

Querini, Giulio; Creaco, Salvo

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Water demand management in Mediterranean regions

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Salvo Creaco (Università di Catania) creaco@unict.it

Giulio Querini (Università di Roma “La Sapienza”) giulio.querini@uniroma1.it

Marzia Tamburrino (Università di Roma “La Sapienza”)

*Water demand management in the Mediterranean region **

Abstract

Water sustainability needs a balance between demand and availability:

- Water demand management: demand may be managed by suppliers and regulations responsible persons, using measures like invoicing, consumptions measurement and users education in water conservation measures;
- Augmentation of water supply: availability may be augmented by infrastructural measures, waste water reuse, non-conventional resources and losses reduction.

Water Demand Management is about achieving a reduction in the use of water resources, normally through increased efficiency of water application.

The main objective of this paper is the application of these concepts to Mediterranean regions.

JEL code: Q25

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1. INSTITUTIONAL FRAMEWORK: EGYPT AND MOROCCO

Water is a main issue in many countries, especially in those where this resource is scarce, as those on the south side of the Mediterranean. The management of water resources was not explicitly included in the past in most of those countries normative system partly because socio-culturally water was believed to be a free good, and was not accepted to have a price to pay to use it.

This contributed to a low efficiency of water use and waste of it, and water prices are often well below levels needed to cover the costs of the system. Moreover, this contributes to a worse quality of water, and, as quality of water deteriorates, the management of water resources becomes more challenging and the need to integrate water quality into an overall water resources management grows.

Unfortunately, often water policies are fragmented and the local legal framework is unable to fully deal with water management. National legislations today provide the basis for government regulation and operations, and establish the context for action by non-governmental institutions and individuals.

State permits are generally required for private exploitation of water resources, protection of water resources against pollution or overuse is organized by legislation under which the State assumes authority to ensure protection.

1.1 Institutional Framework in Egypt

In Egypt a water policy was established for the first time in 1933. It was updated in 1974, and followed by a comprehensive water policy drafted in 1975 after the completion of the High Aswan Dam. Persistent drought and reduced Nile flow prompted an updated water policy in 1990, focusing on reallocation among uses and improved water efficiency in irrigation.

The current policy focuses on water management, forecasting, and enhanced drought preparedness, together with changes in agricultural strategies. The development of a comprehensive long term water policy remains a high priority. In Egypt is the Ministry of Public Works and Water Resources (MPWWR) the body in charge of water resources research, development and distribution, and it always this institution that undertakes the

construction, operation and maintenance of the irrigation and drainage networks. At central level, the Planning Sector is responsible for data collection, retrieval and analysis for planning and monitoring investment projects.

Water resources development works are coordinated by the Sector of Public Works and Water Resources. The Nile Water Sector is in charge of cooperation with Sudan and other riverside countries¹. The Irrigation Department of the Ministry provides for the technical guidance and for the monitoring of irrigation development, including dams. The Mechanical and Electrical Department is in charge of construction and maintenance of pumping stations for irrigation drainage.

Further to these institutions, other public authorities operate in direct relation to the Ministry of Public Works and Water Resources. They are the High Aswan Dam and Aswan Authority, responsible for the Dam operation; the Drainage Authority, responsible for the construction and maintenance of tile drains; and the Water Research Centre. The Water Research Centre comprises several institutes and is the scientific body of the Ministry for all aspects related to water resources management.

In this field a main guideline is the Law 4/1994, that has become the newest framework for the protection of the environment. It has a greater role with respect to all governmental sectors as a whole. The law has been designated as the highest coordinating body in the field of the environment that will formulate the general policy and prepare the necessary plans for the protection and promotion of the environment. It will also, follow-up the implementation of such plans with competent administrative authorities.

According to the Law 4/1994 for the Protection of the Environment, the Egyptian Environmental Affairs Agency (EEAA) was restructured with the new mandate to substitute the institution initially established in 1982. At the central level, EEAA represents the executive arm of the Ministry².

Later, in June 1997, the responsibility of Egypt's first full time Minister of State for Environmental Affairs was modified with a Presidential Decree and, from there on, the new ministry has focused, in close collaboration with the national and international development partners, on defining environmental policies, setting priorities and implementing initiatives within a context of sustainable development.

¹ www.mwri.gov.eg Ministry of Water Resources and Irrigation (Egypt).

