

Opening address of Prof. Michael Scoullos, Chairman, GWP-Med

Your Excellencies, ladies and gentlemen,

Let me first greet you on behalf of GWP network in general and its regional partnership GWP-Med in this important event marking of the official launching of the project “Governance & Financing for the Mediterranean Water Sector”.

As mentioned, the project is promoted and implemented by the Global Water Partnership-Mediterranean (GWP-Med) and the Organisation for Economic Cooperation and Development (OECD) and was labelled under the Union for the Mediterranean (UfM) framework in July 2012.

Important for launching the implementation of this regional project has been the strategic partnership with the Swedish International Development Agency (Sida) and the European Investment Bank (EIB). The steady support, already since 2009, of the GEF/ MAP UNEP MedPartnership programme and the Mediterranean Component of the EU Water Initiative (MED EUWI), led by Greece, has been instrumental for concretising the project’s line of work. Synergies with Horizon 2020 and the SWIM-SM project are also important for the successful implementation of the project.

As you can see the Conference has brought together more than 100 targeted participants from both shores of the Mediterranean and the international community, thus engaging a wide range of stakeholders (governments, utilities, civil society, private sector, donor community, etc.) into a constructive policy dialogue –today and mainly tomorrow- on issues directly related to the inter-linkages between governance and financing (the governance-financing nexus) within the Mediterranean water sector.

The issue was raised on a number of occasions by GWP-Med and others and is clearly recognised as one of the pillars of the Mediterranean Water Strategy which unfortunately still waits for its formal adoption and operationalisation through a management plan. Similar provisions are made in the Arab Water Strategy, which also includes two separate chapters on financing and governance respectively. All analyses until now show that the funds required for the necessary for the region management of water resources in order to cover in a sustainable way the water supply and sanitation needs and restore, or even supplement, relatively good environmental status of the region’s waters and the vital services of the related ecosystems, we need significant investment/financing that cannot be covered only by public budgets. This in turn, raises the question of what are the enabling conditions for optimisation of public expenditure in the water sector and for eventually attracting serious and responsible private funding for the water sector. All specific answers point to one major prerequisite: appropriate/good governance.

In the Mediterranean region, despite the significant allocation of public funds and the flow of aid and the undeniable existence of interesting opportunities for investors, countries still struggle and usually fail to meet the financial requirements that water-related strategies and plans entail. Governance deficits, mismanagement, and under-financing undermine in a vicious circle the quality and sustainability of the water and sanitation sector, eroding public confidence on it. The lack of basic elements of a sound governance framework, including absorption capacity at both national and local levels, impedes the efficient use of available funding and the mobilisation of much needed additional sources of financial and managerial resources, particularly from the private sector, which considers the relevant investment unsafe or extremely difficult due to bureaucratic and operational obstacles.

GWP being a partnership with many stakeholders working both at high political level (e.g. with Ministers) but also with grassroots, can confirm what many analysts claim; namely that in addition to the natural water scarcity, to which HE Dr. Naser referred, also the overall water scarcity that is linked to governance

deficit, has been among the triggers of the recent unrest calling for enhanced transparency, in-depth reforms in socio-political settings that have set the Mediterranean region into an unprecedented and challenging trajectory. Although the full implications of these changes are yet to be seen, there is a clear call for more effective and responsive water service provision, wider participation of stakeholders, monitoring of public spending and for granting (water infrastructure) contracts, more bottom-up and decentralised planning and implementation processes and more transparent and accountable policy and decision making. We are in a new era! Nevertheless, the recent regional unrest has also strongly highlighted the urgent need to re-establish public trust in government institutions and reinforce ownership through meaningful and reasonable consultative and inclusive processes.

With the above in mind, and with due consideration to the recommendations of the Euro-Mediterranean Ministerial Conference on Water Declaration (Dead Sea, Dec. 2008), the cooperative objectives of the Union for the Mediterranean (UfM) and its Secretariat's mandate to advance projects for progress, the Project aspires to address and promote action on the *governance-finance nexus* in the water sector with emphasis on the potential role of the private sector.

The project builds on previous and ongoing activities, to which also HE the Secretary General of the Union for the Mediterranean referred, and which have been implemented since 2008 jointly by GWP-Med and OECD in Egypt (completed in 2010), Lebanon (completed in 2011) and Tunisia (on-going). This work has involved national assessments of the enabling environment for successful private sector participation in the water sector highlighting three areas for consideration by the respective governments: the institutional framework, the administrative capacity and the sustainability and sound design of the projects themselves. The assessments have been based on well-grounded and tested OECD methodology and their completion involved wide stakeholder consultations among central and regional government bodies, utilities, civil society and private sector representatives.

