

2023 DWC OPENING SESSION: THE SECTOR'S CHALLENGES IN A TIME OF MULTIPLE CRISES

World Bank's Danube Water Program Leader Raimund Mair and Katerina Schilling, Head of the IAWD Secretariat welcomed the audience to the first conference session.

Verena Hagg, Deputy Director for International Financial Institutions at the Austrian Ministry of Finance, reminded the audience in her welcome address that the Danube Water Program with its proud record of achievements is one of the longest standing cooperations between the Ministry and the World Bank, and wished IAWD and the DWP "Happy Birthday."

Ramon Munoz-Raskin, the World Bank's Program Leader for Infrastructure and Sustainable Development in the Western Balkans Region, just returned from Bosnia where this year two catastrophic floods threw a dramatic spotlight on the new normal of climate change, dedicated his welcome address to the need for region-wide cooperation and coordination to keep the water sector prospering and stressed the Bank's commitment to supporting water security-related projects.

IAWD President Walter Kling added a short look back on the very busy 30 years history of IAWD and 10 years Danube Water Program, remarking on how quickly three decades can pass and thanking everybody involved, raising spontaneous applause.

"Multiple challenges in a time of multiple crises"

In his much-anticipated opening keynote, World Bank Lead Water Sanitation Specialist Gustavo Salties stated the plain fact that the world is not on track to meet UN Sustainable Development Goal 6 - Sustainable Water Services for Everyone, reviewing the existing gaps in developing countries, while also noting that there is still ample room for improvement in the Danube region, especially regarding wastewater treatment. In many countries and regions, utilities find themselves on a slippery slope: A natural monopoly with high fixed costs, long-lived assets and a significant environmental footprint meets poor intergovernmental coordination, ineffective regulatory and pricing systems, poorly targeted subsidies, limited oversight and performance - conditions which often lead utility performance into a tailspin.

Often, the legacies of subsequent waves of incomplete reforms have created inefficient structures. On the other hand, water demand is expected to grow by 50 to 60 per cent by 2050. Growing climate-related water stress and rapid urbanization exacerbate the situation. Under these conditions, the World Bank estimates that to meet Sustainable Development Goal 6, the worldwide investment volume would need to increase by a factor 5 or 6 to cover a rapidly

growing demand for water and sanitation, with 40% of the investments going to urban wastewater treatment infrastructures. “This is impossible, plain and simple, and continuing business as usual is not an option”, remarks Mr. Saltiel.

To turn things around, the World Bank proposes to do more, better, and differently, especially on the urban level. To improve policies, institutions, and regulations, it has introduced a holistic conceptual framework aimed at creating an enabling environment for sustainable service improvement. Here, Mr. Saltiel calls for patience, reminding the audience that enabling environments are not achieved over night, rather through long-term evaluation, learning and adjustment. He mentions examples for successful sector reforms in Columbia, Burkina Faso and India, all taking decades, but turning out remarkable improvements in fragile environments.

For a turnaround on the utility level, the World Bank has introduced the Utilities of the Future initiative. It provides participating utilities with a methodology to improve performance and ignite transformation, and Mr. Saltiel presents encouraging numbers to prove that change is achievable: In 700 utilities in the IBNET database, a set of measures including raising the collection rate to 100%, reducing non-labor costs by 15%, reducing non-revenue water to 25%, and increasing revenue by 10% took the share of financially viable utilities in the sample from 15 to 77%.

The third pillar of the World Bank’s strategy is introducing integrated, circular, and resilient approaches to urban water management aligned with the global climate agenda, replacing the unsustainable linear “take, consume, and waste” model with a “supply, recover and restore” approach – with obvious impact on public health, natural conservation and carbon footprints.

Finally, Mr. Saltiel reminds the audience of the enormous financing needs of the sector, concluding that building strong, creditworthy utilities with an ability to leverage private financing will be key to achieving SDG6.

What can be done and has been done

In the subsequent panel discussion, World Bank Senior Advisor Monika Weber-Fahr led a panel that teamed up Mr. Saltiel with Vesna Muslic, President of Aquasan in Bosnia Herzegovina, Ylberine Baliu, Secretary of the Young Water Professionals Network in Kosovo, and Christian Minelli, Official at the Italian Regulatory Authority of Energy and network services and Head of the Secretariat of European regulator association WAREG.

Commenting on an introductory audience poll about which challenges to prioritize, Ms. Weber-Fahr noted the intimidating length of the list of current challenges and asked the panelists to name their personal priorities.

Here, Ms. Muslic unequivocally prioritizes human resources:

“The sector does need investments and funds, but only people with skills, knowledge and capacities can make the most out of available resources and keep investments sustainable in the long run. Without the capacities, investments are a waste of money.”

That said, Ms. Weber-Fahr turned to Christian Minelli, who added his own perspective as a regulator with a holistic job profile: “Regulation is about knowledge and reducing the asymmetries of information between the institutions and the industry. A regulator’s role is empowering the civil society to understand what is at stake in terms of health, sanitation, and environment, and empowering utilities to understand how to keep their financial balance, plan their investments, and operate environmentally sustainable. This is especially important when little municipalities are not able to address these big challenges and need someone to provide the competence.”

Asked for inspiring examples for successful turnarounds, Gustavo Saltiel pointed to the sector reform in Portugal: “This is a phantastic case!”

Vesna Muslic added the non-revenue water turnaround by the Gradiska utility that started out with the commitment by a young management team, won government support, and managed to take water losses in their network from 59 to 39 percent: “A shining example that things can be done.”

Mr. Minelli pointed to the astonishing development of the Italian sector, driven by what he called a “powerful formula of dialogue between institutions on the national, regional and local levels”, and changing the country’s top 50 utilities beyond recognition in 10 short years: “Yes, it is possible to make huge steps forward in terms of development.”

Young Water Professional Ylberine Baliu named cases in Kosovo where young teams turned out really good results, especially two wastewater treatment plants managed by Young Water Professionals members.

That said, Ms. Weber-Fahr ended the session and invited the audience to proceed to the subsequent welcome reception.