



Water and Beyond

EU transformative approaches
for international partnerships



REPUBLIC OF SLOVENIA
MINISTRY OF FOREIGN AFFAIRS



European
Commission



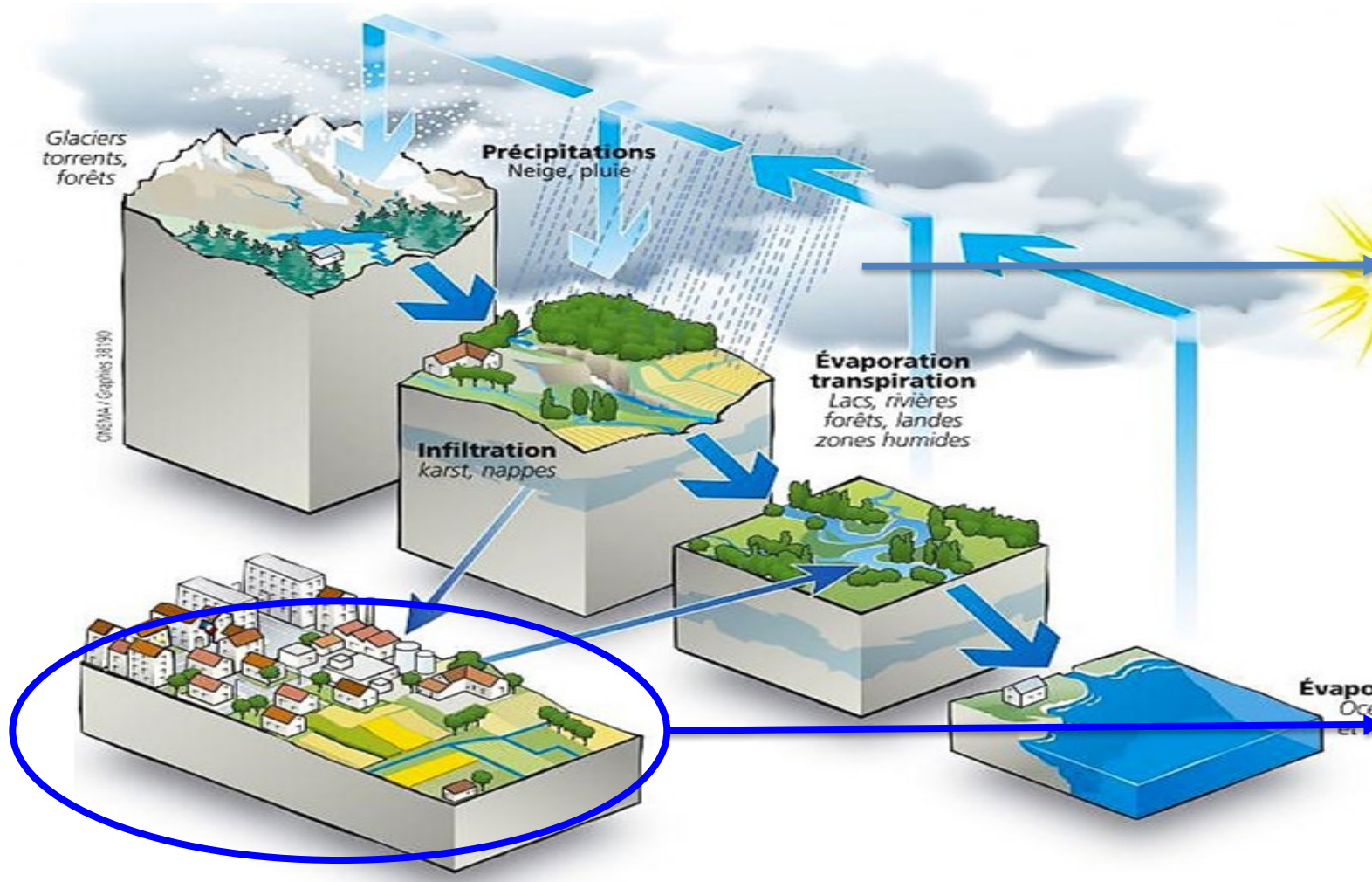
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Private sector funding, opportunities offered by blended finance?

