Letting investment flow: private finance vital for water solutions



INTERVIEW WITH Josien Sluijs Managing Director, Aqua for All

Written by: Meredith Jones-Russell Scalable solutions and access to capital are vital to bridge the service and financial gaps in the water and sanitation economy.

here is a huge gap between the USD 114 billion funding we need annually and the USD 5 billion donor funds available," says Josien Sluijs, Managing Director of Aqua for All. "The only way to bridge it is to mobilise private capital."

Private investments in water and sanitation can provide significant social and financial return. However, most investors do not know the sector well enough to understand its needs and opportunities and see it as risky or unprofitable. The water and sanitation sector has so far been unable to attract significant interest from private investors.

However, there are examples proving the opposite. In Kenya, for example, private water operators provide 70% of the water supply. Since mid-2020, Aqua for All partners with Sidian Bank to finance Kenyan water and sanitation enterprises with excellent portfolio results.



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Unlocking private finance

Aqua for All has developed a range of financial models, to support enterprises to become investmentready. It facilitated blended finance solutions by investing its own funds to mobilise private and public capital and de-risking investments through first-loss tranches, guarantees and technical assistance.

The organisation also funds innovative financial instruments, such as resultsbased incentives and carbon credits, to help entice investments into the sector. The hope is that private capital will create a different mindset among water and sanitation enterprises, utilities and other actors. "Private finance will catalyse change" says Sluijs.

Scaling up

From this small start, big changes can be realised. "We need to start showing successes", Sluijs adds. "It is only at scale that we can solve the challenge of so many people not having access to water and sanitation."

Investments in this sector create big returns elsewhere. According to the Organisation for Economic Co-operation and Development, every USD 1 invested in water and sanitation can yield up to USD 7 in economic return in low-income countries, for example due to lower healthcare expenditure. The negative effect on GDP of not investing in water and sanitation can be up to 7% annually.

Sluijs concludes: "If you simply make the calculations, water is worth investing in. We urgently need to unlock private funding through blended finance solutions to expand access to water and sanitation for all." Paid for by **Aqua for all**

