

Report of the 2nd UfM Regional Conference of the
Governance & Financing for the Mediterranean Water Sector project
labelled under the Union for the Mediterranean

**Conference co-organised with the H2020 Pollution Reduction & Prevention
Investment Group (& National Action Plan process)**

5-6 December 2016

Tunis, Tunisia

Venue: Golden Tulip El Mechtel Hotel



The Report was prepared by:



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Abbreviations/Acronyms

CAMENA	<i>Climate Action in Middle East & North Africa</i>
CAWTAR	<i>Centre for Arab Women Training and Research</i>
CONECT	<i>Confédération des Entreprises Citoyennes de Tunisie</i>
CSR	<i>Corporate Social Responsibility</i>
EBRD	<i>European Bank for Reconstruction and Development</i>
EEA	<i>European Environment Agency</i>
EIB	<i>European Investment Bank</i>
EPEC	<i>European PPP Expertise Centre</i>
FEMIP	<i>The Facility for Euro-Mediterranean Investment and Partnership</i>
GEF	<i>Global Environment Fund</i>
GWP	<i>Global Water Partnership</i>
GWP-Med	<i>Global Water Partnership – Mediterranean</i>
H2020	<i>"Horizon 2020 Initiative" to de-pollute the Mediterranean</i>
IFIs	<i>International financial institutions</i>
LBS	<i>Land-based sources (of pollution)</i>
MED EUWI	<i>Mediterranean Component of the European Union Water Initiative</i>
MedPartnership	<i>The Strategic Partnership for the Mediterranean Sea Large Marine Ecosystem</i>
MEDPOL	<i>Marine pollution assessment and control component of UNEP/MAP</i>
MeHSIP	<i>Mediterranean Hot Spots Investment Programme</i>
MENA	<i>Middle East & North Africa</i>
MIO-ECSDDE	<i>Mediterranean Information Office for Environment, Culture and Sustainable Development</i>
NDC	<i>Nationally Determined Contribution</i>
OECD	<i>Organisation for the Economic Cooperation and Development</i>
OSS	<i>Observatoire du Sahara et du Sahel</i>
PPPs	<i>Public Private Partnerships</i>
PRPI	<i>H2020 Pollution Reduction & Prevention Investment Group</i>
PSP	<i>Private Sector Participation</i>
RAED	<i>Arab Network for Environment and Development</i>
SAP MED	<i>Strategic Action Programme to Address Pollution from Land-Based Activities</i>
Sida	<i>Swedish International Development Cooperation Agency</i>
UNEP/MAP	<i>United Nations Environment Programme/Mediterranean Action Plan</i>
UfM	<i>Union for the Mediterranean</i>
WWTP	<i>Waste Water Treatment Plant</i>

Setting & Main Outcomes of the Conference

The 2nd Regional Conference of the Union for the Mediterranean (UfM) labelled project *Governance & Financing for the Mediterranean Water Sector* was organised on 5-6 December 2016, in Tunis, Tunisia, by the Global Water Partnership - Mediterranean (GWP-Med), in close collaboration with the H2020 Pollution Reduction & Prevention Investment Group (PRPI) & National Action Plan process. It convened more than 110 decision makers and representatives of government, civil society, international organisations, donors and financing institutions and the private sector.

More specifically, the Regional Conference:

- Took stock of the outcomes from the Water Policy Dialogues conducted in Jordan, Tunisia and Palestine since 2014 and discussed the next steps until the closure of the project;
- capitalised on the ongoing work of the PRPI Group for encouraging bankable projects and investments in the water and environment sectors across the Mediterranean;
- shared experiences and views on PPPs for water infrastructure in the Region as well as other financing options such as grant blending, access to climate finance, the role of IFIs;
- explored the social dimensions of water related projects, such as the gender dimension, the potential for CSR, the role of stakeholders and civil society in particular;
- took stock of the ongoing work of other actors in the region and explored synergies so as to strengthen the impact and outreach of results on sustainable financing of water infrastructure, including through private sector involvement.

The Conference represented an integral part of the activities of the *Governance & Financing for the Mediterranean Water Sector* regional project that has been officially labelled under the UfM and is jointly implemented by the Global Water Partnership – Mediterranean (GWP-Med) and the Organisation for Economic Cooperation and Development (OECD). The event was organised in close collaboration with the H2020 Pollution Reduction & Prevention Investment Group (PRPI) & National Action Plan process.

The Conference was supported by the Swedish International Development Cooperation Agency (Sida) and was conducted in strategic partnership with the European Investment Bank (EIB), the GEF-UNEP/MAP MedPartnership programme and the Mediterranean Component of the EU Water Initiative (MED EUWI).

The Sessions of the Conference were held at the Golden Tulip El Mechtel Hotel in Tunis. GWP-Med was the key organiser of the event. The working languages of the Conference were English, French and Arabic with simultaneous interpretation facilities.

Background Information on the co-organising programmes

Information on the Governance & Financing for the Mediterranean Water Sector

The four-year (2013 –2017) regional project aims to diagnose key governance bottlenecks to mobilising financing through public private partnerships (PPPs) for the Mediterranean water sector and to support the development of consensual action plans based on international good practices.

The official labelling of the Project by the Union for the Mediterranean (UfM) in 2012 through its endorsement by its 43 members, demonstrates wide political support and a clear acknowledgment of the Project's potential to deliver concrete benefits for the citizens and the environment of the Mediterranean and contribute to the regional stability. It is implemented jointly by the Global Water Partnership-Mediterranean (GWP-Med) and the Organisation for Economic Cooperation and Development (OECD).

Important for launching the implementation of this regional project has been the strategic partnership with the Swedish International Development Agency (Sida) and the European Investment Bank (EIB). The steady support, already since 2009, of the GEF/ UNEP-MAP MedPartnership programme and the Mediterranean Component of the EU Water Initiative (MED EUWI) has been instrumental for concretising the project's line of work and setting it in motion.

With the presence of more than a hundred stakeholders, among them three Ministers and one Deputy Minister indicating a strong political support, the Governance & Financing for the Mediterranean Water Sector Project was officially launched on 28-29 May 2013, at the seat of the UfM Secretariat, in Barcelona, Spain.

At national level, Water Policy Dialogues have been completed in Jordan (2013-2014), Tunisia (2013-2014) and Palestine (2014-2015). Tangible outcome of these multi-stakeholder Policy Dialogues is the elaboration of country-tailored National Reports on Governance Challenges to Private Sector Participation in Water. These Reports include a diagnostic analysis of the key governance bottlenecks to private sector participation (PSP) in water supply and sanitation services as well as concrete policy recommendations and a consensus-based action plan for overcoming them. The Policy Dialogues developed through an interplay of solid technical work and multi-stakeholder consultation workshops that fed into and guided the elaboration of the analytical work. Further to Jordan, Tunisia and Palestine, Albania, Egypt, Lebanon and Morocco have provided official support letters for being involved in the conduct of similar national work.

At regional level, regular cross-Mediterranean events constitute a platform for experience and knowledge sharing while showcasing the results of the analytical work conducted at national level. The 1st Regional

Conference took place in Athens, on 28-30 October 2014, gathering more than 110 Mediterranean representatives and peer-reviewing the findings of the work in Jordan and Tunisia. The forthcoming 2nd Regional Conference is expected to reinforce the informal regional platform among policy makers, private sector actors and civil society representatives and also contribute to the compilation of a compendium of replicable good practices, relevant to the Mediterranean/MENA context.

All information and accompanying documents relating to both the national and the regional components of the Project are available on the dedicated website at <http://www.gwp.org/governanceandfinancing>

Information on the Pollution Reduction and Prevention Investment (PRPI) Group

The reduction and control of pollution of the Mediterranean Sea has been the guiding thread of UNEP through its Mediterranean Action Plan (UNEP-MAP) and a key issue of the Horizon 2020 Initiative (H2020) dedicated to Southern countries. UNEP-MAP through its MEDPOL program provided legally binding regional plans and decisions; established priorities and set-up regional pollution reduction targets for 2025; and is currently in the process of overseeing the updating of the National Action Plans (NAPs) initially conceived in 2005.

H2020 has the objective of tackling 80 percent of pollution reaching the Sea by 2020. This initiative is led by the European Commission and organised through three components:

- (i) The Pollution Reduction and Prevention Investment (PRPI) group, co-chaired by the EIB and the UfM Secretariat;
- (ii) The Capacity Building (CB) group
- (iii) The Review and Monitoring (RM) group

The Pollution Prevention and Reduction Investment (PRPI) sub-group constituted by major donors and international financial institutions, co-chaired by EIB and UfM is tasked to identify, finance and implement priority H2020 investment projects. Specifically, the group aims:

1. To update key information on projects and prioritise and plan investments needed to meet the overall objective;
2. To prepare needed priority (flagship) investment projects and, in the process, to strengthen the project preparation capacity. UfM labelling could present an added value to highlight specifically relevant and exemplary regional actions;
3. To secure funding and implement these projects. A further horizontal objective would be to ensure synergies within the H2020 programme, notably through knowledge management and transfer of information and/or technology related to investment between the PRPI and the Capacity Building, the Review and Monitoring and the Research components.

It is under this mandate that the PRPI group, consisting of IFIs and donors, UNEP/MAP, EU and EEA, are working on the financing of investment depollution projects with an emphasis on projects which will make the largest contributions and impacts towards the achievement of de-pollution of the Mediterranean Sea, the protection of environment and the region's socio-economic welfare, with particular focus on cross-border impacts of investment projects and extent to which support is offered by governmental authorities and relevant stakeholders to project implementation. The advancements of the MeHSIP Programme (Mediterranean Hot Spot Investment Programme) led by EIB and concentrating on 6 Southern Mediterranean countries presents an important contribution in this sense.

Highlights from the Conference Sessions

DAY 1 – Monday, 5 December 2016

09:00-10:00	<p>Opening Session</p> <p>Welcome</p> <ul style="list-style-type: none"> ○ <i>Almotaz Abadi</i>, Managing Director, Water and Environment Division, Union for the Mediterranean Secretariat (UfM Sec) ○ <i>Vangelis Constantianos</i>, Executive Secretary, Global Water Partnership – Mediterranean (GWP-Med) <p>Opening Statements</p> <ul style="list-style-type: none"> ○ <i>H.E. Fredrik Floren</i>, Ambassador, Embassy of Sweden in Tunisia ○ <i>H.E. Abdallah Rebhi</i>, State Secretary in charge of Hydraulic Resources and Fishery, Ministry of Agriculture, Water Resources and Fishery, Tunisia ○ <i>Bruno Denis</i>, Head of Division, Lending Operations in EU Neighbouring Countries, Public Sector South, European Investment Bank (EIB) ○ <i>Marcos Martinez</i>, PPP Specialist, European Bank for Reconstruction and Development (EBRD)
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The high-level opening, was chaired by Almotaz Abadi, Managing Director, Water and Environment Division, Union for the Mediterranean Secretariat and Vangelis Constantianos, Executive Secretary, Global Water Partnership – Mediterranean (GWP-Med).



From left to right: H.E. Fredrik Floren, Mr. Almotaz Abadi, Mr. Vangelis Constantianos, H.E. Abdallah Rebhi

Mr Abadi highlighted the importance of water governance and financing to the water sector in the Mediterranean and reaffirmed the political consensus of the UfM framework on this project. He also noted the necessity of such regional dialogue processes as feedback to the ongoing efforts for the development of the UfM water agenda, and as a catalyst for synergies and linkages with the regional and global agendas, including SDGs and

the Paris Agreement. Good governance is a cornerstone for successful investments in the water sector and the effective engagement of the private sector and other stakeholders. He concluded his intervention by sharing that the project implementation will continue in more beneficiary countries throughout 2017 and a 3rd Regional Conference will be organised towards the end of the year.

H.E. Fredrik Floren, Ambassador of Sweden in Tunisia, described the water-related challenges in the Region and noted the need for regional cooperation and facilitation of regional dialogue through

appropriate platforms and networking. He said that Sweden is happy to rely on GWP-Med which has made possible to extend dialogue and pledged that Sweden will continue the support in this endeavour.

H.E. Abdallah Rebhi, State Secretary in charge of Hydraulic Resources and Fishery in Tunisia's Ministry of Agriculture, Water Resources and Fishery, praised the gathering of water experts in the meeting and noted the increasing water demand in the Region and the importance of transboundary water management. He stressed that overcoming the challenges for agriculture in the arid MENA region are vital for Sustainable Development and that new techniques for water management need to be launched. Public opinion needs to be mobilised, especially on efficient water use. Good governance is of paramount importance, including cooperation with Local Authorities. He reiterated Tunisia's support to the sector also noting that the country's new Constitution gives focus on vital elements like water.

Bruno Denis, Head of Division, Lending Operations in EU Neighbouring Countries, Public Sector South, European Investment Bank (EIB) underlined the importance of good water governance for economic growth and competitiveness.

Marcos Martinez, PPP Specialist at the European Bank for Reconstruction and Development (EBRD), accentuated the need for more sustainable investments in the water and environment sectors and the role of existing related experiences as well as the role of regional actors in this endeavour.

