



# Governance & Financing for the **Mediterranean** **Water** Sector

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# Policy dialogues on water governance in Jordan and Tunisia

## Overcoming the challenges to private sector participation

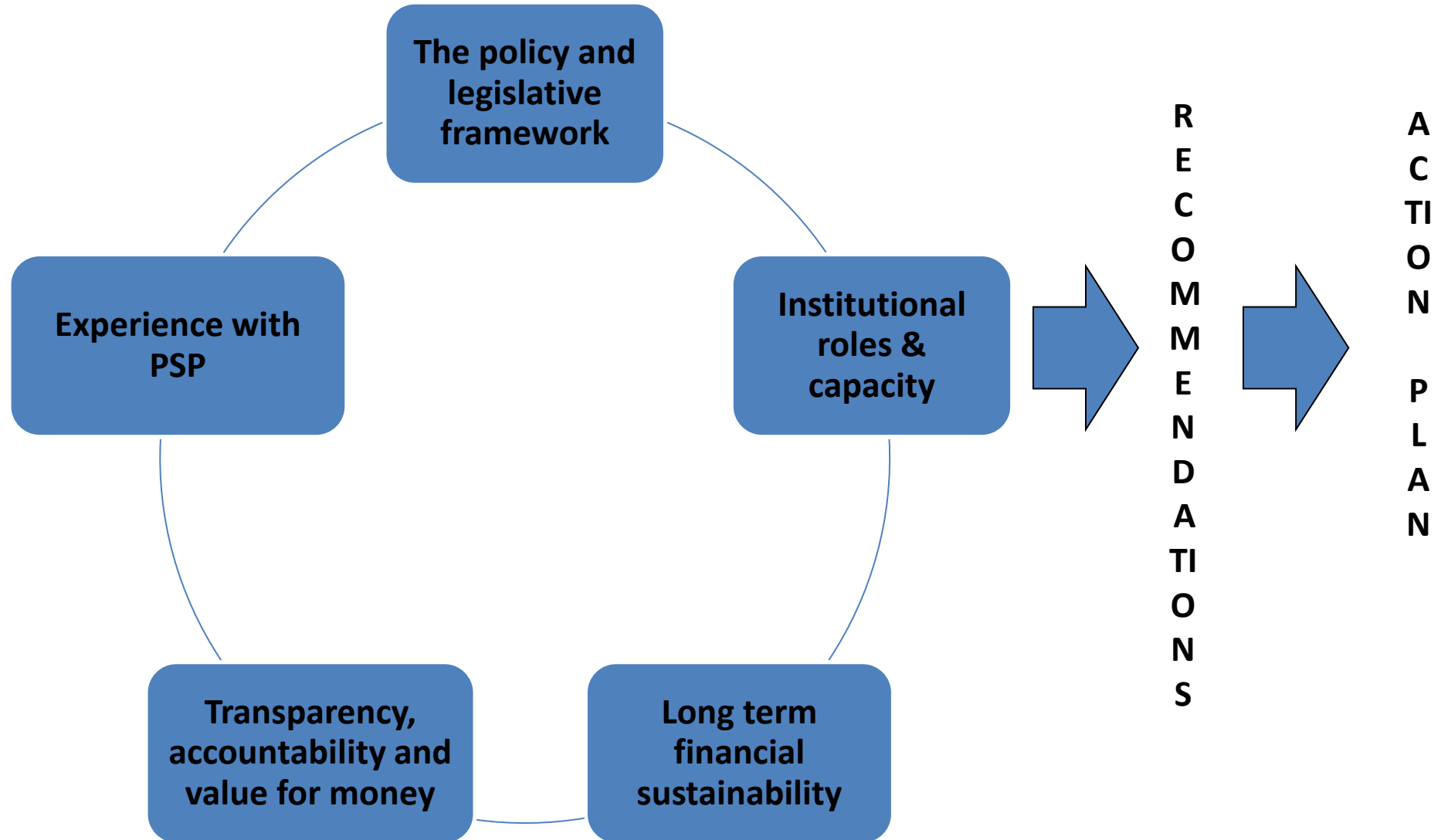
Results from the policy dialogues carried out by the OECD and GWPMed with the financial support of the EIB (FEMIP Trust Fund) and SIDA



