

**SESSION III:
EXPLORING THE SET UP OF A REGIONAL
PLATFORM ON GOVERNANCE AND FINANCING
FOR THE MEDITERRANEAN WATER SECTOR**

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- Funding is needed to pay for water governance and infrastructure expenses
- There is a financial sustainability problem in the region
 - Lebanon may require an additional EUR 400 million/yr and Egypt EUR 1 billion/year.
 - Public budgets of North African countries already 1-3.6% of GDP, ODA provides support but cannot fill gap.
- What is the potential for private sector actors to contribute to the sustainable financing of water and sanitation services?

Examples of private actors

Examples of roles on water financing

Water service providers
(domestic, international)

- Reduce financial needs through more efficient operators
- Attract commercial finance

Providers of commercial goods and services
(construction works, water meters, laboratory tests)

No significant role

Financiers (commercial and development banks, pension funds)

- Provide finance for the water sector in exchange for steady returns

Water users (households, commercial, industrial)

- Pay for good water services
- Invest in good water management

- Private sector actors could play a more significant role in sector financing
- But current governance arrangements contribute to preventing them to do so
- What are the key governance reforms needed in the region to enhance the contribution of the private sector to the sustainable financing of the water sector?

Examples of private actors

Examples of governance challenges

Water service providers:

Ability to pursue efficiency improvements and attract commercial finance limited by....

- Legal space, legal uncertainty
- Lack of “social license to operate”
- Public sector’s inadequate fulfillment of regulatory roles

Financiers:

Ability to provide finance limited by...

- Previous lack of involvement
- Sector’s poor track record
- Inexistence of a credible sector financing policy

Water users:

Ability to pay for good water services and invest in good water management limited by...

- Political interference in tariff-setting
- Limited opportunities to affect sector decisions
- Lack of incentives to improve water use and management

- Analytical, dialogue and guidance work has been done, and will continue to be done, at the global level
- Analytical and dialogue work has been done, and will continue to be done, at the country level
- Experiences with private actors' contributions to the water sector's financial sustainability vary across the pan-Mediterranean region
- Could a regional platform add value and contribute to the needed governance reforms?

Examples of potential value added

Identifying and addressing a “learning agenda” based on the country experiences

Sharing of good practices from across the region

Bringing good practices from outside the region (in a cost-effective way)

Involving non-traditional actors in water sector discussions

Discussing “difficult” issues in a less politically-charged setting

Developing more credible guidance based on the realities of the region

Examples of topics (mentioned yesterday)

- Improving economic regulation of the sector
- Engaging the private sector, introducing and managing public-private partnerships
- Introducing Strategic Financial Planning
- Reforming water pricing
- Improving sector efficiency
- Mobilising market finance

The Platform -- characteristics



The Platform – shape

ANNUAL MEETINGS

SEGMENTS	SUPPORTING ELEMENTS	FEEDING INTO	PARTICIPATION
Technical – countries	<ul style="list-style-type: none">•Country-level workstream outputs	<ul style="list-style-type: none">•Country processes•High level segment	<ul style="list-style-type: none">•Core members
Technical – topics	<ul style="list-style-type: none">•Experiences from experts from within and outside the region•Specific analytical work (subject to funding)	<ul style="list-style-type: none">•Country processes•High level segment	<ul style="list-style-type: none">•Core members + topical experts
High level	<ul style="list-style-type: none">•Technical segments discussions	<ul style="list-style-type: none">•Country processes•International processes	<ul style="list-style-type: none">• Core members + high level reps + other partners
Coordination	<ul style="list-style-type: none">•Work done through other processes	<ul style="list-style-type: none">• 2 project workstreams	<ul style="list-style-type: none">• Core members + Med Gov Network

How could the platform add most value?

- What type of actors (public, private, other, and traditional, non-traditional) need to be engaged in the regional platform?
- What specific topics need to be addressed by the regional platform in order to best contribute to support the needed governance reforms?
- How could the regional platform be operationalised?

- ❑ What is the existing interface between public and private actors, at regional and national level, aiming at a common understanding and successful collaboration opportunities?
- ❑ Could a regional platform add value and contribute to the needed governance reforms and contribute to the sustainable financing of water and sanitation services?
- ❑ What type of actors (public, private, other, and traditional, non-traditional) need to be engaged in the regional platform?
- ❑ What specific topics need to be addressed by the regional platform in order to best contribute to support the needed governance reforms?
- ❑ How could such a regional platform become operational?