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أمام "إتحاد من أجل المتوسط (UfM)"

Launching of the "Governance and Financing for Mediterranean Water Sector Project"

Barcelona, May 28–29, 2013

Ladies and Gentlemen

It gives me great pleasure to be with you to participate in the regional launch of the Governance and Financing for the Mediterranean Water Sector Project.

Egypt has always been proud of being part of the Mediterranean basin and has been constantly at the forefront to strengthen the bonds of cooperation between Mediterranean countries across multiple sectors.

This is an important day for cooperation in the water sector in the Mediterranean basin and I would like to thank the Secretary General of the Union for the Mediterranean to hold this event under his sponsorship. I look forward to participating and having a substantive role in this project.

Ladies and Gentlemen

I would like to start by acknowledging the role played by international and regional organisations in providing socio-economic directions that support improvements in the level of public services provided to the public. I would also like to

offer my sincere thanks and gratitude to the Organization for Economic Cooperation and Development for its continued efforts, since its creation in 1948. And I would also like to thank the OECD for its contribution in a policy dialogue in Egypt.

Ladies and Gentlemen

In the context of the policy dialogue and strategy preparation study, launched by OECD and MED-EUWI in July 2008, within the scope of greater Cairo, the overall objective was to fortify and enhance the capacity of the water and wastewater sector to operate on a sustainable basis. This dialogue has provided government with several key directions, namely:

1. Reaching consensus about setting realistic financial goals and policies
2. Strengthening coordination between activities of different stakeholders
3. Determining governance and capacity development requirements

Ladies and Gentlemen

The selection of 'Governance' and 'Financing' as the dual objectives of the projects is welcomed given their importance in contributing to growth rates and development and the achievement of social justice.

The mobilisation of a wide range of stakeholders in the water sector promises to create a constructive dialogue on issues related to the governance and financing in the water sector that should result in finding innovative and valuable solutions.

Ladies and Gentlemen

From the OECD's perspective, governance is a system through which industries and organizations are managed and controlled by a set of rules. These rules distribute and determine the roles and responsibilities of stakeholders within a framework where decision-making procedures and accountability is based on principles that guarantees the rights of stakeholders and clarifies responsibilities through a distinct control system of transparency, disclosure and integrity.

Efficiency and effectiveness are basic principles of governance, which in practice means making the best use of all available resources: financial, human, social, technical, technological and regulatory.

Ladies and Gentlemen

As you may know, Egypt is making serious efforts towards improving the performance of the water and wastewater sectors in line with local, regional and international changes and the increasing number of challenges facing the sector. These

challenges vary from the scarcity of water resources to weak financial sustainability and institutional challenges that continue to affect the sector.

In compliance with the strategic goals set by the government, Egypt is following a water and wastewater sector reform plan that includes:

- 1- The establishment of a 'Holding Company' at the national level and 'Affiliated Companies' in each Governorate. The Affiliated Companies are responsible for the purification, distribution and sale of drinking water in addition to the collection and safe disposal of wastewater.
- 2- The establishment of the Egyptian Regulatory Agency to organize, monitor, and control all water and wastewater service activities to guarantee high level performance from utilities, sustainability of service quality and efficiency, and provision of service in reasonable prices.
- 3- Activation of a 'Power Triangle' comprising the affiliated companies, (as service providers), society (as their customers) and the water regulator. A strategic communication strategy has been put in place to ensure that

customers remain supportive of their affiliated company (and the regulator) during a period of change through which Egypt is passing.

More recently, the government has established the Ministry of Water and Wastewater Utilities with a specific remit to improve the performance of the affiliated companies in order to have these operate on a full cost recovery basis. Other measures include the introduction of quality management processes and the active support of the private sector.

Ladies and Gentlemen

The biggest challenge facing the water and wastewater sector in Egypt is the limited capital investment available from the Government's development budget. The Ministry of Water and Wastewater Utilities has therefore initiated a process of commercialisation of the decentralised water and wastewater utilities with the objective of raising income from the users of the service provided. The intention is to use this additional income initially to gradually reduce the high level of subsidies provided by the government until finally the utilities are in a position to directly attract investors, through project finance or public private partnerships.

With regard to Public Private Partnership, Egypt has already experienced some success with this form of procurement to finance public services, including a number of wastewater treatment plants. Others projects currently under study, include further wastewater treatment plants as well as desalination plants.

More recently, the Social Participation Partnership was identified as a solution to increase sanitation coverage in rural areas, which is currently 50% in the whole country but only 10% in rural areas. This translates into 40 million citizens who are deprived of a basic service. Egypt needs about 10 billion euros over 15 years to fix this coverage gap using traditional solutions.

The Social Participation Partnership is based on encouraging partnerships between the government and non-governmental organizations, citizens and private sector companies. This ends up in distribution of burdens of investment costs among all parties, as well as sharing the different tasks of the project starting from design, implementation and supervision. It also encourages using low-cost technological solutions and administrative systems.

Ladies and Gentlemen,

Our plan for the Social Participation Partnership is to focus on getting the community involved and committed to investing in the implementation of wastewater networks while the government will focus on the execution of pump stations and force mains. On the other hand, the Private Sector may invest in the implementation of wastewater treatment plant for reuse purposes. This distribution of funding and roles between civil society, the government and the private sector in distributing shares and investments will boost the execution of projects and increase the access to wastewater services.

Ladies and Gentlemen

The discussions and valuable exchange of ideas and lessons learned during this meeting will contribute substantively to improving the performance of the water and wastewater sector in countries in the Mediterranean basin.

Personally, as the Minister responsible for Water and Wastewater Utilities in Egypt, I will exert all kind of efforts to improve the delivery of water and wastewater services to all citizens across Egypt and in other countries, by finding practical solutions to our urgent problems.

Finally, I would like to say thank you to the OECD and the Global water Partnership, for their kind invitation to attend this important event, to the organisers who have made today possible and to you all for your attention.

I wish you all success.