² www.eaa.gov.eg Egyptian Environmental Affairs Agency

1.2 Institutional Framework in Morocco

In Morocco is the Ministry of Equipment and Transport, with the Hydraulic department, which deals with problems related to water resources. It is responsible for the analysis and examination of the resources, the planning and their development, the overall management, the control and protection of water quality, and the construction and maintenance of work to move and transfer water.

In the last years, Morocco began to implement a policy to increase its water resources, since water is an essential factor for the social and economical development of the country. To secure a better organization and a comprehensive management of all national resources, Morocco has adopted in 1995 a new law called “Loi sur l’eau” (water law), to unify it previous regulations, because the regulations that govern the public hydraulic domain had various origins³.

In fact, the first text about this subject goes back to 1914, when, with this first regulation, every source of water, without any distinction, had been included into the public domain. Since then, water could not be used for private exploitation, except for some exceptions legally regulated. More texts have been elaborated in the following years, to adjust to the new requirements of the country, but most of them were draft in the first decades of 1900, and remained as separated parts written in different periods. Therefore, this set of law was not adapted to the modern organization of the country and was not responding anymore to the developing needs of Morocco.

Without doubt, the conditions for the use of water were very different from those of a hundred years ago, because of the increasing demand that raise today and because of the new hydraulic techniques. The reform of the legislation was designed to unify all previous set of rules in only one law, completed with new directives related to fields not yet covered in the past, and to make the general framework clearer.

The “water law” aims at realizing a national water policy that, in the long term, considers both the evolution of the resources and the national needs for water. It plans to rationalize the use of water, to make widespread the access to water, and to reduce the differences between cities and countryside. The new law was intended to become the main legal basis for all national water policies, defining its intentions and objectives.

³ www.mtpnet.gov.ma Ministère de l'Équipement et Transport (Morocco)

The principles include a coherent and flexible planning for the use of water resources, a rational management of these resources, taking into consideration national priorities. It also has to improve the protection and preservation of water amount and quality, and to emphasize the value of the resources, but, at the same time, making the situation profitable for investments and financing in this field⁴.

2. WATER DEMAND MANAGEMENT

2.1. The water issues and the best available tools

Water scarcity has always been part of the history of the Mediterranean. As a basic element for food production, economic development and for life itself, water has been an axis and a symbol of our cultures. It is the essential element which is impossible to replace, expensive to transport and store, and difficult to purify. Water in most countries and regions of the Mediterranean is a limiting factor.

The arid and semi-arid countries of the Mediterranean combine a low rate of rainfall and a high rate of evapo-transpiration. Therefore only a smaller amount flows into rivers or percolates to aquifers. The availability of water may significantly vary during the different seasons of the year, and from year to year.

Countries and Territories	Date of value	Gross water demand* in km³/year								Total per capita demand (on the date of value) m³/year		
		Sectors of use										
		Communities, Drinking water supply		Agriculture irrigation		Industries non supplied		Thermoelectric Energy (cooling)		Total		
Egypt	1995-96	4,54		54	23	7,5		0	66		1064	6
Libya	1995	0,364		3,376		0,145		0	3,885	14	809	14
Tunisia	1996	0,365		2,429		0,055		0	2,829		248	14
Algèria	1990	1,12		2,7		0,48		0,2	4,5		180	26
Morocco	1998	1,1		10,18		0,2		0	11,48	28 29	462	

⁴ www.mtpnet.gov.ma Ministère de l'Équipement et Transport (Morocco).

Water production / sources of supply in km³/year													
Countries and territories	Outtake							Imports	Non conventional production			Sources	
	Surface water		Underground water		Total				Desalination	Wastewater regeneration for reuse			
Egypt	47,7		5,3	4	53			0	0,03	0,7	24	Amer, 99	
Libya	0,17		3,65	4	3,82	14	25	0	0,069	2	0,069	2	Salem 99/FAO98
Tunisia	1,154		1,675	4	2,829			0	0,0083		0,011		DGRE 99
Algeria	2,2	4	2,3	27	4,5			0	0,064	26	-		Conf. Rome 92-Hadj. FAO 97
Morocco	10,95	9	2,68	9	13,63	9		0	0,0034		0,05		DGH, DRPE, 99

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The arid and semi-arid regions of the Mediterranean are subject to extreme recurrent droughts. Scarcity is aggravated by variability of exploitability (especially with ecological security requirements), vulnerability, and partition among different countries. When water demand is higher than availability, there is a water stressed condition – usually it happens in regions with low rate of rainfall, high density of population or strong agricultural and industrial activity.

