The African Development Bank – Financing project preparation for water infrastructure projects

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• Water is the means through which climate change impacts will be felt.
• Investments in water infrastructure are critical for countries to adapt to rapid developments in climate change and to ensure water security.
• Current financing for water infrastructure development is not adequate.
Importance of water infrastructure in Africa

• Investing in water infrastructure will be the key to ensuring sustainable development and is a direct way out of poverty.

• Investing in water infrastructure has economic as well as a social benefits.
  • $1 invested in improving sanitation $5.5 in benefits for the community
  • $1 invested in drinking water treatment infrastructure $2 return (WHO)
  • Overall annual economic loss due to lack of access to safe water and sanitation in Africa is 5% of GDP.
The water infrastructure gap in Africa

- 60 billion
- 20 billion
- 10 – 19 billion
- 30 billion/year required to achieve SDG6
- 64 billion/year required to achieve Africa Water Vision 2025

Water and sanitation infrastructure investment gap
Why is there such a large water infrastructure gap?

• The lack of project readiness for investment is one of the most limiting factors in attracting additional financing.

• This calls for enhanced sector development and better upstream project preparation to develop financially and technically viable projects.

• Project preparation is a complex activity that requires diverse technical competencies and knowledge.

• Infrastructure Project Preparation Facilities (IPPFs/PPFs)

“Project preparation facilities are critical to develop bankable infrastructure projects, given that one of the major challenges in infrastructure projects was moving commercially viable projects to financial close.” -- President Adesina
NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF) Special Fund

- Established to assist African countries, RECs, specialized agencies and related institutions by providing grant resources for:
  - preparing high-quality and viable regional/continental infrastructure projects;
  - developing a consensus and partnership for project implementation;
  - promoting infrastructure projects and programs.

- Supports projects in transport, energy, ICT, and water resources management sectors for:
  - Prefeasibility/feasibility studies;
  - project structuring;
  - capacity building for infrastructure development
  - facilitation and creation of an enabling environment for regional infrastructure development.
Objectives:

• Promote the quality at entry of projects and programmes by supporting the preparatory phase;
• Provide specific support to national governments for preparatory activities of priority projects and programmes with a high probability of implementation by the recipient Government;
• Promote ownership and engagement in project preparation

• Scope of eligible activities include:
  • Feasibility studies, detailed designs, technical studies
  • EIA, gender studies, studies on cross-cutting issues
  • Institutional support, capacity development, human resource development during preparatory phase
  • Climate-proofing of projects, resilience to climate change
  • Financial and legal structuring of PPPs and concessions
African Water Facility

• Provides grants and expert technical assistance to implement innovative water projects and raise investment for water projects throughout Africa

• AWF provides support in the following areas:
  • Strengthening water governance;
  • Meeting water needs through the preparation of programmes and projects that will attract follow on investments;
  • Attracting additional funding to the sector and ensuring more effective use of available funding;
  • Improving water knowledge.
THANK YOU