

This key sheet is one of a series aimed at applicants responding to the ACP-EU Water Facility Second Call for Proposals 2006. The ACP-EU Water Facility requires applicants to provide or ensure a minimum level of co-financing. The key sheet series aims to provide guidance to various categories of applicants with regards to potential sources of co-financing.

Key sheet 01 is aimed at all potential applicants and provides a brief introduction to the ACP-EU Water Facility, the key sheet series, and an overview of information sources.

Applicants are advised to refer to the ACP-EU Water Facility Second Call for Proposals Guidelines and Annexes, these being the only binding documents, when preparing their application.



## The ACP-EU Water Facility

The objective of the ACP<sup>i</sup>-EU Water Facility (*hereinafter* ACP-EUWF) is to enhance the sustainable delivery of water and sanitation infrastructure and to improve water governance and integrated water resources management (IWRM) practices in ACP countries. To this end, the ACP-EUWF provides grant co-financing within the framework of the 9th European Development Fund (EDF) regulations. Funding from the ACP-EUWF may be used to complement, but not compete with, existing initiatives from EU Member States, international organisations and international financial institutions (IFIs).

**Applicants:** All applicants need to be either an EU and/or ACP organisation. All applicants must be accountable and have the necessary implementation capacity to execute the actions foreseen in the Grant Contract. They must be directly responsible for the preparation and management of the project, not acting as an intermediary. They can present proposals alone or in any sort of venture with partners. Forming strategic partnerships is recommended as a

first and key step in ensuring innovative and effective project design and corresponding grant proposal. Moreover, the ACP-EUWF makes it mandatory for certain categories of applicants to partner up with other entities (for more information, please refer to the eligibility matrix given in the Guidelines).

**Actions:** The 2006 Call for Proposals uses the term “action” as a synonym to the widely used term “project”. Accordingly, an action is implemented by “activities”. The Call for Proposals covers three components, under which actions can be distinguished. Broadly, these components cover water governance (Component A), and access to water supply and sanitation (WSS) services (Components B and C), and can be summarised to support actions as follows:

- *Component A:* Improving water management and governance. Support to actions to assist the development of an enabling environment to ensure sustainable investment in WSS and IWRM in ACP states.
- *Component B:* Increasing access to WSS - Co-financing water and sanitation infrastructure. Support to WSS investment actions in ACP countries that have in place or are in the process of implementing a sound national water policy.
- *Component C:* Increasing access to WSS - Co-financing of civil society initiatives and decentralised cooperation initiatives. Support to civil society initiatives to improve WSS delivery to urban and rural poor in all ACP countries.

Contrary to the First Call of Proposals, applicants may no longer present a “transactional technical assistance” proposal aimed at supporting the preparation (technical assistance) of an investment project, under component B. As such, the ACP-EUWI advises applicants to carry out all the necessary project preparation activities before applying for the grant. This aspect of the project preparation and in particular, the various supporting documents that are required, is further detailed in the Guidelines.

Section 2.1.2 of the 2006 Call for Proposals Guidelines provides details of the type of activities related to the three components, which will be considered for support. However proposals for other activities could also be considered where

(i) Africa, Caribbean and Pacific (ACP)

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appropriate.

**ACP-EUWF co-financing:** Co-financing from the ACP-EUWF is in the form of a grant to supplement funds raised by the applicant. The applicant's funds must be from its own resources, from its partner's resources, from its co-donor's resources, or from sources other than the EDF or the European Community's (EC) budget. This financing is intended to be available and used concurrently with the EC grant. Under no circumstances may the grant give rise to profits for the applicants or partners, it must be restricted to the amount required to balance income and expenditure for the operation.