Vangelis Constantianos, Executive Secretary, Global Water Partnership – Mediterranean (GWP-Med) brought the session to a close by stating the rationale and key objectives of the Conference and exemplifying the catalytic role of Sweden, with its positive paradigm in water management, and the UfM, as a unique institution moving regional cooperation forward, for the implementation of the Governance & Financing project.

Regional cooperation and facilitation of regional dialogue through appropriate platforms and networking is essential in order to address the water-related challenges in the Region.

Sweden will continue the support in this endeavour.

***H.E. Fredrik Floren, Ambassador,
Embassy of Sweden in Tunisia***

Session I

<p>10:30 - 12:00</p>	<p>Session I: The Environmental and Socio-Economic Importance of Water Investments for the Mediterranean Region</p> <p><u>Moderator:</u> <i>Vangelis Constantianos</i>, Executive Secretary, GWP-Med</p> <p><i>Part I: Addressing the bottlenecks in the governance-financing nexus for the water sector</i></p> <ul style="list-style-type: none"> • Governance & Financing for the Mediterranean Water Sector GWP-Med/OECD project: current status & findings from the National Policy Dialogues <ul style="list-style-type: none"> ○ <i>Anthi Brouma</i>, Head of MENA Region, GWP-Med
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- Commentary on the Dialogue processes and next steps
 - *Atef Majdoub*, General Director of the Concession Monitoring Unit, Presidency of the Government, Tunisia
 - *Wael Elayyan*, Manager of Finance & International Cooperation Directorate, Ministry of Water & Irrigation, Jordan
 - *Mohammad Al Hmadi*, Chief Executive Officer, Water Sector Regulator Council (WSRC), Palestine

Part II: National Action Plan (NAP) process and investment implication

- NAP Implementation: Way forward
 - *Samir Kaabi*, MED POL Focal Point, Tunisia
- Mediterranean Hot Spots Investment Programme (MeHSIP) & NAP Analysis
 - *Nick Marchesi and Souad Farsi*, EIB / MeHSIP
- Brief country interventions
 - *Mohamad Kabriti*, MED POL Focal Point, Morocco
 - *Samir Kaabi*, MED POL Focal Point, Tunisia

Discussion

During Session I the Conference took stock of the developments under the Governance and Finance project and the national Political Dialogue processes as well as of recent developments under the Strategic Action Programme to Address Pollution from Land-Based Activities (SAP MED) to combat pollution.



Overview of the Conference

Anthi Brouma, Head of MENA Region, GWP-Med, provided an overview of the project and the range of national and regional activities since 2013. She focused on the Water Policy Dialogues that took place in Jordan, Tunisia and Palestine and provided insights on the interplay of the technical work and multi-stakeholder consultation processes that culminated with the elaboration of tailored-made National Reports. In addition to a

diagnostic section, the Reports included recommendations and country-focused action plans that fell broadly under three thematic areas, namely developing the regulatory framework, improving the budgetary processes and promoting and ensuring stakeholder engagement. Next steps under the project until its finalisation by the end of 2017 include a Water Policy Dialogue in Lebanon and a Phase II of the relevant process in Palestine.

Atef Majdoub, General Director of the Concession Monitoring Unit, Presidency of the Government, Tunisia stated that progress has been made in PPP since 2014 with a new law on PPP contracts adopted

in 2015, followed by relevant decrees, while the institutional framework is in line with international standards. Two relevant institutions have been created, the Strategic Council which draws up strategies & policies, and the General Body of PPPs which is in charge of monitoring, contracts, statistics etc. The main pillars of forthcoming work include communication and capacity building of public bodies, while two PPP pilots are planned in the area of non-conventional water resources.

Wael Elayyan, Manager of Finance & International Cooperation Directorate, Ministry of Water & Irrigation, Jordan, said that the National Reform Plan is being updated with a set of policies and action plans for each on the introduction of cost recovery for water, energy efficiency, and utilisation of renewable energy sources. The energy dimension of water management in Jordan is significant as 50% of the cost of water is energy-related. He also noted that there are significant additional costs resulting from the implementation of the Jordan Response Plan to the Syrian Refugee Crisis and that Jordan being classified as a medium-level development country affects its overall access to financing.

Mohammad Al Hmaidj, Chief Executive Officer, Water Sector Regulator Council (WSRC), Palestine, praised the project saying it has been a tool and guidance for the Regulator with many of the Dialogue's recommendations having been inserted in the WSRC's workplan. He outlined the key challenges in the water sector in Palestine, the institutional framework and recent reforms. Rules of procedures, roles and responsibilities have been established. Tariff Law has been redefined using a uniform accounting system aiming at true cost recovery. He also presented how a "Modern Utility" should operate based on accountability, corporate governance and market orientation.

In Part 2 of Session I, National Focal Points under MEDPOL presented recent developments under the SAP MED to combat pollution and EIB/MeHSIP representatives gave examples of relevant projects in the region and their socio-economic benefits.

Samir Kaabi, MED POL Focal Point, Tunisia, on behalf of UNEP/MAP gave an overview of the NAP process, from the Barcelona Convention, the LBS Protocol, the SAP MED and the NAPs recently updated in 2015. He presented the pollution reduction targets on water quality, wastewater, solid waste, marine litter and industrial pollution, and the scope of relevant investments on rehabilitation of hotspots, reduction of industrial pollution and elimination of pollutant stocks.

Nick Marchesi from EIB / MeHSIP, presented the initiative's objectives, noting that MeHSIP bridges the gap between project idea and IFIs. He gave examples of implemented and forthcoming projects in the region and noted that at the national level countries discuss identified measures and frame investments. He underlined that reality check for all projects is essential. Cost estimates need to be reviewed in practice, while clear strategy and commitment from governments is required.

Samir Kaabi, Tunisian MEDPOL Focal Point, said that an assessment of the process in Tunisia will be presented soon. He noted that integrated pollution control projects are required, that appropriate institutional arrangements for implementation are crucial for the realization of projects and that the cost of not remedying the pre-existing situation should also be taken into account.

Mohamad Kabriti, MED POL Focal Point, Morocco, gave an overview of relevant projects in his country from 2005-2015 and how measures were pre-selected and investments identified based on the need to meet ecological objectives.

In the brief discussion that followed, the exchanges focused on the learning points (in terms of both successes and failures) from the conduct of the Gov&Fin National Dialogues and their potential applicability in more countries, while queries on the second part of the session revolved around the context of the SAP MED process and the specificities from the cases studies of Tunisia and Morocco.

Session II

12:00- 13:15	<p>Session II: Socio-economic Benefits from Water and Environmental investments</p> <p><u>Moderator:</u> <i>Guy Fleuret</i>, Managing Director, Transport and Urban Development, UfM Sec</p> <ul style="list-style-type: none"> • Business cases from Morocco and Tunisia <ul style="list-style-type: none"> ○ <i>Faouzi Ben Amor, Nick Marchesi and Souad Farsi</i>, EIB/MeHSIP • Cases from H2020: Methodology for selecting flagship projects <ul style="list-style-type: none"> ○ <i>Mohamad Kayyal</i>, Environmental Consultant <p>Discussion</p>
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Faouzi Ben Amor and Souad Farsi from EIB/MeHSIP, focused on two examples of relevant projects in the region and their socio-economic benefits. With the new Wastewater Treatment Plant in Marrakesh, river pollution was reduced, additional water is available, GHG emissions are reduced, biogas is being produced while positive impacts are evident in job creation, health and tourism. The new solid waste management plant in Tunisia led to dumps being closed, reduction in GHG emissions, less groundwater contamination, job creation, income from carbon credits and increased tourism activity.

Mohamad Kayyal, Environmental Consultant, begun by noting that UfM Ministers have mandated the identification of flagship projects that fulfil strategic objectives and are regionally-politically balanced. The methodology for selecting such projects involves a 3-step process assessing the environmental relevance and added value of the project, its cross-border impacts and the stakeholders' needs & requirements.

In the discussion that followed, participants noted that in order for flagship projects to be widely recognised as of priority, they should be designed in line with national development planning and also after having taken into consideration the results of public consultation with stakeholders. It was also noted that while WWTPs are indeed critical infrastructure projects, such flagship projects - good practices should be replicated in other sectors as well.

Session III

14:15-15:45	<p>Session III: PPPs in the Water Sector</p> <p><u>Moderator:</u> <i>Almotaz Abadi, UfM Sec</i></p> <ul style="list-style-type: none"> • Keynote on the status of water PPP in the Mediterranean Region <ul style="list-style-type: none"> ○ <i>Koussai Quteishat, former Secretary General, Ministry of Water and Irrigation, Hashemite Kingdom of Jordan</i> • A structured approach to the PPP project preparation process for public authorities <ul style="list-style-type: none"> ○ <i>Elena Galan, EIB / EPEC</i> • Water PPPs in the MENA Region: An alternative to traditional procurement <ul style="list-style-type: none"> ○ <i>Marcos Martinez, PPP Specialist, EBRD</i> <p>Discussion</p>
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Session III begun with a keynote speech on the status of water PPPs in the Mediterranean Region by Koussai Quteishat, former Secretary General, Ministry of Water and Irrigation, Jordan. He noted that at present almost every country in the region has or is preparing PPP laws, PPP units and project structuring capabilities with many successful cases on desalination and power, especially in the Gulf countries. He made the distinction between reconstruction PPP projects that need to move fast and development projects that require good governance. He highlighted sludge management as a serious issue in the region, which constitutes an important investment opportunity.

Marcos Martinez, PPP Specialist in EBRD described the essential characteristics of PPP. He presented the main constraints for PPP in the region, including the high minimum size (>100mIn€) of the projects, the high nominal price compared to traditional options, the absolute need for political support and the new public management paradigm. He mentioned that on average 1-3 mIn€ are needed from the governments for project preparation and contrary to common belief, PPP tends to be more expensive than traditional Value for Money methodology. He presented two cases of PPP projects funded by the EBRD, the As-Samra WWTP in Jordan and the New Cairo WWTP in Egypt. Finally, he presented how EBRD provides value through technical cooperation, policy dialogues and financing instruments.

Elena Galan, from EIB / European PPP Expertise Centre (EPEC) described the PPP project cycle involving four phases (project identification, detailed preparation, procurement and implementation) and the key issues to consider throughout the cycle (meeting of requirements, commercial viability, manageability, affordability and economic viability). She then presented EPEC's PPP Project Preparation Status Tool, an Excel file with a self-check questionnaire to assess preparation status, as well as EU's MED 5P Initiative, an advisory facility to support PPP preparation, procurement & implementation.

In the discussion that followed, enquiries were made as to the eligibility of specific countries under the MED 5P Initiative, while questions were raised as to the reasons that keep the MENA region lagging behind in the implementation of PPP modalities in the water sector.

Session IV

16:00–17:30	<p>Session IV: Addressing the social aspects of investments, including through PSP</p> <p><u>Moderator:</u> <i>Sarra Touzi</i>, Senior Programme Officer, GWP-Med</p> <ul style="list-style-type: none"> • Social aspects of investments: The why and how <ul style="list-style-type: none"> ○ <i>Niclas Ihren</i>, CSR Expert, Matters Group • Water Integrity, cornerstone to good governance – Opportunities in the MENA region <ul style="list-style-type: none"> ○ <i>James Leten</i>, Project Manager, Water Integrity Capacity Building for the MENA, Stockholm International Water Institute (SIWI) • Stakeholders' Dialogue in Water Governance and Management <ul style="list-style-type: none"> ○ <i>Essam Nada</i>, Executive Director, Arab Network Arab Network for Environment and Development (RAED) • Gender, Water Management and Rural Women <ul style="list-style-type: none"> ○ <i>Boutheina Gribaa</i>, Project Coordinator, Centre of Arab Women for Training & Research (CAWTAR) <p>Discussion</p>
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Niclas Ihren, CSR Expert, noted that CSR is about value creation other than profit, value for society, but at the same time it creates financial value as well. He recommended that Governments push for increased awareness and provide appropriate regulation, and that Businesses realise the benefits of proactivity, including in reputation and costs in the field of CSR. Moving to the social actors in PSP, he stressed that gender equality is not only right but also efficient. Gender can be mainstreamed through the inclusion of a broad spectrum of knowledge in the planning process, through appropriate requirements in Terms of Reference, and through monitoring deliverance.

James Leten, Project Manager, Water Integrity Capacity Building for the MENA, SIWI, stressed that Water Integrity is a cornerstone to good governance, adhering to the principles of transparency, accountability and participation, and based on the values of honesty, equity and professionalism. Corruption has a

significant impact on social equity, health, livelihoods, sustainability and efficiency and stressed the high cost of un-ethical practices. Good management brings more efficient use of money, leading to better performance and reduced costs and risks.