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# Pillars of the water policy dialogues

## DIAGNOSTIC ANALYSIS



# **KEY DIAGNOSTIC POINTS**

# Contrasted experience with PSP

- Tunisia:
  - Limited use & knowledge of PSP in the water sector
  - Shift in government approach towards PSP => water sector should be ready to impact decision making when the political conditions are in place
- Jordan:
  - Varied experience with both small and large scale private sector participation (PSP) projects
  - The country is on the verge of concluding mega project and risks failing reaping the benefits if right conditions are not in place

# Different institutional settings

- Tunisia:
  - Centralised setting.
  - Competent administration but limited PSP capacity.
  - SOEs (SONEDE & ONAS) with strong track record
- Jordan:
  - Responsibilities for water and PPPs are scattered across institutions – some overlaps and unclear allocation.
  - Responsibilities are in flux.
  - Corporatisation under way.

# Tunisia: a centralised setting

Instance consultative

Conseil National de l'Eau

Instances en charge des politiques

Ministère de l'Agriculture

Présidence du Gouvernement

Ministère de la Santé Publique

Bureau de Planification et des Équilibres Hydrauliques

Unité de suivi des Concessions

Ministère de l'Économie et des Finances

Direction Générale du Génie Rural et de l'Exploitation des Eaux

Ministère de l'Équipement, de l'Aménagement du Territoire et du Développement Durable

Secrétariat D'État au Développement et de la Coopération Internationale

Commissariats Régionaux au Développement Agricole

Secrétaire d'État au Développement Durable

Direction Générale de Partenariat Public-Privé

SONEDE

Agence Nationale de Protection de l'Environnement

Contrôle Général des Finances

Groupements de Développement Agricole

ONAS

Comité Général de l'Administration du Budget de l'État

Opérateurs/ Utilisateurs

# Jordan: responsibilities in flux

Consultative body

National Water Advisory Council

Royal Water Commission

Chair

Policy-making bodies

Ministry of Water and Irrigation

Ministry of Finance

Ministry of Planning and international Co-operation (MOPIC)

Project Management Unit (PMU)

PPP Unit

Water Authority of Jordan (WAJ)