**The co-financing contribution for the action will only be considered if the funds are coming from an agreement that has NOT been signed BEFORE the 25.06.05 (the date of approval by the Joint ACP-EU Council of the second tranche for the ACP-EUWF).**

## Who can apply for ACP-EUWF funds?

The Guidelines to the 2006 Call for Proposals distinguish between two main groups of potential applicants: (I) ACP state applicants; and (II) Other applicants. Within each group, there are several types of entities, to which different eligibility criteria may apply, as follows:

### Group I:

1. ACP state applicants: ACP public agencies, departments and ministries, proposing actions related to WSS or IWRM as per Components A and B. Proposals may also involve actions concerning ACP decentralised authorities (at local or regional level) that have no distinct juridical personality from the state. These authorities must include in their proposal, the endorsement of the National Authorising Officer. Proposals for Component C can no longer be submitted by the ACP state applicant.

### Group II:

2. ACP (semi-) public bodies with a distinct juridical personality from the ACP state: sub-sovereigns (municipalities) and parastatals, involved in either WSS or IWRM activities.
3. ACP non-state actors, defined as in the Cotonou Agreement Article 6: economic and social partners, civil society, and summarised as non-governmental organisations (NGOs) and members of civil society, involved in activities related to improving or enhancing WSS delivery or IWRM.
4. ACP non-state actors, as defined in the Cotonou Agreement Article 6: Private sector as a "sub-contractor" – Private sector pursuing commercial objectives and seeking works, services or supply contracts, will have to participate in the appropriate tendering process, launched by the beneficiaries of the grant. The rules of the tendering procedures are specified in the Guidelines.

In some ACP countries, companies may have *de facto* or *de jure* monopoly for water services delivery, awarded after an open and transparent procedure, before the launch of the call for proposals. In these cases, due to the specificity and wide diversity of existing contractual arrangements and obligations, project promoters are invited to clarify with the ACP-EUWF all contractual matters related to an envisaged extension or issuance of new contracts with the private sector, during the preparation of their proposals.

Other (Group II) potential applicants include:

- EU public body with or without distinct juridical personality (EU bilateral organisations, etc.), in mandatory partnership with an ACP sub-sovereign, parastatal, ACP NGO or decentralised cooperation actor.
- EU private sector, in mandatory partnership with ACP sub-sovereign, parastatal, ACP NGO or decentralised cooperation actor.
- EU NGO/civil society, in mandatory partnership with ACP sub-sovereign, parastatal, ACP NGO or decentralised cooperation actor.

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- International Organisations in mandatory partnership with ACP sub-sovereign, parastatal, ACP NGO or decentralised cooperation actor.

## Summary of Eligibility criteria for ACP applicants

Type of proposal	Total project cost (TPC)	Size of the Water Facility grant
A- Improving the water management and governance	€200,000 to €5 million	€100,000 to €3.75 million and ≤ 75% of TPC
B- Co-financing water and sanitation infrastructure	Minimum €5 million	€1 to €20 million and ≤ 50% of TPC
C- Civil society and decentralised cooperation initiatives for smaller scale operations in poor peri-urban and rural areas	€200,000 to €5 million	€100,000 to €3.75 million and ≤ 75% of TPC

Please refer to chapter 2.1.1 of the Guidelines for the eligibility of applicants and partners.

## The Key Sheets

The key sheet series has been designed to inform different types of eligible applicants from ACP countries as regards to financing options and sources. The remainder of key sheets provide information as follows:

- Key sheet 02: ACP State applicants: **ACP public agencies, departments and ministries, ACP decentralised authorities.**
- Key sheet 03: ACP (semi-) public bodies with a distinct juridical personality from the ACP state: **sub-sovereigns (municipalities) and parastatals**, involved in either WSS or IWRM activities.
- Key sheet 04: ACP NGOs and Civil Society: **non-governmental organisations (NGOs) and members of civil society**, involved in activities related to improving or enhancing WSS delivery or IWRM.

## More Information and Support

For more information on the ACP-EUWF and the 2006 Second Call for Proposals, please go to:

[http://europa.eu.int/comm/europeaid/projects/water/index\\_en.htm](http://europa.eu.int/comm/europeaid/projects/water/index_en.htm)

There are several initiatives being developed by a number of organisations, to assist applicants in developing proposals for the Second Call.