The level of exploitation of water resources is generally high in most countries and pressure over water resources is increasing. Exploitation ratios over 50 %, or even nearing 100 % in many parts of Mediterranean countries (Egypt, Palestinian Authority, Israel, Libya, Malta, Tunisia, most Islands and the Eastern regions of Spain). Exploitable amounts of water are decreasing, and may become scarce in time or region. Disruptions between water demand and renewable conventional supply may increase. Overexploitation of local character is a reality leading to widespread salt-water intrusion ⁶.

Particularly there are 4 kind of common and significant interventions:

- Dams building: most countries in the Mediterranean have built large dams to capture water in the wet season and store it to insure drinking water supply to the growing cities and to irrigation projects, during the long hot summer. These are also built to regulate floods and generate hydroelectric power.
- Population growth: Most North African and Eastern Mediterranean countries envisage an increase in pressure over their water resources because of the high population growth in the region. This is especially important because population could be

⁵ UNEP/GPA and UNEP/MAP “The GPA Partnership within the Mediterranean Region and the WSSD Type II Partnership/Initiative: Water Program for Africa (WPA)” Workshop, Rome, 2004.

⁶ 59.CNR – IREM (a cura di), 2002, Le risorse idriche nel mediterraneo: strategie di gestione e domanda di formazione, Roma: Ministero dell’Università ve della ricerca scientifica e Tecnologica.

doubling in the next 20 years and rural urban migration could provide additional pressures on the water supply and management systems in the big cities that are already badly stressed and on coastal areas where most population concentrates.

- Soil impermeabilization: caused by urbanization.
- Agricultural drainage: and protection against flood⁷.

The best sites have already been used. Still further development of conventional water sources is in the agenda of most countries. Those countries such as Egypt and Morocco that have relied heavily on mobilizing surface water are turning into the possibility of relying more on groundwater resources.

Water scarce countries in the Mediterranean have made different options for the development of their water resources, determined to a greater extent by the characteristics of the natural availability. For example in the North of Africa, Egypt and Morocco rely mostly on surface water, other countries use both surface and groundwater resources (Algeria and Tunisia). Libya has opted for a model of mining their considerable groundwater resources.

The effect of climate uncertainties-decreasing precipitation, higher frequency of extreme rainfalls and droughts-is a reality in the region and climate change is considered a long term risk. Flooding is an important issue: frequent and dangerous. Droughts are recurrent events, more difficult to deal with as scarcity increases.

Risk management is not sufficiently developed in many countries of the region. Floods and other natural disasters related to water are not being confronted by adequate risk management measures. Considering the size of damages done by these disasters it could be considered as a hindrance to sustainable development in the sub-region⁸.

Most of the rainwater that falls in the region is lost through evaporation from the soil and water surfaces or runs rapidly into the sea. Development of appropriate storage facilities including underground storage, water harvesting, and soil and water conservation measures to improve the water retention capacity of the soil and to reduce the stiling in water storage facilities will be the types of measures that may be useful.

With the change in cultivation methods, and movement of the population the mountain areas have been depopulated and abandoned. Floodwater flow could be delayed for increasing groundwater recharge, for soil conservation and soilwater recharge and for surface water

⁷ UNEP/GPA and UNEP/MAP "The GPA Partnership within the Mediterranean Region and the WSSD Type II Partnership/Initiative: Water Program for Africa (WPA)" Workshop, Rome 2004.

⁸ Surette Louise, "World Water Crisis, Expert Warns" Ottawa Citizen, Apr. 10 1999.

impoundment. Sewage treatment facilities have tended to lag behind. There are two dangers for water resources in the region.

The first one is the direct health risk of discharges of untreated sewage to underground and surface water resources, particularly when un-regulated settlement occurs in the drainage basins or when fields are watered with raw sewage.

Second, there is a threat to marine ecosystems, as well as to wetlands and other transitional ecosystems which are crucial for maintaining the ecological balance, in case of the discharge of un-treated sewage. Dry sanitation and/or wastewater treatment would need to be introduced and improved.

The latter would need to be looked at because it provides further opportunities to increase use of wastewater in agriculture and substitute good quality water for less quality demanding uses⁹.

