



Africa-EU Water Partnership Project (AEWPP)

The Africa-EU Water Partnership Project (AEWPP) is a joint undertaking by the European Union (EU), the African Ministers Council on Water (AMCOW) and the Government of Sweden. This three-year project, financed by the EU, 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).

Why focus on mobilizing capital for infrastructure? Water infrastructure is key to sustainable development in Africa. The annual funding gap to meet water infrastructure needs in Sub-Saharan Africa has been estimated as over USD 11 billion. Closing the gap requires efficiency and coordination in the mobilisation and use of domestic and international public, as well as private sources of finance.

Origins of the AEWPP | In 2002, the 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 MDG targets in Africa.

The partnership was made operational by the Africa Working Group of the EU Water Initiative that was chaired by AMCOW and the EU. The AEWPP is a continuation of this partnership with a view to achieving the Africa Water Vision and the SDGs.

The AEWPP is anchored in the Reference Group on Infrastructure of the Joint Africa-EU Strategy (JAES) – the strategic political reference for overall Africa-EU relations.

How the AEWPP plans to improve public and private capital accessibility

The examples below illustrate possible ways in which capital could be mobilised from multiple sources

Domestic capital from government

- Mobilizing *financing from multiple Government sources*
- Ensuring *intra-governmental cooperation* and political support for projects
- Institutional models to make *cross sector financing* work
- Enhancing *development impact* of projects with committed commercial finance
- Early *financial planning* and analysis of funding structuring options

Domestic capital from user fees

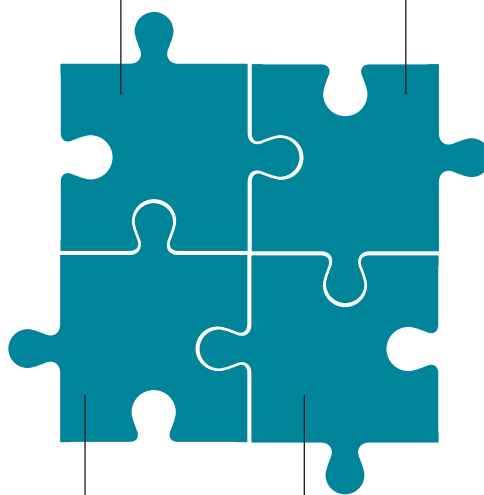
- Business cases for *project finance anchors* such as large agricultural, industrial or commercial users
- Promoting *revenue enhancing measures* such as modernisation of billing and collection systems

International capital from governments

- Develop projects with *significant social imperatives* that need grants or concessionary finance
- Promoting the *harmonisation and blending of ODA funds from multiple sources*
- Developing the case for water users in transboundary basins to invest in projects with *indirect regional impacts* for them
- Involve *EU member state governments early* in project conceptualisation

Development and private bank loans

- Involve banks early in *project concept development*
- Build cases for blended financing facilities dedicated to “new” as well as “traditional” opportunities – e.g. small projects with large cumulative regional impact



The work to be carried out to improve capital accessibility and therefore make projects more bankable will be determined according to the requirements of the projects identified and the regional political-economy.

AEWPP project components

Component 1:

Sustainable water infrastructure financed and developed

- Identification and prioritisation of infrastructure projects
- Advancing the bankability of five infrastructure projects

Component 2:

Capacity for water sector governance, including capacity for project financing

- Identify capacity development needs related to project financing
- Tools for integrated planning
- Knowledge management

Working with existing project pipelines | The AEWPP may intervene during any stage of project development by building business cases and financial and institutional operating models that improve project bankability. The AEWPP will initially develop a priority list of projects with potential to attract financing – starting with existing project pipelines from regional economic communities, associated project preparation facilities and development banks. Five of these demonstration projects (as has been suggested by AMCOW, one in each of the five regions of Africa) will be further developed. Project preparation funding will be sourced from interested project preparation facilities, governments, civil society, development finance institutions, wealth funds and or donors to develop, enhance or complete feasibility studies.

As part of this process, the project will build the capacity of African water stakeholders to develop bankable projects and disseminate lessons learned widely. The bankability aspect will require capacity to build, support (including financial and market development support), and evaluate commercially based business plans. Guidelines will be developed to enable improved infrastructure

planning incorporating issues such as environmental impact, social inclusion, gender and poverty, as well as the commercial sustainability of such projects.

Inception phase | Until the end of 2016 the project is in its inception phase, developing the following in consultation with partners:

- A detailed plan for the implementation of the project.
- Recommendations on where in the project development cycle this project shall focus.
- A map of project partners (including financing institutions) and their potential roles in the programme.
- Project selection criteria for use during project implementation (2017-2019).
- A platform for dialogue that allows project partners and stakeholders to interact.
- A revised results framework and project theory of change based on partners' inputs.
- An inception report with a project work plan and budget.

Contact us

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

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

Nick Tandi, Programme Manager, Africa Regional Centre, SIWI | Email: nick.tandi@siwi.org