Dominique Gâtel, Veolia

Municipal water and sanitation within the wider water sector



Water Resource: SDG 6.4, 6.5 and 6.6

- Resource protection
- Quantitative/Quali. management and arbitration

State/ Basin authorities:

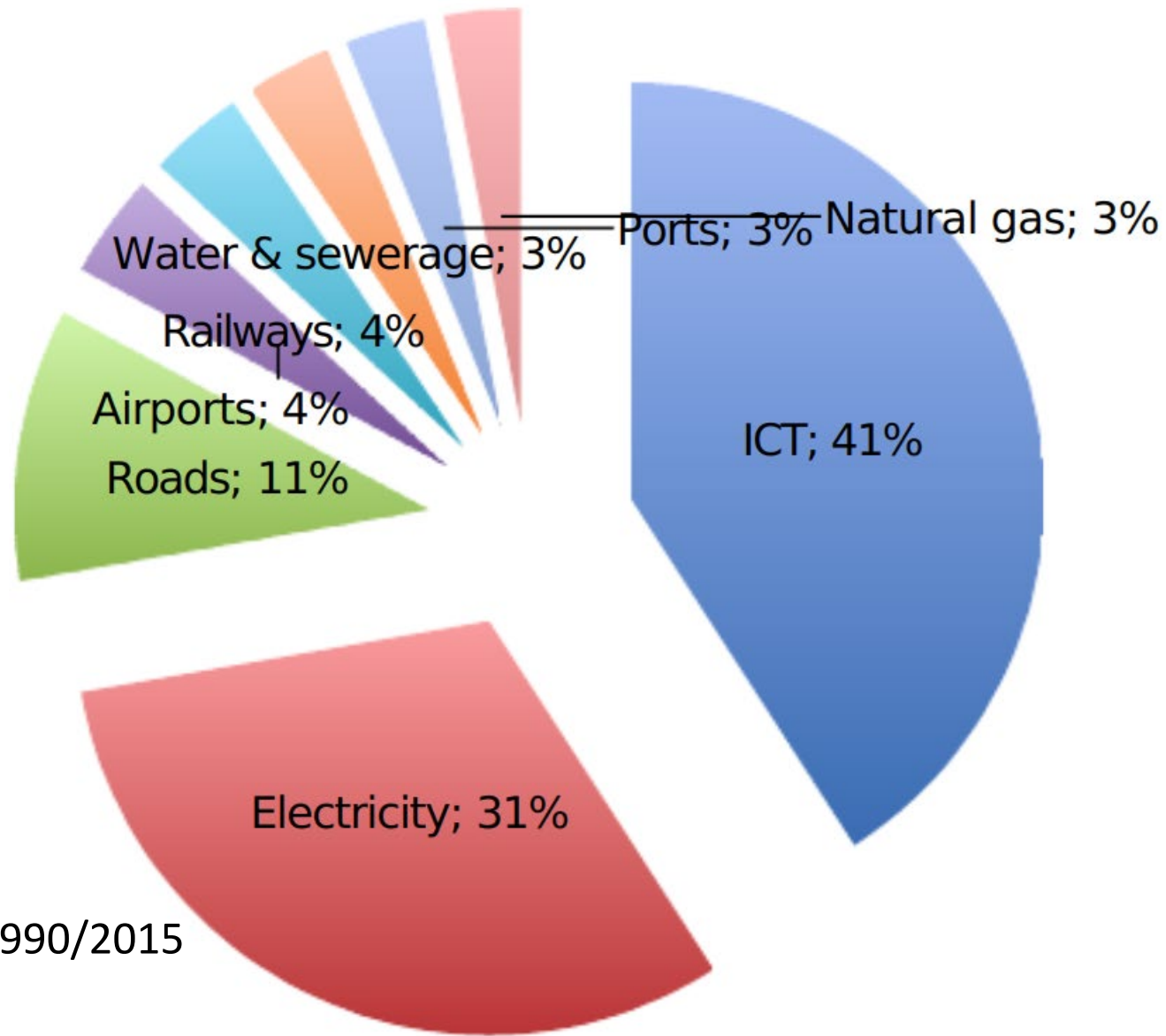
- IWRM rules, governance and finance

Municipal Water Supply and Sanitation:

SDG 6.1, 6.2, 6.3

- Specific WSS rules,
- Governance and finance

Low Private investment in water & san.: why?



