

Water Governance in Jordan: Overcoming the Challenges to Private Sector Participation

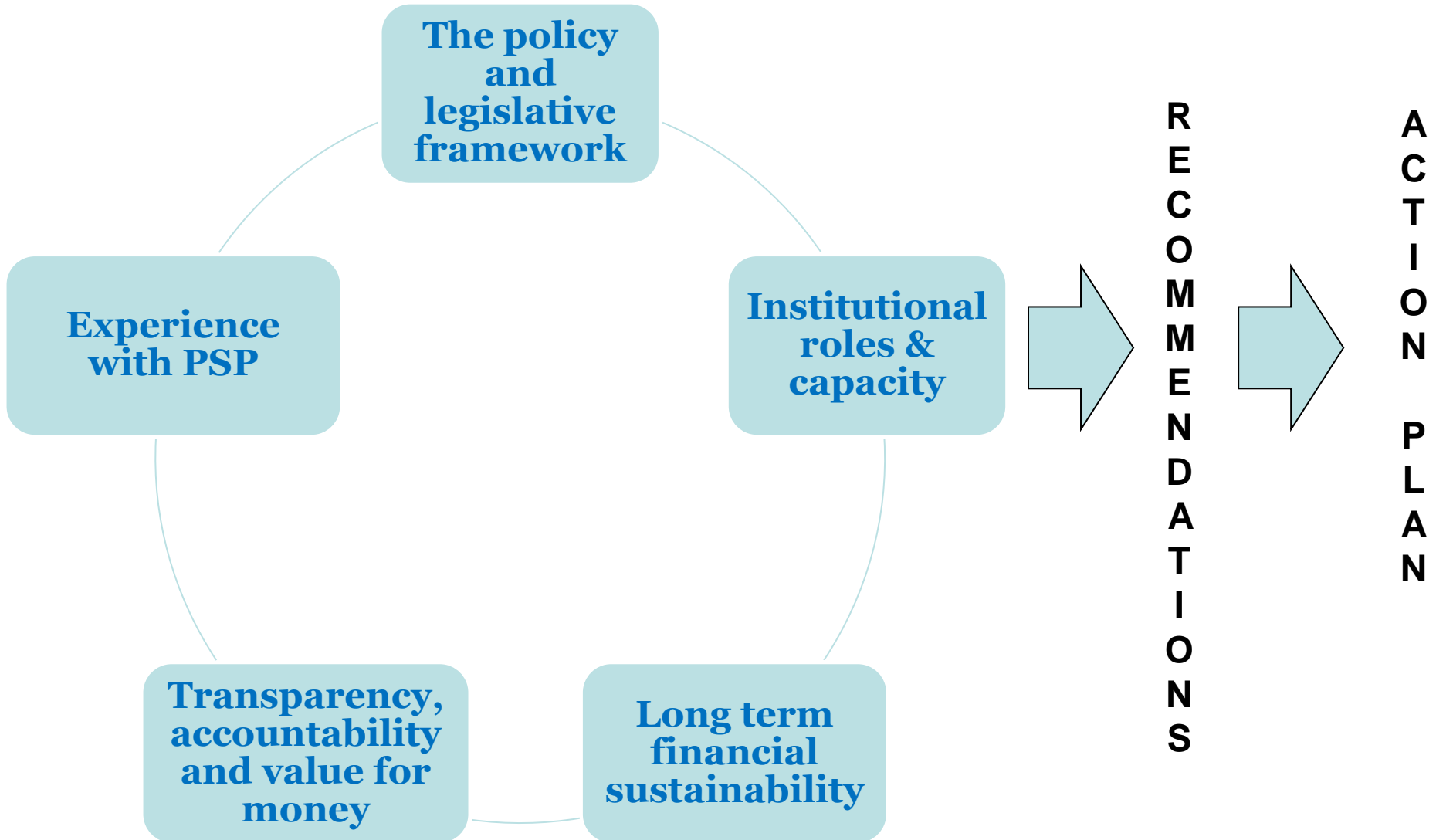
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Pillars of the report

DIAGNOSTIC ANALYSIS



Focus & areas of recommendation

1. Managing water PSP in a fiscally constrained environment through appropriate budget processes
2. Reducing regulatory risk through developing a high-quality water regulatory framework
3. Engaging stakeholders to secure political and social acceptability of PSP



Managing water PSP through appropriate budget processes

Dimensions of fiscally sustainable PSP

According to the OECD Principles for Public Governance of PPPs, this has 3 dimensions:


- Establish a clear, predictable and legitimate institutional framework supported by competent and well-resourced authorities.
- Ground the selection of PPPs in value for money, i.e. assess which investment method is likely to yield the most value for money.
- Use the budgetary process transparently to minimise fiscal risks and ensure the integrity of the procurement process

