

## Progress Report 2007

### 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. This is the FWG progress report for 2007 (1 January - 30 November) (*Documents 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.

### Progress 2007

#### Operation of the FWG:

- The chair of the EUWI FWG joined the OECD Member Led Task Team “Sustainable Financing to Ensure Affordable Access to Water Supply and Sanitation”<sup>1</sup>. This task team met twice in 2007 and EUWI FWG agreed support the identification and facilitation of two to three country dialogues on the financing of water and sanitation in Sub-Saharan Africa in order to better understand some of the key issues in financing the water sector in developing countries.
- The FWG, OECD & WSP held a joint technical meeting in Paris in April 2007 on “Alternative tools & methodologies to support policy dialogue on finance strategy for water supply & sanitation” to discuss the two finance simulation models SWIFT and FEASIBLE. The purpose of this meeting was to bring together a small group of experts working on two financial planning tools SWIFT and FEASIBLE and share experiences with conducting policy dialogues on the financing of water supply and sanitation infrastructure in developing countries. An outcome of this meeting was group agreed “that it was important to broaden knowledge of the work discussed to a wider audience.” Policy briefs on the two approaches and planning tools have since been up dated, while the FWG commissioned the following paper: “Developing Financing Strategies in Water Supply and Sanitation”.
- The Finance Working Group met in Stockholm August 2007. The group discussed the current status of two country level financing strategies in Mozambique and Moldova (which have both received support from the EUWI FWG to WSP and OECD respectively) and other similar work carried out in Kenya and Armenia. In addition, the group discussed current work on financing sanitation funded via new resources from the banking sector and the scope of these instruments to be scaled up.
- The work plan 2008 - 2009 and secretariat arrangements in GWPO were endorsed.
- The EUWI FWG application to the ACP-EU Water Facility for “Support to the Finance Working Group of the EU Water Initiative” was submitted (with support from our host organisation GWPO). The final contract for the grant money from the EC is expected in mid-December.

<sup>1</sup> See [http://www.oecd.org/document/43/0.3343.en\\_2649\\_34343\\_38711659\\_1\\_1\\_1\\_1.00.html](http://www.oecd.org/document/43/0.3343.en_2649_34343_38711659_1_1_1_1.00.html) for more information on the work of the Task Team.

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

- In April, the Chair presented the FWG work to the Africa Working Group and received initial expressions of interest to for developing WSS financing strategies at national level from representatives of Burkina Faso, Ghana and Lesotho.
- As a result, the Chair of the FWG and Head of the Water Team in OECD were received by the Government of Burkina Faso in September. The main outcome was the agreement to draft TORs for “Project: Strengthening Capacity n Strategic Financial Planning for the Water Supply and Sanitation Sector in Burkina Faso”. The FWG should be able to take forward the agreed activities in early 2008 following a selective competitive tender.
- The FWG is still in dialogue with colleagues in Ghana and Lesotho regarding further activities on financing strategies in these countries.
- The project “Support to the Government of Mozambique: Development of a National Rural Water Sector Financing Strategy”, conducted by WSP with financial support from the FWG, has concluded. However the outputs have not been ratified by the Government of Mozambique and are currently in draft form.

Project leader Kameel Virjee WSP (kvirjee@worldbank.org)

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

- The final steering group meeting of the “Developing and Implementing a National Financing Strategy for Water Supply and Sanitation Infrastructure in Moldova” met on 18<sup>th</sup> November. Minutes of this meeting will circulate shortly and FWG will provide a further update to members.

Project leader - Alexandre Martoussevitch OECD (Alexandre.MARTOUSSEVITCH@oecd.org)

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

- Following a NGO position paper – “The ACP-EU Water Facility: > a response adapted to local stakeholders’ expectations > that should be continued” the FWG with participation from EUWI NGO representatives commissioned an option paper. The paper “Options for the extension of the ACP-EU Water Facility under EDF 10” was present to the EUWI Steering Group in January 2007.
- To complement the capacity building work (discussed below) the FWG commissioned the following paper: ““Financing Water Infrastructure and Services: An Introductory Guide for Practitioners in Developing Countries”. This paper has been circulated to stakeholders and is considered a working draft which maybe expanded and updated by FWG members.

Capacity building on finance mechanisms and financial policy tools in African partner countries:

- The FWG agreed to co-finance a series of three workshops on water sector finance to be organised by the GWPO and their regional water partnerships in West Africa (Ouagadougou, March 2007), Eastern Africa (Nairobi, April 2007). In addition, there will be a workshop held in the EECCA region planned for Tbilisi, Georgia, in February 2008.
  - The workshops in Africa were well received and GWP Regional partnerships in West and Eastern Africa produced summary reports (available on the GWP website: [www.gwpforum.org](http://www.gwpforum.org)).
  - Follow up activities at country level have already been identified in West Africa and there are ongoing discussions on how to use the FWG funds made available for Eastern Africa

Project leaders: Dam Mogbante – GWP West Africa Water Partnership (dammogbante@gmail.com) and Simon Thou – GWP Eastern Africa (sthuo@nilebasin.org)

The FWG and GWP will issue a synthesis report of all three workshops in early 2008.

- The FWG in response to a request from the UNDP-supported programme CapNet provided expert support to the development of "Economic & Financial Instruments for IWRM Training material & Operational guide". These inputs were well received and the training material is currently being finalised. English, French and Spanish versions will be available in early 2008.

**Resource and background documents available from EUWI FWG:**

1. "Options for the extension of the ACP-EU Water Facility under EDF 10"
2. "Financing Water Infrastructure and Services: An Introductory Guide for Practitioners in Developing Countries"
3. "Alternative tools and methodologies to support policy dialogue on finance strategy for water supply and sanitation" (<http://www.oecd.org/dataoecd/51/47/38681995.pdf>)
4. "Developing Financing Strategies in Water Supply and Sanitation" – Full and summary versions
5. Water & Sanitation Programme: SWIFT update
6. OECD: FEASIBLE update
7. BTOR – Financing Water workshops
  - West Africa – March 2007, Ouagadougou
  - Eastern Africa – April, Nairobi
8. BTOR – Joint mission EUWI FWG / OECD Burkina Faso September 2007
9. Cap-Net brochure: Training of Trainers (ToT): Course on Economic and Financial Instruments for IWRM.