

Governance & Financing for the Mediterranean Water Sector

Project labelled under the Union for the Mediterranean

Overview, Progress & Current Status of the initiative and the Lebanese Dialogue

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Session 3: Launching of the Lebanese Dialogue



Snapshot of the project

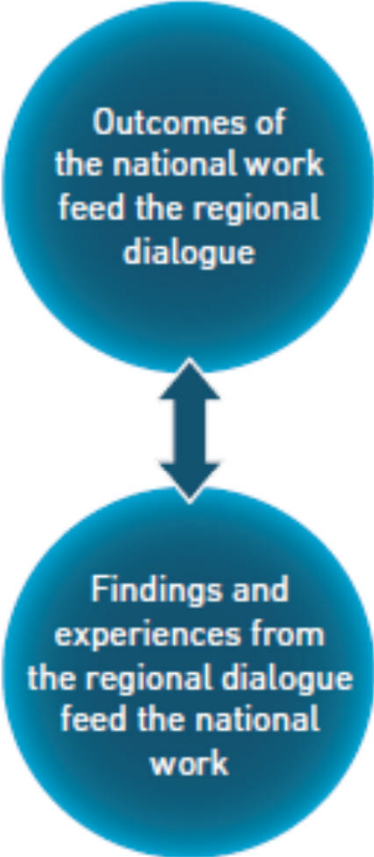
- Regional geographical scope
- Timeline: 2013 - 2017
- Designed & implemented by GWP-Med & OECD
- Labelled under the UfM framework
- 2 components: national & regional
- Focus Countries: Jordan, Lebanon, Palestine & Tunisia, support letters provided by more countries (e.g. Albania, Egypt, Morocco)
- 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.

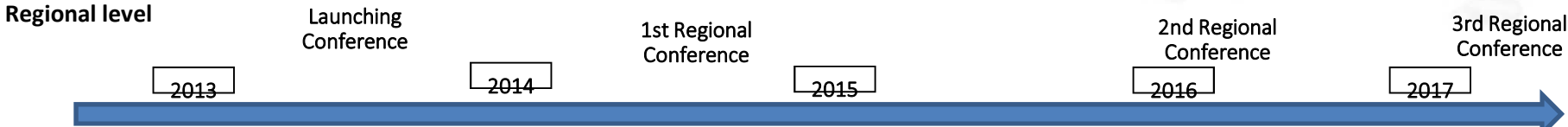
The dialogues complement the technical work and pave the way for recommendations and an action plan for reforms based on international best practices.

REGIONAL COMPONENT

Dialogue to share policy experiences and promote best practices

Objective: to support the sharing of experiences across the Mediterranean and beyond.