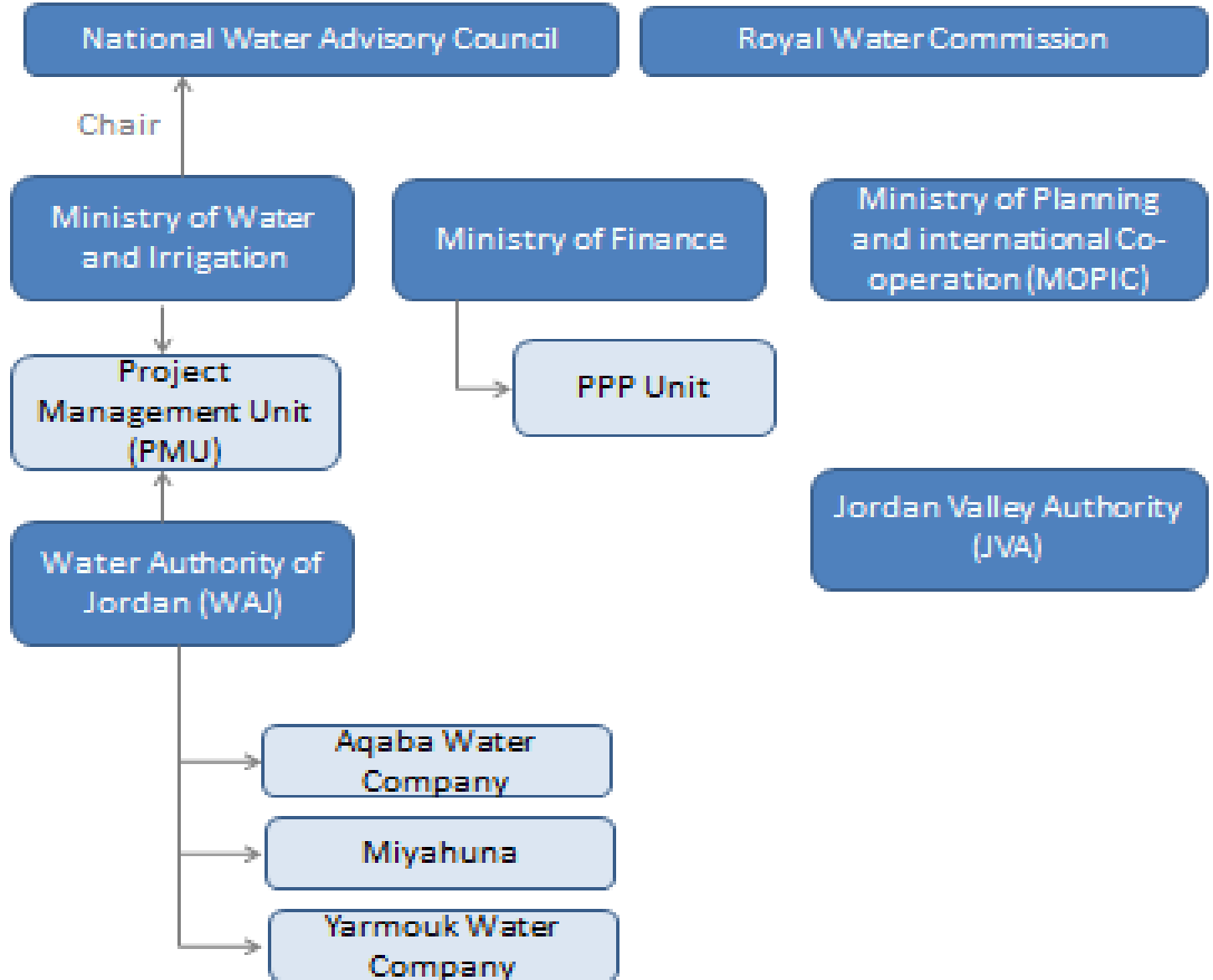
Jordan Valley Authority (JVA)

