

# ***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”*

**21-22 October 2014**

**Geneva, Switzerland**

**Vangelis Constantianos**  
**Executive Secretary**  
**GWP-Med**

# 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**

# Components & outputs

A set of country reviews, developed through national consultations

- 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**

# How to do it - Synergies

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

Transparency, accountability and value for money

Institutional roles & capacity

Long term financial sustainability

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# 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

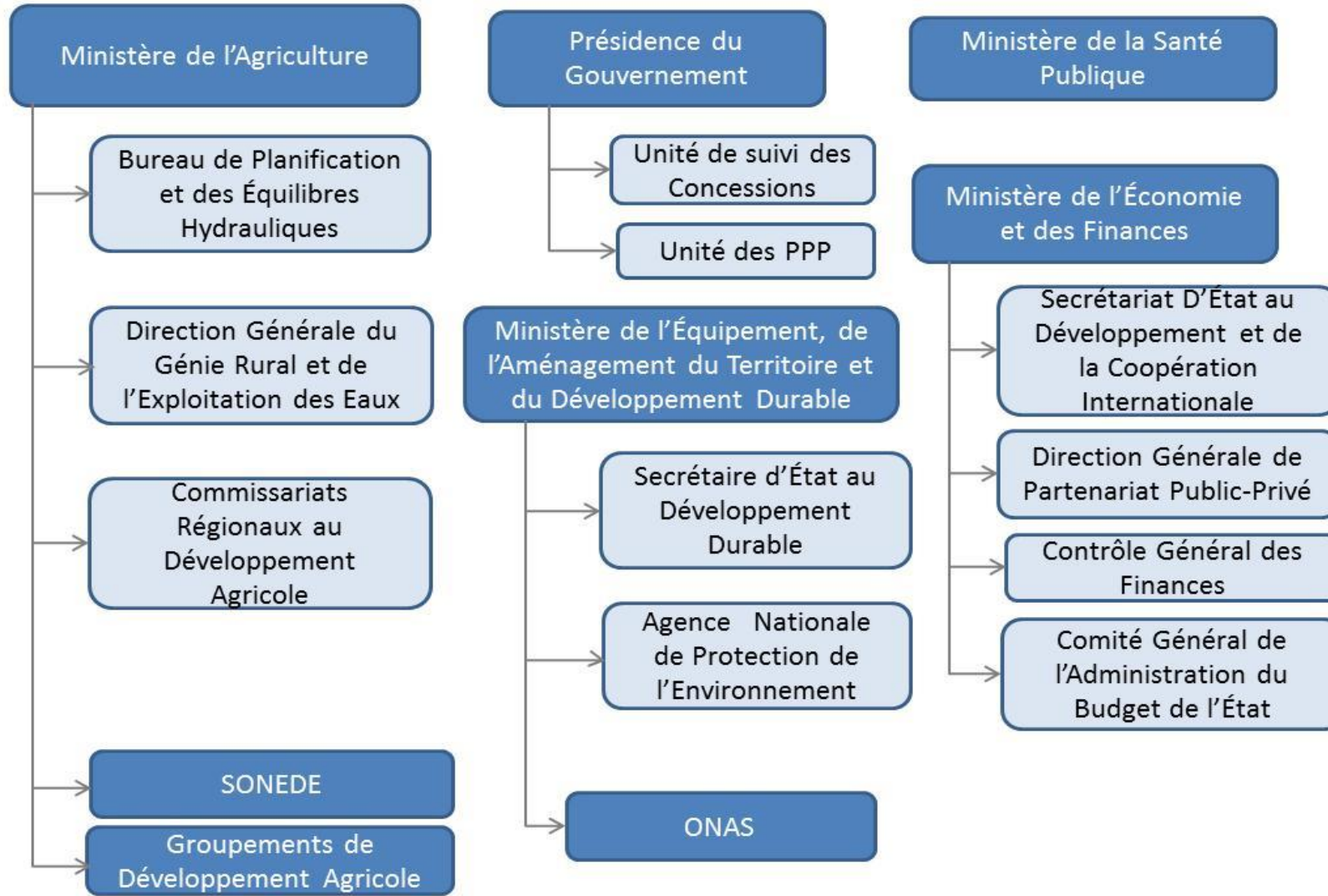
# Tunisia: a centralised setting

Instance consultative

Conseil National de l'Eau

Instances en charge des politiques

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

# Stakeholders 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



Thank you  
for your kind attention

مع خالص شكري  
وامتناني

Merci pour  
votre attention



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