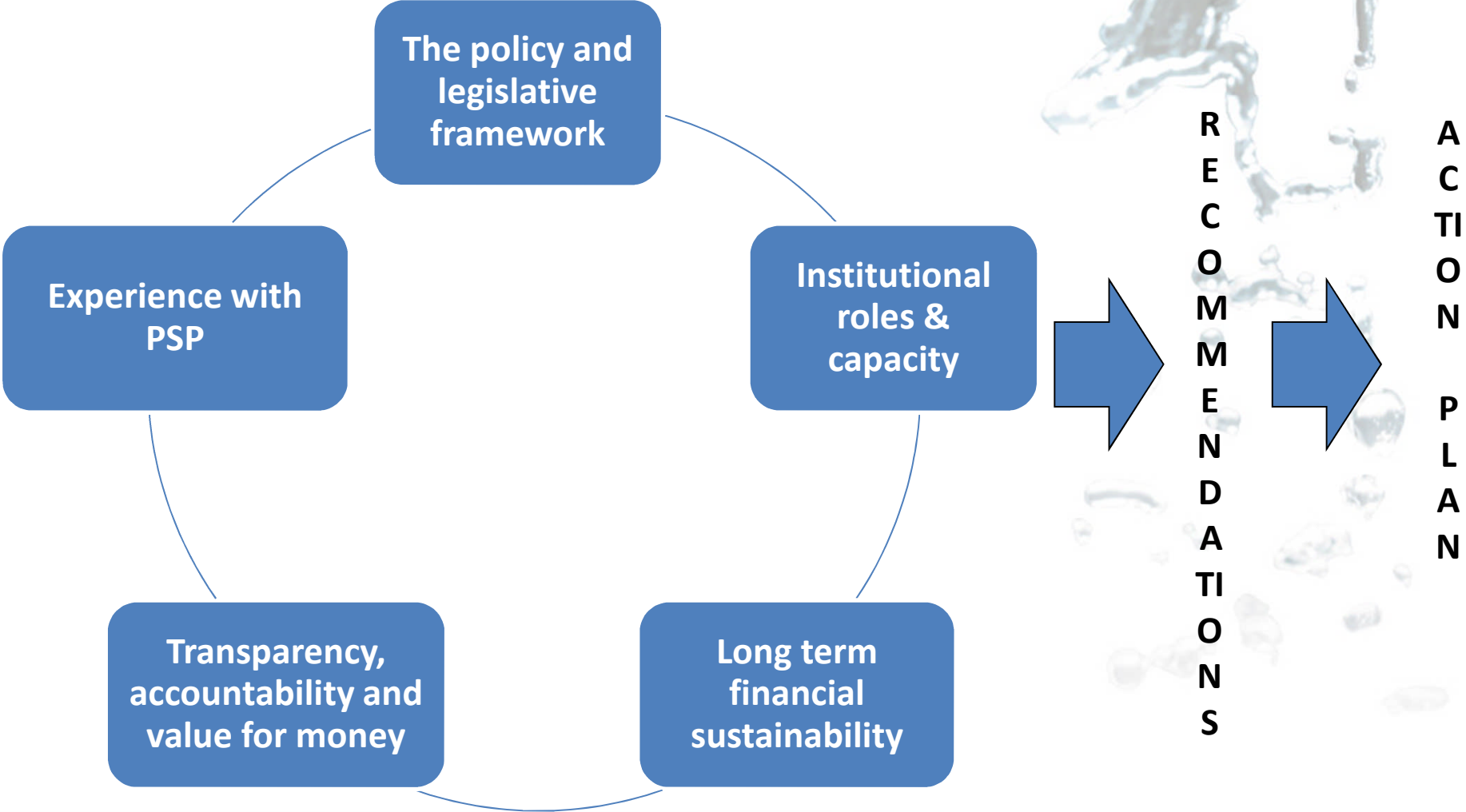
The project facilitates the interface between policy-makers and private sector actors on governance reforms enhancing the financial sustainability in the water sector.



Governance & Financing for the Mediterranean Water Sector



Pillars of the water policy dialogues



Regional Component

Regular 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 informal 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
- EC-funded SWIM/Horizon 2020 Support Mechanism and Demo projects
- 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 (2013-2016)

Regional Component

Official Launching of the Project High level Regional Conference

28-29 May 2013
Palau de Pedralbes, Barcelona, Spain



First Regional Conference

28-30 October 2014
Athens, Greece

Second Regional Conference

5-6 December 2016
Tunis, Tunisia



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

Water Policy Dialogue in Palestine



First Consultation – 13 Nov 2014
Second Consultation – 6 May 2015
Third Consultation – 16 June 2015
Fourth Consultation - 2 Dec 2015

- Requested by **H.E. Shaddad Attili**, former Minister & reconfirmed by **H.E. Mazen Gnaim**, Minister, PWA
- Developed through an interplay of technical work and consultation workshops
- Involved 189 individuals (27% women) representing 39 different institutions/organisations

Communication & Visibility

- ❑ Dedicated website – kindly hosted by GWPO
<http://www.gwp.org/governanceandfinancing>
- ❑ Active involvement in a series of regional & global meetings & processes
- ❑ Communication Strategy
- ❑ Communication material
 - ❑ Project Brief in 3 languages
 - ❑ Newsletter
- ❑ Policy Briefs
- ❑ Thematic Briefs
 - ❑ Gender
 - ❑ CSR





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

Palestine

- Some experience with PSP projects and management contracts, also outside the water sector; replicable examples exist
- Severe water scarcity challenges and lingering political situation

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

Palestine

- 2014 Water Law has consolidated responsibility and clarified roles across entities with PSP clearly identified as tool
- Enforcement in progress; undefined period of transition as structure and responsibilities are being shifted