Operators

Aqaba Water Company

Miyahuna

Yarmouk Water Company

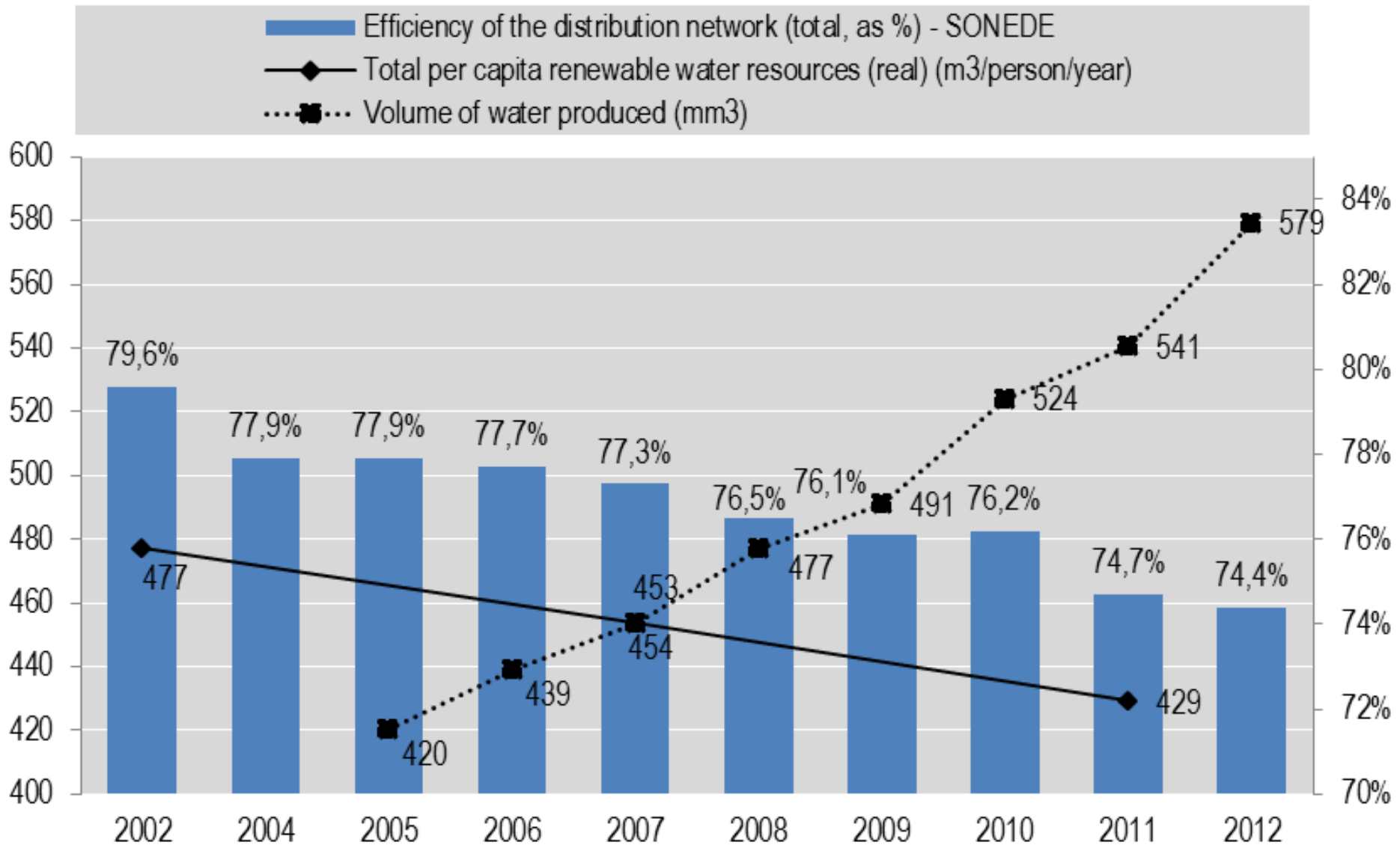




# Common challenges

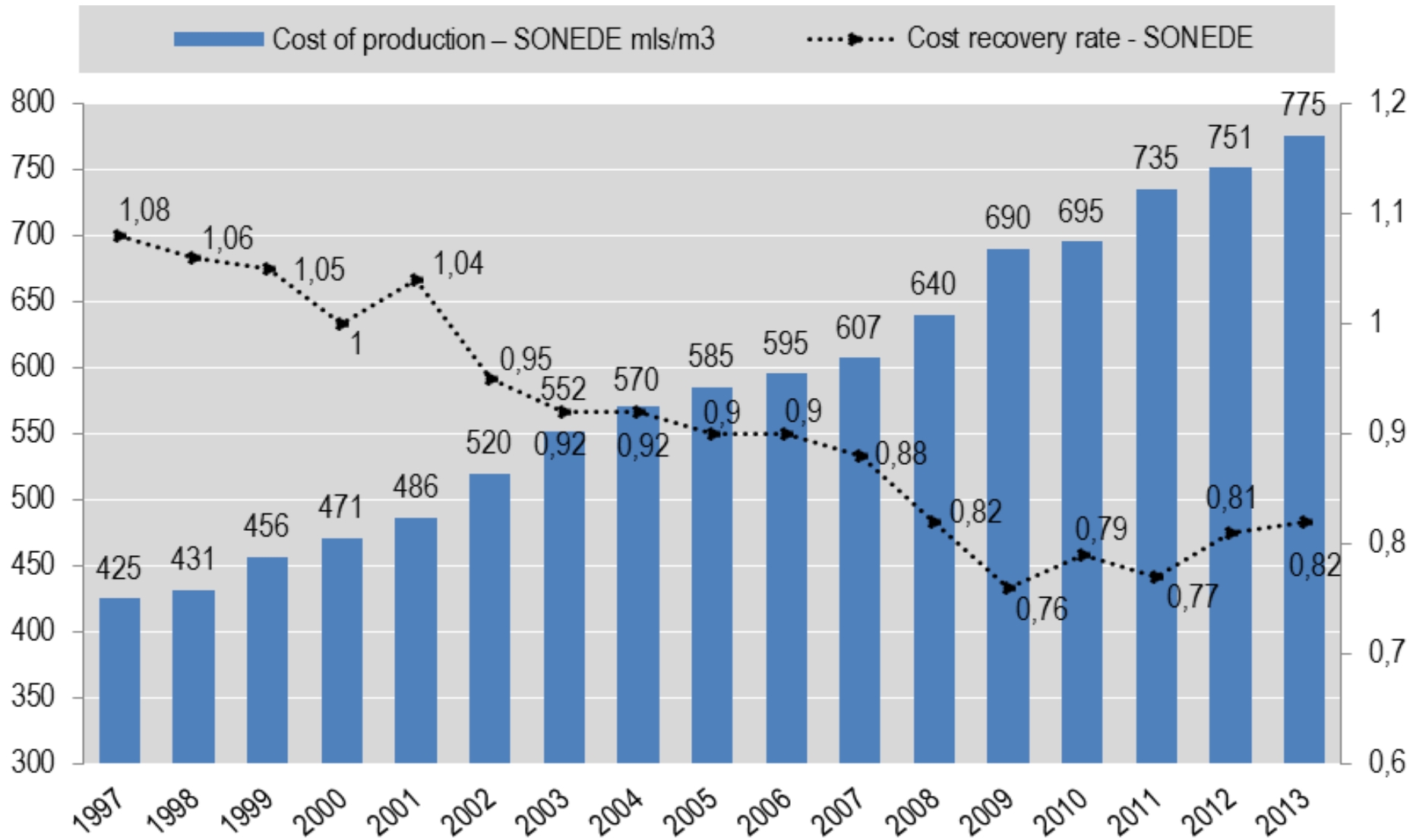
1. A water sector under pressure: refugee crisis in Jordan, a business model showing its limits in Tunisia, rising costs.
2. Uncertainty & gaps in the legislative & regulatory framework for water and PPPs undermine legal clarity, opportunity and stability of water PSP.
3. Limited financial sustainability of water operators, important subsidies & fiscal constraints put pressure on the WWS sector.
4. Need for greater accountability mechanisms, territorial development & stakeholders' engagement.