Bayliss, 2017,
from World Bank PPI database, 1990/2015

Enabling environment for finance absorption

National level	Municipal level
<ul style="list-style-type: none">• Human Rights criteria and KPIs definition, e.g.<ul style="list-style-type: none">– % of poor people accessing water through pipes– Labs accreditation– Tariff policies• Legal framework: Separate roles, sector consolidation• Back the goals with consistent and transparent subsidies	<ul style="list-style-type: none">• Ring-fence utilities<ul style="list-style-type: none">– Formal procedures for purchases, HR etc.– Engage customers– Reduce NRW• Output-based Aid• Third-party audit

Development journey: 4 pillars

Managerial

- Building a new company spirit - Training all employees of the municipality(s) and new recruits
- Establishing and enforcing procedures

Social

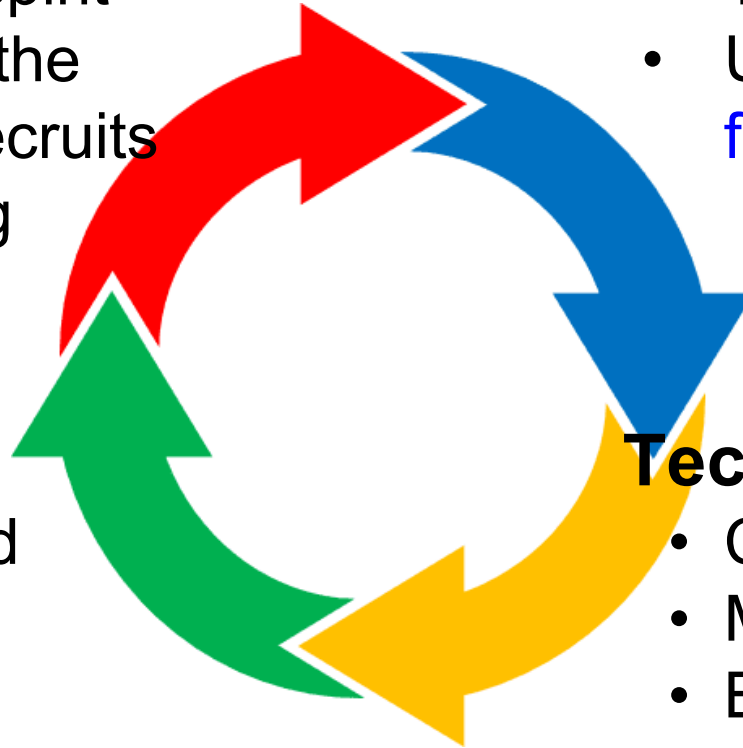
- Make water affordable and inclusive (acceptance of connection and charges)
- Customer services that meet the needs of very diverse customers

Sustainable cost-recovery

- Tarif & Subsidies
- Utility solvency: **Blended finance depends on this**

Technical Performance:

- Continuity of service
- Metering
- Bill collection ratio
- Non-Revenue Water reduction



Tariff setting (adapted from [Leflaive and Hjort, 2020](#))

- **Tariffs derive from inherently political processes:**
 - Level of service (*link to Human Rights criteria*);
 - Cost-recovery: tariffs, taxes:
 - Part of the cost of water services can be covered by taxes
 - Service suppliers must be accountable for operational efficiency
 - Price a community is willing to pay
- **Tariffs need to be questioned and reviewed over time**
 - consensus and issues will evolve
 - tariff setting processes must give a voice to all water users
- **Affordability is a multifaceted issue - need to combine several dimensions.**
 - Suggested KPIs: Evidence of pro-poor policies and tariffs for low-income households, Formal Business plan

Maturity ladder of the Municipal sector (adapted from [Gosku, 2019](#))

Stage 1: Battle inefficiencies	Stage 2: Build capacity	Stage 3: Align institutions and incentives	Stage 4: Incentivize performance	Stage 5: Less public more private money
<ul style="list-style-type: none"> ● Improve metering ● Cut energy and labor costs ● Increase billing and collections ● Conduct a political economy analysis 	<ul style="list-style-type: none"> ● Build regulatory enforcement capacity ● Fully resource sector institutions ● Hire based on merit and skill ● Identify strong sector leaders and champions 	<ul style="list-style-type: none"> ● Embed policies in the legal framework ● Back sector goals with consistent and transparent subsidies ● Engage customers ● Ring-fence utilities ● Reduce NRW 	<ul style="list-style-type: none"> ● Engage the private sector as a potential technical or financial partner ● Redirect subsidies to reach the poor ● Performance-based contracts ● Adjust tariffs ● Leverage results-based financing 	<ul style="list-style-type: none"> ● Introduce blended finance options ● Consider more sophisticated delivery models (corporatization, PPP) ● Achieve sector financial sustainability ● Monitor and benchmark performance

New generation of PPPs: UNECE “People First Approach”



- PPPs to close the infrastructure gap
- Providing ‘value for people’ and ‘value for the planet’:
 - access and equity;
 - economic effectiveness;
 - replicability;
 - environmental sustainability and resilience;
 - and stakeholder engagement

SUSTAINABLE
DEVELOPMENT GOALS



<https://unece.org/unece-international-ppp-centre-excellence>

Thank you very much!