2.2 Water demand management

Water sustainability needs a balance between demand and availability:

- 1) Water demand management: demand may be managed by suppliers and regulations responsible persons, using measures like invoicing, consumptions measurement and users education in water conservation measures;
- 2) Augmentation of water supply: availability may be augmented by infrastructural measures, waste water reuse, non-conventional resources and losses reduction.

Water Demand Management is about achieving a reduction in the use of water resources, normally through increased efficiency of water application.

The instruments used in water demand management include:

- building and replacing infrastructures to reduce leaks in distribution networks, installation of metering, etc.;
- consumer education to encourage behavior modification, insuring that the public are aware of the value and importance of appropriate water use;
- introduction of conservation tariffs encouraging less water use and penalizing the consumers that consume more water, as well as providing enough revenue to carry out investment and maintenance of infrastructures;

⁹ UNESCO International Conference on “Water and Sustainable Development” , Paris, March 19-21, 1998.

- greater efficiency of application and water use through the introduction of more efficient water appliances, more efficient processes in industry or drip irrigation, etc.. in agriculture;
- management changes such as changes in water shifts, water recycling in industrial plants, etc..

One of the most important sources of water is the possible savings through reduction of leakage in the distribution networks. The age of the pipes or insufficient maintenance is often the cause of leaks in pipes.

Good maintenance and replacement of pipes is essential to deal with this problem. Overall efficiency in urban areas is poor in the Mediterranean, unaccounted for water is attributed not only to systems leaks but also to illegal connections, malfunctioning water meters and unbilled uses¹⁰.

Most water used in urban areas is for domestic purposes. The use of water savings devices in home can help reduce demand in urban areas and this is often information that is not available. There is potential for reduction of between 50 and 80% of water use in toilet washing and introduction limiting devices in showers can reduce water use from 10 to 40%. Introducing water meters for individual households can also lead to reduction in water demand. The water lost or wasted is an unexploited water bank that is of strategic importance in the water scarce Mediterranean countries.

The potential for water savings must be looked from abstraction to distribution to final water use. It is technically possible to conserve an important amount of water lost or wasted and this could costs less than building new infrastructures.

With demand management the need for building expensive infrastructure can be postponed and the result could be an improvement in water security and reduced water abstraction of economic and social uses, reducing stress on water resources¹¹.

It seems important that education campaigns and raising public awareness would need to be given priority. Education campaigns are important because they increase the level of acceptability and support of the population for water demand measures. Pricing often has effect when combined with education campaigns.

¹⁰ Biliardo, U. Chello D. Problemi e prospettive di integrazione dei sistemi economici e energetico-ambientali nel bacino del Mediterraneo, ENEA: Atti della Conferenza nazionale energia e ambiente, Roma, 1998.

¹¹ CNR – IREM (a cura di), Le risorse idriche nel mediterraneo: strategie di gestione e domanda di formazione, Ministero dell'Università ve della ricerca scientifica e Tecnologica, Roma, 2002.

Demand management in agriculture is about looking for greater efficiency in the irrigation system but also to adopt criteria of sustainable agriculture in terms of water conservation, protection of the environment and economic viability and social acceptability. The measures could include:

- those aimed at improving existing infrastructures: lining of main irrigation channels, placing localized irrigation systems, leveling of plots, improvement of drainage, etc.;
- those not related to infrastructure aspects such as improvement of management and organization of irrigation, improvement in knowledge about appropriate water quotas for different crops and about water losses and returns, tariff systems (better volumetric than per hectare to increase efficiency in water use).

2.3 Augmentation of water supply

In spite of widespread water scarcity in the region there are important losses in distribution systems that range from 20 to 50% in some cities due to poor maintenance or to the age of networks.

This is potentially a great waste of resources. In addition some cities are struggling with sub-standard services and water cuts because of management and financial problems of existing organizations. Good service is provided often where water distribution services have been privatized or delegated to an specialized agency. Here it is in the interest of water providers to reduce losses in order to show better financial results. A number of water saving incentives could be implemented in this field.

Water conservation measures have not been widely applied in most countries of the region. In spite of the increasing difficulties in the development of new water resources through conventional means the technical efficiency of water distribution networks is low. There is an important potential for improvement in most countries. Reducing loss of water both in urban and irrigation networks can provide from 30-50% saving of irrigation water and from 28% to 50% in urban water. Also the introduction of water saving devices in urban areas, and most important, the changes of on-farm water irrigation techniques and models of application and changes in crop patterns can also lead to important water savings¹².