- The IRC and their STREAMS Coalition will be assisting local NGOs in a series of workshops to formulate good proposals for the ACP-EUWF Second Call for Proposals. Their target groups are local NGOs and local authorities in Sub-Saharan African countries that do not have an international partner. STREAMS partners and the countries in which assistance will be provided include: CREPA – Burkina Faso and its regional outreach (including Guinea Bissau, Niger, Togo, RDC, Congo Brazzaville and Mali); TREND – Ghana; NETWAS – Kenya; NETWAS Uganda; WATSANET – Tanzania; IWSD – Zimbabwe and its regional outreach to Zambia and Malawi (to be confirmed). For more information please go to: <http://www.irc.nl> or <http://www.streams.net/>
- The WELL call down service with WEDC at Loughborough University in the UK will provide assistance for applicants from African countries. For more information please go to: <http://www.lboro.ac.uk/well/index.htm>
- pSEau are planning a series of workshops with Municipal Development Partners (MDPs) in the following countries: Mali; Senegal; Burkina Faso (in link with CREPA, partner of Streams process with IRC); Benin & Togo; Cameroon; Niger; and Congo Brazzaville. These workshops have yet to be confirmed. For more information please go to: [http://www.pseau.org/index\\_fr.php](http://www.pseau.org/index_fr.php)

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## Overview of Financing Sources

Specific financing sources as outlined on key sheets 02-04 are summarised in the table below. For each of the sources, a weblink is provided for more information.

Country/ Name of initiative	WSS	IWRM	Grants/ subsidies/ TA	Concessio nary loans	Commerci al loans	Equity	Guarantee s	
Bilateral Aid Agencies (for example, DFID, GTZ, AfD, DGIS, SIDA, etc.)	√	√	√	√				For web addresses and contact details of bilateral agencies please go to: <a href="http://financeguide.euwi.net">http://financeguide.euwi.net</a>
USAID Development Credit Authority (DCA)	√	√	√	√			√	
Public Private Infrastructure Advisory Facility (PPIAF)	√		√					<a href="http://www.ppiaf.org">http://www.ppiaf.org</a>
Water and Sanitation Programme (WSP)	√		√					<a href="http://www.wsp.org">http://www.wsp.org</a>
Financial Sector Reform and Strengthening (FIRST)			√					<a href="http://www.firstinitiative.org/">http://www.firstinitiative.org/</a>
Global Partnership for Output Based Aid (GPOBA)	√		√					<a href="http://www.gpoba.org">http://www.gpoba.org</a>
Global Environment Facility (GEF)	√	√	√					<a href="http://www.gefweb.org">http://www.gefweb.org</a>
World Bank financial products	√	√	√	√	√		√	<a href="http://www.worldbank.org">http://www.worldbank.org</a>
European Investment Bank (EIB) financial products	√			√	√	√	√	<a href="http://www.eib.org/">http://www.eib.org/</a>
EIB Investment Facility for ACP	√			√	√	√	√	
African Development Bank (AfDB) financial products	√	√	√	√	√	√	√	<a href="http://www.afdb.org">http://www.afdb.org</a>
International Finance Corporation financial products			√		√	√	√	<a href="http://www.ifc.org">http://www.ifc.org</a>
Community Led Infrastructure Financing Facility	√		√		√			<a href="http://homeless-international.org">http://homeless-international.org</a>
Private Infrastructure Development Group (PIDG)								<a href="http://pidg.org">http://pidg.org</a>
• InfraCo	√		√					
• DevCo	√		√					
• GuarantCo			√					
• Technical Advisory Facility	√		√					

Further information on the sources listed above can also be found on the EUWI Financing Guide website at <http://financeguide.euwi.net>. The objective of the EUWI Financing Guide is to provide users of finance in developing countries with a means to identify different types of finance mechanisms that are available for the water sector, how they work (broadly), and finally to provide linkages to other sites on the internet, featuring additional details and information. This effort is a first step towards creating a comprehensive “one-stop” source of information about the range of finance mechanisms available for the water and sanitation sector, with a view to increase knowledge and capacity for accessing finance.