

## Governance of PPPs in the Water Sector of Jordan

### Second Consultation Workshop of the GWP-Med / OECD Jordan Policy Dialogue

5 February 2014, 9h00 – 18h00  
Amman, Jordan

#### Agenda

This joint GWP-Med / OECD workshop follows up on meetings held in Amman in October 2013 on the governance of PPPs in the water sector of Jordan. It aims to convene the key stakeholders of Jordan's water and wastewater sector to help build a shared understanding on the main obstacles to private sector involvement in Jordan's water sector and identify some concrete tools and practices that can help overcome them.

The workshop is based on a substantive report, prepared by the OECD Secretariat and shared with the participants ahead of time, which outlines the main governance challenges to undertaking PPPs in Jordan's drinking water sector and identifies recommendations in three critical areas:

- 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.

Discussions in the workshop will help refine the recommendations proposed in the report and set the foundations for the development of a roadmap of actions. The setting of the Workshop's sessions will consist of short introductory remarks on each of the three areas followed by discussions with and reflections from the participants. The report will be revised subsequently and sent back to stakeholders by end March / early April 2014.

**Background:** The project on *Governance and Financing for the Mediterranean Water Sector* is a joint undertaking of the Organisation for Economic Cooperation and Development (OECD) and the Global Water Partnership-Mediterranean (GWP-Med). It aims to diagnose key governance bottlenecks to mobilizing financing through public private partnerships (PPP) for the Mediterranean water sector and to support the development of consensual action plans based on international good practices. The three year project (mid 2013- mid 2016) was labelled by the Union for the Mediterranean (UfM) in July 2012 and officially launched in May 2013. It received support letters from countries where it will be implemented, including Jordan. The project involves work at national and regional level. The process draws on established OECD methodology and expertise in water, regulatory policy, multi-level governance and budget, GWP-Med's solid background on IWRM, water governance and consultative policy dialogues as well as previous work undertaken jointly by GWP-Med and the OECD in Egypt and Lebanon. It involves evidence-based policy dialogues, fact-finding missions, analytical reports, bilateral and multilateral interviews, questionnaires, case studies and peer-reviews. Strategic partnerships with the European Investment Bank (EIB) and the Swedish International Development Agency (SIDA) have been instrumental in setting the project in motion. The steady support of the GEF MAP/UNEP MedPartnership and the Mediterranean Component of the EU Water Initiative (MED EUWI) has been catalytic for concretising the project's line of work.

## Agenda

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### 9h00 – 9h30 – Introduction

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#### Welcome Remarks

- Ministry of Water and Irrigation, *H.E. Basem Telfah, Secretary General*
- Ministry of Water of Palestine, *H.E. Shaddad Attili, Minister*
- Embassy of Sweden in Jordan, *Prof. Anders Jägerskog, Counsellor, Regional Development Cooperation, Water Resources*

#### Brief report on the project's progress

- Brief recall of the project activities, outputs, timeline and methodology, *Anthi Brouma, GWP-Med Project Leader, Head of Middle East and North Africa Region, GWP-Med*

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### 9h30 – 11h00 – Diagnosing governance challenges to PSP in the water sector: key highlights from the report

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*This session will discuss the assessment made in the report of the main governance challenges to successful PSP in the water sector of Jordan and the opportunities to improve the regulatory and institutional framework, financial sustainability and the accountability mechanisms that underpin successful PSP.*

Jordan has had a variety of experiences with private sector participation (PSP) both in greenfield projects and service provision. The government is considering involving the private sector in even larger capital projects. PSP is seen as potentially making an important contribution to the development of Jordan's water sector, particularly to meet the upfront costs of investment and to transfer technical knowledge. In this context, learning from past experiences, as well as understanding the framework conditions and tools needed to make PSP work will be critical to ensure that the country can reap the benefits of PSP.

- **Presentation of the findings: OECD (20')**
- **Discussion with participants (60')**
- **Conclusions from the discussion (10')**

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### 11h00 – 11h30 – Coffee break

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**11h30 – 13h00 – Managing PPPs in a fiscally constrained environment through appropriate budget processes**

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*This session aims to discuss the recommendations made in the report in relation to the institutional setting and tools in place in Jordan to ensure proper budget management of PSP.*

The financial sustainability crisis faced in the water sector of Jordan may represent an opportunity for the private sector to help address the upfront costs of infrastructure projects. However, it may also lead to inadequate decision making and short-sighted choices. Experience shows that a multiplicity of government institutions and methods need to be in place to ensure a successful PPP program. In essence they concern the establishment of a strong institutional and legal enabling framework, a grounding of PPPs in value for money and the use of the ordinary budgetary process in order to ensure that the PPP project and the overall PPP portfolio is affordable for the public purse and for the end users. The draft PPP law under scrutiny by the government and the establishment of a PPP unit provide important opportunities to set a good basis for this.

- **Presentation of key recommendations** by *Ian Hawkesworth, Head, PPP and Capital Budgeting, OECD Public Governance and Territorial Development (20')*
- **Intervention** by *Hamzah Jaradat, Advisor & Director, PPP Unit, Ministry of Finance (10')*
- **Discussion with participants (50')**
- **Conclusions from the discussions (10')**

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**13h00 – 14h00 – Lunch**

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**14h00 – 15h30 – Enhancing stakeholder engagement to improve accountability and buy-in**

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*This session aims to discuss the recommendations made in the report in relation to the engagement of end-users and other stakeholders in WWS in Jordan, as well as the mechanisms that can be used by the government and the operators to facilitate their participation.*

Until recently, accountability to the public in Jordan's water sector has been rather weak. Stakeholder engagement, although not completely absent, has remained sporadic in both water resource management and water and sanitation services. Arab spring's push to move from the traditional role of "government" as the single decision making authority to a more "open government" triggered a momentum to reconsider modalities for engaging with the wider public from better and more transparent information, to consultation and co-decision. Better engagement with stakeholders can help Jordanian authorities build *political acceptability* for private sector participation directly but also indirectly through increased *willingness to pay* triggered by better information about the economic value of water as a resource, and the cost of producing, treating and managing water services. Conversely, stakeholder engagement can exert a strong push towards more accountability of private actors and public authorities.

- **Presentation of key recommendations** by Aziza Akhmouch, Head, Water Governance Programme, OECD Public Governance and Territorial Development (20')
- **Targeted interventions** (10')
- **Discussion with participants** (50')
- **Conclusions from the discussions** (10')

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**15h30 – 16h00 – Coffee break**

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**16h00 – 17h30 – Reducing the regulatory risk through supporting the development of a high-quality water regulatory framework**

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*This session aims to discuss the recommendations made in the report in relation to the improvement of the regulatory framework for water services underpinning successful private sector participation.*

Gaps in the current regulatory framework are likely to deter PSP in the water sector of Jordan or impede the country's efforts to make the most of it. A sound regulatory framework reduces the costs to business and enhances the chances that PPP projects bring value for money. In addition, tariff regulation is a critical determinant of revenues in the sector. The current strengthening of PMU's role and discussions around the establishment of a dedicated regulator for the water sector provide an opportunity to clarify the allocation of regulatory functions and fill existing gaps.

- **Presentation of key recommendations** by Céline Kauffmann, OECD Project leader and Deputy head, Regulatory Policy Division, OECD Public Governance and Territorial Development (20')
- **Intervention** by Iyad Dahiyat, Director, PMU, Ministry of Water and Irrigation (10')
- **Discussion with participants** (50')
- **Conclusions from the discussions** (10')

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**17h30 – 18h00 Conclusions and Recap of Next Steps: Project team and MWI**

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