

Governance & Financing for the Mediterranean Water Sector

Project labelled under the Union for the Mediterranean

Overview & Current Status of the project

Anthi Brouma, Ph.D.
Head of MENA
GWP-Med



1st Consultation Workshop
Water Policy Dialogue in Palestine
Ramallah, 13 November 2014



Union for the Mediterranean
Union pour la Méditerranée
الإتحاد من أجل المتوسط



The EIB bank



Snapshot of the project

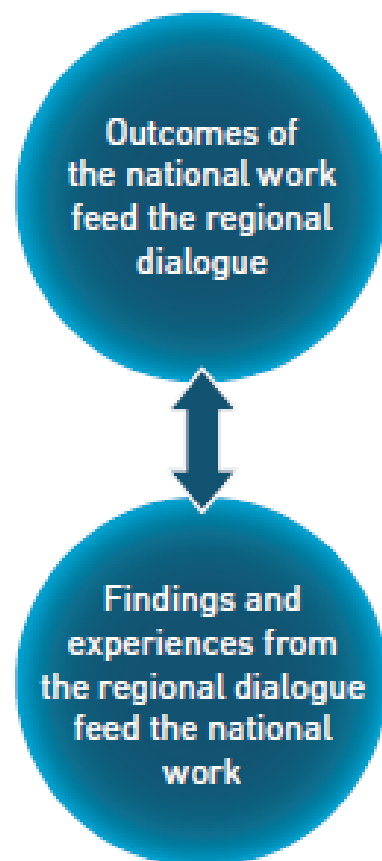
- Regional geographical scope
- Timeline: mid 2013 - mid 2016
- Labelled under the UfM framework
- Designed & implemented by GWP-Med & OECD
- 2 components: national & regional
- Pilot Countries: Albania, Egypt, Jordan, Lebanon, Palestine, Morocco & Tunisia, with additional countries to be included
- Budget: approx. 2.5 million Euros
- Financially supported by Sida, EIB and GEF MedPartnership



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

28-29 May 2013
Launching Conference
Barcelona

28-30 October 2014
1st Regional
Conference

2nd Regional
Conference

3rd Regional
Conference

2013

2014

2015

2016

National level

Policy Dialogues in
Tunisia and Jordan

Policy Dialogues in
selected countries

Policy Dialogues in
selected countries

National Component

In-Country Policy Dialogues (of about 9-12 months) - specific focus defined in each country

Country-specific Reports informing and be guided by the Policy Dialogues

using tested methodologies and tools:

Diagnosis of the framework underpinning affordability and long term financial sustainability of PSP projects in the water sector

Customised guidance on how to overcome the bottlenecks & discussion of the various options for reform

Action plan on key areas of improvement, building on the experience in other sectors/countries, comparison with international best practices

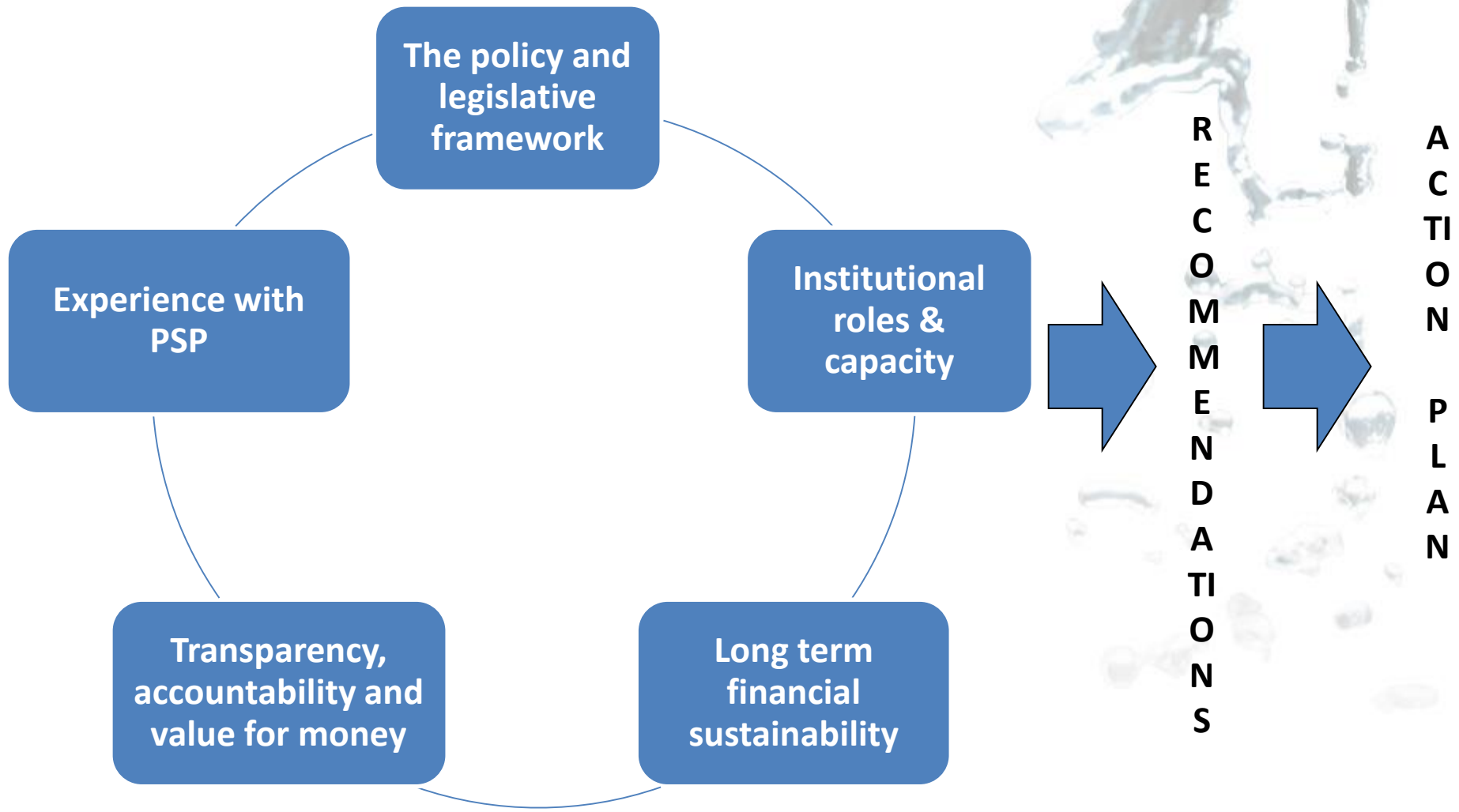
Questionnaire and interviews with key players to support the collect information, inform the diagnosis and mobilise key stakeholders in the policy dialogue

