Strengthening water finance and investment policies to address the climate emergency in the Mediterranean region

UfM WATER FINANCE SERIES #4
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This is the fourth publication developed under the UfM Water Finance Series.

The objective of the UfM Water Finance series is to support policy reforms in the area of water finance and investment to support achievement of global, regional and national water goals. Its intended audience are senior officials working on water-related ministries in Mediterranean countries, as well as their partners in government, civil society, private sector and the development community.

The previous publications under the series are:

The UfM Water Agenda is articulated around four themes: Water, Sanitation and Hygiene (WASH), Water-Energy-Food-Environment Nexus (WEFE), Water, Employment and Migration, (WEM), and Water and Climate Change Adaptation (WCCA). This process, launched through the first UfM Ministerial Meeting on Water, includes a specific focus on water finance and investment and has delivered the UfM Financial Strategy for Water (2018) as well as recommendations for engaging private financiers and mobilizing public-private partnerships (2019), and for improving water investment policies (2021).

Since 2017, the Mediterranean water sector is engaged in a regional process to address the regional water challenges through regional cooperation. The UfM Water Agenda is articulated around four themes: Water, Sanitation and Hygiene (WASH), Water-Energy-Food-Environment Nexus (WEFE), Water, Employment and Migration, (WEM), and Water and Climate Change Adaptation (WCCA). This process, launched through the first UfM Ministerial Meeting on Water, includes a specific focus on water finance and investment and has delivered the UfM Financial Strategy for Water (2018) as well as recommendations for engaging private financiers and mobilizing public-private partnerships (2019), and for improving water investment policies (2021).

By mid-2022, the need for a regional agenda on water, climate and finance was overwhelming. In the five years since the launch of the UfM Water Agenda process the urgency and importance of water and climate issues in the Mediterranean had kept rising. A UfM flagship report published in 2020 showed how climate change is profoundly affecting the Mediterranean water sector. The region warms 20% faster than the rest of the world. Freshwater availability is set to decrease by 15% within 20 years, more than 250 million people will be classified as “water-poor”. And a Mediterranean country, Egypt, was set to host the 27th Session of the Conference of the Parties of the UNFCCC (COP-27) in November 2022.

As a response, the UfM and the EU Delegation in Cairo agreed to focus their fourth annual collaboration in the framework of Cairo Water Week on the topic of water, climate and finance. It would be a regional contribution to the upcoming COP-27 and the UN 2023 Water Conference. UfM member states and partners rallied about the idea of a High-Level Conference on Water Finance and Investment focused on the water, climate and finance nexus.

In October 2022, a High-Level Conference brought together the Mediterranean water policy community to discuss how to strengthen water finance and investment policies to address the climate emergency. Speakers at the conference included:
- Ministers and other high-level officials: the water ministers from Egypt, Lebanon and Palestine; the Secretary General of ministry of water of Jordan; the directors general for water from Slovenia, Spain and Türkiye; the Special Envoy for International Water Affairs of the Netherlands; the FAO Assistant Director General for the Near East and North Africa; the EU Ambassador to Egypt; and the UfM Deputy Se-
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Mediterranean countries are in silencing of the national economy, water remains Despite its key role in ensuring the climate re-

dressing the water, climate and finance cha-

fragination mechanisms, or annual sector reviews. Use climate finance as part of blended financial, to attract private

5. Strengthen your national water finance fra-

mework to ensure that the water sector is re-

4. Develop a climate-smart portfolio of water projects. Move away from the traditional focus on supply—augmentation. Invest more on soft solutions (e.g. national water allocation, tenure, insurance), nature-based solutions, and hard solutions that support a circular economy (e.g. water reuse). Invest more on water-saving (e.g. modern irrigation, net-

work rehabilitation) and cost-saving measures (e.g. energy recovery and efficiency).

3. Integrate climate change risk in water invest-

ment policies and planning. Assess your current water investment policies and revise them to inte-
grate climate risks. Adopt a gender transformative approach to investment policy development and implementation. Implement the recommendations of the 2021 EU-UfM Water Investment Policy Forum. Use basin and catchment management plans to ar-
ticulate coordinated multi-sectoral investment pro-
grams.

