



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung



Financing Water Sector Infrastructure in the Mediterranean Region

Technical Workshop

*on the Water Sector in Mediterranean Countries: Problems and
Solutions*

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Infrastructure financing in the water sector in the Mediterranean: Problem analysis

- Today in a number of Mediterranean countries the water sector is still seriously underfinanced; the financing gap is increasing because of growing population and climate change
- Reason for underfinancing: Lack of fresh capital and need for efficiency improvements → interdependent with structural deficits in the sector, like
 - weak legal, institutional, organisational and financial framework conditions in order to create sustainable investment projects
 - lack of political will to re-prioritize the sector



How to overcome the financing gap?

→ Improving efficiencies to reduce investment needs and improve cost coverage

- Improving sector governance to reach an efficient allocation of water resources between users taking into account a global economic and social approach
- Preventing pollution as the most cost-effective strategy
- Efficiency in investment planning and technology choice → improving the preparation of projects (feasibility studies), water demand management
- Efficiency in the management of irrigation and service providers (e.g. reduction of water losses, maintenance)
- Efficiency of water use
- Improving the coordination and harmonization of procedures between donors and between donors and partner countries
- Learning from others, benchmarking activities (regional exchange of best-practice experiences)



How to overcome the financing gap?

→ Mobilizing financing

- Re-prioritize the water sector in national development policies, mobilize public funds for investment and operation
- Strengthen the sector's self-financing capacities through water tariffs (user-pay-, polluter-pay-principles), effective regulation and enforcement
- Promote private sector investment where appropriate
- Use ODA financing and commercial loans (where appropriate) as bridge financing; improve awareness of existing financing instruments



Infrastructure financing in the water sector in the Mediterranean: The added value of the Strategy for Water in the Mediterranean

- For the first time, common regional framework with shared principles for sustainable water management in the Mediterranean region → also on “optimizing water financing”
- Operational objectives of the SWM
- Chance of identifying, implementing most urgent “Actions” concerning “optimizing water sector financing” → Action Plan
- Process of SWM = platform for dialogue and exchange of best-practice experiences
- Platform for regional / transboundary projects?
- Process of SWM = chance for improving coordination and harmonization of procedures between donors and donors and partner countries
- More transparency on ongoing water projects through UfM Secretariat in Barcelona



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Thank you!

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