

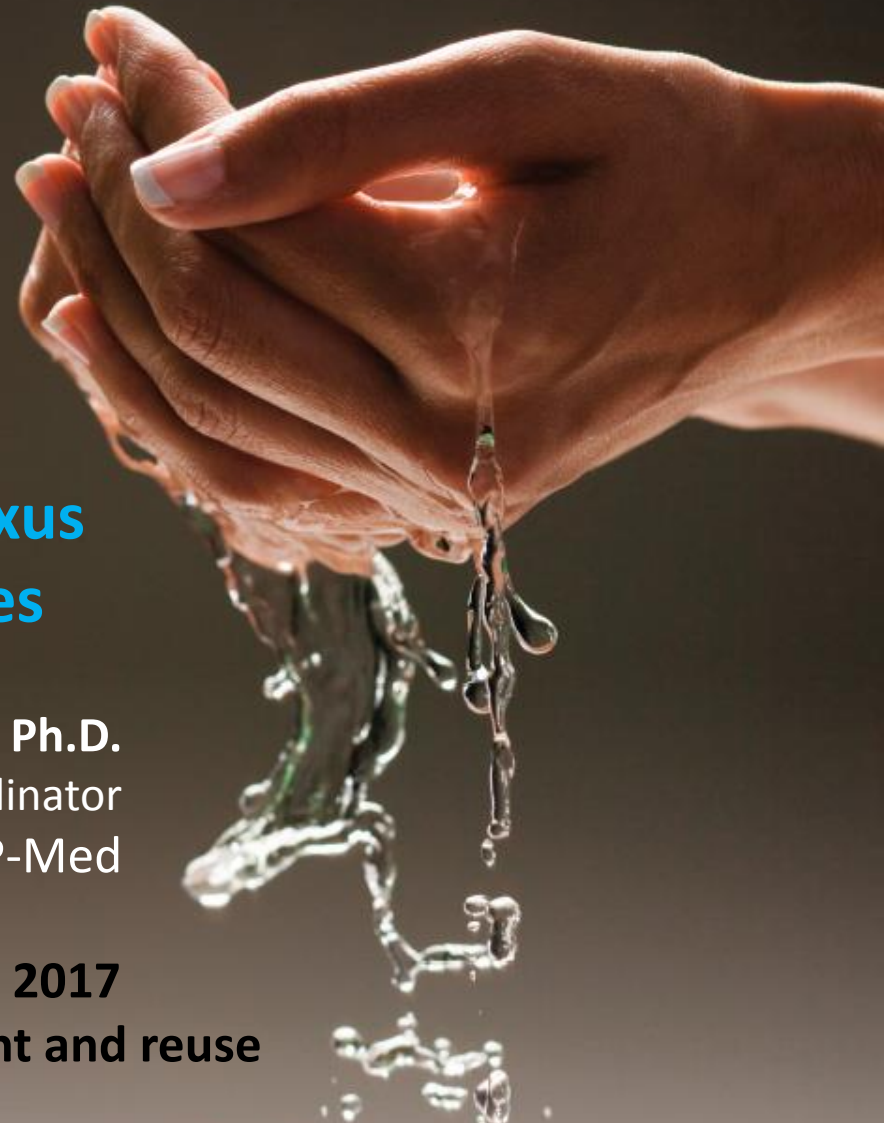
Governance & Financing for the Mediterranean Water Sector

Project labelled under the Union for the Mediterranean

The Governance-Financing Nexus for Sustainable Water Services

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Investment potential in wastewater treatment and reuse
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Why is the Governance & Financing nexus important?

- Despite public budget and donor funding, **water financing** presents a huge **gap** in the Mediterranean, especially in the MENA countries
- Demographic increase and change with population shifting from rural to urban, change in consumption patterns along on-going transformation of political economies, migration pressures & refugee outbreaks, climate change pressures, etc. result in **strong demand for more infrastructure and better services**
- National and international commitments exert strong **pressure** to national governments **for effective reform processes**, with more accountability and participation
- **Governance deficits** as well as limitations in planning, mobilisation and efficient absorption of financial resources, are a common denominator
- **Private sector participation remains limited** for a number of reasons e.g. uncertainty and increased risks due to socio-political unrest, vague legal framework, limited regulatory experience on the public side, non-profitability of the water sector, etc.