Tools and capacity to ensure VfM

- Build PPP capacity throughout the administration, incl. through a dedicated PPP unit and broad PPP capacity in all relevant authorities – *partly underway*
- Develop basic value for money methodology: PPP unit can take the lead but procuring authorities will need to own the tools - *ST*
- Develop standard PPP contracts - *ST*
- Ensure a level playing field & competitive bidding: reduce delays and burdens in the tendering process – *to be considered*

Ensure budget affordability

- Create transparency about the fiscal stress and risks from the water sector - generate and publish a contingent liability report as part of the budget documentation
- Develop a strategic financial strategy for the water sector to stimulate policy debate on the feasibility of various policy choices. The plan should discuss the sources of revenues, expected expenditures, as well alternative scenarios to meet the costs. - *MT*



Reducing regulatory risk through developing a high-quality water regulatory framework

Three complementary areas of action

1. 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.
2. Continue the **reforms of the PMU**: improve clarity on its roles and functions, align its resources with its core work and establish appropriate accountability mechanisms to enhance the credibility of the regulatory framework.
3. Continue the **corporatisation efforts** and strengthen the capacity & autonomy of water providers as they constitute the key pillars upon which the regulatory framework rests.

Improve regulatory governance

- **Some progress at national level**, but uncertainty on the extent to which this has trickled down to various sectors
- **A role for MWI & PMU** in more systematic consultation with regulated entities & the public on new regulation & regulatory decisions, use of RIAs, ex-post evaluation of existing regulations and burden reduction initiative.

=> Use the opportunity of an upcoming piece of legislation to initiate use of the tools.

Continue current reforms of the PMU

- **Ensure adequate implementation of the Rules of Procedure:** they foresee a role for the PMU in: tariff regulation, monitoring of service delivery performance, analysis of business plans of utilities, information and data gathering - *ST*
- **Address the uncertainties regarding PMU's roles & responsibilities** (from various sources). Clarify the roles of various authorities and the coordination mechanisms - *ST*
- Ultimately, if a regulatory body is established, a founding legislation is needed - *LT*

- **Potential gaps:** 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 that the **resources available to the PMU** are clear, secured over time and evolve with its mandate and responsibilities - *ST*

=> Build on current efforts and initiatives such as ISSP, the TF project & other donors' support, as well as existing platforms such as the NER

Continue corporatisation efforts

- Support the **professionalisation of water operators**: hiring process based on professional competences + peer learning. *ST*
 - Strengthen **financial sustainability & autonomy of operators**: tariff setting, commercial & technical efficiency. *How to make it happen?*
 - **Address gaps in performance monitoring** through the development of a set of common performance indicators and public disclosure of results. *ST / will improve with use*
- => Build on existing platforms (ACWUA) and current initiatives to support operators & strengthen monitoring



Engaging stakeholders to secure political and social acceptability of PSP

Prerequisites for effective stakeholder engagement

1. Strengthen the **information base** to raise awareness on water challenges, costs and role of PSP
2. Strengthen existing **mechanisms & platforms** for effective' contribution to decision-making
3. Define a thorough **communication and capacity development** strategy

Strengthen the information base (MT)

1. Establish a public, reliable and up-to-date information system on water costs, consumption levels, quality, and tariffs
2. Produce clear and evidence-based information on the role, responsibility and contribution of PSP in the water sector to dispel the myths and raise awareness (cf. ongoing review of privatization)

⇒ A role for third parties as the HWF, NGOs, research, MWI, utilities, PMU, Donors, audit institutions

⇒ Build on current efforts of WAJ (website), service manual, price list, and international best practice

Strengthen existing mechanisms (ST)

1. Strengthen multi-stakeholder platforms to increase the policy-science-civil society interface
 - Enlarge the mandate of the HWF to cover water services
 - Empower the National Water Council
 2. Engage more systematically with customers through
 - Regular households satisfaction surveys publicly disclosed
 - Online customer complaints system on services requests, improvement, administrative decisions
- ⇒ Lessons from Disi project, water users' associations, MWI efforts to institutionalise fora at basin level, subscribers survey, 2009 Ombudsman initiative

A thorough communication and capacity development strategy

1. Develop communication and media campaigns targeting « unheard voices »
 - Communication as a strategic priority of the National Strategy for Water to navigate social and political issues associated with water reforms
 - Tailored approach to Youth and women
 2. Name spokespersons to avoid fragmented communication across public authorities, especially in emergency-driven situations
- ⇒ need for well-trained staff, marketing professionals, and use of international / regional networks



THANK YOU