

## The Finance Working Group of the EU Water Initiative

Presentation to the first meeting of the OECD  
member-lead team on water supply &  
sanitation, Paris 22 March 2007  
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## The EU Water Initiative

- was launched at WSSD in J-burg in 2002
- is a political initiative and not a financial mechanism
- seeks to add value to existing mechanisms and ongoing activities through improved coordination
- operates in four regions (Africa, MED, EECCA and LA)

## The EU Water Initiative, ctd

- has horizontal working groups for research, monitoring and finance
- one of its main implementation tools is policy dialogue at country level
- to date such dialogues have been initiated in 13 countries, seven still ongoing
- a financing strategy is a key element of many of the country dialogues

## The EUWI Finance Working Group

- So far funded by DFID (£0.5 million)
- Additional grant from EU Water Facility expected (€0.4 million)
- Work programme through 2008
- Focus on financing strategies and capacity building
- Secretariat at GWPO in Stockholm
- Works with other actors

## EUWI country dialogues with financing strategy:

- Mozambique (ongoing, WSP SWIFT)
- Ethiopia (completed, lack of data precluded use of SWIFT)
- Egypt (ongoing, OECD FEASIBLE)
- Moldova (ongoing, OECD FEASIBLE)
- Armenia (ongoing, OECD FEASIBLE)

Others related to these:

- Kenya (completed, WSP SWIFT)
- Georgia (completed, OECD FEASIBLE)

## More to follow?

- Indications are that more countries are interested
- They need support to assess costs of achieving goals, matching costs with available resources, and exploring policy options
- But not useful with two seemingly competing models
- Therefore, a workshop is being planned to reconcile SWIFT and FEASIBLE

### Needs for water finance are evident:

- The UNDP HDR 2006 estimated
- the cost of reaching MDG target 10 in SSA during next decade at USD7 billion p.a.
- to be financed by increases in public spending, better cost recovery and external aid totalling about USD4.9 billion p.a., leaving a gap of USD2 billion + p.a.
- Other estimates have arrived at similar figures (e.g. AfDB 2004)
- Conclusion: WSS basic services are badly underfinanced

### While at the same time:

- The perennial search for "new and innovative financial solutions" remains elusive (study for EUWI from Sept. 2005)
- ODA increasingly used for budget support
- Resistance to earmarked ODA
- Partners struggle to raise priority for WSS
- Conclusion: more efforts required to make existing financing instruments work better

## The way forward for the FWG:

- Define best practice (reconcile SWIFT and FEASIBLE)
- Select three African countries for applications
- Document experiences gained
- Design a capacity building programme based on those experiences
- Mobilise support for expansion to other countries

Thank you!