



## 3<sup>rd</sup> International Conference on Water & Climate (ICWC)

**Basin management, key to adaptation and achieving the Sustainable Development Goals**

***Session 4: Water resources mobilization  
How to take into account the real cost of water?***

**Pannel's Conclusion**

**Khalid TAHRI**

Technical & Engineering Director ONEE

# CONTEXT

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- ❑ Climate change and accentuation of extreme natural phenomena.
- ❑ Mobilizing water resources for different users requires increasingly significant CAPEX & OPEX in particular for non-conventional water resources (desalination and reuse).
- ❑ Pricing of drinking, industrial or irrigation water does not reflect in general the real cost of developing water resources.
- ❑ States are called upon to intervene to ensure access to water for all citizens and sectors of economic activity.

## NEW DEVELOPMENT MODEL

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- ❑ Management of water scarcity through the mobilization of new resources but also the conservation of existing ones.
- ❑ Encouraging the rationalization of different uses through water demand management (improving networks efficiency, digital assessment, reinforcing user awareness,...).
- ❑ Setting up pricing system that reflects the real value of water resources.

# MAIN ISSUES

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- Is there a universal definition of the cost of the cubic meter of water involving its entire value chain?
- How can the cost of mobilizing water resources be integrated into the pricing while reflecting the real cost of water?
- How water could fully pay for water?
- What is the role of the different stakeholders in the evaluation of the cost of water?
- How revising current tariffs without impacting the most vulnerable social segment?

# MOROCCO CASE

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- ❑ The National Drinking Water Supply and Irrigation Program 2020-2027 of 15 billion US\$ provides for significant use of non-conventional techniques.
- ❑ PPP will help mitigate the effect of CAPEX while the use of renewable energies will definitely reduce OPEX.
- ❑ Optimized financial resources supported by IFI's, are necessary for new investments in the water sector, but it's not enough.
- ❑ Tariff revision is becoming unavoidable in order to allow cost recovery.
- ❑ State subsidies could contribute to the protection of vulnerable social strata.

# MARTINIQUE CASE

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The price of water in Martinique is one of the highest in France.

Possible levers of action:

- Social key: Territory diagnosis to act in a targeted manner.
- Technical key: Use appropriate and optimize process that fit with resource's water quality.
- Governance key: Simplify to harmonize management.
- Economic key: Rely on proven Decision Support Tools.

## VOLTA BASIN CASE

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- ❑ Assessing the value of water must consider it belongs to an interconnected and interdependent systems including environmental, social, economic and political factors.
- ❑ Lack of access to integrated systems hinders sustainable development and can have negative effects on regional securities.
- ❑ National and regional policies ought to be reviewed to integrate NEXUS requirements for an effective transition.

# GIZ FEEDBACK

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- There is an urgency to be ready for climate change trends.
- Every euro spent on water security generates ten times more investment and sustainable employment.
- Water shortage is a major risk for companies and investors.
- No water means no development.



# WB RECOMMENDATIONS

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## Public finance review:

Draw lessons from past spending that can guide future spending in the water sector.

## Financial modeling

Provide the sector with an adapted financial model that optimizes the costs of service delivery by optimizing funding sources and financial mechanisms (guarantees, blended finance).

## IN SUMMARY

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- ❑ Water value should be considered instead of water price.
- ❑ The most expensive water is the water that we cannot afford.
- ❑ The valuation of water should encompass the positive impact not only in terms of availability but on the whole economical sectors.