

TERMS OF REFERENCE FOR THE EU WATER INITIATIVE FINANCE WORKING GROUP PHASE III WORK PROGRAMME

1.1 INTRODUCTION

On the basis of the recommendations from the final report of the EUWI Phase II Work Programme, the EUWI Finance Working Group (FWG) met in Brussels on the 10th of March 2005 to discuss the future strategic direction for the finance component in general, and the role of the FWG in particular.

There was a general consensus amongst the FWG members to take forward the work programme of the group to the next, country focused level, so as to determine and assess the country specific water sector financing needs and constraints and tailor solutions to address them. Therefore, the aim of the third Work Programme of the EUWI FWG is to focus its efforts at a country specific level.

The FWG has identified two new work-streams: to work on country dialogues, with the Working Group on the Water Supply and Sanitation in Africa (WG WSS-Af); and to provide support to the ACP Water Facility. There will also be a third work-stream to take forward the financing mechanisms web-site started under the Phase 2 work. An outline of each of these is presented below. In addition, the FWG will actively explore the possibilities of expanding these dialogues to cover countries in the EECCA region

A FWG Secretariat will be formed to act as a conduit for the information flows between the FWG members and to coordinate the work-streams.

1.2 WORK-STREAM 1 - PILOT OF ENGAGEMENT WITH COUNTRY LEVEL DIALOGUES

The WG WSS-Af has invited the FWG to take part in the country level dialogues that they have initiated, to identify policy issues, institutional constraints, financial gaps and other constraints that impede investments into the water and sanitation sector in Africa. The FWG, in the meeting on the 10th of March 2005, has agreed to this request.

Out of the ten countries, where the WG WSS-Af has proposed to carry out the country level dialogues with, the FWG will focus on 3 Countries, where it has identified an interest and expertise within the members. These are:

- Ghana
- Zambia
- Mozambique

The working group has also identified coordinators to explore the contributions that it could make in the dialogues with the three countries identified. These are:

- David Redhouse (WaterAid) and Meine Peter Van Diyk - Ghana

- Meera Mehta (WSP) – Zambia (to consult with WSP Zambia)
- Catarina Foncesca (IRC) and Monica Scatasca (EIB) - Mozambique

Activities

- The WG WSS-Af will next meet on the 17th of March, where Dick Van Ginhoven will invite the FWG to take part in country level dialogues. The FWG coordinators or other FWG members present will liaise with the WG WSS-Af, specifically the representatives from Zambia and Ghana, who will also be attending the meeting, to determine if there is a need for the FWG to provide its collective expertise to the country dialogue process and if so, what and how they could do so to provide added value to the process.
- Based on the feedback from the Amsterdam meeting, a small steering group will be set up and a coordinator appointed for each country that has requested the FWG's involvement in the dialogue process. On the basis of the feed back, the FWG will then prepare the terms of reference to guide the steering group in the dialogue/ engagement process.
- The steering group will report back to the FWG at the Stockholm Water Week in August 2005. The FWG will evaluate the contribution of the FWG to the country dialogues so as to decide how best to proceed.

1.3

WORK-STREAM 2 – PROVIDE SUPPORT TO THE ACP WATER FACILITY

EuropeAid, who are working with the EU Water Facility, are concerned that the Facility may not be maximizing opportunities for leveraging private sector funding to the water sector. Accordingly, they have requested the FWG to provide advice and guidance on how this might be achieved under the second call for proposals.

Activities

A steering group consisting of John Hodges (DFID), Jim Winpenny (GWP), David Redhouse (WaterAid) and Thomas Gilst (Thames Water) has been agreed by the FWG. John Hodges will write a letter to the EU Water Facility, to propose the steering group committee so as to highlight and avoid any issues of conflict of interest that may arise.

The steering group will:

- Provide comments on the ToRs for a study to look at how the second call of proposals under the EUWF might be used to contribute to “leveraging in” increased private sector and community based funding for water and sanitation;

- Help review both the Proposal received from the consultant for this study (in order to assess the acceptability of the proposed approach) and the draft study report before it is finalised (in order to mobilise the expertise of the FWG); and
- Continue to work with DG Development on the incorporation of the agreed recommendations of the study into the final call for bids under the EUWF.

1.4 *WORK-STREAM 3 – CONTINUE TO DEVELOP THE FINANCE MECHANISMS WEB-SITE*

The finance mechanisms web-site developed as a desk-study by ERM as part of their Phase 2 work is still to be published, publicly. Work is required to peer review this in order to ensure that there are no glaring omissions before it is put on the Community Space of the FWG section of the EUWI web-site. Following this, action needs to be taken to:

- a) Expand the existing data base to cover e.g. private foundations and funds; and
- b) Put in place arrangements for the longer term maintenance of the web-site and material.

Next steps

DFID will fund a study to undertake the peer review and to make recommendations for the longer term maintenance of the site. Depending on the outcome of the peer review, it is hoped that the current data-set can be put on to the EUWI web-site in the immediate future. Longer term upgrading and maintenance proposals will be reviewed by the FWG at the next meeting.

1.5 *NEXT MEETING*

The FWG will next meet at the Stockholm Water Week in August 2005 to review the work done so far and decide how best to proceed. If the need arises during the process of country dialogues, there may be another meeting of the FWG scheduled in June.