Essam Nada, Executive Director, RAED noted that the water crisis is principally a crisis of governance. He described as challenges to effective governance the balancing of multiple water uses, achieving water equity, resolving water-related conflicts, the adoption of the nexus approach, environmental degradation, and privatisation. To achieve effective governance, we need participation, transparency, equity, accountability, coherence, responsiveness, integration, and ethics.

Boutheina Gribaa, Project Coordinator, CAWTAR, presented the organisation's gender strategy, which aims to enable women to enjoy fully their socio-economic and political rights including access to water and other resources. Using the examples of the GEWAMED and AQUASTAT projects she talked about the water management-related challenges to rural women stressing that it is imperative to encourage women's empowerment by first identifying their needs and valuing their knowledge. She identified the problems of women's limited access to information and the lack of statistical data disaggregated by sex, while she also highlighted that participation remains the cornerstone in the overall endeavour.

In the discussion that followed, questions were raised as to the nature of PSP and whether it can be philanthropic in addition to profit-oriented, while it was also noted that Regulators could be involved more actively in gender mainstreaming. Furthermore, comments from the participants highlighted that an independent regional entity providing relevant support and guidance would be a useful mechanism in the MENA for promoting PSP in the sustainable financing of water services.

DAY 2 – Tuesday, 6 December 2016

09:00-09:30	<p>High Level Session</p> <ul style="list-style-type: none"> ○ <i>H.E. Mohamed Abdallahi Ould Oudaa</i>, Minister of Hydraulics and Sanitation, Mauritania ○ <i>Miguel García-Herraiz</i>, Deputy Secretary General, Water & Environment, UfM Sec
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From left to right: Mr. Vangelis Constantianos, Mr. Miguel García-Herraiz, H.E. Mohamed Abdallahi Ould Oudaa

The second day of the Conference commenced with a brief high level remarks from HE the Mauritanian Minister of Hydraulics and Sanitation and the Deputy Secretary General of the UfM Water & Environment Division. HE Mr. Mohamed Abdallahi Ould Oudaa stressed the value of water in arid areas and the functionality of related structural programmes. Mr. Miguel García-Herraiz stressed the role of regional cooperation through targeted projects for

achieving good water governance at both national and regional levels and stressed the resolute support of the UfM in this direction.

Session V

09:30-11:00	<p>Session V: IFI approaches to debt financing and grant blending for water investments</p> <p><u>Moderator:</u> <i>Miguel García-Herraiz</i>, Deputy Secretary General, Water & Environment, UfM Sec</p> <ul style="list-style-type: none"> • EIB approach to debt financing and grant blending for water investments <ul style="list-style-type: none"> ○ <i>Bruno Denis</i>, Head of Division, Lending Operations in EU Neighbouring Countries, Public Sector South, EIB • Grant blending <ul style="list-style-type: none"> ○ <i>Koussai Quteishat</i>, former Secretary General, Ministry of Water and Irrigation, Jordan <p>Discussion</p>
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Bruno Denis, Head of Division, Lending Operations in EU Neighbouring Countries, Public Sector South, EIB begun by presenting EIB and its activities in the Southern Neighbourhood, where the objectives include the development of economic and social infrastructure, the development of the private sector, and action

on climate change, all of which are relevant to the water sector. He then presented the case studies of the Wadi Al Arab water system in Jordan and the Depolmed project in Tunisia.

Koussai Quteishat, former Secretary General, Ministry of Water and Irrigation, Jordan, described the blending principle as the one which combines grants with loans or equity from public and private financiers. He noted that the basic rationale for blending is to shift the investment risk-return profile by providing flexible capital and favourable terms to overcome the problem of low returns relative to high real and perceived risks that limit private investment. He then elaborated on the framework and the benefits of a BOT project with grant component, referencing the As-Samra WWTP case in Jordan.

In the discussion that followed, the potential of blending was praised while questions were raised as to whether full cost recovery is a realistic option or combination with subsidies should be opted for instead. The issue of the benefits of fiscal incentives was mentioned, while the value of specifying as objectives the PPP operational costs and of documenting the project development process was also accentuated.

Session VI – Part I

11:30-13:00	<p>Session VI: Emerging financing mechanisms for sustainable water investments – Part I</p> <p><u>Moderators:</u> <i>Tassos Krommydas</i>, Senior Programme Officer, GWP-Med & <i>Gilles Berhault</i>, Special Advisor MedCoP</p> <ul style="list-style-type: none"> • EIB and climate action: Opportunities for financing the water sector in the MED region <ul style="list-style-type: none"> ○ <i>Monica Scatasta</i>, Head of Environment, Climate and Social Policy, EIB (via video conference) • Climate Financing: the OSS experience <ul style="list-style-type: none"> ○ <i>Khaoula Jaoui</i>, Expert in Ecosystems and Natural Resource Management, Sahara and Sahel Observatory (OSS) • Integrating mitigation and adaptation in investment projects <ul style="list-style-type: none"> ○ <i>Mohamad Kayyal</i>, Environmental Consultant <p>Discussion</p>
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Monica Scatasta, Head of Environment, Climate and Social Policy, EIB spoke via video conference. She noted that EIB is the largest multi-lateral climate funder in the world, also lending outside the EU with 25% of total funding going to climate actions, with a target of reaching 35% by 2020. Additionally, EIB has a strategy for reinforcing impact, building climate resilience and mainstreaming climate considerations. She also noted that credibility is essential, especially in the Mediterranean/MENA Region. For EIB, water is increasingly the focus with priorities to strengthen water security, improve urban water, and increase agricultural productivity. EIB intends to support the preparation and implementation of NDCs and NAPs in the Region through the CAMENA initiative.

Khaoula Jaoui, Expert in Ecosystems and Natural Resource Management, Sahara and Sahel Observatory (OSS), shared her organisation’s experience in getting accreditation to the Adaptation Fund (AF) in 2013 as a Regional Implementing Agency. She noted that new internal procedures and numerous documents required to conform to AF’s administrative requirements. OSS expects to be also accredited to the Green Climate Fund soon. Accreditation procedures may seem complex, time consuming and costly -especially for countries that need financing the most-, but are beneficial in the end. She then described the process and the results of a project in Uganda on strengthening community resilience to climate change through integrated watershed management.

Mohamad Kayyal, Environmental Consultant, presented how mitigation and adaptation differ in terms of spatial and temporal scales and that benefits are difficult to quantify in adaptation where a large variety of actors is involved. He highlighted the need for mainstreaming, i.e. integration of climate policies into sectoral development planning. He then elaborated on how mitigation and adaptation were mainstreamed in a WWTO project in Montenegro.

In the discussion that followed, participants exchanged views on the particularities of what constitutes mainstreaming climate considerations into development policies and plans, as well as on the implications that the Paris Agreement could have on water resources management priorities and options.

Session VI – Part II

14:00- 15:30	<p>Session VI: Emerging financing mechanisms for sustainable water investments - Part II</p> <p><u>Moderators:</u> <i>Guy Fleuret</i>, UfM Sec & <i>Anthi Brouma</i>, GWP-Med</p> <ul style="list-style-type: none"> • Involving the private sector in financing Goal 6 of the Sustainable Development Goals <ul style="list-style-type: none"> ○ <i>Ivan Draganic</i>, former Global Water Solidarity Manager, UNDP • Insights from the Banking Sector: National Energy & Environmental Incentives <ul style="list-style-type: none"> ○ <i>Mario Houry</i>, Head of Division, Financing Unit, Central Bank of Lebanon • The experience of CONECT on Corporate Social Responsibility (CSR) <ul style="list-style-type: none"> ○ <i>Douja Ben Mahmoud Gharbi</i>, First Vice President and Head of CSR Program at CONECT • CSR opportunities for Non-Conventional Water Resources Management: cases from Mediterranean Islands <ul style="list-style-type: none"> ○ <i>Konstantina Toli</i>, Senior Programme Officer, GWP-Med <p>Discussion</p>
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Ivan Draganic, former Global Water Solidarity Manager, UNDP, presented the experience and lessons learnt from examples of twinning between municipalities, a mechanism active for the past 20 years. He stressed the need to draw linkages across SGD goals for policy integration as well as the need to rely on regional organisations, referring to GWP-Med as an example.

Mario Khoury, Head of Division, Financing Unit, Central Bank of Lebanon, presented in detail the Bank's two Green Initiatives, the NEEREA (National Energy Efficiency and Renewable Energy Action) and the LEA (Lebanese Environmental Action) Mechanisms. Under the first, subsidised loans have been given for photovoltaic systems, solar water heaters, LED lighting and other energy technologies, which have led to the creation of more than 10,000 direct and indirect jobs. Under LEA, projects are funded in sectors such as recycling, landscape, organic farming, stones cladding, roof tiling.

Douja Ben Mahmoud Gharbi, First Vice President and Head of CSR Program at CONECT, presented the Confederation's role and its vision, as well as the criteria for labelling CSR in Tunisia. She noted that the challenge is to secure financing of investments in sustainable development and to encourage corporate citizens to invest in Green Business.

Konstantina Toli, Senior Programme Officer, GWP-Med, first showed a video highlighting the outcomes of the Non-Conventional Water Resources Programme in the Mediterranean. She then elaborated on demo projects under the Programme involving the installation of innovative or traditional rainwater and stormwater harvesting and greywater recycling systems in public buildings. The Programme also includes education, training and awareness raising activities.

In the discussion that followed the presentations, participants raised the issue of behavioural change when it comes to the use of non-conventional water resources, while questions were asked on the specificities and potential replication of the Lebanese Central Bank's practice. Moreover, linkages were made between informal technical assistance and bankable projects, while suggestions were made on utilising the territorial approach for servicing the SDG implementation.

Closing Session

16:00-17:00	<p>Closing Session: towards a Regional Platform for Water PSP in the Mediterranean</p> <ul style="list-style-type: none"> • Interventions by <ul style="list-style-type: none"> ○ <i>Fadi Comair</i>, Director General of Hydraulic and Electric Resources, Ministry of Water and Energy, Lebanon ○ <i>Iakovos Gkanoulis</i>, Special Secretary for Water, Ministry of Environment and Energy, Hellenic Republic • Summary of key points raised & next steps <i>Anthi Brouma</i>, GWP-Med & <i>Guy Fleuret</i>, UfM Sec • Conclusions for financing water & environment infrastructure in the region <ul style="list-style-type: none"> ○ <i>Souad Farsi</i>, Programme Management Analyst, MeHSIP, EIB ○ <i>Marie-Alexandra Veilleux-Laborie</i>, Head of Country, Tunisia, EBRD ○ <i>Vangelis Constantianos</i>, Executive Secretary, GWP-Med ○ <i>Miguel García-Herraiz</i>, Deputy Secretary General, Water and Environment Division, UfM Sec
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The closing session of the Conference begun with brief interventions from government representatives from Lebanon and Greece.

Fadi Comair, Director General of Hydraulic and Electric Resources, Ministry of Water and Energy, Lebanon gave an overview of the water-related challenges in his country and the planned next steps, restating the commitment of the Ministry in the soon-to-be-launched National Dialogue in the country within the framework of the UfM-labelled project.

Iakovos Gkanoulis, Special Secretary for Water, Ministry of Environment and Energy, Greece, gave a presentation on the administrative Framework of water governance in Greece and recent developments regarding the implementation of water-related EU Directives.

In an *ad hoc* intervention, Arben Pambuku, Director of Water Resources Policies at the Albanian Ministry of Agriculture, Rural Development and Water Administration, declared his country's interest for being included in the next phase of work.



From left to right: Mr. Gkanoulis, Ms. Farsi, Mr. Konstantianos, Mr. Garcia-Herraz, Ms. Veilleux-Laborie, Mr. Fleuret, Ms. Brouma

Following that, Anthi Brouma from GWP-Med and Guy Fleuret from the UfM Secretariat provided a summary of the key points raised during the Conference. For effective private sector participation -which is distinct from privatisation processes- we need efficient regulation, accountability, fiscal sustainability and stakeholder involvement. The enabling environment should be designed

with consideration to the national and regional contexts and be pro-poor and socially sensitive. Synergies across financiers need to be maximised in project financing to reinforce the potential of blending. Good cases with replicability potential need to be collected and shared, as well as bad practices that need to be avoided. It is important to build stronger linkages between national water strategies and the SDG implementation process. Countries need to capitalise on both existing and emerging financing mechanisms, including the increasing commitments to climate action from financing institutions (including assistance with accessing funding opportunities) and non-conventional sources of financing through microfinancing, the banking sector, insurance companies, etc.

The proceedings of the Conference ended with closing remarks from representatives of key partners to the Conference.

Souad Farsi from EIB noted that for quick implementation on the ground a clear project idea with the political support from both Ministries of Environment and Finance is strongly recommended, together with the use of appropriate benchmarks and a clear overview of how the ongoing projects processes is being developed.

Marie-Alexandra Veilleux-Laborie, Head of Country, Tunisia, EBRD made reference to the Tunisian Dialogue in the framework of the Governance & Financing project and said that the Bank has 2 new projects to be launched in the country, and noted that the overall deteriorating situation had put pressure on the National Sanitation Utility and the Water Supply and Distribution Corporation.

