

# **EIB's new approach to WS&H in ACP: The role of partnerships**

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# The Reality of the WS&H Sector

- About **1.1 billion** population don't have access to safe drinking water and
- More than **2.5 billion** people lack adequate sanitation services
- Severe consequences on:
  - ⇒ **Health** (waterborne diseases)
  - ⇒ **Time spent fetching water**, esp. women & children (impacts on education, productivity..)
  - ⇒ Very low **living standards** (20 litre/day/person)

**Need a new paradigm for infrastructure:**

**Focus on increased access to services, not hardware**

# Reaching the poor & achieving the MDGs: Key constraints

- The “affordability gap”: What tools to close it?
- Governance risk: Can the poor wait until we “get it right”?
- Scale and sustainability: Dychotomy or synergy?
- Effective use of grants to serve the poor

**Finance more, but finance better!**

# EIB Response: A New Approach

- Water for All: Project area should include lower-income settlements where the non-served reside
- Affordability: Demand-driven services, Targeted subsidies
- Sustainability: Institutional, financial, operational environmental & social
- Scale-up: Build on local successful experiences
- Participation : Dialogue with all stakeholders including local PS & previously excluded vulnerable groups

# EIB: A New Framework for Action

EIB's new approach implies:

- Improved project preparation: Project Preparation Facility
- Flexibility & Tailored solutions : No ideology. Focus on “what works” in different contexts.
- Make it affordable. Design project according to users' needs, WtP, AtP. Ensure the effective transfer of subsidies to the poor. Appropriate tariff structure.
- Make it bankable: Leverage other funds. Don't overuse grants. Ensure financial sustainability of utility via appropriate tariff levels (cost recovery)

Partnerships: EIB cannot achieve all this alone:  
Develop partnerships at different levels

# Mozambique: An integrated project with tailored solutions

- Integrated project :

- (i) Traditional component to increase water supply
- (ii) Large investment to increase efficiency,
- (iii) Extend services based on beneficiary assessments

- Tailored approach to extension of services :

- (1) Lease area: coexistence of solutions to (i) reduce illegal connections and (ii) solve potential conflict with current independent providers
- (2) Peri-urban areas: (i) Support for reliable and affordable service by small-scale independent providers, (ii) Participatory standpipe management with NGO support

# Mozambique: Supporting dialogue and coordination

- Inclusive Dialogue :
  - (i) With donors & institutions beyond project
  - (ii) With NGOs to identify successful initiatives, adopt lessons learned & build on them to improve project effectiveness
  
- Promote Coordination: Ensure parallel initiatives in low-income areas don't crowd each other out but rather strengthen each other

# Malawi: Strengthening public utilities with private sector & NGOs

- EIB Partnerships: (i) With NGOs to scale up successful initiatives in lower-income area, (ii) With donors in SWAp\_:
- Benefiting the poor by improving efficiency:
  - (i) Priority investment reduces non-revenue water (NRW), freeing water to serve more people
  - (ii) Public utility is supported by PS experts rewarded based on performance in reducing NRW
  - (iii) Incremental revenues used to pay PS, reward utility staff based on performance, reduce impact on tariffs
  - (iv) Local PS serves low-income areas with NGO support

# Malawi: NGO activities & their extension

- NGO supports Lilongwe public utility in setting up Kiosk Management Unit
- NGO supports local communities in setting up Water User Associations that select local PS to manage kiosks
- The kiosk manager operates on the basis of a contract with the public utility, overseen by a Kiosk Management Unit that was set up with NGO support
- Potential and constraints to replication (i) in other districts in Lilongwe, (ii) in Blantyre

# Building partnerships: Challenges and Opportunities

## Opportunities

- A common goal: provide safe, affordable services
- Beyond the pilot: Scaling up local successful initiatives
- Keep a focus on implementation: support “what works”
- Open door to new voices in policy dialogue and connect to new funding opportunities

## Challenges

- Growing pains”: What are the limits to scaling up?
- How to coordinate interventions in peri-urban areas?
- Inclusiveness & effectiveness: How to improve both?
- Mutual expectations: How do they limit us?

**Beyond ideology: Flexibility in the interest of the poor**

We want to hear from you!