Snapshot of the Gov&Fin project

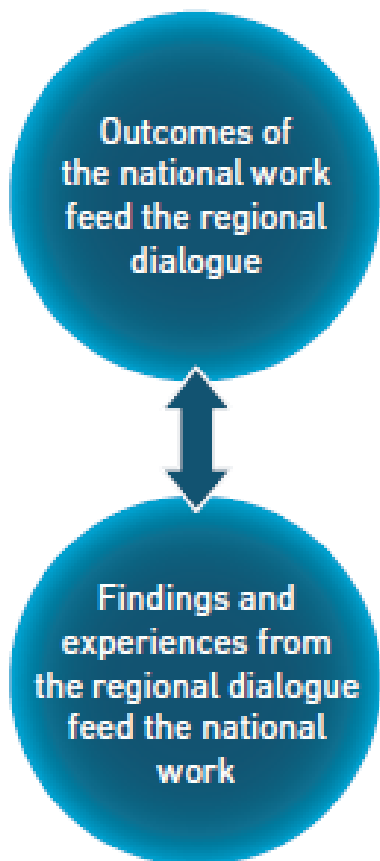
- Regional geographical scope
- Previous phase (under MED EUWI): 2006-2012
- Current phase timeline: 2013 - 2017
- Designed & implemented by GWP-Med & OECD
- Current phase labelled under the UfM framework
- 2 components: national & regional
- Pilot Countries: Albania, Egypt, Jordan, Lebanon, Palestine, Morocco & Tunisia (countries underlined already have activities)
- Financially supported by Sida, EIB, EC, Greece, and GEF MedPartnership
- Follow up for 2018-2020 under design, based on countries' demands



Main Objective

Identify and provide realistic and implementable solutions (in the form of a set of operational guidance and a compendium of good/bad cases and best practices) to the governance challenges for the mobilisation of financing for the Mediterranean water sector

Components & Outputs



NATIONAL COMPONENT

Country reviews developed through policy dialogues

Objective: to identify main governance challenges to financing the Mediterranean water sector, including through Private Sector Participation (PSP), via in-depth technical work and multi-stakeholder policy dialogues.

The dialogues complement the technical work and pave the way for recommendations and an action plan for reforms based on international best practices.

REGIONAL COMPONENT

Dialogue to share policy experiences and promote best practices

Objective: to support the sharing of experiences across the Mediterranean and beyond.

The project facilitates the interface between policy-makers and private sector actors on governance reforms enhancing the financial sustainability in the water sector.

Regional level

Launching Conference
May 2013, Barcelona

1st Regional Conference
Oct 2014, Athens

2nd Regional Conference
Dec 2016, Tunis

3rd Regional Conference
Dec 2017, Barcelona

2013

2014

2015

2016

2017

National level

National Policy Dialogues

National Policy Dialogues

National Policy Dialogues

Governance & Financing for the Mediterranean Water Sector





Activities & Achievements

National Component (concluded activities)

Water Policy Dialogue in Jordan

Involved 157 individuals (31% women)
representing 57 different
institutions/organisations



Water Policy Dialogue in Tunisia

Involved 162 individuals (41% women)
representing 65 different
institutions/organisations



Water Policy Dialogue in Palestine

Involved 189 individuals (27% women)
representing 39 different
institutions/organisations



Regional Component (concluded activities)

Official Launching of the Project High level Regional Conference

28-29 May 2013
Palau de Pedralbes, Barcelona, Spain



First Regional Conference

28-30 October 2014
Athens, Greece

Second Regional Conference

5-6 December 2016
Tunis, Tunisia



Communication & Horizontal issues

- ❑ Dedicated website – kindly hosted by GWPO
<http://www.gwp.org/governanceandfinancing>
- ❑ Active involvement in a large number of regional & global meetings & processes
- ❑ Communication Strategy
- ❑ Communication material
 - ❑ Project Brief in 3 languages
 - ❑ Bookmarks
- ❑ Policy Briefs (in 3 languages)
 - ❑ Jordan
 - ❑ Tunisia
 - ❑ Palestine
- ❑ Thematic Briefs (in 3 languages)
 - ❑ Gender
 - ❑ CSR
- ❑ Regional Report on lessons learnt (by Nov 2017)



Ongoing activities until the end of 2017

National Component

- Water Policy Dialogue in Lebanon, with emphasis on the role of the banking sector
- Phase II of Water Policy Dialogue in Palestine, supporting the consultation on the elaboration of priority water policies