Vangelis Constantianos from GWP-Med recalled the “tragedy of the commons” perspective and how it can be relevant in discussing water policies in the Region. He also noted that major emerging water-related challenges for the region include, among others, the adoption of the Nexus approach and the role of the water sector in addressing employment and migration pressures.

Miguel García-Herraiz from the UfM Secretariat, presented the recent developments in UfM’s water agenda, stressed the value of having a concrete financing strategy for the Region and noted that good governance is essential for sustainability.



The institutional partners of the two co-organising initiatives reconfirmed their commitment to continue working actively both with countries and at the regional level for achieving sustainable financing of water and environmental projects.

LIST OF ANNEXES

ANNEX I - Agenda

ANNEX II - List of Participants

ANNEX III - Background Note

ANNEX I - Agenda of the Conference (EN & FR)

2nd UfM Regional Conference of Governance & Financing for the Mediterranean Water Sector

Project labelled under the Union for the Mediterranean

*Conference co-organised with the H2020 Pollution Reduction & Prevention
Investment Group (& National Action Plan process)*

5-6 December 2016

Tunis, Tunisia

Venue: Golden Tulip El Mechtel Hotel

Agenda

DAY 1 – Monday, 5 December 2016	
08:30–09:00	Registration
09:00-10:00	Opening Session Welcome <ul style="list-style-type: none">○ <i>Almotaz Abadi</i>, Managing Director, Water and Environment Division, Union for the Mediterranean Secretariat (UfM Sec)○ <i>Vangelis Constantianos</i>, Executive Secretary, Global Water Partnership – Mediterranean (GWP-Med) Opening Statements <ul style="list-style-type: none">○ <i>H.E. Fredrik Floren</i>, Ambassador, Embassy of Sweden in Tunisia○ <i>H.E. Abdallah Rebhi</i>, State Secretary in charge of Hydraulic Resources and Fishery, Ministry of Agriculture, Water Resources and Fishery, Tunisia○ <i>Bruno Denis</i>, Head of Division, Lending Operations in EU Neighbouring Countries, Public Sector South, European Investment Bank (EIB)○ <i>Marcos Martinez</i>, PPP Specialist, European Bank for Reconstruction and Development (EBRD)
10:00- 10:30	Coffee Break
10:30 - 12:00	Session I: The Environmental and Socio-Economic Importance of Water Investments for the Mediterranean Region <u>Moderator:</u> <i>Vangelis Constantianos</i> , Executive Secretary, GWP-Med <i>Part I: Addressing the bottlenecks in the governance-financing nexus for the water sector</i> <ul style="list-style-type: none">• Governance & Financing for the Mediterranean Water Sector GWP-Med/OECD project: current status & findings from the National Policy Dialogues

	<ul style="list-style-type: none"> ○ <i>Anthi Brouma</i>, Head of MENA Region, GWP-Med ● Commentary on the Dialogue processes and next steps <ul style="list-style-type: none"> ○ <i>Atef Majdoub</i>, General Director of the Concession Monitoring Unit, Presidency of the Government, Tunisia ○ <i>Wael Elayyan</i>, Manager of Finance & International Cooperation Directorate, Ministry of Water & Irrigation, Jordan ○ <i>Mohammad Al Hmadi</i>, Chief Executive Officer, Water Sector Regulator Council (WSRC), Palestine <p>Part II: National Action Plan (NAP) process and investment implication</p> <ul style="list-style-type: none"> ● NAP Implementation: Way forward <ul style="list-style-type: none"> ○ <i>Samir Kaabi</i>, MED POL Focal Point, Tunisia ● Mediterranean Hot Spots Investment Programme (MeHSIP) & NAP Analysis <ul style="list-style-type: none"> ○ <i>Nick Marchesi and Souad Farsi</i>, EIB / MeHSIP ● Brief country interventions <ul style="list-style-type: none"> ○ <i>Mohamad Kabriti</i>, MED POL Focal Point, Morocco ○ <i>Samir Kaabi</i>, MED POL Focal Point, Tunisia <p>Discussion</p>
12:00- 13:15	<p>Session II: Socio-economic Benefits from Water and Environmental investments Moderator: <i>Guy Fleuret</i>, Managing Director, Transport and Urban Development, UfM Sec</p> <ul style="list-style-type: none"> ● Business cases from Morocco and Tunisia <ul style="list-style-type: none"> ○ <i>Faouzi Ben Amor, Nick Marchesi and Souad Farsi</i>, EIB/MeHSIP ● Cases from H2020: Methodology for selecting flagship projects <ul style="list-style-type: none"> ○ <i>Mohamad Kayyal</i>, Environmental Consultant <p>Discussion</p>
13:15-14:15	Lunch
14:15-15:45	<p>Session III: PPPs in the Water Sector Moderator: <i>Almotaz Abadi</i>, UfM Sec</p> <ul style="list-style-type: none"> ● Keynote on the status of water PPP in the Mediterranean Region <ul style="list-style-type: none"> ○ <i>Koussai Quteishat, former Secretary General, Ministry of Water and Irrigation, Hashemite Kingdom of Jordan</i> ● A structured approach to the PPP project preparation process for public authorities <ul style="list-style-type: none"> ○ <i>Elena Galan, EIB / EPEC</i> ● Water PPPs in the MENA Region: An alternative to traditional procurement <ul style="list-style-type: none"> ○ <i>Marcos Martinez, PPP Specialist, EBRD</i> <p>Discussion</p>
15:45- 16.00	Coffee Break
16:00–17:30	<p>Session IV: Addressing the social aspects of investments, including through PSP Moderator: <i>Sarra Touzi</i>, Senior Programme Officer, GWP-Med</p> <ul style="list-style-type: none"> ● Social aspects of investments: The why and how

	<ul style="list-style-type: none"> ○ <i>Niclas Ihren</i>, CSR Expert, Matters Group • Water Integrity, cornerstone to good governance – Opportunities in the MENA region <ul style="list-style-type: none"> ○ <i>James Leten</i>, Project Manager, Water Integrity Capacity Building for the MENA, Stockholm International Water Institute (SIWI) • Stakeholders' Dialogue in Water Governance and Management <ul style="list-style-type: none"> ○ <i>Essam Nada</i>, Executive Director, Arab Network Arab Network for Environment and Development (RAED) • Gender, Water Management and Rural Women <ul style="list-style-type: none"> ○ <i>Boutheina Gribaa</i>, Project Coordinator, Centre of Arab Women for Training & Research (CAWTAR) <p>Discussion</p>
20:00	Dinner
DAY 2 – Tuesday, 6 December 2016	
09:00-09:30	<p>High Level Session</p> <ul style="list-style-type: none"> ○ <i>H.E. Mohamed Abdallahi Ould Oudaa</i>, Minister of Hydraulics and Sanitation, Mauritania ○ <i>Miguel García-Herraiz</i>, Deputy Secretary General, Water & Environment, UfM Sec
09:30-11:00	<p>Session V: IFI approaches to debt financing and grant blending for water investments Moderator: <i>Miguel García-Herraiz</i>, Deputy Secretary General, Water & Environment, UfM Sec</p> <ul style="list-style-type: none"> • EIB approach to debt financing and grant blending for water investments <ul style="list-style-type: none"> ○ <i>Bruno Denis</i>, Head of Division, Lending Operations in EU Neighbouring Countries, Public Sector South, EIB • Grant blending <ul style="list-style-type: none"> ○ <i>Koussai Quteishat</i>, former Secretary General, Ministry of Water and Irrigation, Jordan <p>Discussion</p>
11:00-11:30	Coffee Break
11:30-13:00	<p>Session VI: Emerging financing mechanisms for sustainable water investments – Part I Moderators: <i>Tassos Krommydas</i>, Senior Programme Officer, GWP-Med & <i>Gilles Berhault</i>, Special Advisor MedCoP</p> <ul style="list-style-type: none"> • EIB and climate action: Opportunities for financing the water sector in the MED region <ul style="list-style-type: none"> ○ <i>Monica Scatasta</i>, Head of Environment, Climate and Social Policy, EIB (via video conference) • Climate Financing: the OSS experience <ul style="list-style-type: none"> ○ <i>Khaoula Jaoui</i>, Expert in Ecosystems and Natural Resource Management, Sahara and Sahel Observatory (OSS) • Integrating mitigation and adaptation in investment projects <ul style="list-style-type: none"> ○ <i>Mohamad Kayyal</i>, Environmental Consultant <p>Discussion</p>
13:00-14:00	Lunch

14:00- 15:30	<p>Session VI: Emerging financing mechanisms for sustainable water investments - Part II</p> <p><u>Moderators:</u> <i>Guy Fleuret</i>, UfM Sec & <i>Anthi Brouma</i>, GWP-Med</p> <ul style="list-style-type: none"> • Involving the private sector in financing Goal 6 of the Sustainable Development Goals <ul style="list-style-type: none"> ○ <i>Ivan Draganic</i>, former Global Water Solidarity Manager, UNDP • Insights from the Banking Sector: National Energy & Environmental Incentives <ul style="list-style-type: none"> ○ <i>Mario Khoury</i>, Head of Division, Financing Unit, Central Bank of Lebanon • The experience of CONECT on Corporate Social Responsibility (CSR) <ul style="list-style-type: none"> ○ <i>Douja Ben Mahmoud Gharbi</i>, First Vice President and Head of CSR Program at CONECT • CSR opportunities for Non-Conventional Water Resources Management: cases from Mediterranean Islands <ul style="list-style-type: none"> ○ <i>Konstantina Toli</i>, Senior Programme Officer, GWP-Med <p>Discussion</p>
15:30-16:00	<p>Coffee Break</p>
16:00-17:00	<p>Closing Session: towards a Regional Platform for Water PSP in the Mediterranean</p> <ul style="list-style-type: none"> • Interventions by <ul style="list-style-type: none"> ○ <i>Fadi Comair</i>, Director General of Hydraulic and Electric Resources, Ministry of Water and Energy, Lebanon ○ <i>Iakovos Gkanoulis</i>, Special Secretary for Water, Ministry of Environment and Energy, Hellenic Republic • Summary of key points raised & next steps <i>Anthi Brouma</i>, GWP-Med & <i>Guy Fleuret</i>, UfM Sec • Conclusions for financing water & environment infrastructure in the region <ul style="list-style-type: none"> ○ <i>Souad Farsi</i>, Programme Management Analyst, MeHSIP, EIB ○ <i>Marie-Alexandra Veilleux-Laborie</i>, Head of Country, Tunisia, EBRD ○ <i>Vangelis Constantianos</i>, Executive Secretary, GWP-Med ○ <i>Miguel García-Herraiz</i>, Deputy Secretary General, Water and Environment Division, UfM Sec
<p style="text-align: center;">End of the Conference</p>	

2ème Conférence Régionale de l'UpM sur la Gouvernance et le Financement du Secteur de l'Eau en Méditerranée

Projet labellisé sous l'Union pour la Méditerranée

*Conférence co-organisée avec le Groupe d'Investissement pour la Réduction et Prévention de
la Pollution (& processus NAP)*

5-6 Décembre 2016, Tunis, Tunisie

Lieu: Hôtel Golden Tulip El Mechtel

Ordre du jour

JOUR 1 - Lundi 5 Décembre 2016	
08:30–09:00	Enregistrement
09:00-10:00	Séance d'ouverture Allocutions d'ouverture <ul style="list-style-type: none">○ <i>Almotaz Abadi</i>, Secrétaire Général Adjoint, Division de l'Eau et de l'Environnement, Secrétariat de l'Union pour la Méditerranée (UpM Sec)○ <i>Vangelis Constantianos</i>, Secrétaire Exécutif, Global Water Partnership – Mediterranean (GWP-Med) Déclarations d'ouverture <ul style="list-style-type: none">○ <i>S.E. Fredrik Floren</i>, Ambassadeur, Ambassade de Suède en Tunisie○ <i>S.E. Abdallah Rebhi</i>, Secrétaire d'Etat chargé des Ressources Hydrauliques et de la Pêche, Ministère de l'Agriculture, des Ressources Hydrauliques et de la Pêche, Tunisie○ <i>Bruno Denis</i>, Chef de division, Opérations de Prêts dans les Pays Voisins de l'UE, Secteur Public Sud, Banque Européenne d'Investissement (BEI)○ <i>Marcos Martinez</i>, Spécialiste PPP, Banque Européenne pour la Reconstruction et le Développement (BERD)
10:00- 10:30	Pause-café
10:30 - 12:00	Session I: Importance environnementale et socio-économique des investissements dans le secteur de l'eau pour la région Méditerranéenne <u>Modérateur:</u> <i>Vangelis Constantianos</i> , Secrétaire Exécutif, GWP-Med <i>Part I: Surmonter les goulets d'étranglement dans le Nexus gouvernance-financement pour le secteur de l'eau</i> <ul style="list-style-type: none">• Gouvernance et financement du secteur de l'eau en Méditerranée, Projet GWP-Med / OCDE: situation actuelle et résultats des dialogues politiques nationaux<ul style="list-style-type: none">○ <i>Anthi Brouma</i>, Chef de la région MENA, GWP-Med• Commentaires sur les processus de dialogue et les prochaines étapes