# Tunisia: pressure on water services



Source: Aquastat (FAO), SONEDE and World Bank (2014).

# SONEDE: financial pressure



Source: SONEDE and World Bank (2014).

# **RECOMMENDATIONS**

# Areas of recommendations

## Jordan

1. Managing PPPs in a fiscally constrained environment through appropriate budget processes
2. Reducing the regulatory risk through supporting the development of a high-quality water regulatory framework
3. Enhancing stakeholder engagement to improve accountability and buy-in.

## Tunisia

1. What PSP for which objectives and under which conditions of success
2. Ensuring financial and budget sustainability
3. Enhancing stakeholder engagement to improve accountability and buy-in

**Reform initiatives are underway in both countries => The dialogues seek to support the existing efforts by providing a set of practical recommendations.**

# Tunisia: what PSP for which objectives

- 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
- Small scale PS could be considered in rural areas where SONEDE is not present
- Piloting BOT for water & wastewater treatment
- Consider forms of PSP that support greater technical & commercial efficiency, as well as quality services => ONAS is developing « Concession d'exploitation » and needs to embed the appropriate incentive mechanisms.
- Difficult to consider more complex forms of PSP

# Jordan: supporting the set up of a high quality regulatory framework

- 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 as they constitute the key pillars upon which the regulatory framework rests.

# Continue current reforms of the PMU

- Ensure adequate implementation of the Rules of Procedure in line with international practice (tariff regulation, performance monitoring, data gathering) *ST*
- Clarify the roles of various authorities and the coordination mechanisms – *ST*. Ultimately, a founding legislation may be needed – *LT*
- Strengthen the function of transparency through the publication of information on water operators – *ST*
- Ensure separation within PMU between the team in charge of regulatory activities and those in charge of project development and PSP - *ST*
- Ensure the resources available to the PMU - *ST*<sup>16</sup>



# Fiscally sustainable PSP in both countries

- Build **PPP capacity throughout the administration.**  
Set up strong dedicated PPP units and broad PPP capacity in all relevant authorities. Develop basic value for money methodology and standard PPP contracts
- 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

