

MINUTES FROM THE EUWI FINANCE WORKING GROUP MEETING IN BRUSSELS ON 27 FEBRUARY 2006.

These minutes summarise discussions held at the EUWI Finance Working Group (FWG) meeting held in Brussels on 27 February 2006. The meeting was hosted at European Commission offices.

The Agenda and the list of attendees are listed at the end of this report.

The meeting started off with brief updates on the various activities of the current Work Programme. Each presentation was followed by a short discussion session. The presentations included:

- Africa Country Dialogues:
 - Mozambique - Kameel Virjee (WSP) in place of Caterina Fonseca (IRC) who was unavoidably delayed
 - Zambia - Kameel Virjee (WSP)
 - Ghana - Niraj Shah on behalf of David Redhouse (WaterAid)
 - Ethiopia - Martha Solomon (Ministry of Water, Ethiopia)
- ACP Water Facility - Bob de Raeve
- ACP EUWF Keysheets - Niraj Shah & Jeanette Baartman
- Finance Mechanisms Interactive Website - Ewen Lebourgne

All the presentations are available on the FWG page of the EUWI website: www.euwi.net

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MAIN POINTS FROM THE DISCUSSIONS AFTER THE PRESENTATIONS

1. The Country Dialogues in Ghana, Zambia and Mozambique have lost some of the initial momentum. The FWG, via its representatives in the Country Dialogues, need to be more pro-active in identifying and articulating requests from the Dialogue partners in these focus countries while, at the same time, "selling" the services of the FWG more, so as to make the country partners better aware of the services that we can offer.
2. However, this aspect of the FWG's work was queried by some members since they felt that the FWG had not resolved issues with regards to its existence and contribution towards meeting the objectives set out at its inception. They saw the current approach as the FWG acting as a consultancy and there was a view that the FWG needed to go back to its mandate to address issues of efficiency and effectiveness and better identify who is its constituency. On that basis it was felt that the FWG needs to focus on how to better harmonise aid and funds flowing into the WSS sector at the EU country and institution level and not to just give advice and support to the beneficiaries at the country level. There was a view that the FWG needs to be more of a forum to share the experiences of the individual members in the financing of the WSS sector. On these points, the Secretariat made clear that the current work programme was discussed extensively and subsequently approved by the FWG members in the previous working group meetings in 2005 and was the result of an expressed desire among the FWG members to be more demand responsive

in our approach and work more on the ground with partner governments. The FWG only responds to a need if it is identified and requested by the partner government. This view was met with approval and hence formed the basis of the work that the FWG is now pursuing. The Secretariat did acknowledge that the FWG, and the EUWI in particular, needs to disseminate more information about its activities not only to a wider audience, but also amongst the EU donor countries. However the point was made that the FWG is made up of members from these various EC donor countries and the members need to be more pro-active in disseminating such information within their own organisations..

3. The narrow view of reverting back to being a "European" organisation was also disputed by a member from one of the country dialogue states, who said that rather than being exclusive to and focusing more on the supply side of the EU members states. The EUWI needs to be more inclusive of other stakeholders in the water sectors of the CD states such as other multilateral and bilateral organisations and needs to focus more of the coordination and coherence side of things at the partner country level and not at the EU donor level. Similarly the AMCOW representative to the FWG said that there should be a focus on a partnership between the EU and the developing countries and not just one or the other. That is the only way that the EUWI will gain legitimacy as ultimately it is trying to resolve WSS issues in the developing countries
4. The Secretariat in response to the speed with which the CDs are happening stated that the FWG can only respond to requests, as and when they come. The CD process is a political one and the FWG may need to look at how to work at the political level sufficiently enough - to "push the right buttons" with the CD framework, by having the right FWG representative and also speaking to the right people within the CD states. This is going to be very important.
5. There was a comment from a representative to the Ghana country dialogue that, despite Ghana putting in good applications to the EUWF, not one of these was successful. The EUWF representatives said that this was because of specific issues with each of the Ghana applications and stated that the FWG via its members could assist certain countries to put together better applications, as that will certainly add value to what the FWG is doing.
6. The Ethiopian CD is progressing well because of the strong leadership with the WSS sector that the Ethiopian Government has shown. At the same time the CD is part of a wider stakeholder process that brings together all the WSS stakeholders. The Government representative said that the EUWI is helping the coordination mechanism and also assists in identifying and resolving bottlenecks.
7. There was a call to expand the country dialogues to other African countries such as the CAR and DRC.