¹² Rothenberger D., Markard J., Truffer B., 2001, "Deregulation in Infrastructure – Some practical examples and theoretical consideration for the Water Supply Sector" CIRUS-EAWAG, Switzerland.

Very often, population is unaware of high water losses and the potential for saving. However, the lack of adequate financial resources is seen to be one of the main causes of the lack of proper maintenance in distribution systems in urban areas and agriculture, has led to poor maintenance and explains water losses or excessive consumption.

Pricing schemes need improvement and there are problems in its implementation; in some urban areas, because of their design, and in agriculture because of resistance from farmers and governments much do not want to see farmers incomes reduced.

Irrigation pricing proves especially difficult and countries that are applying it are following a policy of slow increases in prices, in parallel to subsidies to promote the incorporation of new technologies for irrigation. Implementation of increases in prices is part of the political debate also because increases in prices in urban and rural areas can be perceived by the population as the result of inefficient management and can lead to political defeat¹³.

Wastewater reuse will not be a substantial contributor to the water supply of the water scarce Mediterranean countries. However, wastewater reuse has strategic value because it substitutes good quality water for those uses that do not require it (gardens, some irrigation, etc.). It may allow a reduction for local overexploitation of aquifers. It can be important in coastal areas where there is strong competition for the resource.

Wastewater treatment is also very important, and can be divided into two phases. The primary treatment consists in the removal of floating and suspended solids, both fine and coarse, from raw sewage. Secondary treatment consists in following primary treatment by sedimentation, the second step in most wastewater systems in which biological organisms decompose most of the organic matter into an innocuous, stable form. Tertiary treatment: the process which removes pollutants not adequately removed by secondary treatment, particularly nitrogen and phosphorus.

Groundwater in urban areas in some parts of the region is often unsuitable for drinking purposes but it can be used for other uses, such as for toilet flushing, and for gardening. This water, which is found usually not very deep and could cause major disruptions during floods, is a considerable resource, usually recharged from rainwater, return water from irrigation and losses from water supply and sewage systems.

Promotion and implementation of measures for the use of lower quality water, found in aquifers in the inhabited areas, and which cannot be used for drinking purposes, can save for

¹³ Vallega A. Towards the sustainable management of the Mediterranean Sea in *Ocean and Coastal Management*, Volume 45, 2002.

each dwelling up to 30% of its water consumption, thus reducing the demand on the fresh water resources.

Augmentation of water supply in this way is also possible by treating and reuse of domestic grey water within the house perimeter and by installing water storage facilities in the roof of houses (water harvesting).

The employment of wastewater on increasingly larger levels constitute a major management challenge. The use of wastewater might become environmentally threatening if not properly treated or used¹⁴. The main challenges for the implementation of this option include:

- the responsibility for developing and operating wastewater treatment facilities and reuse in irrigation projects is not clearly defined;
- there is a need to establish standards for treated effluent uses and in harmony with local conditions;
- more research work is needed to develop improved management techniques and on ways to reduce the cost of treatment processes and increase their efficiency;
- criteria need to be established for pricing treated wastewater according to quality and type of use;
- regulations often do not exist for utilisation of sewage treatment sludge in agriculture.

In areas where water is insufficient to cover domestic water demand and other vital important needs, and where water transportation is not possible, the desalination of sea or brackish water would need to be considered. Promotion of this approach is based on the relative costs of the non-conventional methods of water supply (desalination or transport). The cost of desalinated water is relatively high now being around one US \$ with a downward trend as a result of technological improvements (some estimates suggest that \$0.25-\$0.5 could be achievable in the forthcoming 5 years).

On the other hand it is a high energy demanding process, and it is usually based on non-renewable energy resources that often need to be imported. The price of fuel and its fluctuations plays a decisive role on the cost and the feasibility of generalising the use of desalinated water. In addition, the use of fossil fuels increases carbon dioxide emission to the atmosphere polluting the atmosphere and contributes to the green house effect. That's way it's impotant to combine a desalination plant with renewable energy sources¹⁵.