Set of policy workshops organised by GWP-Med and the OECD in the countries to discuss the analytical reports

Involvement of peer reviewers to share experience on how similar bottlenecks have been or can be addressed

Annual regional meetings to share experiences

Pillars of the water policy dialogues



Regional Component

Annual Regional Meetings to:

- **exchange good practices and the sharing of experiences** in the region and with other countries (EU, overseas, OECD)
- **identity common denominators, as well as replicable experiences and practices** using the compiled report of country case studies
- **develop of a set of guidelines tailored to the region** based on the experiences detailed in country case studies

Facilitate a broad network of experts dedicated to water governance dialogue, in line with OECD's Global Water Governance Initiative and the Med Process of the World Water Fora

Facilitate a regional interface/dialogue among public, private and civil society actors

How to do it - Methodology

- Builds on **well received earlier work** by GWP-Med/OECD in Egypt and Lebanon
- Long tradition of **providing neutral platforms for building consensus & sharing good practices** among wide range of stakeholders through evidence-based policy dialogues
- Based on **tested methodologies and tools** to help countries **strengthen institutional capacity to attract financial resources & manage water resources and service delivery more efficiently**
- Allows direct interface between citizens, users, governments and the private sector, thus **enhancing ownership and securing active participation**

How to do it - Synergies

Based on ongoing work and linkages that the project partners have established in the Mediterranean region, operational linkages with EU and UN initiatives, processes and programmes have and can be secured, including, but not limited to, the:

- European Investment Bank (EIB)
- EU Water Initiative (EUWI) and particularly the Mediterranean Component (MED EUWI) and the Joint Process MED EUWI/WFD
- GEF Strategic Partnership for the Mediterranean
- EC-funded Sustainable Water Integrated Management (SWIM) Support Mechanism and Demo projects
- Horizon 2020 Initiative to de-pollute the Mediterranean
- UN Barcelona Convention & Protocols, MSSD, UNEP MAP, UNDP WGP-AS, UN ESCWA, etc
- UNECE International PPPs Centre on Water and Sanitation
- Marseille Centre for Mediterranean Integration (SustainableMed)

Progress & activities during the first year of implementation (2013-2014)

Official Launching of the Project

High level Regional Conference

Palau de Pedralbes
Barcelona, Spain
28-29 May 2013



Launching Conference

- More than 100 stakeholders
- From 22 countries
- Representing governments, public authorities, civil society, donor community, private sector, regional and international organisations



The official launching of the Governance & Financing for the Mediterranean Water Sector project took place on 23-29 May 2013 at the Palau de Pedralbes, Barcelona, Spain, under the auspices of the Union for the Mediterranean (URM) Secretariat.

The Regional Conference that marked this occasion brought together more than 100 participants from 22 countries across the Mediterranean, representing high-level officials from URM member states, intergovernmental and non-governmental organizations as well as stakeholders from water utilities, water users, civil society, private sector, donor community, financial and academic institutions.