8. The EUWF stated that:
 - a. Support to the EUWI working groups is possible and they have received an interest from the FWG and the AF-WSS WG
 - b. There are more projects in the pipeline that could expect funding, including a post conflict project in South Sudan, that they would like to fund
 - c. The EUWF second call for proposals is expected to be launched in the third week of March. The EUWF made a short presentation on the important points and differences between this call and the first call.
9. A member stated that the FWG could analyse some of the failed applications so as to see where the constraints were, from the first call for proposals and summarise the “lessons learnt”. The Secretariat said that the FWG has put in a request to the EUWF to access this information for this very purpose and have yet to receive a response.
10. The EUWF said that the lessons from the first call will shortly be put on the website and restated that WELL and WaterAid and other such organisations could help/advice the countries and organisations in these countries on how to prepare better proposals.
11. Reginald Tekateka made a valid point that some applications from countries for technical assistance to improve the water sector were rejected because of technical reasons - Proposals fail because of the symptoms that the WF is trying to address - a catch 22 situation. He also pointed out the proposal need to be for activities that fit within what the Government is trying to do and in tandem with Government policy - the WF stated that the proposals will be assessed both in Brussels and in the countries where they originate so as to be able to address this need.
12. On the Financing Guide/Website, the Secretariat announced that the website is almost ready to go live and should be on the EUWI website within two weeks. There was discussion on the importance of the Website for information dissemination flows to the demanders and a general feeling that it will need to be continually edited if it is really to be useful. There were still some concerns amongst members of the FWG as to the VFM of the proposed website and some members stressed the need to partner with other existing websites. The Secretariat pointed out that they already looking at the partnership idea and had opened discussion with WWC on this issue as there is a good potential for synergies. If designed in the right way it was felt that the website could be very useful, but there was a need to put in place arrangement for longer term maintenance and updating.

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WAY FORWARD FOR THE FWG

The FWG members discussed the Medium Term Work Programme (MTWP) and the requisite funding requirements.

Points that need to be developed -

The MTWP outline has been developed and circulated amongst the members - comments and suggestions are requested by the end of March - these will be taken into account when a full draft is being developed and subsequently circulated. The attendees agreed to the general thrust of the programme and the need for a medium term approach. The programme in essence took forward to the medium term what the FWG is currently doing. One member said that we need to develop further the 4th pillar so as to facilitate the FWG function of being a forum to exchange information as the FWG is made of various and diverse constituencies who have a wealth of experience that could be exchanged. There could be a lot of added value if such information could be relayed to partner countries in the CD. The FWG needs to put in more efforts in this. There was approval on this and it was acknowledged that when drafting the full strategy - this will be developed further.

The MTWP also allows for the FWG involvement in other CD when they happen and this was also approved as an appropriate measure to include as we need to spread the work more broadly.

The FWG has provided some initial costings based on the MTWP and will apply for funding from the WF and other stakeholders. The Secretariat will discuss this application further with the EUWF to identify areas that the FWG could strengthen its application.

There was a question as to why the FWG needs to apply to the WF for funds - should we not ask other bilateral agencies to put more money in if the ideas are good? The response was that the WF has an allocation of money for such purposes and we can tap into it. The secretariat also said that the FWG would like to access more funds from other sources and as a result it would like to take on a more neutral base. At the moment it is being seen as a DFID vehicle and this may put off some potential funders from putting money in the FWG. As a result, the Secretariat tabled a proposal whereby the FWG would create a trust fund that could be housed in a neutral body through which financial support for its work, whether from DFID or other bilateral agencies or from the WF, could be channelled. The Trust would still be controlled by the FWG members and decision making would continue to rest with the FWG collective. The Secretariat reported that, in order to examine the possibilities for taking forward this idea it had approached several institutions to solicit interest in housing such a trust fund. As a result it had been concluded that the Global Water Partnership (GWP) would be an ideal home for it. This proposition was approved by the attendees and the Secretariat was mandated to go ahead with putting in the measures to facilitate this.

Similarly, in line with the MTWP, the Secretariat also discussed the need for a new Chair of the FWG to take the work programme forward into the medium term. The current Chair John Hodges has been undertaking this role for a year on behalf of DFID and suggested that, as part of broadening out the appeal of the FWG for investment from others, it would be advisable to move to a non DFID Chair. Johan Holmberg, a long time member of the FWG, was

proposed as the new Chair and this was approved. Johan has accepted this position and will take over the reigns in July. He will be supported by a full time Secretariat member from the Trust fund housed in the GWP in Stockholm.

The FWG agreed to convene for the next meeting in August 2006, to discuss progress made on the above agreed approach. In the meantime, the MTWP will be developed further and regular communication made to relay this information to FWG members and EUWI stakeholders.