Governance & Financing for the Mediterranean Water Sector
Overview and findings from Jordan and Tunisia

International Conference on “Public–Private Partnerships in the water and sanitation sector: an exchange of experiences between Europe, Central Asia, the Middle East and North Africa”
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Snapshot of the project

Regional geographical scope
Duration: 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
Overall 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
At country level, a questionnaire will be developed and used to identify the institutional and regulatory factors inhibiting the flows of financial resources and PPPs. The in-depth research based on the questionnaire will be complemented by multi-stakeholder policy dialogues and will pave the way for recommendations and an action plan for reforms, based on international best practices.

Regional dialogues to share experiences and promote the diffusion and replication of successful practices

At regional level, the Project will support the exchange of policy experiences through regular meetings among Mediterranean and OECD countries and facilitate the interface between policy-makers and private sector actors on governance reforms that will help achieve financial sustainability in the water sector. The potential for setting up a regional platform for such interface will be explored.
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
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
- 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
- Marseille Centre for Mediterranean Integration (SustainableMed)

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.
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

*Series of policy workshops* organised by GWPMed 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

DIAGNOSTIC ANALYSIS

The policy and legislative framework

Experience with PSP

Institutional roles & capacity

Transparency, accountability and value for money

Long term financial sustainability

Recommendations

Action plan

Experience with PSP

Global Water Partnership Mediterranean
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

Consul National de l’Eau

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

Présidence du Gouvernement
- Unité de suivi des Concessions
- Unité des PPP

Ministère de l’Équipement, de l’Aménagement du Territoire et du Développement Durable
- Secrétariat d’État au Développement Durable
- Agence Nationale de Protection de l’Environnement

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
- SONEDE
- Groupements de Développement Agricole

Instance consultative
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
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
Thank you for your kind attention

Merci pour votre attention