	<ul style="list-style-type: none"> ○ <i>Atef Majdoub</i>, Directeur Général de l'Unité de Suivi des Concessions, Présidence du Gouvernement, Tunisie ○ <i>Wael Elayyan</i>, Directeur de la Direction des Finances et de la Coopération Internationale, Ministère de l'Eau et de l'Irrigation, Jordanie ○ <i>Mohammad Al Hmaid</i>, Directeur Général, Conseil du régulateur du secteur de l'eau (WSRC), Palestine <p>Partie II: Processus PAN (Plan d'Actions Nationaux) et implication en matière d'investissements</p> <ul style="list-style-type: none"> ● Mise en œuvre des PANs: la voie à suivre, <ul style="list-style-type: none"> ○ <i>Samir Kaabi</i>, Point Focal MED POL, Tunisie ● Programme d'Investissement pour l'Élimination des Principales Sources de Pollution en Méditerranée (MeHSIP) & Analyse des PAN <ul style="list-style-type: none"> ○ <i>Nick Marchesi and Souad Farsi</i>, BEI / MeHSIP ● Brèves interventions des pays <ul style="list-style-type: none"> ○ <i>Mohamad Kabriti</i>, Point Focal MED POL, Maroc ○ <i>Samir Kaabi</i>, Point Focal MED POL, Tunisie <p>Discussion</p>
12:00- 13:15	<p>Session II: Avantages socioéconomiques des investissements dans l'eau et l'environnement <u>Modérateur</u>: <i>Guy Fleuret</i>, Directeur Général, Transports et urbanisme, UpM Sec</p> <ul style="list-style-type: none"> ● Cas d'affaires du Maroc et de la Tunisie <ul style="list-style-type: none"> ○ <i>Faouzi Ben Amor, Nick Marchesi and Souad Farsi</i>, BEI ● Cas d'affaires de H2020 : Méthodologie de sélection des projets phares <ul style="list-style-type: none"> ○ <i>Mohamad Kayyal</i>, Conseiller en Environnement <p>Discussion</p>
13:15-14:15	Déjeuner
14:15-15:45	<p>Session III: PPP dans le secteur de l'eau <u>Modérateur</u>: <i>Almotaz Abadi</i>, UpM Sec</p> <ul style="list-style-type: none"> ● Keynote sur l'état des PPP de l'eau dans la région méditerranéenne <ul style="list-style-type: none"> ○ <i>Koussai Quteishat</i>, Ex-Secrétaire Général, Ministère de l'Eau et de l'Irrigation, Royaume Hachémite de Jordanie ● Une approche structurée du processus de préparation des PPP pour les pouvoirs publics <ul style="list-style-type: none"> ○ <i>Elena Galan</i>, BEI / EPEC ● PPP de l'eau dans la région MENA : Une alternative aux contrats traditionnels <ul style="list-style-type: none"> ○ <i>Marcos Martinez</i>, Spécialiste PPP, EBRD <p>Discussion</p>
15:45- 16.00	Pause-café

16:00–17:30	<p>Session IV: Considérer les aspects sociaux des investissements, y compris à travers la Participation du Secteur Privé (PSP) <u>Modérateur:</u> <i>Sarra Touzi</i>, Chargée de Programme Senior, GWP-Med</p> <ul style="list-style-type: none"> • Aspects sociaux des investissements: pourquoi et comment <ul style="list-style-type: none"> ○ <i>Niclas Ihren</i>, Expert en RSE, Matters Group • L'Intégrité de l'eau, pierre angulaire de la bonne gouvernance - Opportunités dans la région MENA <ul style="list-style-type: none"> ○ <i>James Leten</i>, Chef de projet, Renforcement des capacités en matière d'intégrité de l'eau pour la région MENA, Institut International de l'Eau de Stockholm (SIWI) • Dialogue des parties prenantes dans la gouvernance et la gestion de l'eau <ul style="list-style-type: none"> ○ <i>Essam Nada</i>, Directeur Exécutif, Réseau Arabe pour l'Environnement et le Développement (RAED) • Genre, gestion de l'eau et femmes rurales <ul style="list-style-type: none"> ○ <i>boutheina gribaa</i>, Coordinatrice de projets chez CAWTAR (Centre des Femmes Arabes pour la Formation et la Recherche) <p>Discussion</p>
20:00	Dîner
JOUR 2 - Mardi 6 Décembre 2016	
09:00-09:30	<p>Session de haut niveau</p> <ul style="list-style-type: none"> ○ <i>S.E. Mohamed Abdallahi Ould Oudaa</i>, Ministre de l'Hydraulique et de l'Assainissement, Mauritanie ○ <i>Miguel García-Herraiz</i>, Secrétaire Général Adjoint, Eau et environnement, Secrétariat de l'UpM
09:30-11:00	<p>Session V: Les approches des Instruments Financiers Innovants de (IFI) pour le financement et le mixage de subventions pour les investissements dans l'eau <u>Modérateur:</u> <i>Miguel García-Herraiz</i>, Secrétaire Général Adjoint, Eau et environnement, Secrétariat de l'UpM</p> <ul style="list-style-type: none"> • Approche de la BEI pour le financement de la dette et le mélange des subventions pour les investissements dans l'eau <ul style="list-style-type: none"> ○ <i>Bruno Denis</i>, Chef de division, Opérations de Prêt dans les Pays Voisins de l'UE, Secteur Public Sud, Banque Européenne d'Investissement (BEI) • Mixage de subventions <ul style="list-style-type: none"> ○ <i>Koussai Quteishat</i>, Ex-Secrétaire Général, Ministère de l'Eau et de l'Irrigation, Royaume Hachémite de Jordanie <p>Discussion</p>
10:30-11:00	Pause-café
11:00-13:00	<p>Session VI: Nouveaux mécanismes de financement pour des investissements durables dans l'eau – Partie I <u>Modérateurs:</u> <i>Tassos Krommydas</i>, Chargé de Programmes Senior, GWP-Med & <i>Gilles Berhault</i>, Conseiller Spécial MedCoP</p> <ul style="list-style-type: none"> • BEI et action climat: opportunités de financement du secteur de l'eau dans la région MED

	<ul style="list-style-type: none"> ○ <i>Monica Scatasta</i>, Chef de l'Environnement, du Climat et de la Politique sociale, BEI (via vidéoconférence) • Financement climat: l'expérience de l'OSS <ul style="list-style-type: none"> ○ <i>Khaoula Jaoui</i>, Experte en Ecosystèmes et Gestion des Ressources Naturelles, Observatoire du Sahara et du Sahel (OSS) • Intégrer l'atténuation et l'adaptation dans les projets d'investissement <ul style="list-style-type: none"> ○ <i>Mohamad Kayyal</i>, Conseiller en Environnement <p>Discussion</p>
13:00-14:00	Déjeuner
14:00- 15:30	<p>Session VI: Nouveaux mécanismes de financement pour des investissements durables dans l'eau – Partie II</p> <p><u>Moderators:</u> <i>Guy Fleuret</i>, UpM Sec & <i>Anthi Brouma</i>, GWP-Med</p> <ul style="list-style-type: none"> • Impliquer le secteur privé dans le financement de l'Objectif 6 des Objectifs du Développement Durable <ul style="list-style-type: none"> ○ <i>Ivan Draganic</i>, Ex-responsable de la Global Water Solidarity, UNDP • Perspectives du secteur bancaire: Incitatifs nationaux à l'énergie et à l'environnement <ul style="list-style-type: none"> ○ <i>Mario Khoury</i>, Chef de division, Unité de financement, Banque Centrale du Liban • L'expérience de la CONECT en Responsabilité Sociétale des Entreprises (RSE) <ul style="list-style-type: none"> ○ <i>Douja Ben Mahmoud Gharbi</i>, Première Vice-Présidente de la CONECT et Responsable du programme RSE • Possibilités de RSE pour la gestion des ressources en eau non conventionnelles : cas des îles méditerranéennes <ul style="list-style-type: none"> ○ <i>Konstantina Toli</i>, Senior Programme Officer, GWP-Med <p>Discussion</p>
15:30-16:00	Pause-café
16:00-17:00	<p>Séance de clôture: Vers une Plateforme Régionale pour la PSP dans l'eau en Méditerranée</p> <ul style="list-style-type: none"> • Interventions par <ul style="list-style-type: none"> ○ <i>Fadi Comair</i>, Directeur Général des Ressources Hydrauliques et Électriques, Ministère de l'Eau et de l'Énergie, Liban ○ <i>Iakovos Gkanoulis</i>, Secrétaire Spécial pour l'Eau, Ministère de l'Environnement et de l'Energie, République Hellénique • Résumé des principaux points soulevés et des prochaines étapes <i>Anthi Brouma</i>, GWP-Med & <i>Guy Fleuret</i>, UpM Sec • Conclusions pour le financement de l'infrastructure de l'eau et de l'environnement dans la région <ul style="list-style-type: none"> ○ <i>Souad Farsi</i>, Analyste en Gestion de Programmes, MeHSIP, BEI ○ <i>Marie-Alexandra Veilleux-Laborie</i>, Chef de Bureau en Tunisie, BERD ○ <i>Vangelis Constantianos</i>, Secrétaire Exécutif, GWP-Med ○ <i>Miguel García-Herraiz</i>, Secrétaire Général Adjoint, Division de l'Eau et de l'Environnement, Secrétariat de l'UpM
Fin de la conférence	

ANNEX II – List of Participants

2nd UfM Regional Conference of Governance & Financing for the Mediterranean Water Sector, Tunis, 5 December 2016				
	Title	Surname	Name	Organisation
1	Mr	Abadi	Almotaz	Union for the Mediterranean
2	Mr	Abu dayyeh	Raja	Ministry of water and irrigation, Water Authority of Jordan
3	Mr	Abu Humra	Izzat Ahmad Salman	Ministry of Environment, Jordan
4	Mr	Al Hmaid Naser	Mohammad	WSRC- Palestine
5	Ms	Al Ja'afreh	Waed	Arab Countries Water Utilities Association (ACWUA)
6	Ms	Annabi	Chadlia	SONEDE
7	Mr	Azaiez	Habib	Institut Méditerranéen de l'Eau (IME)
8	Ms	Bahlous	Lamia	Global Water Partnership Mediterranean - GWP-Med
9	Dr	Bahri	Akissa	National Research Institute for Rural Engineering, Water and Forestry (INRGREF)
10	Mr	Belaid	Naoufel	ENDA TAMWEEL
11	Ms	Bel Hadj Yahia	Souraya	DGFIOP
12	Mr	Ben Amor	Faouzi	EIB
13	Mr	Ben Amor	Jawher	Ministry of Finance- Tunisia
14	Mr	Ben Cheikh	Ezzedine	SECADENOR
15	Mr	Ben Mohamed	Kamel	Journalist
16	Mr	Ben Sakka	Mohammed	GIZ
17	Ms	Ben Zakour	Meriam	Global Water Partnership Mediterranean - GWP-Med
18	Mr	Benaddou	Ahmed	National Office of Electricity and Water Potable- Branch Water, Morocco
19	Ms	Ben Salah	Ines	OTEDD/ ANPE
20	Mr	Berhault	Gilles	MedCop Climat
21	Mr	Bouguerra	Nejeh	Trade Union Chamber of Water System Auditors
22	Ms	Bousselmi	Latifa	Centre of Water Research and Technologies, CERTE
23	Ms	Brouma	Anthi	Global Water Partnership Mediterranean - GWP-Med
24	Mr	Chaibi	Youssef	SECADENOR
25	Mr	Constantianos	Vangelis	Global Water Partnership Mediterranean - GWP-Med
26	Mr	Dabbouni	Marouene	DGBGTHE