# A call for greater accountability and stakeholder engagement

- The Arab Spring has pushed some MENA countries towards increased **openness, transparency, integrity** and **inclusiveness**
- This democratic transition resonates with a general trend in public policy of gradually involving a **broad range of stakeholders at different levels**
- The involvement of civil society can contribute to **improve acceptability of PSP** and **tariff increase** in water services

# Common shortcomings

## JORDAN

- Limited number of platforms
  - 22 WUAs but only on irrigation
  - Highland Water Forum but mostly on groundwater
  - Water Council but only operational for 2 years

- Inconsistent
  - No public consultation prior to PSP in Amman
  - Consultations held by the World Bank for the Disi project

- Only at its beginning
  - No information on customers' satisfaction for Yarmouk and Miyahuna
  - Limited results are accessible to the public (e.g. WAJ's webpage is not operational)

- Awareness gap:
  - Economic value of water
  - Dangers of water scarcity

### Existing platforms for engagement

### Public consultations

### Customer engagement

### Awareness-raising

## TUNISIA

- Still under development
  - Tunisian Consumer Defence Organisation but with a limited scope
  - Associations (e.g. on water desalination) but focused mostly on awareness-raising)
  - Working Groups (ENIT, CERTE, ITES, etc.) but no all-embracing platform

- Limited and on ad hoc basis
  - No entity tasked with explaining PSP project to the public

- Only few mechanisms exist
  - ONAS handled only 47% of complains itself (2010)

- Awareness gap:
  - Objectives and expected benefits of PSP
  - Prerogatives of the public authorities for delegating service

# Promising efforts

## JORDAN

- Am Samra: work on perception and expectations ex-ante
  - Improved understanding and knowledge
  - Fostered consensus-building

- Action plan of Water strategy for 2009-2022 includes activities on customers' confidence
  - Time-bound goals to improve customer service facilities, billing reliability and procedures
- Ombudsman's initiative to enable citizens to file complaints
- Comprehensive Subscribers Survey (Balqa, Karak)

- Water Strategy acknowledges the need for concerted efforts to better inform the public (e.g. agricultural sector's water consumption levels)
  - Can contribute to greater public sector (e.g. tariff raising)

## TUNISIA

- Public consultation of local population and civil society since 2010 (e.g. Menzel Temime)
  - Can contribute to mobilise citizens on water issues

- ONAS's quality initiative and action plan has been to extend reception system to better manage customer's complains to the 24 regional directorates of ONAS.

- On-going debate about PSP, legislation and strategies in water sector
  - Opportunity to discuss PSP's pros and cons
  - Ensure political and social acceptance of PSP

### Public consultations

### Customer engagement

### Awareness-raising

# Enhancing stakeholder engagement to improve accountability, transparency & buy-in

- Stakeholder engagement is **a means to an end**: it is a governance instrument that can help achieve better outcomes of efficiency, transparency, inclusiveness and equity
- It is a powerful tool to address **territorial and institutional fragmentation, align objectives, improve accountability of decision-makers** and support **result-oriented action**
- **A menu of options** can be considered to strengthen existing (formal and informal) engagement mechanisms

# Formal and informal engagement mechanisms

## Formal mechanisms

Citizen committee

Consensus conference

Decentralised assemblies

Stakeholder democracies

Innovative contracts & partnerships

Interest-pay-say principle

Polls / Survey

Referendum

River basin organisations/councils

Shareholding

Water associations

## Informal mechanisms

Meetings / workshops / fora:

Web-based technologies

Focus group

Expert panel

Stakeholder mapping

Information hotlines

# Ways forwards

## JORDAN

- Establish public, reliable and up-to-date database (e.g. information on consumption levels, quality of drinking water)
- Produce clear information on PSP (pros/cons) based on previous experiences
- Use results to secure acceptability and trust

### Strengthen the information base

## TUNISIA

New version of SINEAU could:

- Integrate data at sub-national level
- Assess the quality of data collection systems (SONEDE, ONAS, GDAs, private service providers)
- Broaden the access to/availability of information

