

Public funding for public water

Focus on public-public partnerships and how to use the funding from the EU – first time that a specific amount of money reserved for twinning / PuPs – 40 million euros

Discussion topics -

EU Water Facility (EUWF)

- how will it work?
- Possibilities for other areas of EU funding to be adapted in a similar way (Water Facility is only ACP countries), campaigns?
- What are other government funding sources in Europe and around the world to finance PuPs?
- What can go wrong with PuPs, not all of them are progressive PuPs that we would like to see, learning lessons from twinning between utilities in the 80s, e.g UK and Africa (publicness)
- PuPs need a far bigger amount of investment than is available from the Water Facility, for improving networks etc. Infrastructure finance is needed
- Public sector pension funds – large amounts of money that are being used in dangerous ways
- The roles of different stakeholders in this funding process, EU and ACP civil society cooperation needs to be developed

1. EU Water Facility (EUWF)

This is the second time that this exists. The first one had much more money than this round – 200 million euros in total, now it is 40 million set aside for PuPs/twinning and the total is divided into three:

- a) Water and sanitation (WASH) projects (more traditional NGO territory)
- b) Twinning partnership projects
- c) Pooling mechanisms (projects which are not bankable, mega water infrastructure projects which need EU grants)

Elaboration:

- a) The main aim of the WASH and twinning parts of the facility is to expand access to water for the poor. (countries composition - 48 AFRICAN 16 CARIBBEAN 15 PACIFIC AREA) Most ACP countries are former EU colonies/territories, which is why they may be receiving more financial aid from the EU
- b) Training and capacity development responding to local needs, can include private partners (due to 'equality of treatment' principle to which the EU is subject), as long as it is not for profit and it is for capacity building; so the partnerships are not necessarily exclusively public, but the intention behind it is clearly to promote partnerships between public utilities.
- c) Capacity building – system maintenance and improvement, technical enhancement, efficiency and management system, i.e soft skills as well; water

- quality testing, labour management tools, access to investment finance; methodologies for expanding access to the poor; promoting participatory decision making and institutional development
- d) Maximum 1 million will be allocated to each approved proposal, if there are not enough good quality proposals, not all the money will be spent. This would be a lost opportunity, therefore the presentation of good programmes must be mobilized, the rest of the money needs to be found from other sources, not from the EU Commission
 - e) The grant can cover salaries, travel costs and per diems
 - f) Timeline – on 9 February the EU will launch the water facility and its guidelines; there will be separate procedures for the three different elements of the EUWF. For PUPs/twinning October 2010 is the deadline for the concept notes, full proposal should be presented in December 2010, successful communication to partners around Spring 2011

This is a chance to prove that this can work, if it is not successful then it is likely that they will not try again, so we must seize this opportunity. How do we encourage a lot of people to develop progressive PuPs which will be successful?

Feedback:

1. How should water companies know where to find the other partner to cooperate with?

Precisely in terms of good opportunities, we have to break the dominant discussion and argument that the private sector is always more efficient and better than public management. Not all operators are capable of doing certain things, even if they want to. We can use the network to identify the right actors (stakeholders) in order to establish this type of partnerships. We need accurate information on the specific operators, who they are, who is behind them, how do they work, in order to ensure that we succeed in this project. In terms of the structure of the EUWF there are primary partners and secondary partners, primary ones have to be from EU or ACP countries, but secondary partners may be from elsewhere. This will be looked into more.

Emanuele Lobina – mentions the RPW Working Group on PuPs that was suggested in the other session, develop the idea of an online database and knowledge exchange, to ensure a better information flow, so that we can make the most of all the “on the ground” contacts we have to identify these areas and companies which need the most help.

The time constraints on this are tight, PSIRU volunteers to collect all the inputs from the RPW network and to provide all the help possible in terms of the available information that there is, on technicalities, on PuPs, etc. This needs to be a collective effort, but for the time being please contact PSIRU: Emanuele Lobina <e.lobina@gre.ac.uk>

Contacts within the European network of operators needs to be developed and among the Nordic countries there can be cooperation coordinated by the Norwegian Trade Union.

In terms of ACP countries, the RPW network can find through trade union and NGO contacts, which utilities might be interested in developing PUPs with EU-based public operators.

2. Question: how does the EU explain that this is a non profit project and allow private water companies form a part of these projects? Won't private companies always look for a commercial aims in the end? We need to be careful with this because the very definition of a private company is the search for a lucrative profit

Reply: When the European Commission's development department tried to put this through, there was a very strong resistance for this proposal; private companies especially used the french government to lobby against this, claiming that it was a discrimination against private companies. In the end there was a lot of negotiations on the wording, opening it up to private companies. Even though it is clear that they want this as a funding option for public companies, they cannot be seen as giving public companies positive discrimination. The 'equality in treatment principle means that they cannot exclude private companies from submitting proposals or in other ways give preferential treatment to progressive public companies.

3. Is there are timeline for the funding? How long does the money need to last, is there a limit on the time of this funding?

The timeline is probably going to be 3 to 5 years maximum

4. Can the RPW network reclaim any funding from the EUWF?

What has been developed in Latin America – bringing people together to create new PuPs in the ACP countries could be funded probably, not our RPW network meetings and campaign activities can't.

