the meeting, HE Minister Oumar Sarr, Minister for Urban Planning, Housing, Urban Water, Public Hygiene and Sanitation, representing AMCOW, described the challenges faced in meeting the needs of Africa's population amid a global financial crisis.

The Hon. Dr. Jean Donn  Rasolofoniana, Minister of Water, Madagascar recalled the systematic and strategic political commitments made during 2008 by African Heads of States and the African Ministerial Conference on Water (AMCOW).

Highlighting the importance of delivering on these political commitments, and stressing that governments alone cannot finance the water sector, Mr. Edson Mpyisi of the AU Commission called for significantly increased domestic financial resources, and the evolution of local finance instruments and markets, alongside sustained and predictable development assistance.

The key issues arising from the meeting included:

Private sector engagement in practice: Reviews of private sector engagement revealed a pattern of local solutions, increasingly with local finance. Different forms of traditional and hybrid public-private partnerships have evolved and adapted to prevailing circumstances. Experiences show that many such partnerships can deliver operational efficiencies including reduced losses, improved service continuity and collection rates – without increasing tariffs.

Moving towards bankable project investments: Sponsors set out proposed projects at different stages of development. Discussions highlighted the importance of starting early on finance planning to overcome complex packaging and clarity of roles. Private engagement needs to be adapted to meet local needs and opportunities for south-south transfers of knowledge and experience.

Innovations in local finance: Diverse experiences were reported on innovations in local finance, while a preceding meeting on “credit rating, benchmarking and access to market finance for utilities”, under the auspices of the African Water Association, addressed issues in access to domestic finance, including utility rating and bond issuance on local capital markets.

Building on local success stories: The meeting highlighted a number of experiences from across the continent that radiated success, and participants felt that the exposure to different stories built a sound experience base and confidence. A number of multilateral and bilateral financiers and finance facilities expressed their willingness to use existing mechanisms to support African efforts to develop and scale-up PPP approaches to water infrastructure.

Notes to Editors

1. A full outcomes statement will shortly be available on www.icafrica.org.
2. Hosted by the Government of Senegal, the meeting was organised by the Infrastructure Consortium for Africa (www.icafrica.org), the Public-Private Infrastructure Advisory Facility of the World Bank Group (www.ppiaf.org), the African Development Bank (www.afdb.org) and the US Agency for International Development (www.usaid.gov).

3. The Infrastructure Consortium for Africa (ICA) was launched at the G8 Gleneagles summit in 2005. The Consortium's mission is to help improve the lives and economic well-being of millions of people across the African continent through support to scaling up investment for infrastructure development from both public and private sources. Many African countries lack the essential building blocks of economic progress – roads and railways (which are well maintained), access to electricity, the internet and mobile phones and water for drinking and sanitation.

The ICA also works to help remove some of the technical and political challenges to building more infrastructures and to better coordinate the activities of its members and other significant sources of infrastructure finance, such as China, India and Arab partners.

The ICA is supported by a small secretariat hosted by the African Development Bank. Members include the G8 countries, World Bank Group, African Development Bank Group, European Commission, European Investment Bank and Development Bank of Southern Africa.

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