Given the very good reception of this work, GWP-Med and OECD were encouraged to put together the proposal for a project of wider regional scope and more country coverage. The project aims to address these issues through:

- Solid technical work at national level based on tested OECD methodology
- Informed consultation processes at national level, engaging a plethora of actors into the process
- Secured sharing of experiences through the regional conferences to be held annually
- Technical work on the regional component and linkages with on-going regional and global processes

The proposal was submitted for political endorsement under the UfM framework. In July 2012, and following the review process carried out by the Secretariat, the Senior Officials representing the 43 members of the UfM, unanimously endorsed the project providing it with the UfM label. Country interest has been manifested through the provision of official support letters signed at the Minister's or at Secretary General's level. Thus far, six countries have provided their support, namely Albania, Jordan, Lebanon, Palestine, Morocco and Tunisia (signed at Minister's or Secretary General's level), while there are provision for technical work in three more countries. Today HE Dr. Abdelkawi Khalifa, Minister of Water and Wastewater Utilities of Egypt, will hand over to us the seventh support letter. I would like to warmly thank him for this symbolic public gesture. The regional component will engage all the countries of the Mediterranean basin and beyond (through the UfM framework and also OECD).

In that respect,

- strong linkages are ensured with GWP Global Strategy and specifically with references to governance and financing, which will represent central themes in the upcoming Strategy.
- GWP will seek to improve understanding of IWRM processes, further the links between good governance and water financing, and continue supporting trans-sectoral dialogues to raise awareness of tools and sources of finance for the water sector.
- Synergies with regional and international programmes, like H2020 and SWIM-SM, and players like WWC, IUCN and WWF among others that are clearly referenced in GWP's Strategies from the very start.

- Gender (to secure a Gender-Just Water Management; the upcoming Gender Strategy of GWP)
- GWP as responsible for organising throughout the world the regional processes and the regional documentation in close coordination with the World Water Council – can take the messages/findings of the project to the international spectrum
- GWP-Med led the governance target of the Mediterranean Cross-Continental Process for the 6th World Water Forum – will lead the follow up to the 7th World Water Forum also through the Med Working Group of the OECD Global Water Governance Initiative
- Through GWP's involvement in the UN-Water post-2015 sustainable development agenda and the efforts towards including water in the SDGs on major sectors, such as agriculture, energy, etc, while setting a clearly-set and separate Sustainable Development Goal on Water
- GWP-Med has reflected on regional priorities and concerns in the 2012 UN-Water Report on the Status of IWRM and the follow up for the post-2015 dialogue (the National Dialogue in Jordan under the auspices of the Ministry of Water and Irrigation – 11 April 2013 – clearly identified the issues of governance and financing among the key country priorities)
- The project will try –as appropriate and feasible- to explicitly address green-blue economy considerations in the planned activities. This objective stems from both the recommendations of the Rio+20 Summit and the priorities of existing and emerging EU policies.

The Regional Launching Conference of the project aims to:

- Present the overall Project, including its context, objectives, components/activities, methodology, expected outputs and outcomes, etc.
- Explore synergies and complementarities with other processes/initiatives/projects from the very start so as to avoid duplication of efforts and waste of resources and also reflect on selected themes (e.g. gender, integrity, employment, etc) with which beneficial inter-linkages can be detected.
- Explore the eventual set up and role of a regional discussion platform/interface among public and private actors on the governance-financing nexus with emphasis on water services
- Sound the interest of other countries to be directly involved in the project as well as the interest of donors/financiers to contribute.

Before closing, I would like to thank:

- Sida for the generous contribution towards the regional component of the project
- MED EUWI and GEF MedPartnership for the steady financial and political support in previous years for national and regional activities
- Countries for the explicit interest on the theme and the project (special thanks to those that provided support letters: Albania, Egypt, Jordan, Lebanon, Morocco Palestine, Tunisia)
- UfM-Environment and Water Division for their steady and invaluable support to the preparation of the project and the promotion towards funding
- Last but not least OECD for the excellent collaboration both in past years and for the design of the current project

With this ambitious project ahead of us I wish us courage and inspiration for successful results.