

**CONCEPT NOTE FOR AN EVENT TO UNLOCK  
INVESTMENT POTENTIAL FOR WATER AND SANITATION PROJECTS IN AFRICA**

**AN INITIATIVE BY THE AFRICAN WATER FACILITY (AWF) AND THE AFRICAN DEVELOPMENT BANK  
GROUP (AfDB) UNDER THE PATRONAGE OF THE ASSOCIATION OF THE EUROPEAN DFIs (EDFI)**

**10 December 2024**

**PURPOSE**

This note outlines an initiative by the African Water Facility (AWF), under the patronage of the Association of the European DFIs (EDFI), to showcase Water, Sanitation and Hygiene (WASH) investment opportunities in Africa to European and International Development Finance Institutions.

The aim is to initiate new partnerships with African Development Bank Group and AWF at a showcase event to take place in Brussels on Tuesday 18 March 2025, i.e. the day before the main committee meetings of the European Parliament. The provisional outline for the event is annexed to this note.

This showcase event is seen as highly opportune in view of the critical importance of WASH in Africa to deliver on international development agendas and to mitigate climate change, which will require greater engagement from both public and private international finance institutions.

As Africa's only continental WASH accelerator, AWF is well positioned to showcase a wide range of investment opportunities resulting from the high demand for project preparation and implementation, fuelled by the lack of progress of access to water and sanitation in Africa.

Consequently, the proposed showcase event will seek to convene a wide range of interested stakeholders and will be construed as a marketplace, knowledge-sharing and networking event. In this context, it's worth emphasizing that the Bank Group and AWF have decades of experience in engaging with African stakeholders, many of which are expected to attend the proposed event.

**RATIONALE FOR THE SHOWCASE**

Following on the successful launch of the Africa Urban Sanitation Investment Initiative (AUSII) in 2024, the African Development Bank/AWF intends to showcase not only AWF's increased financing requirements of EUR 600 million in core and/or earmarked funding over the next ten years to generate and unlock an investment portfolio of bankable water and sanitation projects across Africa valued in excess of EUR 4 billion as mentioned under **AWF'S Funding Appeal of May 2024**, but also to bring AWF's strong range of WASH and AUSII bankable projects to the investment market with the aim to build stronger partnerships and secure specific upstream and downstream financing, including concessional financing and risk capital.

The rationale for a showcase event is considered timely as it would strengthen AWF's delivery of mandate, particularly in view of the development and implementation of AWF's incoming Strategic Plan for 2026-2030.

## **THE SHOWCASE EVENT AND EXPECTED OUTCOMES**

The combined water-related investment portfolio of the European DFIs (as of end of 2023) totals €420 million, with only €45 million invested in Africa—mostly by BII and DEG in North Africa and IFU in Sub-Saharan Africa. This signals a pressing need to boost WASH financing efforts in the region. In fact, AWF expects that the showcase event would primarily benefit European DFIs given first encouraging support received for the capitalization of AUSII and the support provided for the launch of the new financing window at the Stockholm World Water Week. It is therefore suggested that the event takes place under the patronage of the Association of the European DFIs (EDFI) in Brussels in March 2025.

Consequently, the event would allow all European DFIs to benefit from the showcase of investment opportunities but would also invite other interested DFIs & Parties (European Commission, Private Sector & Funds, Philanthropic Foundations, Corporate Sustainable Development Funds, etc.) to express interest and engage in meaningful discussions on private resource mobilisation and the role of policy and regulatory frameworks in addressing investment needs in the WASH sector.

AWF will also take the opportunity to narrate the investment readiness in the urban sanitation sector with the first batch of 12 African countries captured through initial findings of the ongoing diagnostic studies for AUSII.

Finally, the event would be a key measure of how the AWF is implementing its newly developed investment promotion approach supported by USAID Technical Assistance.

## **THE AFRICAN DEVELOPMENT BANK GROUP (AfDB)**

The African Development Bank Group is the premier multi-lateral development finance institution fostering economic growth and social progress in Africa. The Bank Group's primary goal is to reduce poverty and improve living standards by mobilizing resources in and outside Africa and providing financial and technical assistance for development projects and programs in Africa.

The Water Development and Sanitation Department is part of the Agriculture, Human and Social Development Complex of the Bank. The Water department is responsible for the coordination of the Bank's water development and sanitation-related activities to enhance synergies and contribute to achievement of all High-5s (Feed Africa, Industrialize Africa, Power and Light Africa, Integrate Africa, and Improve the Quality of Life).

Through its Divisions for water security and sanitation in West Africa and Nigeria, East and Southern Africa, West, Central and Northern Africa, and the African Water Facility (AWF), the Water department supports regional hubs in the development and promotion of knowledge, approaches and tools for green and inclusive water security and for improved sanitation.