27	Mr/M	Denis	Bruno	European Investment Bank
28	Mr	Doro	Mahmoud	General company for water and waste water
29	Mr/M	Draganic	Ivan	Ex UNDP
30	Mr	El Ayani	Foued	French Development Agency
31	Ms	EL Chaar	Diala	Higher Council for Privatization, Lebanon
32	Mr	El Khoury	Mario	Central Bank of Lebanon
33	Mr	El Masry Moustafa	Abdelhamid Mohamed Abdelhamid Mohamed Moustafa	The Egyptian Water Regulatory and Consumer Protection Agency
34	Mr	Elayyan	Wael	Ministry of Water & Irrigation (MWI), Jordan
35	Mr	Elfil	Hamza	Center of Water Research
36	Mr	Ezzeddine	Fadhel	
37	Mr	Farsi	Souad	EIB
38	Mr	Fleuret	Guy	Union for the Mediterranean
39	Mr	Florén	Fredrik	Embassy of Sweden in Tunisia
40	Dr	Gafrej	Raoudha	University of Tunis El Manar, Tunisia
41	Ms	Galan	Elena	EIB-EPEC
42	Mr	Gharbi	Ahmed	CERTE
43	Ms	Gjani	Carmen Alina	Ministry of Agriculture, Rural Development and Water Administration, Albania
44	Prof	Gkanoulis	Iakovos	Ministry of Environment and Energy, Greece
45	Ms	Griba	Boutheyna	CAWTAR
46	Ms	Haggui	Tiba	Ministry of Agriculture- Tunisia
47	Ms	Hauem	Manel	Presidency of the Government of Tunisia
48	Dr	Hassan Moustafa	Mohamed Hassan Mohamed Moustafa	Egyptian Water and Wastewater Regulatory Agency
49	Ms	Horrache	Faten	AED Water and Development Association
50	Mr	Hosni	Mohamed Sadok	Ministry of Finance- Tunisia
51	Mr	Ihren	Niclas	Matters Group
52	Mr/M	Jaber	Bassam	Central Tendering Department / Ministry of Public Works and Housing - Palestine
53	Ms	Jaoui	Khaoula	Observatory of the Sahara and the Sahel - OSS
54	Mr	Jemmali	Khalil	Water and Development Association, Tunisia
55	Mr	Kaabi	Samir	ANPE/OTEDD
56	Mr	Kabriti	Mohamed	Ministry of Environment- Morocco

57	Mr	Kajo	Ervin	Ministry of Agriculture, Rural Development and Water Administration, Albania
58	Ms	Kaltsa	Panagiota	Global Water Partnership Mediterranean - GWP-Med
59	Ms	Kammoun	Sondes	BPEH
60	Dr	Kayyal	Mohamad	LDKConsultants Engineers & Planners
61	Ms	Kefi	Karima	Swiss Embassy, International Cooperation Division
62	Ms	Khashman	Yasmeen	Arab Countries Water Utilities Association (ACWUA)
63	Mr	Kherraz	Khatim	Observatory of the Sahara and the Sahel - OSS
64	Mr	Khlass	Mehdi	DGFIOP
65	Ms	Kotsani	Chara	LDK Consultnats Engineers & Planners
66	Mr	Krommydas	Tassos	Global Water Partnership Mediterranean - GWP-Med
67	Ms	Laabidi	Elhem	ONAS
68	Mr	Laabdi	Younes	Ministry Delegate in charge of Water - Kingdom of Morocco
69	Mr	Leten	James	UNDP Water Governance Facility at SIWI
70	Ms	Mabrouk	Awatef	Sociologue
71	Ms	Majdalani	Zeina	Office of Prime Minister, Lebanon
72	Mr	Majdoub	Atef	Presidency of the government, Tunisia
73	Mr	Marchesi	Nick	EIB/MeHSIP
74	Mr	Martinez Garcia	Marcos	EBRD
75	Mr	Maxime	Thibon	Observatoire du Sahara et du Sahel
76	Mr	Meddeb	Samir	Expert Environment
77	Mr	Merla	Andrea	Consultant
78	Mr	Mesnil	Alexandre	GIZ
79	Ms	Miletto	Michela	UNESCO
80	Ms	Mohamed Taleb	Mohamed El Moctar	Ministry of Hydraulics and Sanitation, Mauritania
81	Mr	Monane	Saadou Ebih	Ministry of Hydraulics and Sanitation, Mauritania
82	Mr	Nada	Essam	Arab Network for Environment and Development "RAED"
83	Ms	Nefzi	Samira	OTEDD/ ANPE
84	Mr	Nofal	Issam	Ministry of Agriculture, Palestine
85	Mr	Nouira	Mohamed	Ministry of Finance- Tunisia
86	Mr	Ouasli	Abderrahman	BPEH
87	Ms	Oueslati	Hela	JICA
88	Mr	Pambuku	Arben	Ministry of Agriculture, Rural Development and Water Administration, Albania
89	Mr	Quteishat	Koussai	Jordan River Consulting Services

90	Mr	Reigeluth	Stuart	Revolve
91	Ms	Rhatousi	Nadia	Directorate of Public Enterprises and Privatization- Ministry of Economy and Finance, Morocco
92	Ms	Ryfisch	Simon	Global Water Partnership Mediterranean - GWP-Med
93	Mr	Seghiri	Hicham	University of Oran 2, Algeria
94	Ms	Sehili	Sana	MDCI
95	Ms	Seymeh	Romen	Media and Geology Faculty
96	Mr	Shouman	Tarek	NCI Egypt
97	Mr	Souissi	Abderrazek	BPEH
98	Ms	Toli	Konstantina	Global Water Partnership Mediterranean - GWP-Med
99	Mr	Torrey	Adam	The Water Project
100	Dr	Touzi	Sarra	Global Water Partnership Mediterranean - GWP-Med
101	Ms	Zaouali	Asma	Caisse des Dépôts et Consignations (CDC)

2nd Regional Conference

Governance & Financing for the Mediterranean Water Sector

Project labelled under the Union for the Mediterranean

Organised in synergy with the UfM's H2020 Pollution Reduction & Prevention Investment Group (& NAP process).

5-6 December 2016

Tunis, Tunisia

Venue: Golden Tulip El Mechtel Hotel

Background Note

Introduction

This document has a twofold purpose: on the one hand to present the rationale and setting of the 2nd Regional Conference of the Union for the Mediterranean (UfM) labelled project *Governance & Financing for the Mediterranean Water Sector*, with separate information on the work of the event's two co-organising initiatives. On the other hand, this Note will provide some background information and analysis on the key issues to be discussed during the Conference, namely the governance-financing nexus, depollution investment needs and the identification of hot spots, and climate financing as an emerging financing mechanism to water and environmental investments.

Purpose & Setting of the Conference

The 2nd Regional Conference of the Union for the Mediterranean (UfM) labelled project *Governance & Financing for the Mediterranean Water Sector* is organised in Tunis, Tunisia, on 5-6 December 2016 in collaboration with the H2020 Pollution Reduction & Prevention Investment Group (PRPI) in relation with the National Action Plans on Depollution, developed under the framework of UNEP-MAP. The Conference will be held under the auspices of the Tunisian Ministry of Agriculture, Water Resources and Fisheries.

The Conference aims to continue and reinforce the Regional Policy Dialogue, set off during the Launching of the UfM project in May 2013, and the sharing of experiences and best practices on the water governance and sustainable financing nexus by bringing together targeted Mediterranean stakeholders from within and outside the water and water-related sectors, including public authorities, civil society and the private sector.

More specifically, the purpose of the Regional Conference is to:

- Present and disseminate widely the outcomes from the Water Policy Dialogues conducted under the UfM labelled project and completed in Jordan, Tunisia and Palestine and discuss the way forward.
- Share experiences and views on sustainable financing mechanisms for water infrastructure and identify ways for promoting action at both policy and implementation levels, including through a regional platform among public, private and civil society actors.
- Explore synergies (existing and upcoming) with related initiatives and projects, as well as the role of cross-cutting themes (e.g. gender, integrity, rights, etc.) in the water governance and financing line of work.
- Ensure synergies within the H2020 initiative, in particular regarding investment prioritisation and financing modalities for large-scale investment projects in depollution efforts.
- Highlight the need for update of information related to pollution hotspots, identification of investment projects, preparation of priority projects and coordination between Financial Institutions (FIs).

The Regional Conference is relevant to:

- Representatives of government authorities combining the expert (water and water related issues) as well as the financing/planning tracks;
- Representatives of water and wastewater utilities;
- Private sector representatives with an interest in water PPPs;
- Representatives of Regional and National Stakeholder Organisations including Civil Society Organisations;
- International and Regional Institutions and Organisations; and
- Representatives of donor and financing institutions active in water issues in the Mediterranean Region.

The Conference represents an integral part of the activities of the *Governance & Financing for the Mediterranean Water Sector* regional project that has been officially labelled under the UfM and is jointly implemented by the Global Water Partnership – Mediterranean (GWP-Med) and the Organisation for Economic Cooperation and Development (OECD).

The Conference is organised in close cooperation with the *H2020 Pollution Reduction & Prevention Investment Group*, co-chaired by the UfMS and EIB. The PRPI group is working on the identification and acceleration of financial investments based on the priorities of pollution reduction stipulated in the National Action Plans (NAPs), which were adopted in early 2016 in the framework of the LBS Protocol of the Barcelona Convention, under the UNEP/MAP MEDPOL programme. As mandated by Ministers and set out in the objectives of H2020, the PRPI group aims to establish a list of flagship projects that contribute to environmental de-pollution of the Mediterranean and socio-economic development in the region.

The Conference is supported by the Swedish International Development Agency (Sida) and the Union for the Mediterranean and will be conducted in strategic partnership with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the Mediterranean Component of the EU Water Initiative (MED EUWI).

All Sessions of the Conference will be held at the Golden Tulip El Mechtel Hotel. GWP-Med is the key organisers of the event. The working languages of the Conference will be English, French and Arabic with simultaneous interpretation.

Rationale of the Conference

The rationale for holding this conference stems from the fact that Regional Policy Dialogue and the sharing of experiences between the various Mediterranean countries is fundamental to creating synergies between countries' initiatives and projects, as well as providing support to cross-cutting themes in the water governance and financing. Accordingly, the conference touches on key issues and links specific aspects such as information on governance and financing in the water sector, the work on depollution investment on the regional level and climate financing through the sharing of concrete and operational business cases, best practices and existing experiences.

The different topics, which are covered in seven sessions during the Conference, reflect the different angles through which Mediterranean stakeholders, from within and outside the water and water-related sectors, can enhance their ongoing dialogue process and ensure a more effective use of existing financial resources. The common denominator of the topics is the fact that these strategic water-related investment needs contribute to the overall objective of climate change adaptation and need to rely on financing mechanisms that are adapted and innovative so as to rise to the current challenge, and in particular through associating the private sector to existing financing mechanisms. In order to ensure the sustainability and implementation of complex projects an active participation of all types of actors is required.

Information on the Governance & Financing Project and the H2020 work on Depollution Investment Projects (PRPI)

Governance & Financing for the Mediterranean Water Sector

The four-year (2013 –2017) regional project aims to diagnose key governance bottlenecks to mobilising financing through public private partnerships (PPPs) for the Mediterranean water sector and to support the development of consensual action plans based on international good practices.

The official labelling of the Project by the Union for the Mediterranean (UfM) in 2012 through its endorsement by its 43 members, demonstrates wide political support and a clear acknowledgment of the Project's potential to deliver concrete benefits for the citizens and the environment of the Mediterranean and contribute to the regional stability. It is implemented jointly by the Global Water Partnership-Mediterranean (GWP-Med) and the Organisation for Economic Cooperation and Development (OECD).

Important for launching the implementation of this regional project has been the strategic partnership with the Swedish International Development Agency (Sida) and the European Investment Bank (EIB). The steady support, already since 2009, of the GEF/ UNEP-MAP MedPartnership programme and the Mediterranean Component of the EU Water Initiative (MED EUWI) has been instrumental for concretising the project's line of work and setting it in motion.

With the presence of more than a hundred stakeholders, among them three Ministers and one Deputy Minister indicating a strong political support, the *Governance & Financing for the Mediterranean Water Sector* Project was officially launched on 28-29 May 2013, at the seat of the UfM Secretariat, in Barcelona, Spain.

At national level, Water Policy Dialogues have been completed in Jordan (2013-2014), Tunisia (2013-2014) and Palestine (2014-2015). Tangible outcome of these multi-stakeholder Policy Dialogues is the elaboration of country-tailored National Reports on Governance Challenges to Private Sector Participation in Water. These Reports include a diagnostic analysis of the key governance bottlenecks to private sector participation (PSP) in water supply and sanitation services as well as concrete policy recommendations and a consensus-based action plan for overcoming them. The Policy Dialogues developed through an interplay of solid technical work and multi-stakeholder consultation workshops that fed into and guided the elaboration of the analytical work. Further to Jordan, Tunisia and Palestine, Albania, Egypt, Lebanon and Morocco have provided official support letters for being involved in the conduct of similar national work.

At regional level, regular cross-Mediterranean events constitute a platform for experience and knowledge sharing while showcasing the results of the analytical work conducted at national level. The 1st Regional Conference took place in Athens, on 28-30 October 2014, gathering more than 110 Mediterranean representatives and peer-reviewing the findings of the work in Jordan and Tunisia. The forthcoming 2nd Regional Conference is expected to reinforce the informal regional platform among policy makers, private sector actors and civil society representatives and also contribute to the compilation of a compendium of replicable good practices, relevant to the Mediterranean/MENA context.

All information and accompanying documents relating to both the national and the regional components of the Project are available on the dedicated website at <http://www.gwp.org/governanceandfinancing>

Linking the national and regional: financing national priorities based on the National Action Plans (NAPs) for the regional benefit

The reduction and control of pollution of the Mediterranean Sea has been the guiding thread of UNEP through its Mediterranean Action Plan (UNEP-MAP) and a key issue of the Horizon 2020 Initiative (H2020) dedicated to Southern countries. UNEP-MAP through its MEDPOL program provided legally binding regional plans and decisions; established priorities and set-up regional pollution reduction targets for 2025; and is currently in the process of overseeing the updating of the National Action Plans (NAPs) initially conceived in 2005.

