



**African Water Facility**  
**Facilité africaine de l'eau**

*Mobilising Resources for Water in Africa*

**Perspectives and challenges on financing  
water interventions**

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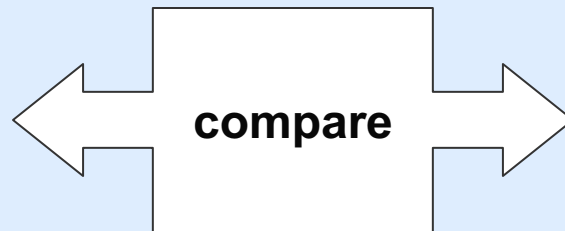
**Dakar, November 2008**

# The Africa Water Vision (AWV) for 2025

Endorsed by African Ministers of Water Resources and other stakeholders at the 2<sup>nd</sup> World Water Forum in May 2000

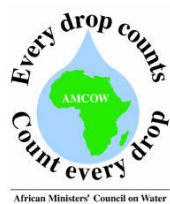
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***“An Africa where there is an equitable and sustainable use and management of water resources for poverty alleviation, socio-economic development, regional cooperation, and the environment.”***



## The AWF was established as an instrument designed to assist the successful implementation of the Africa Water Vision 2025.

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Under the leadership of the AMCOW...

- AWF was established to assist regional member countries to ***mobilize and apply resources*** to finance water development activities in Africa.

By providing...

- ***Facilitation support*** to African countries for the creation of an enabling environment
- Contributing to the Millennium Development Goals through support to ***small scale investment***.



The African Development Bank is hosting the Facility at the request of AMCOW.

# The AWF is increasingly recognised as filling a role not well met by other traditional funding agencies or mechanisms.

## CHARACTERISTIC

## VALUE ADDED

Representative **governance** structure: AWF Governing Council comprises AMCOW, Donors, AfDB, AU, UN Water Africa.

**Demand** driven.



**Home grown African initiative** understands and responds to Africa's needs, with the capability to reach the whole continent: Paris declaration "ownership."

Covering **all water uses**/sub-sectors: Water supply, Water resources management, Water for production.

Catalyzing additional funding through a **variety of means and approaches**.

**Broad eligibility** on regional & national level: central/local governments, parastatals, NGOs/ CBOs, basin organizations.



The Facility is not locked in but able to **act on innovative opportunities** as and where they arise.

**Small and medium** sized projects (€50,000 – 5 million, 2 years).

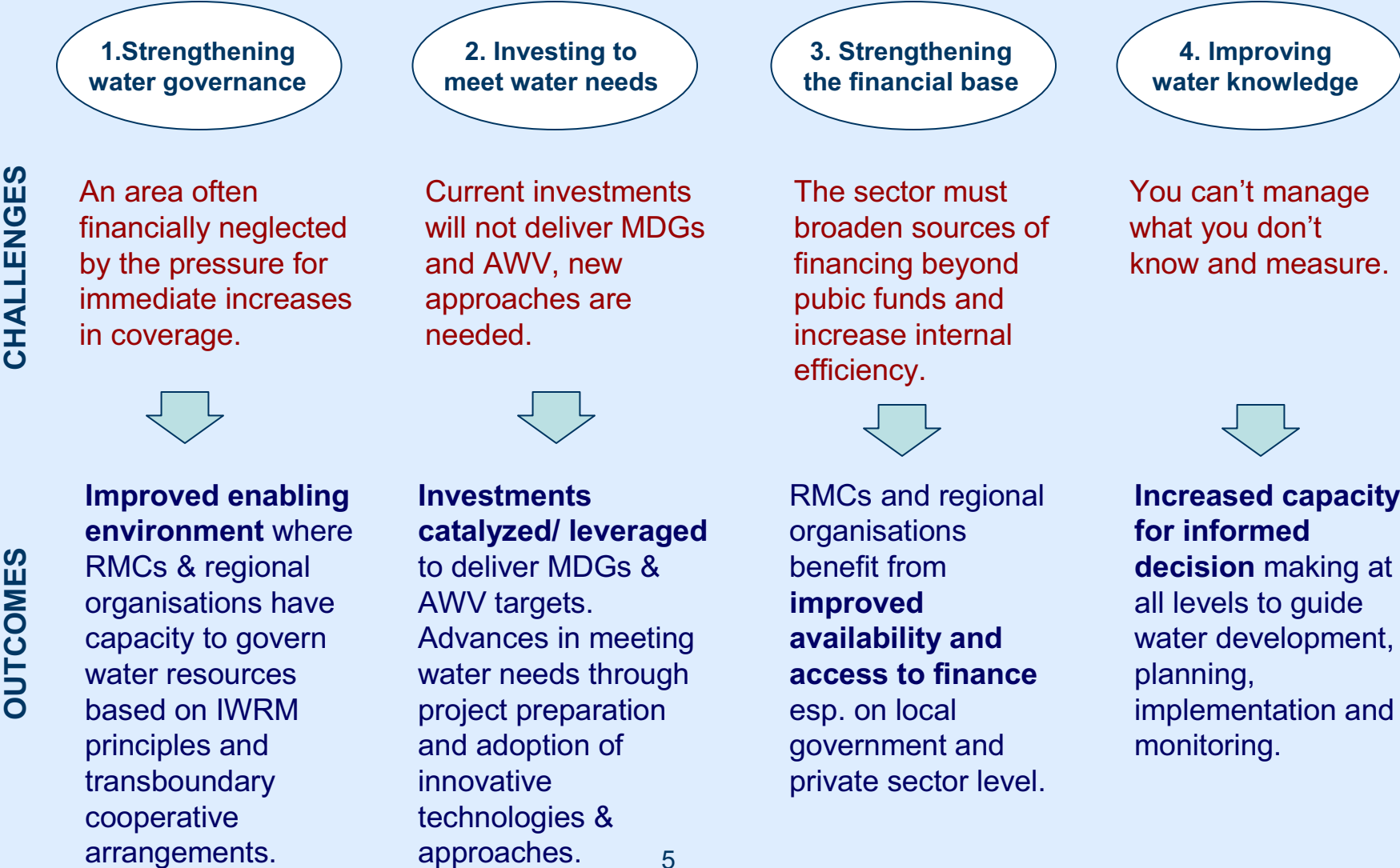
**Fast** processing of project proposals.