¹⁴ Sciortino, M. La lotta alla desertificazione in Italia e nel bacino del Mediterraneo in Complessità e sviluppo, ENEA, 2002

¹⁵ CNR – IREM (a cura di), Le risorse idriche nel mediterraneo: strategie di gestione e domanda di formazione, Ministero dell'Università ve della ricerca scientifica e Tecnologica, Roma, 2002.

Feed water	Renewable energy source	Suitable combination	Energy required for desalination, kWh m ⁻³
Seawater	Solar, direct	Solar stills	
	Solar, FPC collectors	MED/MEB	80+2.0 for pumps
	Solar, ETC collectors	MSF	80+5.0 for pumps
	Solar, ETC collectors	TVC	8-10+5.0 for pumps
	Solar PV	RO	4-13
	Wind	RO	0.5-2.5
Brackish water	Biomass-Refuse	MED-TVC-RO*	
	Solar direct	Solar stills	
	Solar PV	RO	0.5-2.5
	Solar PV	ED-EDR	0.5-2.5
	Wind	RO	0.5-2.5
	Wind	ED-EDR	0.5-2.5
Geothermal brines	Medium temperature	MED/MEB	8.2
	High temperature	MSF	8.5

*Depending on the use of biomass: for electricity production or steam utilization

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Brackish water can be used after desalination or directly in irrigated agriculture where it can be mixed with freshwater to achieve specific salinity levels appropriate for certain crop types. Also, certain industries can utilise brackish water effectively. Desalination technology has been developed to a point that can provide a reliable source of water at a reasonable cost. The desalination option may prove to be cheaper than building new dams and pipelines to provide water to urban centres. Desalination costs are expected to continue to decrease and become more attractive compared to most other options. Constraints to the development of brackish water resources in the region include lack of reliable data regarding cost and economic feasibility, technology transfer, training, capital and operation and maintenance costs¹⁷.

¹⁶ UNEP/GPA and UNEP/MAP "The GPA Partnership within the Mediterranean Region and the WSSD Type II Partnership/Initiative: Water Program for Africa (WPA)" Workshop, Rome 2004.

¹⁷ Lobina, E. & D. Hall (2000) "Public Sector Alternatives to Water Supply and Sewerage Privatization: Case Studies" in International Journal of Water Resources Development, Vol. 16, No. 1, pp. 35-55.

3. PROPOSED ELEMENTS OF AN INNOVATIVE FINANCING SYSTEM

3.1 Promoting a public-private partnership

The vast majority of finance for water and sanitation is provided by the public sector in developing countries. The private sector provides around five percent whilst development assistance provides around 20%. However, developing country governments tend to allocate very little of their budgets toward pro-poor water and sanitation services, less than one percent in many sub-Saharan African countries. The international private sector finance also steers clear of explicitly pro-poor water sector initiatives. An analysis of finance flows in sub-Saharan Africa shows that finance in the water sector goes less toward projects designed for the poorest and less to those countries that need finance for water most.

Broadly, more finance is deterred from entering the water and sanitation sector in developing countries because of commercial risks, political risk and governance issues, a lack of good projects and a lack of national capacity. Out of these, unsatisfactory governance seems to be the biggest constraint.

Current aid commitments could make a much more significant contribution to the problem if they were deployed to mitigate these constraints, thus “unlocking” the potential of the much greater volumes of user-finance and private sector finance that exist, to meet the financing challenge.

Towards a more effective and efficient public – private - partnership (PPP) financing models:

Promoting viable and affordable investments through and increased focus on:

- business development;
- equity-based risk capital;
- patient capital;
- water services;

Promoting effective and efficient public-private-partnerships (PPP) through dedicated:

- investment funds
- investment managers

Additionally stimulating synergies by:

- promoting the technology transfer and the synergy between sectors (i.e. water and energy sector);

- promoting income generation, employment, and private sector development in view of reducing poverty also by enabling access to, water, health, food security, etc.

The primary focus is on making more effective and efficient use of existing public resources, to achieve a higher and measurable impact based on existing financial resources. This could be measured in terms of the leverage factors (for example the amount of non-treated waste water discharged reduced, or increased drinking water distributed per € spent) and their claim on human resources in the public and private sector¹⁸.

Most public financial instruments available to support the transfer of water services and technologies to developing countries provide co-financing of non-profit based project. Projects that successfully passed the selection and evaluation process, are typically funded on a fixed percentage of the total eligible costs (between 30 and 70%) for the period covered (1 to 2 years on average).