H2020 has the objective of tackling 80 percent of pollution reaching the Sea by 2020. This initiative is led by the European Commission and organised through three components:

- (i) The Pollution Reduction and Prevention Investment (PRPI) group, co-chaired by the EIB and the UfM Secretariat;
- (ii) The Capacity Building (CB) group
- (iii) The Review and Monitoring (RM) group

During the UfM Ministerial Meeting on Environment and Climate Change (May 2014), countries gave a clear indication on the need to step up efforts and recognised the need to reinforce

activities in the fields of investments on pollution reduction, a wider thematic scope, information sharing and closer cooperation and synergies. The Pollution Prevention and Reduction Investment (PRPI) sub-group constituted by major donors and international financial institutions, co-chaired by EIB and UfM is tasked to identify, finance and implement priority H2020 investment projects. Specifically, the group aims to:

1. To update key information on projects and prioritise and plan investments needed to meet the overall objective;
2. To prepare needed priority (flagship) investment projects and, in the process, to strengthen the project preparation capacity. UfM labelling could present an added value to highlight specifically relevant and exemplary regional actions;
3. To secure funding and implement these projects. A further horizontal objective would be to ensure synergies within the H2020 programme, notably through knowledge management and transfer of information and/or technology related to investment between the PRPI and the Capacity Building, the Review and Monitoring and the Research components.

It is under this mandate that the PRPI group, consisting of IFIs and donors, UNEP/MAP, EU and EEA, are working on the financing of investment depollution projects with an emphasis on projects which will make the largest contributions and impacts towards the achievement of depollution of the Mediterranean Sea, the protection of environment and the region's socio-economic welfare, with particular focus on cross-border impacts of investment projects and extent to which support is offered by governmental authorities and relevant stakeholders to project implementation. The advancements of the MeHSIP Programme (Mediterranean Hot Spot Investment Programme) led by EIB and concentrating on 6 Southern Mediterranean countries presents an important contribution in this sense.

Some background to the water governance & financing nexus

The water and water-related challenges are widely recognised as a complex interaction of multiple causes and effects. At the core, governance deficit, mismanagement and under-financing play a major role, inducing and reinforcing each other and undermining the quality and sustainability of the water and sanitation sector. In the Mediterranean region, despite the significant dedication of public funds and the flow of funding in the form of Overseas Development Assistance (ODA), loans or otherwise, countries struggle and usually fail to meet the financial requirements that water-related strategies and plans entail. In particular, the lack of basic elements of a sound governance framework, including absorption capacity at both national and local levels, impedes the efficient use of available funding and the mobilisation of much needed additional sources of financial and managerial resources, particularly from the private sector.

The governance deficit has been under severe scrutiny due to the ongoing socio-political unrest in the Southern Mediterranean, popularly known as the Arab Spring and its aftermath, and the lingering socio-economic crisis across the region, exacerbated with the influx of refugees and escalating migration-related concerns. In-depth reforms in the political economies of the

countries are called upon, along with a pressing need for more effective and responsive water service provision, wider participation of stakeholders, more bottom-up and decentralised planning and implementation processes and more transparency and accountability in the policy and decision making¹. Such reforms necessitate the implementation of good governance principles and within an integrated water resource framework that tackles gaps and shortcomings, notwithstanding those posed by the lack of adequate financing. The haunting regional unrest has also strongly highlighted the urgent need for action in order to re-establish trust among actors and reinforce ownership; consultative processes and constructive multi-stakeholder dialogues figure among the effective ways of responding to this need.

The magnitude of the challenge is further highlighted when considering the available funding together with the pertaining financial needs for water infrastructure, especially in the southern shores of the Mediterranean where large water-related investment programmes, on-going in most countries, have been primarily supported by public funds. For example, North African governments spend on average between 1 and 3.6 per cent of their GDP on the water sector², while in the post-2005 period water has represented 20 and 30 per cent of government expenditures respectively in Algeria and Egypt³. Significant variations can be observed in the public spending for the water sector (where the optimal has been set at 0.8 per cent of GDP), with Tunisia for example dedicating 1.7 per cent, while Lebanon directing 0.5 per cent of its GDP for public investment in the water and wastewater sector.

Despite the reducing flows of funding through external sources and the substantial financing gap, Southern Mediterranean countries attribute a steady priority to the water sector (and the needed infrastructure) also in view of meeting water-related international goals (e.g. Sustainable Development Goals and the 2030 Agenda for Sustainable Development⁴) and implementing measures to respect the universally recognised human right to water. It should be acknowledged that the Southern Mediterranean countries do not face the classic infrastructure access gap observed in other developing countries, since they have largely achieved universal access to basic infrastructure, though with less success in rural areas. Strong demography and rapid urbanisation combined with structural transformation of the political economies and migration concerns have resulted in strong demands for infrastructure services that most governments in the region struggle to cope with.

Specifically for the water sector, some figures from previous related work reveal the magnitude of the challenge. Based on the findings of the joint work GWP-Med and OECD conducted in Lebanon⁵, the needed investments in the country for the next ten years have been estimated at 7.7 billion US\$, among which only 1.6 billion US\$ have been secured. The Lebanese government has estimated that financial contributions through the state budget and ODA will not suffice to

¹ As reflected in the processes initiated in several of the countries towards constitutional reforms (i.e. Algeria, Jordan, Morocco) and/or setting in place new constitutions (i.e. Egypt, Tunisia). The wealth of analyses in related articles/studies (including as these are presented in national and international press) and the plethora of workshops/conferences reflect also on these elements.

² **World Bank (2007), *Making the most of scarcity, Accountability for better water management in the Middle East and North Africa***

³ Ibid

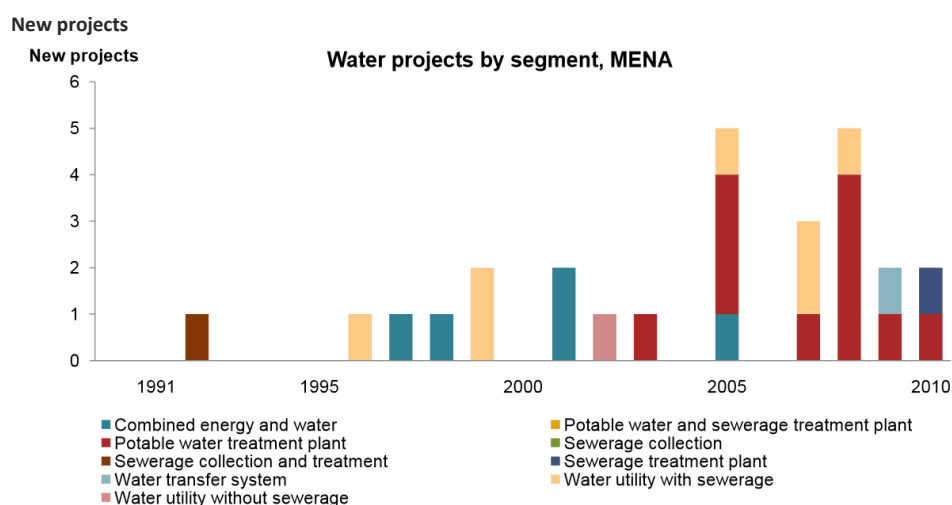
⁴ <http://www.un.org/sustainabledevelopment/development-agenda/>

⁵ The full assessment for Lebanon is available at www.ypeka.gr/medeuwi

cover the needs. Within the same line of work, in Egypt the financing gap for water infrastructure in water supply and sanitation for the period 2006-2026 was estimated at 169.2 billion Egyptian Pounds (about 23.6 billion Euros, in 2006 prices), with this gap increasing by 45 per cent in the 20-year period⁶. The significant financing gap formed the rationale for the Egyptian government to adopt in 2006 a long-term policy agenda for pursuing partnerships with the private sector in order to increase the level of investment in the country's infrastructure. As reported in 2014 by the PPP Central Unit (within the Egyptian Ministry of Finance) the government would need to allocate between 5.5 and 7 per cent of its annual GDP (about 13 billion US\$) to cover its infrastructure needs, of which some 10-15 per cent could be mobilised through private-public-partnerships.

Considering the magnitude of investment needs for the water sector and the accompanying financing gap, involving the private sector has formed a steady policy option globally. In the southern Mediterranean countries, there has been a modest but growing private involvement in the water sector. At a global scale, while the 1990s were mostly about water utilities (74 per cent of new projects in 1991-2000), in the last decade most new water projects concerned sewerage treatment plants (242 or 46 per cent of new water projects in 2001-2010)⁷. The same trend was valid for the wider MENA region as seen below in Figures 1 and 2.

Figure 1: New energy and water projects with private participation in the MENA region, by sub-sector, 1990-2008

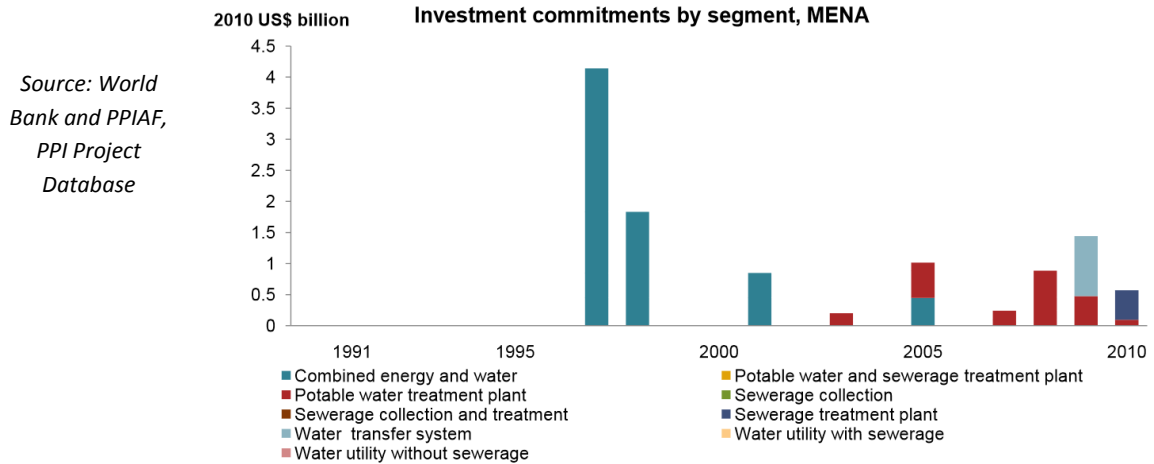


Source: World Bank and PPIAF, PPI Project Database

⁶ The full assessment for Egypt is available at www.ypeka.gr/medeuwi

⁷ <http://www.ppiaf.org/sites/ppiaf.org/files/documents/Review%20of%20PSP%20in%20water%20infrastructure%20over%20the%20last%2020%20years.pdf>

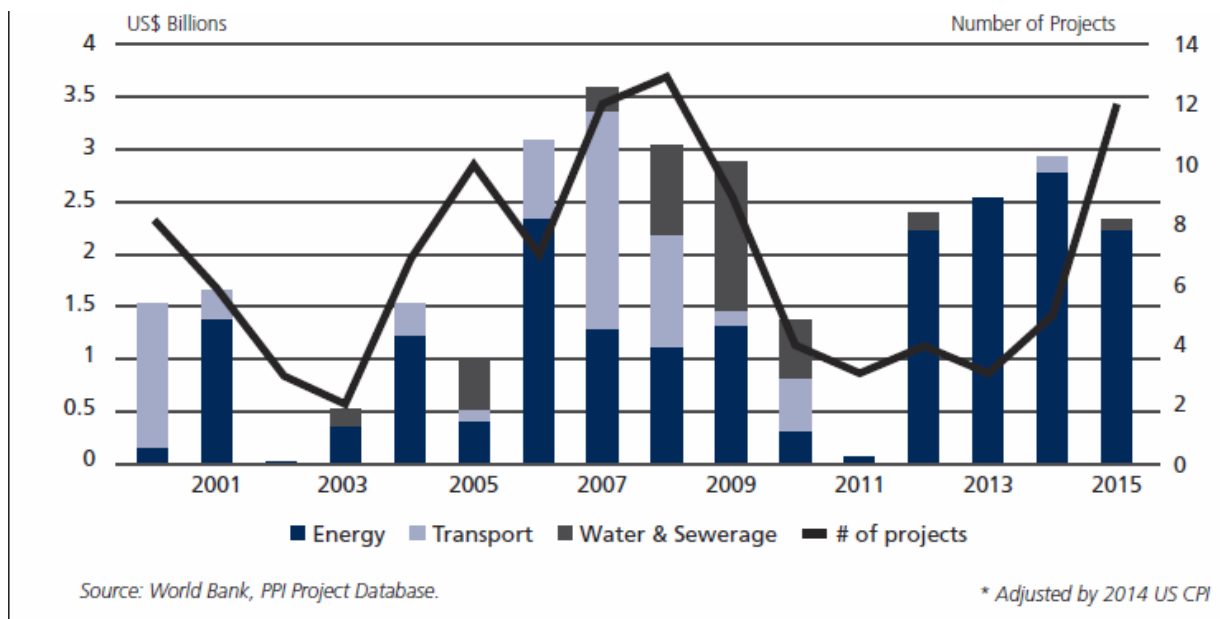
Figure 2: Investment commitments to energy and water projects with private participation in the MENA region, by sub-sector, 1990-2008



From the above, it becomes apparent that Public-Private Partnerships can play an important role in bridging the investment gap of the water sector. However, the ongoing socio-political turmoil in the region has resulted in slowing down of investments in new infrastructure along with the deterioration of existing one. As captured by the World Bank PPI, overall private participation in infrastructure in the Middle East and North Africa fell from US\$ 2.9 billion in 2014 to US\$ 2.3 billion in 2015, representing a 25 per cent year-over-year decline⁸ and with most projects being in energy (10) followed by water and sewerage (2).