Common challenges

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

Areas of Recommendation

1. Developing the regulatory framework
2. Improving the budget processes
3. Promoting & ensuring stakeholder engagement

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

Palestine: support the 2014 Water Law enforcement

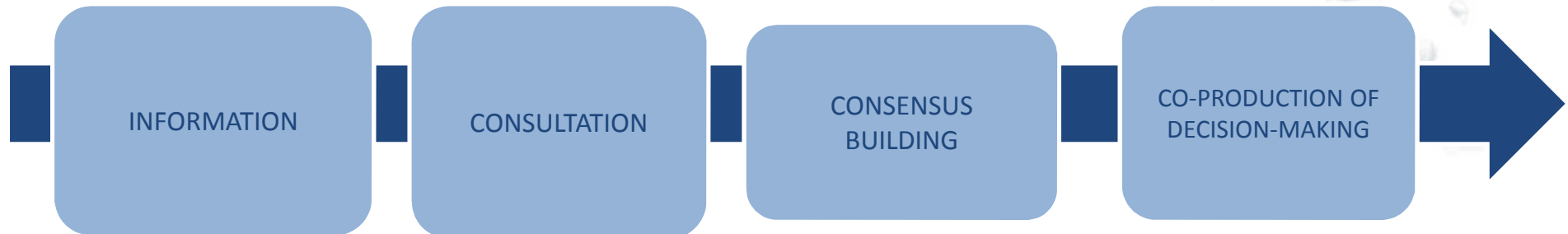
- **Build strong and dedicated PPP capacities and establish PPP units** (one inside the PWA), ensuring that training/capacity building is provided for men and women alike
- **Address intra-sector relationships** according to the legal framework including the 2014 Water Law (e.g. through MoUs, protocols between parties) - improve clarity on and encourage the amalgamation of service providers and enhance their autonomy
- **Three-tier communication approach** for sensitisation and awareness & build on/expand existing mechanisms for stakeholder engagement

Fiscally sustainable PSP in the three 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



National Dialogue in Lebanon

Key findings from previous work on PSP

- 2010 Assessment on “Framework Conditions for Private Sector Participation in Water Infrastructure in Lebanon (2010)”
 - At the request and under the guidance of MEW
 - In collaboration with OECD
- Technical work based on OECD Checklist for Public Action & number of bilateral/multilateral semi-structured interviews & questionnaires
- Report developed through a series of multi-stakeholder workshops
- Besides providing an overview of recent developments on PSP, it highlighted 3 areas for consideration by the government:
 - Institutional framework under development
 - Administration capacity
 - Sustainability of projects

Workshop on the Role of the Banks

- Dedicated workshop on the role of the banking sector, Beirut, 9 Dec. 2010
- Organised by GWP-Med, MEW and the Association of Banks in Lebanon
- More than 30 targeted stakeholders, including more than 23 Banks and finance groups/associations
- Main conclusions:
 - Reconfirmed validity of Assessment's findings and need for greater PSP
 - Institutional & legislative reform needs to be completed, incl. capacity development
 - Banks to deploy their innovation to engage in investments with complex returns and be able to cover the risks inherent to the water sector
 - To develop a detailed evaluation for examples of projects (Business case study) and develop a road map on tasks and responsibilities for realising this

Current work: Gov&Fin Dialogue & the role of the banks

- Follow up with MEW and selected banks on concretising the Dialogue's context
- Synergy between the Gov&Fin Programme and the EU-funded regional project SWIM/Horizon 2020 Support Mechanism
- Context of work:
 - Facilitate a Dialogue on sustainable water financing with emphasis on the role of banks
 - Update the 2010 Assessment to serve as background
 - Develop set of criteria for the selection of bankable water projects
 - Identification of small scale pilot projects to be implemented through PSP and the involvement of banks
 - Support a 'learning by doing' approach for moving forward

Activities during 2017

National Component

- Water Policy Dialogue in Lebanon, with emphasis on the role of the banking sector
- Phase II of Water Policy Dialogue in Palestine, supporting the consultation on the elaboration of priority water policies

Regional Component

- Knowledge management: Regional Report with key findings and lessons learnt
- 3rd/Closing Regional Conference, November 2017
- Operational synergies with other programmes & initiatives for sustainability of results and capitalisation of findings

مع خالص شكري
وامتناني

*Merci pour
votre attention*

*Thank you
for your kind attention*

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