**Flexible** and quick results allows adjusting the portfolio as it gains experience and evolves.

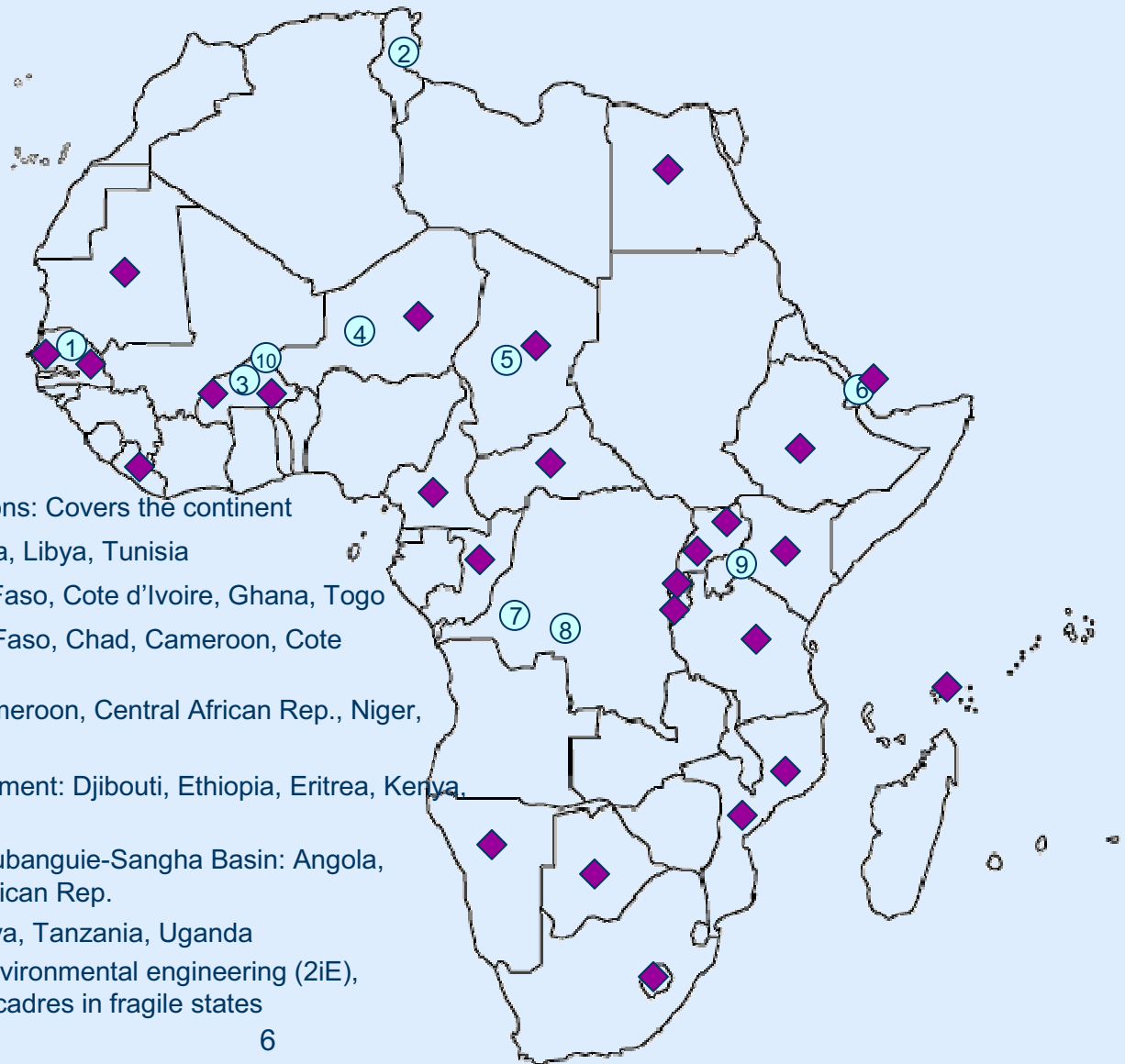
**Complements** larger donor programs and **fills unmet demand** for smaller, upstream projects.

