

Statement by HE Dr. Attili,

Governance & Financing for the Mediterranean Water Sector

Excellences, Ladies and Gentlemen;

First of all allow me to thank the Organizer: UFM; GWP-Med, and OECD for giving me this opportunity to provide a statement for Palestine on water governance and financing for the Mediterranean water sector and to give you a brief on our efforts to sustain our water sector in both, Governance and Management level and the linkages and the interfacing mechanisms between the two levels.

The Palestinian Water Sector faces challenges that are in nature different from other neighboring countries due to the fact that State of Palestine is under occupation, and Palestinians are denied access to their resources including the ground water which runs underneath their feet. These challenges have led the Palestinian Water Authority (PWA) to face huge water shortages in term of quantities and quality. Following from the fact that 90 percent of the water resources shared with Palestinians are under the control of Israel and its occupation forces and settler communities, Palestine focuses its attention to efficiently manage the remaining 10 percent to which it has access in order to pave the road for strong, sustainable and capable water sector. In time, we hope that this will enable us to mobilize all available resource and to create a solid framework to enable all segments of society to participate proactively in this vital sector.

With the political constraints, the PWA recognized the need to take all necessary measures that will enable the Palestinian to cope the water crisis and water shortage throughout Palestine by preparing a water sector strategy that illustrate potential development aspect of such vital sector. Inclusive in this strategy is the development of a new, responsive legal frame work which should establish a good governance arrangement and enable an efficient management setup to enhance the water service provision and wastewater collection and treatment. In parallel, the PWA shall advance possible development scenario to scale up the water sector aiming to reduce the unaccounted for water and to enhance the balance between the supply and demand pattern and the equitable allocation of the available resources among all sectors. With this framework, the PWA emphasize to the Palestinian Government the need to engage the Private sector in the level of participation in operating the sector facilities and to be able to engage them in a partnership modality for the government to attract private sector financial resources to be mobilized to achieve the sector objectives.

The PWA launched a reform program in 2010 based on the reality that PWA is classified as a multi-function organization responsible at the policy and planning level, and at the regulatory and project implementation level. On the operational level, a number of actors are present: municipalities, water undertakings and joint service councils serving multiple communities. The subsequent recommendations from the Reform Initiative supported the split of functions at governance and operation level; a newly revised draft water law will

introduce a coherently organized, functional governance structure, in alignment with the Basic Law. The goal is to reduce the functions of the PWA solely to the policy and planning level, including the functions of an existing Project Management Unit (PMU), as well as establish a new body, the Water Regulatory Council (WRC) to monitor and regulate the water and waste water service provisions. This Water Regulatory Council would prepare all indicators and standards based on international practice, control and regulate the water tariff and the water/waste water prices based on cost recovery and all the operational and management criteria. On the operational level, the National Water Company and service providers will be responsible for water supply, waste water collection and treatment. PWA will lead the water resources development and management by designing the water sector policy and strategy and complementary action plans; allocate resources for different sectors; develop action plans to establish the national water companies and utilities from the existing institutions; plan, prepare and monitor all water and waste water projects (new role of the Project Management Unit within PWA function); and prepare legislations and regulations for the water sector for approval. The jurisdiction of the Water Regulator Council will comprise bulk suppliers and end-users. It is through this arrangement that we shall support the government initiative to engage the private sector in the water sector in a transparent manner to operate and manage the water service delivery, wastewater collection and treatment, and water production from conventional or none conventional resources.

Last but not least, the PWA has prepared a new, draft water sector financing strategy for Palestine, where all potential resources were identified aiming to achieve a self-sufficient water sector not only limited to cover the cost recovery, but also to increase the efficiency of the different operator and service providers and to reduce the running and operational cost of each cubic meter delivered to the client or treated and the end of the water cycle. To achieve this, private sector participation and partnership modalities are envisaged in service contracts, works, operation and management of water and wastewater facilities, and other sort of partnership in strategic water projects, either by direct contractual arrangement or by introducing the PPP framework based on the new water law once approved by the government. This legal framework shall be elaborated through regulations to consolidate the potential engagement of the private sector into the water sector.

Considering the above mentioned fact that the PWA continues to work on a legal framework encouraging and enhancing PPP, Palestine was among the first to support this initiative by GWP-MED, OECD and UFM by issuing its support letter to proactively participate in this regional framework and national activities to enhance and streamline the needed expertise and knowledge to produce and put in action a legal framework starting from developing the needed bylaws, instructions, SOPs, and to PPP procurement framework which will assist the government to achieve its objectives in this regard.

Accept my highest regards and my best wishes for a successful workshop.