

Water Governance & Financing for the Mediterranean Water Sector

*A regional project officially labelled
under the Union for the Mediterranean*



Secretariat of the Union for the Mediterranean
Secrétariat de l'Union pour la Méditerranée
الأمانة العامة للإتحاد من أجل المتوسط

*4th Beirut Water Week
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Jointly led by



Setting the stage

At the core of water crisis, **governance deficit, mismanagement and under-financing play a major role**, whilst inducing and reinforcing each other

Despite the flow of funding (public funds, ODA, loans or otherwise), **countries struggle - and usually fail - to meet the financial requirements** that water-related strategies and plans entail

Lack of basic elements of a sound governance framework impedes efficient use of available funding and mobilisation of much needed additional sources of finance, particularly from the private sector

The recent socio-political developments in the southern parts of the Mediterranean region have called for more effective and responsive water service provision, **wider participation of stakeholders**, more **bottom-up and decentralised planning and implementation processes** and more **transparency and accountability** in the policy and decision making

The recent regional unrest has also strongly highlighted the **urgent need for action** in order to re-establish trust and reinforce ownership; consultative processes and constructive multi-stakeholder dialogues figure among the effective ways of responding to this need

FINANCING...

Is it too little...?
or too difficult to get...?

OR



Is it too much that one
cannot really handle
efficiently ?

Background to the project

Project follows up and builds on **previous work** jointly conducted by GWP-Med and OECD within the framework of the **Mediterranean Component of the EU Water Initiative (MED EUWI)** and the **GEF MedPartnership**

This line of work included:

- A Financing Strategy for the Water and Sanitation Sector in Greater Cairo within the MED EUWI Water Policy Dialogue in Egypt
- A National Assessment of Private Sector Participation in Water Infrastructure in Egypt
- A National Assessment of Private Sector Participation in Water Infrastructure in Lebanon
- Exploratory activities for launching a National Assessment of Private Sector Participation in Water Infrastructure in Tunisia

Both PSP assessments evaluated the enabling environment for private sector involvement in the water sector and concluded with identifying gaps and bottlenecks in a) the institutional setting, b) the legislative/regulatory framework, c) the financial sustainability of projects.

Implementers

The **Global Water Partnership – Mediterranean (GWP-Med)** (regional partnership of GWP that was established in 1996 by World Bank, UNDP and Swedish SIDA) is a multi-stakeholder platform bringing together more than 85 networks, institutions and organisations working on water issues in the Mediterranean region. The aim is to exchange knowledge and promote action on Integrated Water Resource Management (IWRM) for the sustainable use of the region's water resources, through facilitated policy dialogue, targeted demonstration activities, experience and knowledge sharing and capacity-building.

The **Organisation for Economic Co-operation and Development (OECD)** is an intergovernmental organization promoting policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems, based on evidence-based economic analysis.

Political context of the project

Project addresses and promotes action on the *financing-governance nexus* in the water sector with emphasis on the potential role of the private sector and responds to:

- the **objectives of the UfM** and its Secretariat's scope of work;
- the **Declaration of the UfM Ministerial Conference on Water** (Dead Sea, Dec. 2008);
- the context of the chapters on water financing and water governance of the draft Strategy for Water in the Mediterranean as well as of the Arab Water Strategy;
- the scope and operational framework of the **Mediterranean Component of the EU Water Initiative** (MED EUWI).

Project's snapshot

- Officially approved by the UfM 43 Senior Officials and **labelled under the UfM framework** on July 9 2012
- Timeline: 3-year project (2013-2015)
- Budget: a total of 2.5 m Euros to be secured under a co-financing modality as a result of receiving targeted contributions from different funders
- Secured Financial Commitments: **Sida** (40% of total budget), **GEF MedPartnership** (technical work in one country in 2013), EIB (tbc, technical work in two countries in 2013)
- Focus: 9 Med countries to be covered (possibility of more countries pending on availability of resources)
- **Support letters** already received at Minister's or Secretary General's level from: **Lebanon, Palestine, Jordan, Tunisia, Albania & Morocco**
- Structure of the project:
 - National Component (country assessments & national policy dialogues)
 - Regional component (wide regional workshops/conferences to share experiences/findings & enhance replicability potential)

Objectives & added value

To diagnose key bottlenecks and governance gaps in the mobilisation of financing for the Mediterranean water sector and provide realistic and implementable solutions (in the form of a set of operational guidance and a compendium of good practices from within and outside of the region)

Relevance and timeliness of focusing on framework conditions, including institutional, legislative and regulatory circumstances, in the current context of credit and budget constraints and tight financial conditions. The current scarcity of and competition for limited financial resources, render necessary addressing the upstream bottlenecks to the mobilisation of financing for the water sector.

