

FIRST IWA NON SEWERED SANITATION CONFERENCE
15-18 October 2023

Theme: Stimulating Innovative solutions and uptake for people not connected to sewers

**SESSION TITLE: AFRICAN URBAN SANITATION INVESTMENT INITIATIVE-
AUSSII- THE NEW WHEEL TO SANITATION FOR ALL IN AFRICA**

SESSION CONVENER: AFDB

18th October 2023, 13h 30-15h00.

Session 8d, Venue 4

Background

Poor sanitation is estimated to have cost Africa US\$ 56.114 billion in the year 2019 (UNICEF, 2020). In 2015, the World Bank Group estimated that the global economic return on sanitation spending is US\$6.60 dollar for every one dollar invested. The great majority of Africa's urban dwellers use non-sewered sanitation (pit latrines and septic tanks of varying type and functionality). Across the continent, only about 10% of urban premises are served by centralized sewerage systems. Most of the sewer systems are poorly maintained, with leaky sewers, unserviceable pumping stations and dysfunctional treatment plants, resulting from low technical and financial capacity in the local authorities or utilities responsible for their operation and maintenance.

Multiple factors have converged to perpetuate the situation of low urban sanitation service coverage in Africa. These include:

- (i) Rapid urbanization, much of which is occurring in unplanned peri-urban slum neighborhoods where sanitation infrastructure is typically lacking or poorly developed.
- (ii) Ageing and poorly maintained sanitation infrastructure.
- (iii) Large gap in investment financing for sanitation infrastructure – less than 20% of the estimated \$69 billion required annually for sanitation infrastructure to reach the SDG target is mobilized (AMCOW, 2022).
- (iv) High operational and financial inefficiencies of water and sanitation utilities.
- (v) Poor governance arrangements characterized by fragmented responsibilities.
- (vi) Increase water stress and scarcity and
- (vii) Climate change whose impacts include frequent flash floods that cause pollution from pit latrines and destroy sanitation infrastructure.

In addition to that, there are several constraints which hinder to sanitation development which include:

- Low priority: sanitation services are 'invisible' with a low political profile compared to e.g., energy, roads/rail, etc.
- Lack of systematic management: fragmented responsibilities around government, private sector, communities/households, etc.

- Lack of local sanitation planning capacity: City-wide inclusive sanitation and basic urban sanitary services specialist planning
- Weak economics: unwillingness to pay, difficult to collect cost-recovery tariffs.
- Undeveloped market and firms: outside ‘big-infra’, sanitation markets are immature, small-scale firms lacking economies of scale.
- Unsuitable investment / finance mechanisms: most sources of capital geared towards large-scale infrastructure.

As ‘Business as usual’ is not delivering the scale, diversity and sustainability of sanitation solutions required in African cities and towns; New approaches are needed for assuaging the urban sanitation crisis in Africa and the establishment of this urban sanitation investment initiative would be one of the solutions for these challenges.

Through the African Development Bank’s engagement and experience in developing and managing trust funds the AUSII- the sanitation dedicated window will be hosted by AWF and will complement the existing efforts as an investment vehicle for financial institutions, impact investors, philanthropic foundations, and bilateral and multilateral donors, to catalyze, facilitate and co-finance investments by commercial investors and development finance institutions (DFIs) to address the growing urban sanitation crisis in Africa. Its main objective will be:

1. Play a leading, and catalytic role in sanitation development on the African Continent.
2. Promote, innovate and support appropriate City-Wide Inclusive Sanitation (CWIS) approaches.
3. Provide financial and practical support in start-up of CWIS programs in urban areas.
4. Promote and finance new sanitation technologies and business models.
5. Support innovation and transfer of sanitation models and practices and
6. Leverage expertise and financing.

Specifically, the AUSII aims at deploying three (3) instruments:

- a. Grant funding for upstream technical assistance, project preparation, capacity building and preparation of financial instruments.
- b. Funding activities covering risk capital and guarantees, generating investment project portfolio, and pump-priming for results-based financing program; and
- c. Technical support covering transaction support for structuring and establishing PPPs; and investment promotion for downstream activities.

It also aims to mobilize at least US\$ 320 million over the first 15 years of operation of which approximately 40% will be revolving resources.

Duration: 90 minutes

Objective of the Session

- Present the importance of information and knowledge products in shaping decisions and policies, as well as share practical case studies and experiences on strategic application of CWIS technical assistance by DFIs in Kenya and Togo, to enhance public sector commitment to sanitation improvements, reducing investment inequalities, catalyzing incremental reforms, and leveraging sustainable financing.
- Present the new sanitation dedicated funding window-AUSII to the audience with different opportunities available for not only the governments institutions but also to the private sectors involved in non-sewered sanitation services.
- Reaffirm the commitment of the bank to achieve sanitation for all with its innovative funding instruments.

Target Audience

DFIs, Government Authorities, UN Agencies, Water Supply and Sanitation Regional and International Bodies, Private Sector, CSOs and Academia.

Outcomes:

- Use of Citywide Inclusive Sanitation (CWIS) framework as a tool used to address urban sanitation market failures and barriers to accelerate reforms towards service improvements.
- Understanding the AUSII- the new sanitation wheel to achieve sanitation for all in Africa.
- Financing opportunities within the bank in the sanitation sector.

Session Format

1. Opening Remarks – Oswald Chanda Director of Water development and sanitation/AFDB – 10 minutes
2. Presentations
 - CWIS- a participatory and evidence-based approach to sustainable infrastructure planning; (10 mins)
 - Technical Assistance for Citywide Inclusive Sanitation (CWIS) integration in the feasibility studies under the Kenya Towns Sustainable Water Supply and Sanitation program in Kenya (10 mins)
 - Latrine for all in Sokode through fecal sludge reuse and micro-credit-TTS project (10 mins)
 - AUSII- the new sanitation wheel to achieve sanitation for all in Africa (15 mins)
3. Panel Discussion – Deep-dive discussions (sharing experiences, barriers, opportunities, and lessons learnt by AFDB, Bill and Melinda Gate Foundation, SHFund, and Government Authorities with the Audience) – 30 minutes.
4. General Q&A, Comments, and Session Summary – 15 minutes

Moderator: Najib Bateganya, TA-HUB

Panelists:

- Oswald CHANDA, AFDB
- Brian ARBOGAST – Director Water, Sanitation and Hygiene- Bill & Melinda Gate foundation.
- Dominic O’Neill- Executive Director, SH Fund
- Government representative Kenya+ Togo