Regional Component

- Knowledge management: Regional Report with key findings and lessons learnt
- 3rd/Final Regional Conference, 12-14 Dec 2017, Barcelona
- Operational synergies with other programmes & initiatives for sustainability of results and capitalisation of findings
- Follow up for 2018-2020 under design, based on countries' demand

Experience from the Dialogues: *Key diagnostic points*

Common challenges, also in several MENA countries

- Uncertainty & gaps in the legislative & regulatory framework for water and PPPs undermines legal clarity, opportunity and stability of water PSP >> **Need to develop the regulatory framework**
- Limited financial sustainability of water operators, important subsidies & fiscal constraints put pressure on the WWS sector and call for reforms >> **Need to improve the budgetary process**
- Need for greater accountability mechanisms, territorial development & stakeholders' engagement >> **Need to improve stakeholder engagement**

Experiences from the Dialogues: *Areas of Recommendation*

1. Developing the regulatory framework
2. Improving the budget processes
3. Promoting & ensuring stakeholder engagement

Jordan

- Embed more systematically **the instruments of good regulatory policy** in the water sector to improve the efficiency and accountability of the regulatory framework for water
- Improve clarity on the **PMU's roles and functions**, align its resources with its core work and establish appropriate accountability mechanisms to enhance the credibility of the regulatory framework
- Continue the **corporatisation efforts** and strengthen the autonomy of water providers

Tunisia

- Forms of PSP need to be considered based on an **evaluation of past experience**, taking into account the appetite of the PS and sustainability / value for money and supporting greater technical and commercial efficiency
- **Small scale PSP** to be considered in rural areas
- **Piloting BOT** for water & wastewater treatment

- **Build strong and dedicated PPP capacities** and **establish PPP units** (one inside the PWA), ensuring that training/capacity building is provided for men and women alike
- **Address intra-sector relationships** according to the legal framework including the 2014 Water Law (e.g. through MoUs, protocols between parties) - improve clarity on and encourage the amalgamation of service providers and enhance their autonomy
- **Three-tier communication approach** for sensitisation and awareness & build on/expand existing mechanisms for stakeholder engagement

Palestine

Some common issues

Fiscally sustainable PSP

- Build **PPP capacity throughout the administration**. Develop basic value for money methodology and standard PPP contracts
- Set up a strong **dedicated PPP unit** and develop related methodologies
- Develop a **strategic financial strategy** for the water sector to stimulate policy debate on the feasibility of various policy choices
- Generate and publish a **contingent liability report** as part of the budget documentation to create transparency

Stakeholder engagement

- Strengthen the **information base and access** to raise awareness on issues of cost and dispel myths on PSP
- Reinforce **existing mechanisms & platforms** for their effective contribution to decision-making and to better reflect “unheard voices”
- Clarify **objectives and expected outcomes** of stakeholder engagement to better define who can do what
- Move from information > consultation > consensus building > co-production of decision making

CSR and gender integration

Examples on findings:

1. Low knowledge in **WHY** gender and CSR are relevant for good investments and **HOW** to integrate social considerations leading to ...
2. A delink between gender and CSR from project or investment needs (and consequently at risk of being an add-on = no added value)
3. Interest from project and associated partners has increased significantly

One example of concrete product:

Social criteria developed for bankable projects, with an aim of:

- Increasing business performance and return of investment
- Increasing respect for human rights, including equality in access to services (such as water supply and clean water)
- Preparing for multinational/ international bank social demands for future investments

Selected overall recommendations:

- For all water related investments make use of social impact assessments with a gender perspective (affordability and willingness to pay + stakeholder engagement). Learn from Int. banks, multinational concessions in mining and HPP.
- Push for equal opportunities in the workplace to ensure high quality performance of water suppliers

Some lessons learnt

- Influencing policy is time-demanding, taking much longer than planned or calculated
- Meaningful dialogue processes need to be based on solid technical work conducted with tested methodology & anchored on national reform processes and fully aligning with existing plans/strategies
- Dialogue can be effective only if it involves all related stakeholders on an equal basis and with full and transparent access to participation and equal opportunities for contribution
- Identifying the 'right' stakeholders requires careful examination and regular revisit to reflect on changes, while context of intra- and inter-sectoral interaction among actors can be equally a convening tool and an obstacle
- Need to explore and highlight the value and cross-benefits from the interplay of regional and national work
- Essential to identify & acknowledge the limits of conventional financing and explore the potential (preferably with pilots) of innovative financing options and blended funding

مع خالص شكري
وامتناني

*Merci pour
votre attention*

*Thank you
for your kind attention*

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