

## Norfund invests in enhancing water security in Southern Africa alongside E Squared Investments

**Norfund is investing R160m in the South African water company Nafasi Water Technologies, a leading integrated developer and contractor serving the mining and public sectors across Southern Africa. The investment complements a follow-on investment by existing shareholder E Squared Investments and will enable Nafasi to scale its waste-to-value manufacturing and project finance businesses.**

**The combined investment will support the development of a sustainable platform for water infrastructure projects focused on catchment rehabilitation in mining-impacted regions, scaling water reuse at the municipal level and the company's advancement of technologies for complex water reclamation. These initiatives will expand advanced water treatment capabilities, improve water security through high-efficiency reuse, address integrated environmental rehabilitation of mining impacted water catchments, and create skilled employment opportunities in Southern Africa.**

### **Creating high value and technical jobs**

Nafasi can develop, finance, build, and operate water treatment facilities for industrial and public clients, including large-scale seawater desalination projects such as the Erongo Desalination Project in Namibia. It is a fact that Africa's water sector has lacked adequate investment in the past, resulting in an infrastructure backlog now impacting service provision and development planning.

While the pollution of water courses and over abstraction of acquirers in water-stressed regions has impacted water security at scale, this has created a systemic crisis whose scale will affect all aspects of life in the region. The solutions will require private and public institutions to work together.

*"The extent of the backlog in water infrastructure investment, coupled with deteriorating catchment resilience due to climate and pollution factors, has accelerated water insecurity for many communities. We need the appropriate technologies, bankable projects, and skills at the local level. We have been successful in deploying project-financed solutions to long-run, mining-impacted water rehabilitation projects. Consequently, it was a natural progression for Nafasi to move into the Public Private partnership space and we are now actively engaged in PPP bids for wastewater treatment and reuse." says Suzie Nkambule CEO of Nafasi Water.*

As part of their technology stack, Nafasi is able to recover useful chemicals from sludge and effluent left over from these treatment processes. This unlocks a novel circular economy to span water treatment, through to valuable chemical production from waste products.

*"We intend to continue aggressively maturing technologies that can lower the cost of proactive treatment and reuse to stop the problem of uncontrolled decant at its source," adds Nkambule.*

The equity investments by Norfund, together with E Squared will enable the company to expand its work to protect the environment, while creating new jobs in regions like Mpumalanga, where investment in alternative sectors is needed as the region grapples with the pending closures of large coal fired power plants.

*“By preventing polluted water from entering rivers and communities, Nafasi is addressing one of South Africa’s most pressing environmental challenges while creating jobs in building commercially viable solutions for the future. We are pleased to partner with a strong local team that combines technical capability with a clear long -term vision,”* says Carl Johan Wahlund, Senior Vice President for Green infrastructure at Norfund.

The expansion is expected to generate high value technical jobs in Southern Africa and help build local expertise in advanced water-treatment operations. The company has already strengthened its engineering and project-delivery capacity as it enters a capital intensive build phase.

*“Nafasi’s management team has a proven track record in delivering complex projects, and we believe it is well positioned to scale effectively and capture new opportunities in an interesting market. We are also happy to be supporting a tech leader that also develops local expertise,”* says Wahlund.

“Water security is one of the defining challenges for Southern Africa. Addressing it will require innovative technologies, strong local expertise and catalytic partnerships between the public and private sectors.

As an existing shareholder in Nafasi, we have seen first-hand the strength of the company’s technical capabilities and its commitment to tackling complex water challenges such as acid mine drainage and wastewater reuse. Our follow-on investment reflects our confidence in the management team and in Nafasi’s ability to deliver complex infrastructure projects that strengthen water resilience in the region,” says Gladwyn Leeuw, CEO of E Squared Investments.

“We are also pleased to partner with Norfund in supporting Nafasi’s next phase of growth as the company expands its project pipeline and advances technologies that contribute to a more sustainable and secure water future across Southern Africa,”