

# EUWI Finance Working Group

## June – August 2005 Update

### Country Dialogue Processes:

- **Mozambique:** A preliminary mission of the AMCOW/EUWI African Working Group on Water and Sanitation took place from 16<sup>th</sup> – 20<sup>th</sup> May 2005 in Maputo. The full report of the mission will be available soon, but here are the main outcomes of interest for the Finance working Group:

**Commitment** – The GOM confirms its political commitment to attaining the water and sanitation MDGs, implying improved water and sanitation services for more than 7 million Mozambicans in the rural areas and 3 million in the urban areas before 2015. The precise investments from different sources (government, donors, NGOs and the beneficiaries themselves) need to be refined in an updated sector investment plan.

**Anchorage** - The GOM confirms CEDESA as the technical anchorage for the AMCOW-EUWI African Working Group. CEDESA/MPOH will be the political anchorage. CEDESA has the mandate for longer term planning for the MDGs and for taking the leadership of the country dialogue in Mozambique. However CEDESA is not expected to be legally established until January 2006.

**Building blocks for the road map** - The main principle for the development of the road map is to build on existing processes and initiatives. Based on a brief analysis it appears that the most important element where the AMCOW-EUWI can contribute is the development of a sector investment plan by building on and extending various agency investment plans so that all sources of funding for the MDGs are integrated into a single plan. Such a plan would help in resource mobilization, coordination and monitoring. The plan would be a living and frequently updated tool that ranges over both short and long term challenges such as harmonization of sector performance indicators.

**Continuity of the country dialogue** – The GOM could signal its interest to use a small proportion of the present budget support for the dialogue; this would still need to be supplemented by other sources such as UNICEF, WSP, EU, IRC and the Dutch government. Funding for the initiative will need to be secured if the process is to avoid the stop-start interruptions that have affected other similar initiatives.

**Priority areas for the AMCOW-EUWI in Mozambique**

*1) Development of compelling argument for investment in water*

Mobilizing AMCOW and EU experience on benchmarking for effective advocacy, extending a neutral broker role in the debate with donors (roundtable) and in the communication with other Ministries such as Finance, Planning, Environment, Health and Education (the last three especially for sanitation).

*2) Assisting existing processes for stakeholder coordination and communication*

Funding of the Grupo de Trabalho Alargado and creation of greater sector clarity e.g. CEDESA web page with MDG planning/ strategy related information.

*3) Development of a sector investment model for MDG planning*

The model could be based on AMCOW experience (e.g. the Uganda and Ghana models) that could become a generic tool for African countries, it would imply a rationalization and harmonization in coverage definitions.

### **Possible inputs of the EUWI – Finance Working Group**

Priority area 3) *Development of a sector investment model for MDG planning*, fits within the support that the Finance Working Group can provide. The team has drafted general Terms of Reference (in annex) to make more explicit what type and amount of work will be required. The TOR can be a useful instrument to start a discussion between the Finance Working Group and CEDESA/DNA in order to:

1. Refine the TOR in terms of what has already been done/what still needs to be done;
2. Involve in the discussion other Mozambican stakeholders that have committed to the Country Dialogue;
3. Divide operational and financial responsibilities

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- **Zambia:** From the few stakeholders (including the government clients and donor partners) whom WSP colleagues contacted, there was an appreciation that the EU wants to participate actively in the MDG process. However, it was also emphasized that there is already some progress in the sector.

For **effective EU interventions**, it will be essential that they contribute to this ongoing work. Three of the objectives in the TORs namely improving coordination, bringing stakeholders together, and developing a sector investment plan for the MDGs, are already underway, although the

current focus in Zambia is only on the RWSS subsector. There is a need to further develop the dialogue for the urban sector and it is possible that this subsector could learn from the process in the RWSS. Nonetheless, the key stakeholders in terms of the donors, NGOs and the government, do have existing mechanisms for getting together to plan for the MDG process. These mechanisms are currently being strengthened through the work that DANIDA and WSP are doing with the MLGH in terms of employing two TAs to sit in the ministry precisely to coordinate the MDG and national programming agenda. A number of specific TA activities are also underway.

Any **EUWI-FWG inputs** will also need to be coordinated with the work that is currently being pursued by other donors with the Ministry of Local Government and Housing (MLGH). Whilst the focus on effectiveness of EU interventions is appreciated, there may be some value to look beyond EU members to other important players, such as the AfDB and the World Bank. This will further help improve the effectiveness of interventions by the EU members.

It is important that the **EUWI-FWG's possible inputs are clearly identified** with a related timeframe, matching and aligned with the country's own processes. This would enable a continuity in such assistance and support. For this to happen effectively, local on-the-ground country presence is essential.

With the focus of the EUWI-FWG on finance, **three areas of FWG's inputs** are likely to be relevant in the case of Zambia:

1. Inputs in the development of the financing mechanisms for both RWSS and urban WSS.
2. Provide peer review feedback to ongoing processes and development of a sector program and financing strategy
3. Provide information on the nature of assistance available from EU countries, so that the government and other stakeholders could assess the potential EU contribution in meeting the financing gaps.

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- **Ghana:** Contact has been made with Mr Mogens Mehta (Danes have the lead in the Ghana Dialogue within the EU Water Initiative). We are awaiting feedback from the Danes and GoG.