Centrepiece is the production of solid technical work (based on accepted and tested OECD methodology) and the facilitation of structured, multi-stakeholder policy dialogues at national and regional levels. National dialogues feed into the analytical work and vice-versa.

Policy dialogues at regional level: platforms for sharing of experiences and lessons learnt so as to enhance the replication of success stories. Also to provide background to international and regional institutional actors for prioritising possible action in support to countries in the fields addressed.

At **regional level**, to identify ways and assist in facilitating:

a broad network of water experts (regulators, senior government officials from water ministries, etc) dedicated to governance/finance dialogue **and/or a regional mechanism supporting regulatory reforms** for reinforcing/re-establishing the trust between users, public and private actors

the interface between policy makers and the range of private sectors that are active on water issues in the Mediterranean, including conventional (IFIs, donor agencies, service providers) as well as non-conventional (public and private banks, foundations, small scale private sector, insurance companies, etc) stakeholders

Methodology

Builds on **well received earlier work** by GWP-Med/OECD in Egypt, Lebanon and Tunisia.

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**.

Synergies - Partnerships

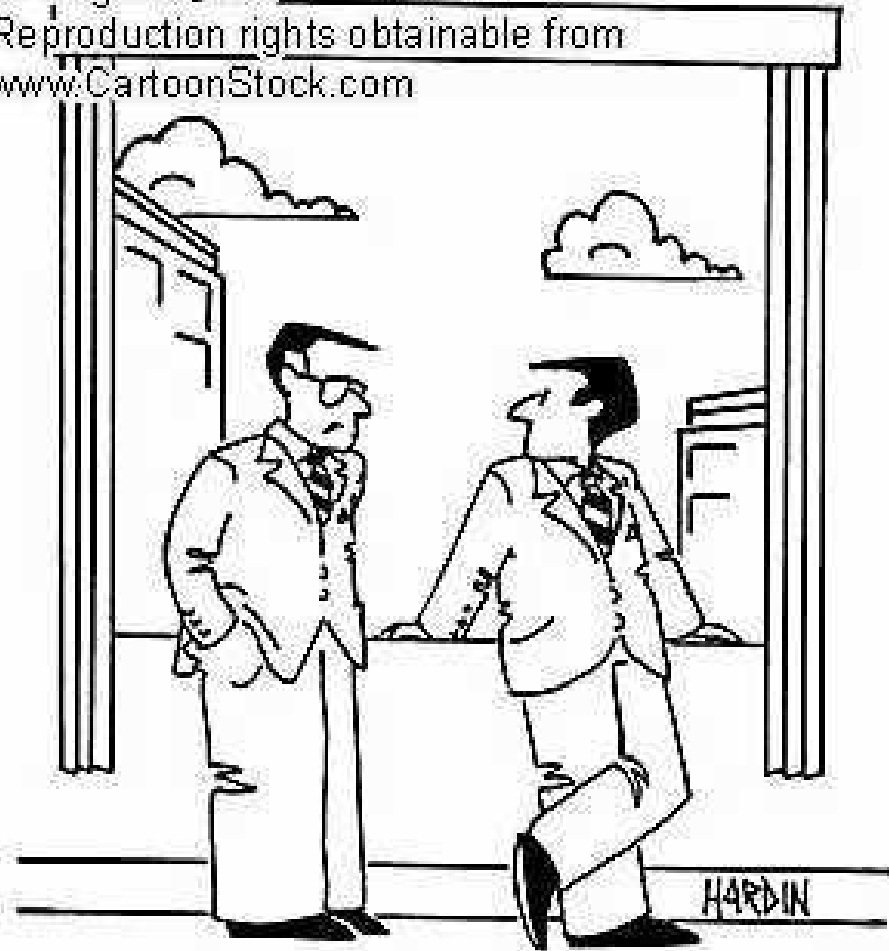
Based on ongoing work and linkages that the promoters have established in the Mediterranean region, operational linkages with EU and UN initiatives, processes and programmes can be secured, including, but not limited to, the:

- EU Water Initiative (EUWI) and particularly the Mediterranean Component (MED EUWI) and the Joint Process MED EUWI/WFD
- GEF Strategic Partnership for the Mediterranean
- 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

Strategic partnerships with the EIB (secured) and others (in progress) will ensure an adequate diagnosis of the governance bottlenecks, support the project financially and bolster the work's impact

***Is it money
that makes
the world
go round...?***

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"Love gets the credit, but business
makes the world go round."

Overcoming governance challenges can assist the mobilisation of much needed financial resources for the water sector

A consultative policy process to match supply and demand



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Governance & Financing Activities and Outputs

- 1. A set of national assessments and a regional Report compiled to highlight:**
 - 1.1 Institutional and regulatory factors inhibiting the flows of much needed financial resources and beneficial public private partnerships (PPP) along with policy recommendations to overcome them;**
 - 1.2 Existing governance and capacity building gaps in managing complex interdependencies across public actors and the mechanisms used by different countries to bridge them.**

Governance & Financing Activities and Outputs (2)

2. At country level, assessments and accompanying multi-stakeholder policy dialogues will lead to:

2.1 In-depth consideration of mechanisms to overcome key bottlenecks, such as:

- (i) strengthening of authorities that underpin an effective regulatory framework and of capacity building mechanisms to catalyse expertise in the public sector,**
- (ii) institutional cooperation mechanisms, such as river basin organisations, performance indicators, contracts across levels of government, dispute resolution mechanisms, etc.,**
- (iii) mechanisms to incentivize effective users' participation.**

2.2 Endorsement/application of mechanisms considered most suitable to the country context, through country policy dialogues, and using participatory approaches to ensure ownership.

Governance & Financing Activities and Outputs (3)

3. At the regional level:

3.1 Exchange of good practices and the sharing of experiences through meetings in the region and with other countries (EU, overseas, OECD).

3.2 Identification of common denominators, as well as replicable experiences and practices using the compiled report of country case studies.

3.3 Development of a set of guidelines tailored to the region based on the experiences detailed in country case studies.

3.4 Exploring the potential for creation of a network of water experts (regulators, senior government officials from water ministries, etc.) **and/or a regional mechanism supporting regulatory reforms** for reinforcing/re-establishing the trust between users, public and private actors.

Governance & Financing Activities and Outputs (4)

4. Additional outputs (based on country demand & resource availability) may include:

4.1 The operationalisation of the guidelines in specific sub-sectors (an example would be focus on enabling environment for private sector involvement in non-conventional infrastructure, i.e. wastewater treatment or desalination);

4.2 A set of targeted capacity building activities to be further elaborated with the country's relevant authority.

Beneficiaries of the project

The Project will help build consensus and PPP capacity across responsible authorities of Mediterranean countries and support consultation with private partners and users. As such, it is expected to benefit:

- **different levels of government and public authorities** responsible for preparing, regulating, monitoring PPP projects and related activities (tariff regulation, strategic financial planning, regulatory policy, capacity building, managing multi-level governance, PPP and water-related legislation, etc)
- **water users** by helping them make their preferences and concerns better heard; and
- **private partners and marginally water utilities** (whether private or public) by clarifying respective responsibilities and supporting better the management of expectations;
- **private actors** through the interface in the two regional networks

Conclusions

An important practical study that will:

- Assist Public Sector in identifying & implementing best practices for Water Governance and Finance.
- Help Public and Private Sectors to engage in a transparent and accountable way.
- Address public perception of misuse or abuse of public assets through clear regional models and guidelines.



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**Thank you for your
attention**

**For more information:
GWP-Med Secretariat
secretariat@gwpmed.org
www.gwpmed.org**