Presidential Summit On Innovative Funding Of The Water Sector
Goodwill Message Delivered by Gilbert Mbesherubusa, Vice President,
The African Development Bank
February 18, 2013
Abuja, Nigeria

• Your Excellency, President Goodluck Jonathan
• Your Excellency, Vice-President Namadi Sambo
• Your Excellency, former President Olusegun Obasanjo
• Your Excellency, former President John Kufuor
• Your Excellencies, Distinguished Senators and Members of the House of Representatives
• Your Excellencies, Distinguished Governors and Honourable Ministers
• Your Excellencies, invited guests and participants
• Dear Colleagues
• Ladies and Gentlemen

I would like to thank the Federal Government of Nigeria for inviting the African Development Bank to this important event. It is my honour to represent the AfDB President, Dr. Donald Kaberuka, on this occasion. The African Development Bank is very pleased to be taking part in such high level summit exclusively focused on water, a key driver of social and economic development.

We all know “Water is Life.” In addition to being essential for drinking and sanitation, water is a necessary input to all forms of production including agriculture, industry, energy and transport. However, too much uncontrolled water may also obliterate and reverse development in the form of floods, landslides and epidemics, which often have devastating implications, such as loss of lives, damage to property, and reduced GDP. And too little water, in the form of droughts, has similar profound effects.

Even though the great economic return of water investments is well known, we have historically seen less investment than in many other sectors, and the investments are mainly by government with little participation from the private sector. This may be because water is taken for granted, and because we have not reached out and effectively communicated the many ways in which it contributes to development. Another plausible reason for low investment levels is that the limited funding that is available is often not used very effectively, as
demonstrated by the many infrastructures that fall into disrepair just a few years after construction.

This Summit focusing on innovative funding is therefore timely and opportune in identifying ways to bridge the huge water investment gap, as well as methods to channel available funding to the most important investment and maintenance needs. It is indeed a very special occasion, bringing together the country’s entire political leadership as well as water practitioners to raise awareness of water and sanitation not primarily as an issue, but rather as a solution to the broader development challenge facing Nigeria today. While a lot has been accomplished in terms of achieving the MDGs, much more remains to be done, and this requires all of us to scale up and accelerate interventions aimed at ensuring water security.

We thank your Excellency, President Goodluck Jonathan, and the Federal Government of Nigeria for this big initiative. It clearly shows the commitment of your Government to this crucial sector, a commitment that is also demonstrated by your 2013 budgetary allocation of 84 billion Naira to water resources, more than doubling the allocation for 2012. The challenge and opportunity we are faced with now is to absorb this funding in such a way that the expected results are realized in a sustainable manner.

I wish to also thank the former Presidents and distinguished participants for taking time to share experiences and give us guidance on the way forward. This Summit is a best practice that I hope we shall see replicated in other countries.

The Bank intends to remain a trusted partner with you in the funding of this sector, and is already leading by example in this regard. AfDB water and sanitation investments have increased 10-fold in eight years, from US $70 million/year to US $700 million/year in 2011. Our water portfolio currently stands at US $2.4 billion, financing close to 70 projects on the continent. In Nigeria, the Bank’s water portfolio includes both rural and urban water and sanitation projects and amounts to US $277 million. Additional projects are under preparation.

I believe the case for scaling up investments in water and sanitation is very clear, and would like to share with you briefly some of the support the Bank is providing to its member countries in this regard.
We support the development of more appropriate financing mechanisms, tailored to local conditions, in order to raise additional resources and to improve effectiveness of funds already available. In particular, we encourage countries to replicate and scale up pilots of innovative approaches and technologies that have shown positive results. However, stepping away from “business as usual” requires strong and effective political leadership, promoting flexibility.

For urban water utilities we support efficiency improvements to prevent decay and expensive rehabilitation and this includes appropriate billing and the reduction of water losses. Such projects are often self-financing with quick returns, which make them suitable for funding by local financial markets or performance contracts where the contractor is paid based on savings realized. To facilitate access to the financial markets, we are also encouraging utilities to undertake credit ratings.

In rural water supply we have launched a special initiative for “Professionalized rural service areas” that provides tools for developing more sustainable operating models that emphasize private-sector participation and life-cycle costing for point water sources and small schemes.

The Bank is also working on setting up a multi-billion dollar US African Infrastructure Financing Facility to raise funding for large-scale infrastructure programs. The Facility will support project development, will issue bonds for investments, and provide guarantees for investors.

As the representative of the President of the Bank, and as responsible for the Bank’s support to member countries’ infrastructure and private sector developments, I would like to take this opportunity to re-confirm the African Development Bank’s commitment to partnering with Nigeria – both its Governments and the private sector – in efforts to ensure everyone has access to safe and sustainable water services.

Finally, I would like to take this opportunity to congratulate you all on the impressive African Cup of Nations victory. There is no doubt that starting off the year with such a victory, followed by this Summit of utmost importance to the growth and development of the Federation and its states, Nigeria is set for a great year 2013.
Excellencies, ladies and gentlemen, the African Development Bank is committed to follow up on the outcomes of this Summit and I wish you active, fruitful and most successful deliberations.

Thank you, and God bless you all, God bless Nigeria and the Super Eagles.