# Through its grants, the AWF supports four main areas of interventions.



# A solid project portfolio has been built with 36 projects approved at €33 million illustrating the broad geographical reach of the Facility.

- ◆ Country projects
- Trans-boundary projects:



- ① African Networks for Basin Organizations: Covers the continent
- ② Sahara and Sahel Observatory: Algeria, Libya, Tunisia
- ③ Volta Basin Authority: Benin, Burkina Faso, Cote d'Ivoire, Ghana, Togo
- ④ Niger Basin Authority: Benin, Burkina Faso, Chad, Cameroon, Cote d'Ivoire, Guinea, Mali, Niger
- ⑤ Lake Chad Basin Authority: Chad, Cameroon, Central African Rep., Niger, Nigeria
- ⑥ Intergovernmental Agency on Development: Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan, Uganda
- ⑦&⑧ International Commission of Congo-Oubanguie-Sangha Basin: Angola, Cameroon, Congo, D.R.C., Central African Rep.
- ⑨ Lake Victoria Basin Commission: Kenya, Tanzania, Uganda
- ⑩ International Institute for Water and Environmental engineering (2iE), Ouagadougou. Upgrading capacity of cadres in fragile states

# AWF interventions in strengthening the financing of the African water sector is based on the AWW.

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## African Water Vision (aim no. 9)

*An Africa where:  
Water is financed and priced to promote equity, efficiency, and sustainability*

*Which calls for:  
Strengthening the financial base for the desired water future*

## Related AWF Objective

*Improve the **environment** for sustainable financing  
**Indicator:** Number of RMCs with effective and equitable cost recovery policies and water financing plans (**50% by 2010**)*

*Increase **availability** and **access** to financing  
**Indicator:** Amount of micro-credit made available for SMEs and NGOs (**€50 million by 2010**)*

# Water sector financing challenges

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- **Current funding levels are insufficient – how big is the gap? (AWV estimate of USD 20 billion per annum in 2000)**
- **Lacking absorption capacity**
- **Short-term focus on increasing coverage - high O&M burden**
- **Political interference in pricing (“free water”) and resource allocation**
- **Inefficient, ineffective use of funds, corruption**
- **Government “financing monopoly”, bankable projects are few**
- **Current trends of innovative financing focus on utilities, what about RWS and large infrastructure for water security?**



# AWF Approach to Strengthening the Financial Base

**1. Improving cost recovery and pricing policies**

**2. Increasing & making better use of government funds**

**3. Attracting & benefiting from private sector investments**

**RESULTS**

- *Utilities more financially independent*
- *More sustainable water services*
- *Government funds freed up*

- *Efficiency & effectiveness gains*
- *Funding additionality*

- *Funding additionality*
- *Efficiency gains*

**SUPPORT**

- Regulation, legal frameworks
- Financing plans
- Tariff policies

- Budget allocations & absorption
- Cost efficiency/ effectiveness improvements
- Targeted financing mechanisms

- Strengthening regulation
- Public Private Partnerships (PPP)
- Access to market finance