The Conference was opened by H.E. the Secretary General of the URM, Fathallah Sijjem, while a keynote speech on the issue of water governance in the context of the Arab Spring was delivered by the Minister of Water and Irrigation of Jordan, H.E. Hazim El-Naser, representing also the URM Co-Presidency.

The relevance, added value and timeliness of the project for the region was highlighted in the opening session by the Minister of Water and Wastewater Utilities of Egypt, H.E. Abdelkawi Khalifa, the Minister and Head of the Palestinian Water Authority, H.E. Shaddad Attia and the Deputy Minister of Foreign Trade and Economic Relations of Bosnia and Herzegovina, H.E. Ermina Salikovic-Dizdarevic. These were complemented by short interventions delivered by the project's core partners and the two implementers. The ceremonial opening of the Conference was marked by the official delivery by H.E. Abdelkawi Khalifa of a support letter from Egypt to the project.

"The URM-labelled project that we are launching today, aims to effectively address a clear demand for more efficient water service provision, wider participation of stakeholders, more decentralized planning and implementation processes and more transparent and accountable decision making"
Secretary General Sijjem

Water Policy Dialogue in Jordan



- At the request of by **H.E. Hazim El-Naser**, Minister of Water and Irrigation
- Developed through an interplay of technical work and consultation workshops
- Involved 157 individuals (31% women) representing 57 different institutions/organisations



First Consultation – 23 Oct 2013
Second Consultation – 5 Feb 2014
Third Consultation – 4 June 2014

Water Policy Dialogue in Tunisia



First Consultation – 1 Oct 2013
Second Consultation – 5 Mar 2014
Third Consultation – 9 June 2014

- Requested by **H.E. Mohamed Ben Salem**,
- Minister of Agriculture
- Developed through an interplay of technical work and consultation workshops
- Involved 162 individuals (41% women) representing 65 different institutions/organisations



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 setting

- Tunisia
 - Centralised setting
 - Competent administration but limited PSP capacity
- 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

Bureau de Planification
et des Équilibres
Hydrauliques

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

Commissariats
Régionaux au
Développement
Agricole

SONEDE

Groupements de
Développement Agricole

Présidence du
Gouvernement

Unité de suivi des
Concessions

Unité des PPP

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

Secrétaire d'État au
Développement
Durable

Agence Nationale
de Protection de
l'Environnement

ONAS

Ministère de la Santé
Publique

Ministère de l'Économie
et des Finances

Secrétariat D'État au
Développement et de
la Coopération
Internationale

Direction Générale de
Partenariat Public-Privé

Contrôle Général des
Finances

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. Uncertainty & gaps in the legislative & regulatory framework for water and PPPs undermines legal clarity, opportunity and stability of water PSP
2. Limited financial sustainability of water operators, important subsidies & fiscal constraints put pressure on the WWS sector and call for reforms
3. Need for greater accountability mechanisms, territorial development & stakeholders' engagement.



Recommendations

Areas of recommendation

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 should 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 regulator

- 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

Fiscally sustainable PSP in both countries

- 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

1. Strengthen the **information base and access** to raise awareness on issues of cost and dispel myths on PSP
2. Reinforce **existing mechanisms & platforms** for their effective contribution to decision-making and to better reflect “unheard voices”
3. Clarify **objectives and expected outcomes** of stakeholder engagement to better define who can do what

INFORMATION

CONSULTATION

CONSENSUS
BUILDING

CO-PRODUCTION OF
DECISION-MAKING

1st Regional Conference

28-30 October 2014, Athens, Greece



- Brought together 112 stakeholders, representing governments, public authorities, civil society, donor community, private sector, regional and international organisations
- Disseminated the findings from Jordan & Tunisia
- Shared experiences from water sector reform process from other South Med countries & explored the replication of the work/methodology
- Facilitated the Regional Dialogue Platform on governance & financing

Communication & Visibility

- ❑ Involvement in a series of regional meetings
- ❑ Dedicated website – kindly hosted by GWPO
- ❑ Communication Strategy
- ❑ Production of communication material
 - ❑ Project Brief in 3 languages
 - ❑ Newsletter
 - ❑ Dialogue Policy Briefs (upcoming)



Next steps 2014-2015

☐ Water Policy Dialogue in Palestine

- ☐ At the request of the Palestinian Water Authority
- ☐ Mission and 1st Consultation Workshop, 9-14 November 2014
- ☐ Interplay of technical work and consultation workshops
- ☐ Dialogue to provide outputs by end of June 2015

☐ Water Policy Dialogue in one or two more countries

☐ **2nd Regional Conference**, planned for October 2015

مع خالص شكري
وامتناني

*Merci pour
votre attention*

*Thank you
for your kind attention*

Contacts:

GWP-Med: secretariat@gwpmed.org

OECD: water.governance@oecd.org

UfM: water@ufmsecretariat.org