⁸ <https://ppi.worldbank.org/~media/GIAWB/PPI/Documents/Data-Notes/MNA-Update-2015.pdf>

Figure 3: Total investment in energy, transport and water & sewerage



From the related analysis, only Jordan and Morocco, two of the few stable countries in the region, remained the sole markets for private sector investments in infrastructure, mainly due to their on-going persistence to develop clean energy sources. Other emerging market developing countries including Lebanon, Libya, Palestine and Syria have seen no such investments in recent years. Egypt closed a management and lease contract for a water project with zero investment in 2015, while the country is planning several projects but potential financiers are still awaiting more support from the Egyptian government to provide financing. In this process, multilateral development banks were very active in the region, supporting nine of the 11 projects that were financed in 2015.

As seen, the South Mediterranean is lagging behind other world regions in terms of investment commitments to private infrastructure projects. The Arab Spring's political unrest has brought even more economic woes to countries still reeling from the global financial crisis, leading to high unemployment rates, especially among Arab youth and the mass migration into Europe⁹. However, international experience has shown that well designed and socially sensitive PPPs can lead to significant gains in terms of efficiency, welfare, financing and fiscal space. This requires careful planning, government capacity, procedures, knowledge, and oversight; and, in order to attract private investors, good regulation, transparency, well-structured conflict-resolutions systems, etc. Furthermore, more diversified, dynamic, private-sector driven economies can lead the way towards economic growth and poverty reduction¹⁰.

⁹ https://ssir.org/articles/entry/whats_holding_back_entrepreneurs_in_the_middle_east_and_north_africa

¹⁰ <http://www.imf.org/en/News/Articles/2016/10/18/NA101916-MENAP-REO>

The combination of efforts for improving efficiencies, enabling the optimisation of financing needs and financing strategies' elaboration, and facilitating the mobilisation of additional financial resources represent a key factor for the sustainable development and adaptation of the water sector in the southern Mediterranean countries. The previous analysis attempted at illustrating the bottlenecks of the financing-governance nexus in the water sector. It is noted that a clear diagnosis of these bottlenecks does not exist yet, while at the same time multi-stakeholder platforms dealing with the issues rarely exist within and across the countries. A consensus on reform requirements and on the action plan needs to be developed to make water reforms happen. This involves evidence-based analysis and facilitated platforms for discussion and consensus building, as well as access to other countries' practices for replication of good cases.

With the above in mind, and with due consideration to i) the recommendations of the Euro-Mediterranean Ministerial Conference on Water Declaration (Dead Sea, Dec, 2008), ii) the objectives of the Union for the Mediterranean (UfM) and its Secretariat's scope of work, iii) the context of the chapters on water financing and water governance of the draft Strategy for Water in the Mediterranean as well as of the Arab Water Security Strategy, and (iv) the scope and operational framework of the Mediterranean Component of the EU Water Initiative (MED EUWI), the OECD/GWP-Med Project on *Governance & Financing for the Mediterranean Water Sector* aspires to address and promote action on the *financing-governance nexus* in the water sector with emphasis on the potential role of the private sector. In this endeavour, synergies and strategic partnerships are crucial for the wide outreach of findings, the strengthening of action and the sustainability of national and regional efforts. The 2nd Regional Conference that will take place on 5-6 December 2016, in Tunis, Tunisia, endeavours to fortify this effort and identify plausible ways forward.

Depollution Investment needs and the Identification of Hot Spots

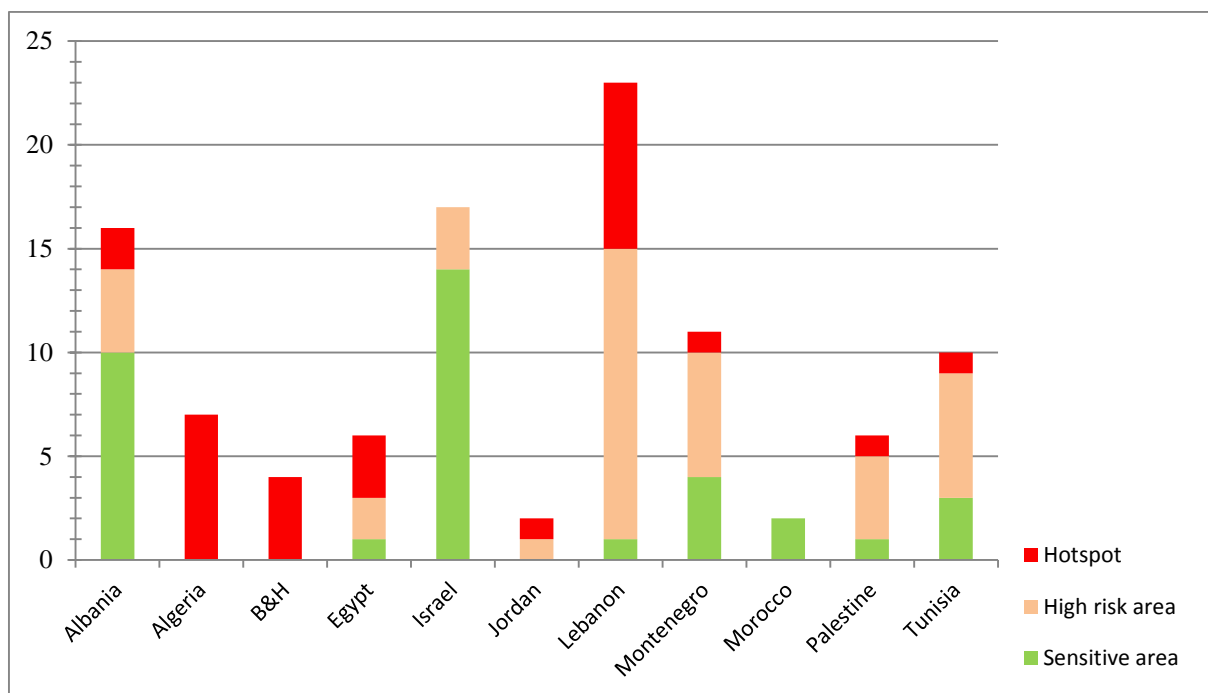
In 2015, the Contracting Parties to the Barcelona Convention updated the list of hotspots first developed in 2003. New update criteria were introduced which take into account GES targets based on six effects: public health; drinking water quality; recreation; other beneficial uses; aquatic life; and economy and welfare. The updated hotspot lists are included for each country in its individual NAPs.

They are considered priority areas which require immediate intervention as detailed in the countries' projects fiches. Based on the new evaluation criteria, new updated hotspots were classified as category (A) labelled "hotspot"; category (B) considered "high risk area", and category (C) treated as "sensitive area". Figure 3 provides a comparison between the number of hotspots, high risk and sensitive areas for the individual southern Mediterranean countries and the Balkans.

In total, there are 28 hotspots, 40 high risk areas, and 36 sensitive areas. The environmental issues characterizing the hotspots include large population growth, unregulated industrial activities and solid waste/marine litter management problems. The PRPI group focuses on the

adoption of strategically significant infrastructure projects in hotspot areas. The emphasis lies on projects which will make the largest contributions and cross-border impacts towards the achievement of de-pollution of the Mediterranean Sea, the protection of environment and the region's socio-economic welfare.

Figure 4: Comparison between the number of hotspots, high risk and sensitive areas in southern Mediterranean countries and the Balkans



Source: UNEP (DEPI)/MED WG.426/3

The emergence of Climate Financing

Climate finance refers to the financing of the actions required in order to shift the global economy towards a low-carbon path and build the resilience of vulnerable countries and communities to the impacts of climate change. Regarding explicitly adaptation to climate change, the investments required will likely need to be between 150 and 500 billion USD per year by 2050, according to UNEP¹¹.

Under the United Nations Framework Convention on Climate Change (UNFCCC), developed countries have made a commitment to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the cost of adaptation to those adverse effects (Article 4.4). Since the 15th UNFCCC Conference of the Parties (COP 15) in Copenhagen in 2009, developed country Parties committed “to a goal of mobilizing jointly \$100 billion dollars a year by 2020 to address the needs of developing countries” coming from a “wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance”. A number of multilateral funds to serve as vehicles for the provision of financial

¹¹ UNEP, Adaptation Gap Report, 2014

resources to assist developing countries in the implementation of their commitments under the UNFCCC. These include the two Operating Entities of the financial mechanism of the Convention – the Global Environment Facility (GEF) and more recently the Green Climate Fund (GCF) – as well as three special purpose funds, namely the Kyoto Protocol Adaptation Fund (AF), the Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF).

The historic Paris Agreement (COP 21) is quite oblique on details around climate finance and it is still not quite clear which countries should deliver how much to which ones and by which date. However, it acknowledges that “Such mobilization of climate finance should represent a progression beyond previous efforts” and by 2025 developed countries need to set a new collective quantified goal for climate finance for at least \$100 billion per year.

In the recent COP 22 in Marrakech, the concrete outcomes regarding the UNFCCC’s climate finance architecture were procedural in nature, with countries adopting rules and processes for accounting and reporting of finance, aiming to reach agreement by 2018. The most substantive decision was that the Adaptation Fund, created in 2001, should serve the Paris Agreement. Also, the High-Level Ministerial Dialogue on Climate Finance underlined the role finance ministers can play by shifting finance flows from high-emissions activities to low-emission, climate-resilient ones.

As already noted, various approaches exist as to what constitutes “climate finance”, from considering all funding from all sources to all activities that can be considered as climate-friendly, to the narrowest that considers only international development aid where climate change is the principal objective. By all accounts, climate finance is increasing, the \$100bn target is difficult to meet, but not impossible, private and domestic investments remain dominant and Adaptation is still losing out to mitigation. The latest landmark report is UNFCCC’s 2016 Biennial Assessment and Overview of Climate Finance Flows Report, published in November 2016.

Nevertheless, because of the lag times in the global climate system, no mitigation effort, no matter how rigorous and relentless, is going to prevent climate change from happening in the next few decades. Today, it is recognised that climate change poses a threat to important development issues such as water supply, food security, human health, natural resources and protection against natural hazards. This recognition has moved adaptation to an activity that is considered crucial within the broader context of sustainable development. Thus, it is no longer a question of whether to mitigate climate change or to adapt to it. Both mitigation and adaptation are essential in reducing the risks of climate change. In recent years the private sector is increasing its engagement in climate actions. Companies from a wide range of industries are committing to decrease their carbon footprints and to engage in sustainable resource management. Investors are also increasingly adopting an active stance on climate change. In order to ensure greater and sustained private sector engagement in climate-related activities, it is essential that predictable, long-term regulatory regimes and supportive policies are in place. The insurance industry, being on the “front line” of climate change risks can play an important role in building climate resilience through integrating risk management into business practices.

An emerging funding mechanism, already proven to be an effective financial instrument capable of raising billions in climate finance, are Green Bonds. They are fixed income financial

instruments that can be issued by governments, multi-national banks or corporations and the funds they raise are dedicated exclusively to environmentally beneficial activities.

Specifically for the MENA region¹² and according to the Climate Funds Update initiative, the amount of international climate finance in 2003-2016 is \$1.2 billion, of which \$375 million is in the form of grants and over \$800 million in the form of loans or concessional loans for a few large-scale energy infrastructure projects approved by the Clean Technology Fund (CTF). Despite the region's pressing adaptation needs, especially water-related ones, 81% of the above funding goes towards mitigation efforts. This stems from the fact that climate change is often perceived in developing countries as a long-term issue, where other challenges such as food security, water supply, sanitation, education and health care, require more immediate attention. In order to address this point, policies and measures that address climate change should be integrated into ongoing sectoral and development planning and decision-making, so as to ensure the long-term sustainability of investments as well as to reduce the sensitivity of development activities to both today's and tomorrow's climate. This process is referred to as "mainstreaming". To facilitate successful mainstreaming, it is important to build mitigative and adaptive capacity in countries, both on the micro and the macro-scale, as well as creating mechanisms and incentives to achieve this goal.

¹² According to World Bank Classification: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, Yemen