## AWF Approach to Strengthening the Financial Base (cont.)

**4. Improving access to financing by local govts, utilities, NGOs, communities**

**5. Strengthening donor actions to support investment**

**Undertaking strategic initiatives in support of AMCOW agenda**

**RESULTS**

- *Funding additionality*
- *Improved cost effectiveness*

- *Additional funding*
- *Improved cost effectiveness*

- *Sector coordination strengthened*

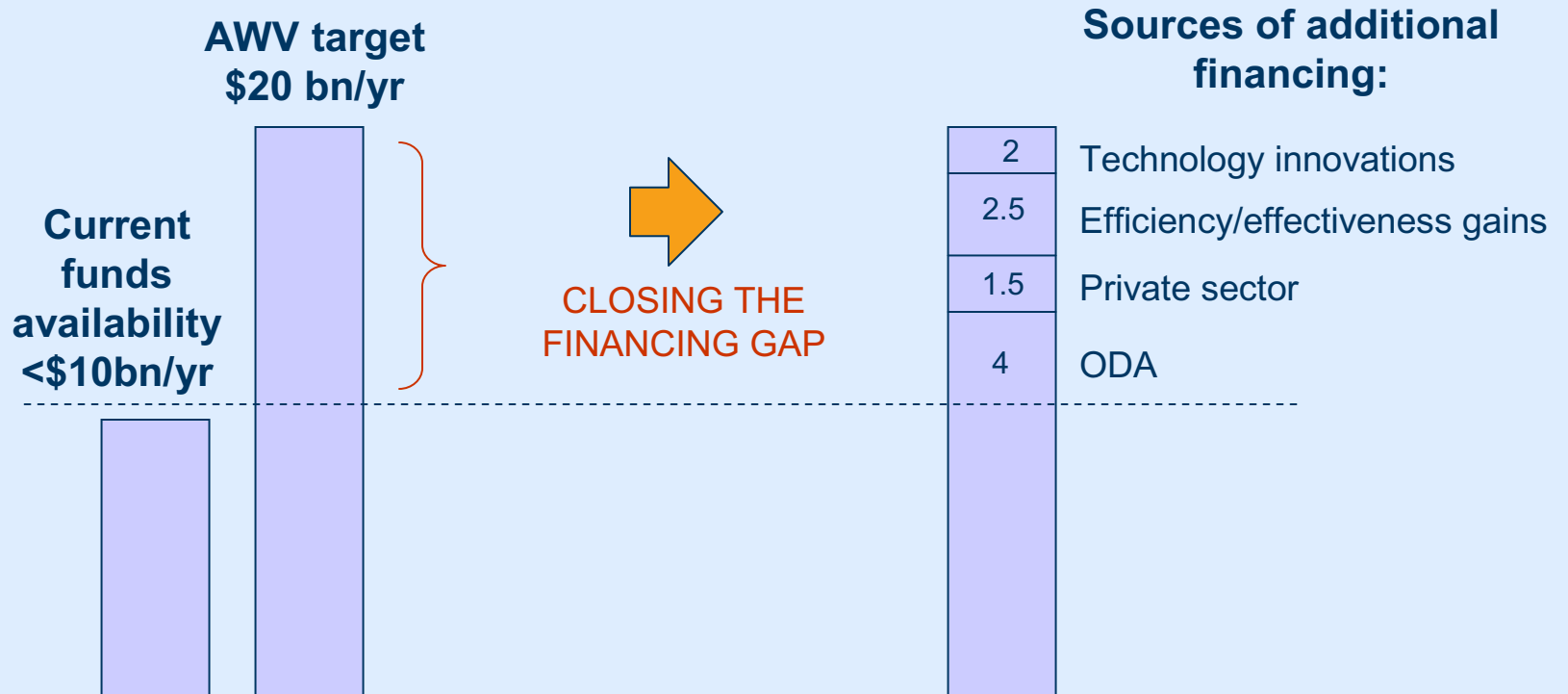
**SUPPORT**

- Financing mechanisms supporting decentralisation
- Establishing/supporting financing mechanisms providing access to special groups

- Mobilising and channelling funds through the most effective modalities
- Support donors to follow through on commitments/ pledges made

- ADB/AWF task force to operationalise declarations from the 2008 AU Summit and other key meetings.
- Review of the implementation of the African Water Vision, includes taking stock of sector financing

**AWF efforts are aimed at closing the financing gap. By working together on strengthening the financial base, the sector is within reach of attaining the AWV investment target.**



**Annual investments in African water sector – figures are for illustration only**

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***The African Water Facility:  
Owned by Africa  
Managed by Africa  
For Africa***

**Thank you for your  
attention!**



**AWF**

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