2. Make the case for investing in water as part of national climate adaptation and mitigation stra-

tegies.

1. Adopt a strategic approach to enable the wa-
ter-related sectors to contribute effectively and efficiently to addressing the climate emergency. Invest in knowledge to enable evidence-based policy-

making. Elaborate long-term strategies (linked to action plans and key performance indicators). Impro-

ve governance (leadership, stakeholder involvement, cross-sectoral coordination, finance framework). En-
courage stronger engagement of the private sector.

The Cairo Action Agenda was approved by the UfM Water Expert Group (WEG) and distributed by the UfM Co-Presidencies to all UfM member states for follow up.

In November 2022, the Cairo Action Agenda is aimed at national governments, with support from stake-
dholders and partners. Governments and partners are taking a leading role in implementing the Action Agenda, but they are not alone. The High-Level Conference showed that national and regional stakeholders as well as international technical and financial partners are ready to support UfM member states in imple-
menting this strategic and realistic Action Agenda.

• Representatives from international partners: FAO, OECD, SIWI, Water Aid and four inter-
national financial institutions (AFD, EIB, IBRD, and IFC).

Climate change is significantly driving up the costs of providing water security in the Medi-
terranean. Water-related investments support the generation of social, environmental and economic benefits across the water-energy-food-environment (WEFE) nexus and beyond. Climate change is jeopardizing those benefits, as a result of too little water, too much water, and higher temperatures. Addres-
sing the impacts of climate change on water requires more investments – for example, for sourcing fres-
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Climate change strengthens the case for impro-
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Contributors

The Cairo Action Agenda on Water, Climate and Finance has been developed building on the contributions of nearly 50 highly-qualified moderators and speakers at the High-Level Conference on Water Finance and Investing.

Setting the stage, moderated by Shahira Amin, Freelance Journalist

H.E. Ambassador Christian Berger, Head of EU Delegation in Egypt
H.E. Dr Jihad Mahamid, Secretary General, Ministry of Water and Irrigation, Jordan
H.E. Almotaz Abadi, Deputy Secretary General for Water, Environment and Blue Economy, UIM
H.E. Walid Fayad, Minister of Water and Energy, Lebanon
H.E. Mazen Ghnaim, Minister of Water, Palestine, and Head of Arab Water Experts Network
H.E. Dr Hani Sewilam, Minister of Water Resources and Irrigation, Jordan
H.E. Dr Hani Sowilam, Minister of Water Resources and Irrigation, Egypt

Climate, water and finance: implications for the financial sustainability of the Mediterranean water sector, moderated by Tahani Sileet, Head of Central Department for External Cooperation, Ministry of Public Works, Water and Basic Infrastructure, Algeria

Finance and Investing, moderated by Tahani Sileet

Attracting climate finance for water, moderated by Tahani Sileet

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Abderrahman Quasbi, Director of Management of the Hydraulic Sector, Office of Planning and Hydraulic Balances, Ministry of Agriculture, Hydraulic Resources and Fisheries, Tunisia
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Engaging public and private financiers, moderated by Mohammed Al-Dwairi, Assistant Secretary General for Planning, Ministry of Water Resources and Irrigation, Jordan

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Supporting policy reforms for financial sustainability of the water sector: EU Team Europe Initiatives on Water, moderated by Frederic Fourtune, Environment, Water & Biodiversity Programme Manager, DG-NEAR, European Commission

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Michela Puppo, Water and Wastewater Programme Manager, EU Delegation in Lebanon

Denis Reiss, EU Delegation in Tunisia

Improving Water Investment Policies under Climate Change, moderated by Hadiam TAANI, Head of Desalination and Water Quality, National Carrier Unit, Ministry of Water Resources and Irrigation, Jordan

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Investing in Water to Adapt to Climate Change: Focus on Water Reuse, moderated by Ayman Ayad, Water and Utilities Sector Manager, EU Delegation in Egypt

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Ministerial Level Segment - Conference Recommendations for COP-27, moderated by Andrea Ting, Senior Advisor, EIB Representative to the UIM

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