5. Is it the role of the RPW network to link the public utilities to this initiative?

Yes

6. Capacity building training can be used for civil servants, other users etc.?

This depends on the proposal, as long as training etc are for capacity building and not-for-profit

7. In terms of funding the network, is there other EU funding which groups within the RPW network could apply for?

We decided to set up task force to research the possibilities for this.

We discussed the situation regarding European networks of public utilities. *Jaime Morel* introduced the Spanish association that will be integrated into the pan-european federation Aquapublica. There are different goals, to define clearly what public management is, secondly to define the public model of management of the water cycle, international cooperation is important, including decentralized cooperation on development. Development cooperation in the water sector is a

history of failures, we want to do things differently and participate directly in the planning and the definition of solutions, how the reconstruction of infrastructure should work, especially the sustainability of the public system. This means very little additional financing, but a strong commitment from the public in the transferral of knowledge.

Projects in development cooperation on water should be based on development criteria and sustainability. We insist on transparency, participation, an effective system, indicators to prove good management needs to be present.

Action points from the morning session on PuPs were brought up, such as the idea of an ethical code for PuPs. So that we can use these as an example of a formula that works, eg. in our campaigning for the EUWF to be used for progressive PUPs.

OTHER OPPORTUNITIES

Emanuele Lobina presented an overview of other EU funding instruments and the degree to which these could be used to fund PuPs. EU funding on water depends a lot on its broader policy priorities such as the enlargement policy of the EU. For instance, around 50 million euros was devoted to water actions for Moldova, just one country, which is a huge amount compared to the Water Facility budget for all ACP countries.

The European Community Strategy Paper for Central Asia includes water, there could be some room in this for water twinning.

Capacity building linked to social cohesion (at a regional level) could also include PuPs. For Latin America there is a funding programme for urban development, phase three has started, so we need to watch out for call for proposals.

Action point: demanding that the European Commission introduces earmarked support for PUPs (similar to the EUWF) in its budgets for other regions in the world.

Action point: deepening the relationship between the CSOs in the ACP and the EU.

OTHER FINANCING

Carmen Sosa introduced the work on PUPs within Red Vida.

In Uruguay, a number of PuPs have been developed under the Red Vida platform. These are not necessarily huge projects, but can be low-cost technical cooperation as well. The trade unions are ready to support this partnership, so that workers can join themselves and contribute from a technical approach to help the platform. Red Vida defines what help is needed to be defined to decide how the project will advance as well. There are projects with Bolivia, Peru, etc. The first PuP project where we could work with an African country was in Benin.

In our PuPs, there is a strong focus on the transfer of knowledge, to work with the people of a certain place, to transfer this knowledge, so that projects can be sustainable and the people who receive this help need to be able to self-manage later on, especially on sanitation, it needs to be decided locally. In terms of communities, very often they can self-finance through cooperatives. What is more important than funding is the know-how and the transfer of knowledge.

The PUPs are often developed as part of the fight against privatization. The trade unions contribute to the costs of travel between Lima, Montevideo etc. (*) We want to use the funding for new solutions. The role of the trade unions is crucial in promoting an agreement between the public companies; they contact each other and prepare the technical and administrative work, before the entities will show openness towards this opportunity.

In Uruguay only 2% of the population did not have water, in rural areas in the interior of the country. For private companies, it was not worth it to develop these areas, because it was very expensive. 12 million funding for this was asked, but only half was received (**). It was a sustainable project, because it was locally based. There needs to be an infrastructure to make sure that these projects are possible. We need a better organisation between different stakeholders and groups.

(*) La Plataforma (APC – Red Vida) , es la que financia los gastos de pasaje, estadia cuando es necesario el traslado de compañeros para concretar estos acuerdos

(**)El 2% de la población en Uruguay no tiene agua potable suministrada por la empresa publica, toda población rural. Dado que estas comunidades son muy pequeñas y alejadas de las ciudades, una solución que tradicionalmente emplea la empresa era económicamente inviable desde el punto de vista de la gestión. La Comisión Nacional en Defensa del Agua y la Vida, CNDAV (que entre sus integrantes tiene al sindicato, FFOSE), nodo de Red Vida en Uruguay, propuso a la empresa una solución donde la empresa construye la obra y se responsabiliza de la calidad del agua y la comunidad se encarga de la gestión. Este proyecto de gestión participativa fue aceptado y se esta ejecutando, en parte, con el fondo de agua del gobierno español, el costo total de la obra es de 12 millones de dólares, 6 son financiados con el préstamo del fondo y 6 lo aporta la empresa estatal.

The Spanish Fund for Water

Since 2008, there is a Water Fund for sanitation in Latin America and the Caribbean with a budget of 1500 million dollars for 4 years. The aims include reaching MDGs; the first 400 million euros were disbursed in 2008, 300 million euros in 2009. The criteria are dubious, also because the money was not given based on need, but due to the geopolitical importance of the region to Spain. There is a strong role for the Inter-American Development Bank (IDB). The money is meant for rural areas and not big cities. It is possible to see how the money is spent, but there should be a stronger monitoring process.

There was talk of developing a similar fund for Africa. The quality of development needs to be improved, the Declaration of Paris should not only be a document, but an important point for all of us. This year it was possible to see how the fund has been used, if they are trying to do another fund for Africa, we have to be careful. It started in the right way, but turned out wrong.