

African Country Dialogues

**EUWI Finance Working Group Meeting
Stockholm World Water Week
22 August 2005**

**Kameel Virjee,
Water and Sanitation Program -Africa**

- ❖ **Overview of the Process in Zambia**
- ❖ **Potential Engagement in Ethiopia**
- ❖ **Development of Sector Wide Investment and Financing Tool (SWIFT)**

Overview of the Process in Zambia

- ❖ Policy reform (1994) led to institutional separation of WRM (MEWD) from WSS (MLGH)
- ❖ Rural Water Supply and Sanitation
 - WASHE concept adopted nationally (1996)
 - New MLGH institutional framework (2004)
- ❖ Urban Water Supply and Sanitation
 - Emergence of commercial utilities in UWSS
 - Independent regulator for UWSS
 - Peri-urban WSS strategy developed for targeting poor urban communities in 1999

Overview of the Process in Zambia

- ❖ **Country dialogue was initiated in May 2004**
 - **EU lead donor in Zambia – Germany**
 - **Workshop to identify gaps**
- ❖ **Five main recommendations emerged**
 - **Solve conflict with regard to sector leadership**
 - **Get accurate sector data**
 - **Investigate value for money in RWSS**
 - **Update the policy and prepare detailed sub-sector strategies – especially in RWSS**
 - **Finance UWSS capital infrastructure**

Overview of the Process in Zambia

Focus on RWSS has arisen because...

- ❖ **Coverage deficit in rural areas**
- ❖ **Considerably less progress in rural coverage**

MoLGH led coordination process...

- ❖ **Development of a sub-Sector Wide Approach (SWAp)**
 - **Endorsed by the MoFNP**

Coordination efforts in Zambia

- ❖ National coordination across sectors through the Joint Assistance Strategy (JAS)
- ❖ Sector Advisory Group – Chaired by MoEWD
- ❖ Donor coordination group for Water sector – focus on RWSS
- ❖ WASHE committees at district level

On-going Activities

- ❖ **Devolution of RWSS mandate to the district councils**
- ❖ **Development of a National RWSS Program**
- ❖ **Design of financing mechanisms for transfer of funds councils**

Potential for Engagement

- ❖ **Peer review feedback to on going processes and the development of a sector program and financing strategy**
- ❖ **Act as an information clearinghouse on EU countries' involvement in the sector**
 - **Develop reports, linked to emerging SWAp, on financial involvement of different EU members in Zambia**

Potential for Engagement – contd.

- ❖ **Inputs in development of financing mechanisms for the RWSS SWAp**
 - **Financing mechanisms linked to decentralized service delivery being developed currently**
 - **Inputs to the detailed design and implementation of fund flow arrangements is required**
 - **Assessments on the impact of decentralization on the sector are required**

Potential Engagement in Ethiopia

- ❖ **WSP-Africa has been engaged in mapping sector financial flows, supporting policy/strategy development**
- ❖ **Potential for further engagement through emerging EUWI-WSSG country dialogue**
- ❖ **Requirement to develop a comprehensive financing strategy**
- ❖ **Including**
 - **Estimates of resource requirements in the decentralization context and sources of funds**
 - **Viability of services (cost recovery potential)**
 - **Finance mechanisms for fund flow arrangements**

The Sector Wide Investment and Financing Tool (SWIFT)

Purpose

- ❖ **To analyze financial gaps in the sector across different**
 - **Regions**
 - **Water Service Provider types**
 - **Budget Heads**
- ❖ **To allow financial scenario modeling at a sector wide level in the process of developing a financing strategy**

Process

- ❖ **Development of the generic tool with computer application is on-going**
- ❖ **Pilot application ongoing in Kenya**
- ❖ **Further application in 2-3 African countries**

The Sector Wide Investment and Financing Tool (SWIFT)