- Further engage NGOs and action groups (e.g. Jordan Environment Society)
- Involve academia and research centre more systematically in decision-making (e.g. Royal Scientific Society) to provide water insights

### Foster multi-stakeholder interface

- Support professional training in GDAs and foster better horizontal coordination
- Better use NGOs as vectors to mobilise local populations
- Involve consumer associations to help gather information (surveys/polls)
- Consult with women and youth groups on major water decisions

- Develop education materials that target youth to encourage change in behaviours (water consumption, etc.)
- Build staff's capacities on communication and marketing and foster experience sharing (e.g. using ACWUA)
- Define clear rules and procedures on relations between utilities, governments and media

### Set in motion communication strategies

- Develop communication and media plans geared for large consumers, households, etc.
- Strengthen skills within SONEDE and ONAS's communication divisions

# OECD Principles on stakeholder engagement

**1. Inclusiveness and equity.** Map who does what, core motivations and interactions across all those having a stake in the outcome or likely to be affected.

**2. Clarity, transparency and accountability.** Define the ultimate line of decision-making, the objectives of stakeholder engagement and the expected use of inputs.

**3. Capacity and information.** Allocate proper financial and human resources and disclose needed information for result-oriented stakeholder engagement.

**4. Efficiency and effectiveness:** Assess regularly the process and outcomes of stakeholder engagement to learn, adjust and improve accordingly.

**5. Institutionalisation, structuring and integration:** Embed participatory processes in clear legal and policy frameworks, organisational structures/principles and responsible authorities.

**6. Adaptiveness:** Customise the type and level of engagement to the needs and keep the process flexible to changing circumstances.



# Tentative indicators for effective stakeholder engagement

## **Inclusiveness and equity**

Informed and transparent identification and selection of stakeholders to be involved in the engagement process, based on a clear understanding of their roles, responsibilities, interests, motivation and interrelations



Share of representation



Specific attention is devoted to the stakeholders outside the water sector (e.g. farmers, business, institutional investors, planners, etc.)



## **Clarity, transparency and accountability**

Clear understanding of the engagement process's framework in terms of line authority, level of engagement defined, proposed timeline, targeted objectives, expected outcomes, use of inputs and code of conduct



Clear understanding of the expectations



## **Capacity and information**

Number of training sessions carried out to support the engagement process



Number of stakeholders attending the training sessions



Number of channels available to exchange information



Existence of a legal process to access information



Implementation of existing international agreements on transparency of information



Existence of mediation mechanisms when access to information is denied



Share of organisation's budget dedicated to stakeholder engagement



## **Efficiency and effectiveness**

Regular monitoring throughout the engagement process (design, development, implementation) through quantitative data (monetary costs/benefits, etc.) and qualitative data (e.g. stakeholders' feedback, level of satisfaction, etc.)



Use of benchmarks and/or standards for assessment based on international norms and local practice as appropriate



Communication on the results of the engagement process evaluation with all stakeholders involved



Successful use of the inputs from the engagement process to achieve the desired outcomes



Fulfilment of the agreed-upon purpose of the engagement process



Careful appraisal of the indirect outcomes of the engagement process



Careful assessment of the short-term and long-term benefits yielded by the engagement process in terms of acceptability and sustainability, social equity and cohesion, capacity development and economic efficiency, and their degree of impact on the stakeholders involved



Development of agreed-upon compensation measures for the stakeholders negatively impacted by the engagement process



Definition of alternative and new approaches agreed-upon by all stakeholder involved to address the weaknesses of the engagement process identified in the evaluation exercise



**Institutionalisation, structuring and integration**

Requirements for stakeholder engagement are in place within the organisation



Charters and/rules of the game are clearly established



A business case has been developed to support stakeholder engagement



Reporting on the compliance with existing requirements is in place



**Adaptiveness**

Clear understanding of local specificities of the context prior to setting-up the engagement process (e.g. urban/rural areas, etc.)



Ex-ante assessment of stakeholder's needs



Development and analysis of different engagement scenarios (pros/cons, potential risks)



Development of innovative/creative methods with new approaches and new stakeholders, including from outside the sector



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# Thanks for your Attention

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