

Brief on the
Expert Consultation Workshop on
Finance and Water
in North Africa and the wider Mediterranean Region

24th February 2010
Madrid, Spain



With the aim to enhance the constructive debate on the role of finance in the promotion and implementation of integrated water resources management, an Expert Consultation Workshop on *Finance and Water in North Africa and the wider Mediterranean Region* was held in Madrid, on the 24th February 2010. The Workshop was organised by the MED EUWI Secretariat / GWP-Med and the EUWI-Finance Working Group with the support of Spain, Greece and the European Commission. The activity also forms part of and contributes to the objectives of the GEF Strategic Partnership of the Mediterranean Large Marine Ecosystems.

The Workshop brought together more than 70 participants, including representatives of Ministries in charge of water and finance in the countries of North Africa; the members of NAMCOW-TAC (North Africa Ministerial Council on Water); representatives of Ministries in charge of water from other Mediterranean countries; major donor agencies and IFIs working in the water sector in the Mediterranean; regional organisations; and representatives of the private sector and consultancy companies.

The Workshop served as a platform to discuss the main opportunities and priorities the North African countries, and the wider Mediterranean region, encounter with regard to financing the water sector in the two inter-related but separate components: resource management and service provision. The participants addressed the issue of insufficient access to finance in the water sector and debated the impacts from policy improvements that are relevant for sector investment, strengthening the capacity for strategic financial planning and clarifying the opportunities and risks from private sector involvement in water infrastructure.

The issues of tariffs and cost recovery received prominent position in the debates, without however any concrete suggestions on the preferred way forward, as the countries, the IFIs and the regional organisations supported substantially diverse opinions on the issue. Nonetheless, all participants agreed on the importance of experience sharing from countries that are already practising –to various degrees- policies towards cost recovery, with the view to replicate good practices. They also accentuated the need for and value of alternative and innovative financing mechanisms and were particularly positive on exploring further the opportunities from private sector involvement in water infrastructure, without compromising though, the prevalence of water as a social good.

The Workshop concluded with a set of suggestions that are based on experiences and lessons learnt from the North African countries and the wider Mediterranean region. These suggestions will be directly fed into two distinct processes, a Mediterranean and an African, which also formed the rationale for organising the Workshop:

- In the Mediterranean context, the suggestions will complement the elaboration of the Strategy for Water in the Mediterranean (SWM), and specifically the SWM's Chapter on Water Financing. The SWM elaboration was mandated by the Euro-Mediterranean Ministerial Conference on Water (22 December 2008, Dead Sea, Jordan), within the framework of the Union for the Mediterranean (UfM). In this respect, the Expert Consultation Workshop was organised back-to-back with the 3rd Meeting of the Water Expert Group (WEG) (25 February, Madrid) that is mandated by the UfM Ministers on Water to elaborate on the SWM.

The key elements of the SWM Financing Chapter were presented in the Workshop, input was sought from the participants and it was then presented in the WEG meeting of the following day. It is expected that a more meticulous incorporation of the Workshop suggestions will be made in the SWM Financing Chapter, prior to the SWM's adoption during the UfM Ministerial Water Conference scheduled for 13 April 2010 in Barcelona, Spain.

- In the African context, the Workshop's suggestions will serve as part of the direct input to the African Ministerial Meeting on Finance and Water, planned later in 2010, that is currently being prepared by the EU Water Initiative - Finance Working Group (EUWI-FWG). During the Eleventh Ordinary Assembly of the African Union (30 June - 1 July 2008), the Heads of States and Governments adopted the Sharm El Sheikh Declaration for Accelerating the Achievement of Water and Sanitation Goals in Africa. The Declaration stressed the need for increasing the engagement of local, international and other financial resources for the water and sanitation sector and also called for the development of appropriate financing policies and investment plans. Following the Declaration's explicit call for a Ministerial meeting, also agreed during the Second African Water Week (Johannesburg, November 2009), the forthcoming African Ministerial Meeting will aim to progress with the implementation of the Sharm El Sheikh commitments and develop appropriate national financing policies.

The Madrid Expert Consultation Workshop on Finance and Water forms part of a series of relevant meetings, planned by the MED EUWI Secretariat / GWP-Med and the EUWI-FWG. The *second* such meeting will be a National Workshop on Private Sector Participation in Water Infrastructure in Lebanon (Beirut, 8-9 March 2010), while the *third* meeting will be a regional one and is envisaged to take place during the Third Beirut Water Week (Beirut, May 2010).