3rd 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

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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

- 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.
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?
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.
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.
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.
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.
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

- 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 term of availability but on the whole economical sectors.