



EU Water Initiative Finance Working Group

Final Paper: Next Steps

10 March 2005

Agenda

- Update on final report
- Key findings on what works
- Next steps

Final Report

- Final paper (15-20 pages) provides general information about the work of the FWG, and findings throughout the process as relates to:
 - *Improving the efficiency and effectiveness of existing and future EU aid flows to water... and*
 - *Enabling the use of development funding as a catalyst to lever other forms of finance... to improve access of the poor to water and sanitation services*
- Thanks to FWG members for your inputs
- Additional information provided by FWG, as authorised by FWG members, is available online (www.euwi.net)

Quick Review of Final Report

- Presents key findings about constraints to finance and how these can/have been overcome;
- Summarises what seems to work, and what doesn't, to improve efficiency and effectiveness as well as leverage ODA flows;
- Presents recommendations for next steps

Quick Review of Final Report

Categorised the key constraints to finance, then identified means to overcome these, based on experiences of FWG and on broader literature:

- Politics and governance
- Project preparation
- Technical, administrative, and financial capacity
- Cooperation and coordination
- Financial risk

Quick Review of Final Report

Broadly, it was determined that:

- In areas where capital and financial markets are viable, ODA seems to be both more effective and able to leverage other sources of finance when it stimulates and supports demand for local market-based instruments.
- In areas where market development is weak, more focus is required to make aid more coordinated and efficient – including increased attention on grassroots efforts and addressing policy and regulatory gaps within all levels of government, rather than leveraging other forms of finance in the short term.

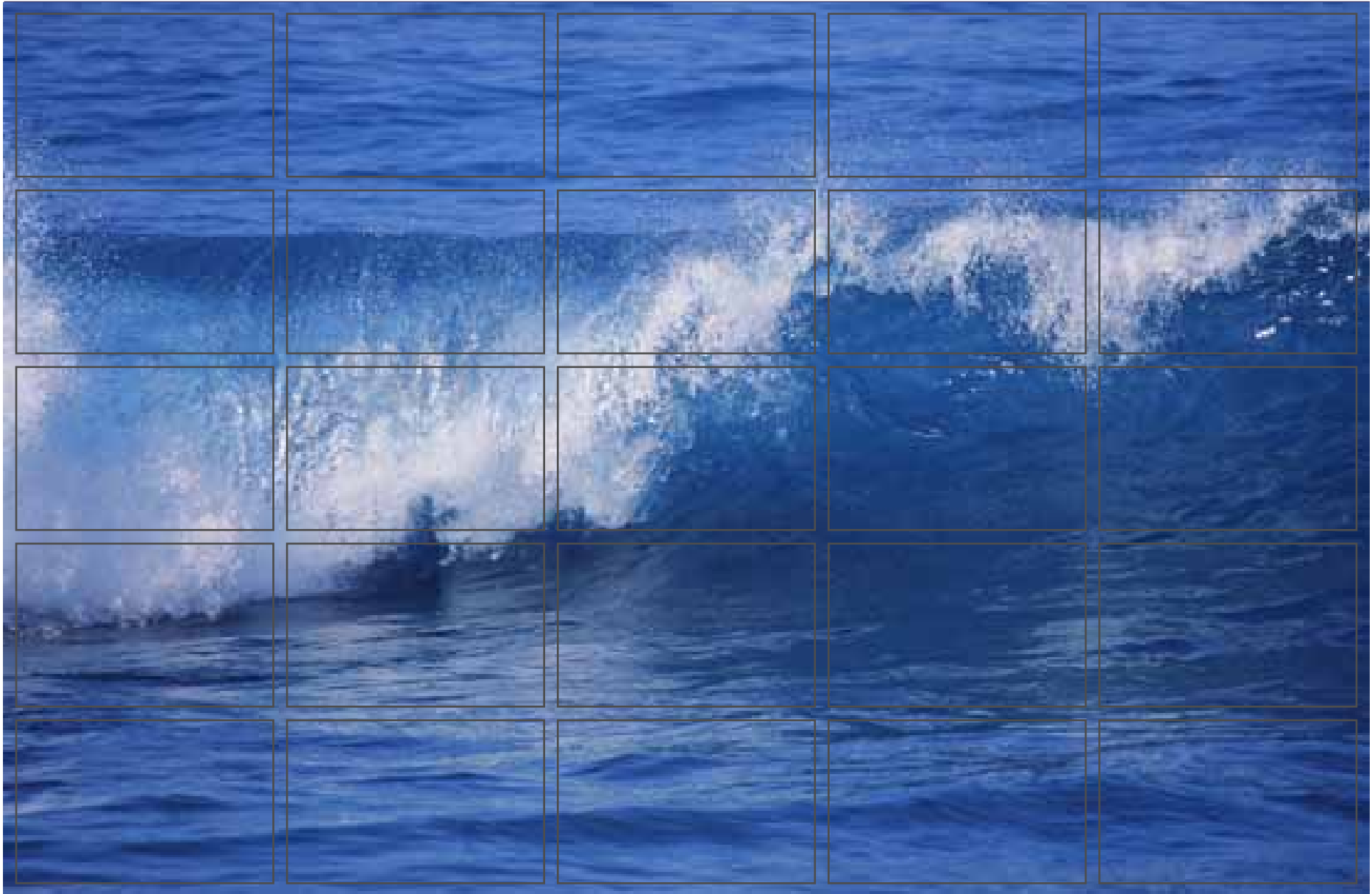
Next Steps

- Based on the platform of information generated by the FWG to date, what should the finance component do next, as a Phase 3, if anything?
- What approach should DFID take to drive the finance component forward from hereon in the EUWI
- What should the role of the FWG be from now on?

Possibilities for the Future

Three options were discussed amongst FWG members:

- Assuming there has been enough cross-cutting information produced for the regional components to use, conclude the EUWI Finance Component and close down the FWG.
- Retain the FWG as a discussion forum, to discuss and provide thoughts on finance issues raised by regional working groups and/or on other wider finance issues of relevance to the sector.
- Develop targeted TORs for financial support, in partnership with the regional components, and engage expertise to deliver this support, under the aegis of the FWG.



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