## **THE AFRICAN WATER FACILITY (AWF)**

The African Water Facility (AWF) is a special fund created in 2006 by the African Ministers' Council on Water (AMCOW) and is hosted by the African Development Bank Group. As such, AWF is the only continental accelerator mobilising financial resources to support the preparation of investments aimed at achieving water security and sanitation for all in Africa. It strategically addresses current significant demand for upstream WASH project preparation and development, catalysing downstream implementation in the sector, contributing to the achievement of the Sustainable Development Goal(s) and Africa Water Vision 2025.

## **AWF UP- AND DOWNSTREAM RECORD**

To date, with a total of over EUR 200 million in core upstream funding secured to finance AWF projects and resulting in downstream investment funding of over EUR 1.9 billion, AWF generates a high leverage factor of 1:29.

## **AWF IMPACT TO DATE**

In terms of impact, AWF has supported 141 water and sanitation projects in 52 countries since its inception, bringing access to safe water supply services to over 20.1 million people and over 10.3 million people with improved sanitation facilities and hygiene services (52% of whom are women).

Furthermore, the AWF projects created 1.35 million hectares of irrigated land, 59,860 hectares of planted forests, and 6.402 million m<sup>3</sup> of water storage capacity, and benefitted 421,898 farmer households through improved land and water management. AWF also funded 21 projects focusing on strengthening the framework for water governance across the continent and has fostered far-reaching strategic and integrated planning and management of water resources at the national and transboundary river basin levels.

## **INCREASED AWARENESS FOR WASH IN AFRICA**

The AWF's unique position as Africa's WASH project preparation accelerator currently compares to increased commitments to deliver on Sustainable Development Goal (SDG) 6 in Africa, primarily on access to safe water and sanitation.

These increased commitments result from heightened political awareness, from renewed donor and investor interest in the role of WASH in human and economic development as well as from recent global declarations for action: increased support for WASH in all recent Conference of Parties to the Climate Change Convention, 2022 Dakar World Water Forum, 2023 UN Water Conference Water Action Agenda, 2023 AWF Funding Dialogue, 2023 African Union Commission launch of the “mind-the-gap” water campaign, 2024 Bali World Water Forum, the last three World Water Week in Stockholm including the successful launch of Africa Urban Sanitation Investment Initiative in 2024 (see further in text), the pending United Nations General Assembly side-line One Water Summit, and preparations for the 2026 UN Water Summit.

Finally, the nexus between SDG 6 (clean water and sanitation) and climate change is critical. WASH-related investments play a central role in mitigating the adverse impacts of climate change and ensuring that access to clean water and sanitation forms the foundation for climate resilience.

As the call for increased climate financing intensifies globally, the need to scale up domestic and international private capital mobilization becomes increasingly vital. Against this backdrop, the event will provide a platform to explore particularly the bottlenecks and solutions for accelerating private capital mobilization towards mitigation (and more critically) adaptation projects in WASH sectors across Africa.

Relatedly, particular attention will be devoted to the implications of the current EU sustainable finance regulatory framework for WASH investments in Africa.

Discussions at the event should also highlight the role of public IFIs and development agencies in fostering policy dialogue with partner countries to develop robust policy and regulatory frameworks, thereby creating an enabling environment for implementing water and sanitation-related projects in Africa.

## **INCREASED DEMAND FOR WASH IN AFRICA**

Given the lack of progress of SDG 6 in Africa and the resulting increased demand, AWF developed two key work-streams.

The first consisted in the AWF-issuance of a **call for proposals** in March 2023. This resulted in over 800 requests of which a first batch of 37 were selected for development via a vigorous screening process including climate resilient compatibilities and perceived available downstream funding.

The second addresses the specific and high demand for improved urban sanitation on the Africa continent, partly attributed to the high rural-urban migration and climate change impacts. Consequently, with the financial support of the Bill & Melinda Gates Foundation, AWF developed and successfully launched the **Africa Urban Sanitation Investment Initiative (AUSII)** as a new funding window in August 2024 at World Water Week in Stockholm, attracting support from development partners and resulting in a first pledge of EUR 12 million from the Nordic Development Fund.

These two workstreams are geared to feed into the AWF's databank of over 35 completed projects for which downstream financing is being sought.

## NEXT STEPS

In view of the above, the event will be implemented under the Patronage of EDFI with additional guidance provided by the Danish DFI and the Nordic Development Fund and noting that AWF would bear the burden of associated logistics and financing.

A core committee of EDFI, IFU, NDF and African Development Bank Group/AWF representatives shall be construed and should convene before end 2024. By the end of the year, EDFI will draft and distribute a summary outlining the planned panel discussion for the event, including suggested speakers and proposed discussion topics.

Finally, the Save the Date should be communicated to stakeholders by the end of 2024 and/or in early 2025.

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