



## EU-UfM Water Governance & Business Forum 20-21 October 2019

### Concept Note

The Union for the Mediterranean (UfM) with the EU Delegation in Egypt and in collaboration with the League of Arab States are organising the EU-UfM Water Governance and Business Forum on 20-21 October 2019 during the 2nd Cairo Water Week (20-24 of October 2019). The Forum will be a high level/high visibility event to discuss EU and Mediterranean & Egyptian water issues including the UfM vision, plan and action towards sustainable development and sustainable water finance, with emphasis on the European Investment Plan (EIP) and the European Fund for Sustainable Development (EFSD). The Forum's context closely aligns with the UfM Water Agenda and its four thematic priorities [Water-Energy-Food-Ecosystem Nexus (WEFE); Water-Employment-Migration (WEM); Water Supply, Sanitation and Hygiene (WASH), and Water and Climate Change Adaptation] and the accompanying Financial Strategy. It is of particular relevance, as Egypt is one of the lead countries of the WASH Task Force of the UfM Water Agenda. It is noted that the UfM Water Agenda is an instrument to contribute to the global development agenda and to achieve universal water and sanitation coverage for all and to consider the economic value and water economies in general terms toward achieving a sustainable services and stable utility modules in the region aiming to enable private sector engagement and development of investment opportunities and building capacities for development of bankable projects.

Also, the Forum will be an opportunity to trigger possible cooperation between EU and IFIs, in particular with those IFIs working in the region. Finally, it shall serve as a technical follow up /spinoff event to the implementation of the UfM Water Agenda and Financing Strategy for Water, that were mandated by the UfM Ministerial Conference on Water (27 April 2017, Malta) and endorsed by the Senior Officials in December 2018. The Forum shall also serve as an intermediary step toward setting up the first UfM Annual Conference on Water Investment and Financing, that will take place in Rome (Italy) on 5<sup>th</sup> December 2019, in the framework of the MED Dialogues.

In a nutshell, the EU-UfM Business and Governance Forum will serve as a platform for discussion and dialogue among different actors involved in the water sector at national and regional level, including governments, development partners, private sector, utilities, research centres and think tanks in addition to community-based organisations. The main themes of discussion will be:

1. *Ensuring Water Security and Climate Resilience for All*
2. *Strengthening Adaptive Capacity Building and Institutional Frameworks*
3. *Sustainable Financing for the Mediterranean Water Sector: Role and Requirements of Public Private Partnerships*
4. *Development Partners Coordination and Harmonization for Optimal Water Resources Management*

The topics were selected to address current shortcomings/issues facing infrastructure projects in the water sector in Egypt and the region at large. It is worth-mentioning that currently the EU and European IFIs are engaged in several infrastructure/investment blending financing of a total budget of nearly 2 billion EUR, while adding other projects financed by IFI (e.g., WB, AFDB, IsDB, etc.) the figure could amount up to 4 billion EUR. Moreover, and in line with the UfM Ministerial Declaration on Water, a consensus on the importance of the sustainable access to provision and use of water and related sanitation arrangements, are key challenges toward sound socio-economic development and environmental protection in the Mediterranean. Therefore, diagnosing the key governance and capacity building bottlenecks leading to a consensual regional water policy framework that offers a means for substantial and measurable positive impacts towards achieving sustainable livelihood, and to support the development of consensual action plans based on international good practices, is an absolute must.

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In particular, there is an urgent need for attention and action by all stakeholders to mainstream and coordinate efforts towards meeting the Sustainable Development Goals and Targets, in particular SDG 6 on Water. To what extent are Governments -overwhelmed by these new realities? What are their most challenging technical/regulatory issues? How can inter-country collaboration at the national level be improved to deal with such multidisciplinary issues towards achieving water related SDGs?

Adding to the complexity of the situation, the Mediterranean region is a climate change hotspot and will continue experiencing severe climate related hazards, such as extreme weather events like droughts and floods, increase of soil erosion and desert areas, sea level rise, etc., resulting to a range of negative economic, social and environmental impacts. Action has been taken and there are several ongoing initiatives on climate in the Mediterranean region. Despite progress in the identification and prioritization of the countries' adaptation targets, their implementation faces tremendous financial challenges. In this context, external and international climate finance is an important instrument for bridging the financial gap. Therefore, the necessity to strengthen capacity of competent national authorities and entities to prepare bankable climate water resilient projects is crucial.

Based on the UfM Ministerial Declaration on Water, there is agreement to engage in new operational and innovative partnerships, including with the private sector, in order to promote the implementation of the UfM Water Agenda. Issues related to "insufficient local contractor's/consultants' capacities to operate such level of investments", and "lack of interest from international/European contractors" to engage in these investments are worth-looking at and tackling.

The EU-UfM Governance and Business Forum will look at Egypt's transitional phase with several structural reforms and a clear interest for private sector participation, while yet very little public-private partnerships (PPPs) or other similar schemes are successful in Egypt. Such endeavours require a strategic and direct discussion with the private sector, investors, and international financing institutions to discuss the required means to cover the financial gap, key challenges in financial, legal, and institutional terms, means to support public-private partnerships in the water sector, and the required actions to create an enabling environment to foster local and international partnerships.

Finally, as WASH sector is undergoing a transitional stage, in many countries within the region, moving gradually to "demand oriented" and "cost recovering" while languishing from extravagating water scarcity; which requires a policy dialogue platform with development partners to discuss key strategic issues in the water sector and how to best tackle them (i.e. cost recovery, integrated investment planning, decentralisation, localisation of industries), while showcasing (whenever possible) best EU /Regional practices and lesson learnt.

The big financial gap in WASH and the water sector at large, leaves little doubt as to the urgency for action, individual and collective. Given also the interlinkages between water security and economic growth, it is obvious that this quest for water security needs to be collective and involve as many different and diverse actors as possible. Besides, this is the context of the blended financing that has been favoured and followed in recent years. In this process, development partners have a central and most important role to play, while at the same time, extra effort is needed for engaging more actively all other financial actors, including the private sector, the banking sector, insurance companies, foundations and charities, to name a few.

Having a roadmap for regional action, guiding the financing and investment in the water sector would be a valuable asset and the EU-UfM Water Governance & Business Forum aims to assist with this.

The expected output for each session of the Forum includes a summary report on the discussions and an outline of the key recommendations. At the end of the Forum, the main discussion points will be announced, and actions shall be explained. Under each theme, session interactions and discussions shall be identifying active key players who are willing to make the change and draw a road map for regional program on financing and investment in the water sector and present it to EUD and UfM Secretariat in line with WASH and other priority topics outlined in the UfM Water Agenda and the UfM Financing Strategy for Water.

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