

## Progress Report #2 – 2006

### Background

At the beginning of 2006 the FWG Secretariat drafted a strategic Medium Term Work Programme covering the period, 2006-08 which draws upon the previous Phase III work programme and outlines five (5) areas of continued activity. A detailed work plan was presented both the Finance Working Group members and the EUWI Steering Group; this work plan was agreed and endorsed by the both groups respectively. (*Reports and TORs mentioned below are available on the EUWI.net > internal FWG pages*)

The aims for the EUWI FWG for the period, 2006-08 will be to:

- consult widely with stakeholders to ensure that FWG is making real contribution;
- provide support in the financing sector to Country Dialogue Groups and governments on demand led basis;
- develop tools to enable decision makers to compare investment options quickly and efficiently and to disseminate the availability of these tools; and
- liaise closely with the various EU organizations and facilities providing finance to the WSS sector to help maximize benefits and the achievement of the MDGs.

### Activities 2006

1. Operation of the FWG
2. Provision of financing expertise at country level in response to requests  
– *Africa region*
3. Provision of financing expertise at country level in response to requests  
– *Eastern Europe, Caucasus and Central Asia region*
4. Help maximise opportunities for accessing EU resources available for support to countries in the WSS sector
5. Make available the Water Finance Guide to help interested parties identify potential funding sources in the WSS Sector

### Progress 2 & 3 QTR 2006

#### Operation of the FWG:

- The Finance Working Group Secretariat has moved to its new location at the Global Water Partnership in Stockholm.
- Johan Holmberg has now taken over Chairmanship of the working group from John Hodges; 1 July 2006.
- DFID agreed a MOU with GWP/EUWI FWG for funding 2006-2008; £0.5 million. In kind contribution has been agreed with SIDA for funding of the new Chair for 2006.

#### Provision of financing expertise at country level in response to requests – *Africa region*:

- In collaboration with the Ministry of Water Resources Ethiopia and lead EUWI Member State Italy and with support from UK (DFID) the FWG funded a “*Financial consultant for EUWI country dialogue in Ethiopia*”. The outputs from this work were 1) A short review report on the policy/regulation and planning building blocks of the Ethiopian framework for the water and sanitation sector and 2) TOR for “*Designing a Water Supply & Sanitation Sector Financing Strategy*”. The FWG agreed to finance the Lead Consultant to take forward the sector financing strategy. The EUWI Ethiopia CD task force selection process has concluded. The consultants selected will visit Ethiopia w/b 20 August to undertake the inception mission. (See attachment A for more information)

- In collaboration with the Water and Sanitation Programme Africa (WSP-Af), and with the endorsement of the Africa WG, the FWG is funding “*Development of a National Water Sector Financing Strategy Mozambique*”. WSP-Af visited Mozambique in April 2006. The objective of this mission was to develop an understanding of sector finance arrangements in the rural water sector with particular focus on the implications of decentralisation linked reforms. In addition the team had discussions with sector stakeholder in order to initiate the process of formulating a national rural water financing strategy.

Provision of financing expertise at country level in response to requests – Eastern Europe, Caucasus and Central Asia region:

- In collaboration with the EAP TF (for which the OECD serves as Secretariat) and with the endorsement of the EECCA WG, the FWG is funding “*Developing and Implementing a National Financing Strategy for Water Supply and Sanitation Infrastructure in Moldova*”. The Task Force has selected the consultants. The team of International and local consultants and EAP TF staff visited Moldova in July. The objective of this mission was to set-up and selected the Supervisory Board and Steering Group for the project.

Help maximise opportunities for accessing EU resources available for support to countries in the WSS sector:

- The FWG has provided French translations of the Key Sheets on finding co-financing for applicants to the ACP-EU Water Facility 2<sup>nd</sup> Call for Proposals, launched in March 2006. The provision of these Key Sheets were an out put of Phase III work programme.
- The FWG Secretariat commission a short think piece “Macro Perspective for Water Sector Finance”.

Make available the Water Finance Guide (WFG) to help interested parties identify potential funding sources in the WSS Sector:

- The 1<sup>st</sup> Edition of the Water Finance Guide is available on-line (<http://financeguide.euwi.net>) as an interactive search facility. The FWG commissioned IRC (Delft) to draft a business plan for developing the Water Finance Guide. Despite efforts to find additional funding for the project none has been forth coming from EU MS. Nonetheless the potential application of the guide has been recognised by colleagues in IRC and the World Water Council. The two organisations and the FWG will collaborate to seek additional funding from non-donor sources.
- DANCEE has produced a paper back version (May 2006) of grants available in WSS for West African countries (in both French & English). This work was developed in collaboration with FWG development and review of the Water Finance Guide early this year.