Only in some cases, costs related to long term assets expensed are eligible for public funding although such (pay back) expenditure is only covered for the duration of the project. Few instruments exist or are used that allow capital grants, i.e. co-financing a share of the investment costs as opposed to the related expenditure especially for funding a waste water treatment plant (WWTP)¹⁹.

Projects are closed-end (mostly not extending beyond 2 to 3 years), related short-term project financing is not compatible with the investors' needs. Co-financing a fixed share of the costs associated with investments and operations does not encourage a least cost-approach, projects may be oversized or not adapted to the local supply and demand and chances of surviving in a market-based environment after reducing or stopping the public sector support are not sufficiently guaranteed especially in developing countries.

Capital subsidy instruments do not require or cannot be used to structure investment ownership agreements, some investments failed to survive due to the lacking attention given to local ownership and aligning interests to take proper care of the investments and operations. Therefore each donor has a different set of requirements and often a limited opportunity for accepting and funding project proposals, project authors seeking grants spent

¹⁸ Hall, D. & E. Lobina (2001) "Private to Public: International lessons of water re-municipalisation in Grenoble", France. Paper AWRA/University of Dundee (Dundee, Scozia, 6 agosto 2001).

¹⁹ Hall, D. & E. Lobina (2001) "Private to Public: International lessons of water re-municipalisation in Grenoble", France. Paper AWRA/University of Dundee (Dundee, Scozia, 6 agosto 2001).

large amounts of time securing donor funding which has often caused important delays in closing project financing deals or potential investors losing interest²⁰.

3.2 Increased focus on “business development”

Through an increased focus on “business development” as an alternative for project development, a number of these obstacles could be avoided.

Attention to business development will lead to a shift from technology to water cycle services since it is water services (sanitation, delivery, collecting waste water and treatment) that will ultimately generate revenues (water still remain a right of all population for life). Attention will also shift from project-based to corporate based structures or community based structure as the most appropriate vehicles for the financial structuring and for delivering public support.

The need is than to seek reassurance over the enterprise’s viability beyond the stage of public support as well as an increased focus on risk capital. “Equity” will receive more attention as a critical risk capital component whilst profitability also appears as one of the important criteria for measuring the enterprise’s performance and viability.

An increased attention to business development, opposed to a project driven approach, is useful to increase the focus on water services. Such a focus should prevent that investment decisions are too much technology driven but rather allow for sufficient flexibility to implement the most appropriate technologies given the “market” needs and potential.

Although the ultimate scope of Best Available Technologies supply will mainly depend on size of the investment that can be “afforded”, the envisaged range of technologies should at least include tools for water demand management and services as well as the waste water technologies.

When considering management issues it would be important to accommodate a wide range of investment stakes, including small joint-ventures, as well as a sufficiently wide geographical scope to ensure that investments only take place where they are warranted based on the local conditions²¹.

²⁰ Capecchi Luca, “Elementi per un’analisi della disciplina in tema di organizzazione e gestione del servizio idrico integrato”. Memories of the Workshop on integrated water services, Cagliari, 26-27, October 2000.

²¹ UNEP/GPA and UNEP/MAP “The GPA Partnership within the Mediterranean Region and the WSSD Type II Partnership/Initiative: Water Program for Africa (WPA)” Workshop, Rome 2004.

CONCLUSIONS

The use of water resources was decisive for the rise and the decline of the ancient civilizations that lived around the Mediterranean. All this fabulous achievements were guaranteed by the balance between resources available and their use.

But the modern world has a much bigger necessity of water, caused by the growing of the population while, at the same time, the use of water is becoming more and more inconsiderate and polluting. It is anyway possible to imagine a new and more complex balance between men and nature, thanks to both the technological development and a better organization of society.

Today is particularly efficient the “participative” decision-making process, that allows bigger parts of the population to take part actively to the choices that would influence their future. In this way, all the stakeholders will contribute to reach the best solutions for the collection, treating, transport and distribution of water resources, considering their needs and those of next generations. This participative process consents to optimise also the economical and financial systems of water resources management.

This means that, on one side the public role could be strengthened about choices and decisions, on the other side the management itself can be optimised with business oriented structures. The progress of civilization, which was born in the Mediterranean, could then move to a new form and a more complex balance, that will favour the development of men and societies and, at the same time, favour the preservation and valorisation of the environment and natural resources.

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