Developing countries, water management: policy and priorities for development cooperation

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PURPOSE : to set up an EU Water Fund for ACP countries, using the conditional EUR 1 billion foreseen in the Cotonou Agreement, and serving to co-finance as a priority with other sources of EU funding.
CONTENT : the Commission is proposing the establishment of a European Union Water Fund, with a budget of EUR 1 billion, to help give people in the 77 African, Caribbean and Pacific (ACP) signatory countries to the Cotonou Agreement access to safe drinking water and adequate sanitation. This communication builds on the EU Water Initiative, launched during the World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002. The WSSD confirmed the target, set by the Millennium Development Goals, of halving, by 2015, the number of people across the world without access to safe drinking water and basic sanitation. In order to achieve these objectives, the mobilisation of a significant level of resources is a key factor for the realisation of the MDG and WSSD targets, and flexibility in the response is required to meet the challenge in an effective manner. This flexibility must be achieved in order to ensure that the proposed Fund constitutes an effective mechanism to use the conditional billion for a priority objective in an innovative manner. The fund is intended to be a catalyst - promoting initiatives, providing information, being a clearing-house, building research and management capacity in ACP countries - as well as an instrument which can provide the missing link in financing sustainable projects and activities. The Commission therefore proposes to endorse the recommendations presented in this Communication and consider the release of the conditional EUR 1 billion , so as to enable a decision in early 2004. The Commission should also prepare in collaboration between EU and ACP partners, the decision by the Joint ACP Council on the use of the conditional EUR 1 billion from the EDF for the financing of an EU Water Fund ,on the basis of the approach outlined in this Communication. More specifically, the money would come from the uncommitted reserve in the 9th European Development Fund. The Commission proposes to examine the most appropriate implementation method for a possible Water Fund financed by the EDF, for example that of a possible Executive Agency, based on a cost benefit analysis of the different options. The Fund should concentrate its activities in countries which have a sound national water policy or which are strongly committed to developing one, based on good governance principles, and where the priority is given to spending on social sectors, and the relevant indicators have been defined as part of the Poverty Reduction Strategy Process (PRSP). Countries which do not satisfy these criteria should be assisted in developing a national policy and associated indicators as part of capacity building projects.