

Water and Environment Support

in the ENI Southern Neighbourhood region



Evaluation of new methods to reduce the cross
subsidies in the agricultural water tariff in Israel:
Activity No. : N-W-IL-1

Kick-off meeting
video-conference

5 November 2020, Israel



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Overview of the Water and Environment
Support (WES) Project

Presented by: Suzan TAHA, WES Key Water Expert





WES in a Snapshot

- WES aims at **protecting the environment and improving the management of scarce water resources** in the Mediterranean.
- It strives to address the country needs for **creating the enabling environment** and enhancing the **capacities** of stakeholders in the Partner Countries (PCs) to tackle **problems related to pollution prevention and water use efficiency**.
- WES capitalises on previous successful EU funded regional projects (Horizon 2020 CB/MEP; SWIM SM; SWIM-Horizon 2020 SM).



WES Identity



**Water and
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Facts & Figures	
Partner Countries:	Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Libya, Palestine* and Tunisia
Project value:	7.917.200 Euros
Duration:	May 2019 – May 2023 (48 months)
Project team:	Team Leader: Professor Michael Scoulllos, scoulllos@wes-med.eu Water Expert: Ms Suzan Taha, taha@wes-med.eu Environment Expert: Mr Anis Ismail, a.ismail@wes-med.eu Communication & Networking Expert: Ms Pam van de Bunt, vandebunt@wes-med.eu Stakeholders engagement expert: Dr. Emad Adly, wes.gc@raednetwork.org
WES Focal Points (FP) (Israel)	FP Water: Ms. Olga SLEPNER: Advisor to the Director General and Head of the International Relations Unit, Governmental Authority for Water and Sewage FP Environment: Ms. Tahel YASHFE: International Relations Division, Ministry of Environmental Protection

*This designation is not to be construed as recognition of the State of Palestine and is without prejudice to the individual positions of the Member States on this issue.



WES Identity



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Our Consortium



LDK Consultants Global EEIG (Leader)



Mediterranean Information Office for
Environment, Culture and Sustainable
Development (MIO-ECSDE)



Arab Network for
Environment and Development (RAED)



Association of Cities and Regions for
Sustainable Resource
Management (ACR+)



CIHEAM – Mediterranean Agronomic Institute
of Bari (CIHEAM Bari)



Gopa Infra GmbH



Ramboll Denmark A/S



Royal HaskoningDHV



Regional Activity Centre for Sustainable
Consumption and Production
(ARC-SCP/RAC) of UN
Environment/Mediterranean Action Plan



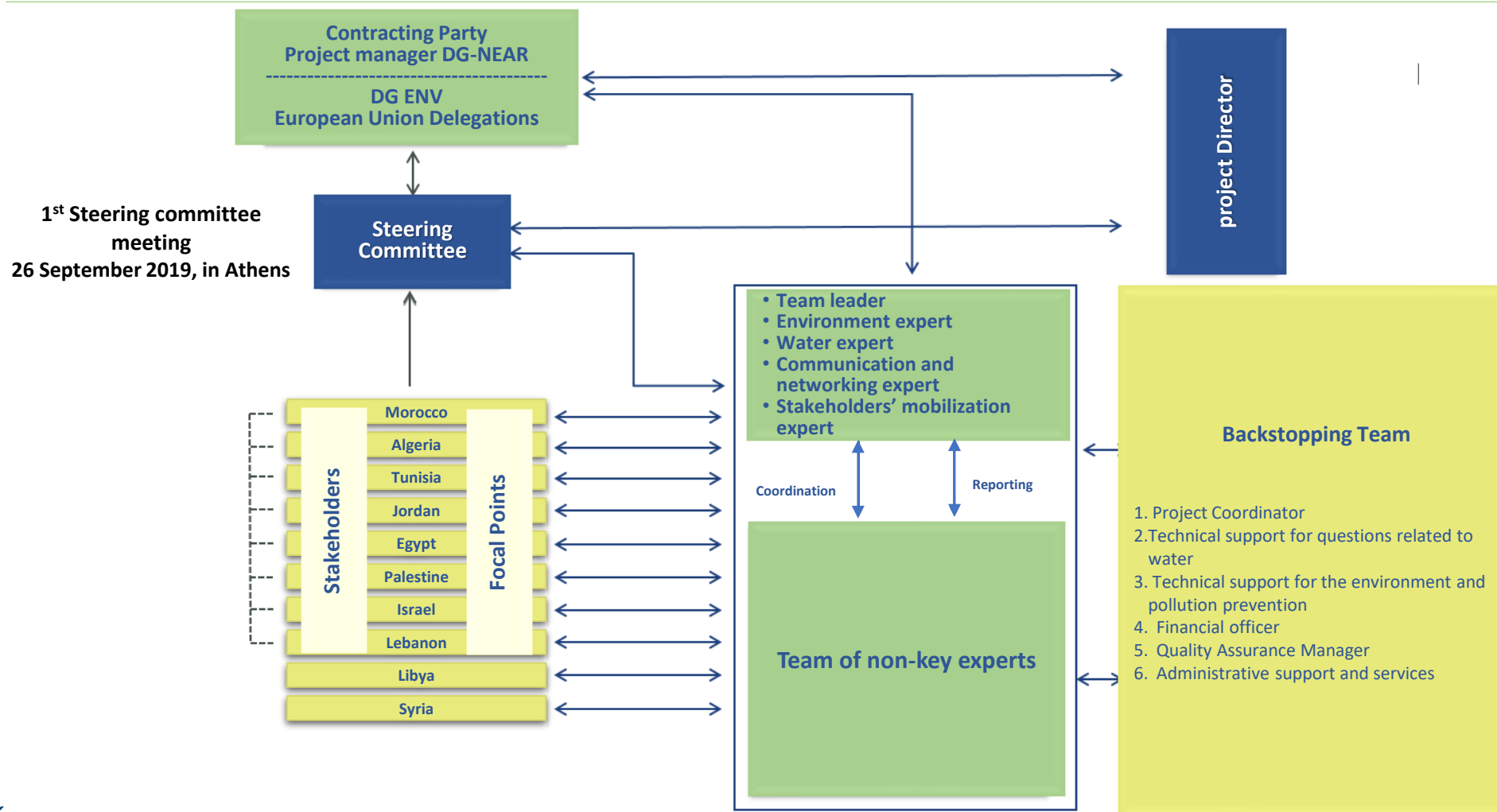
LDK Consultants Engineers &
Planners SA



Project coordination



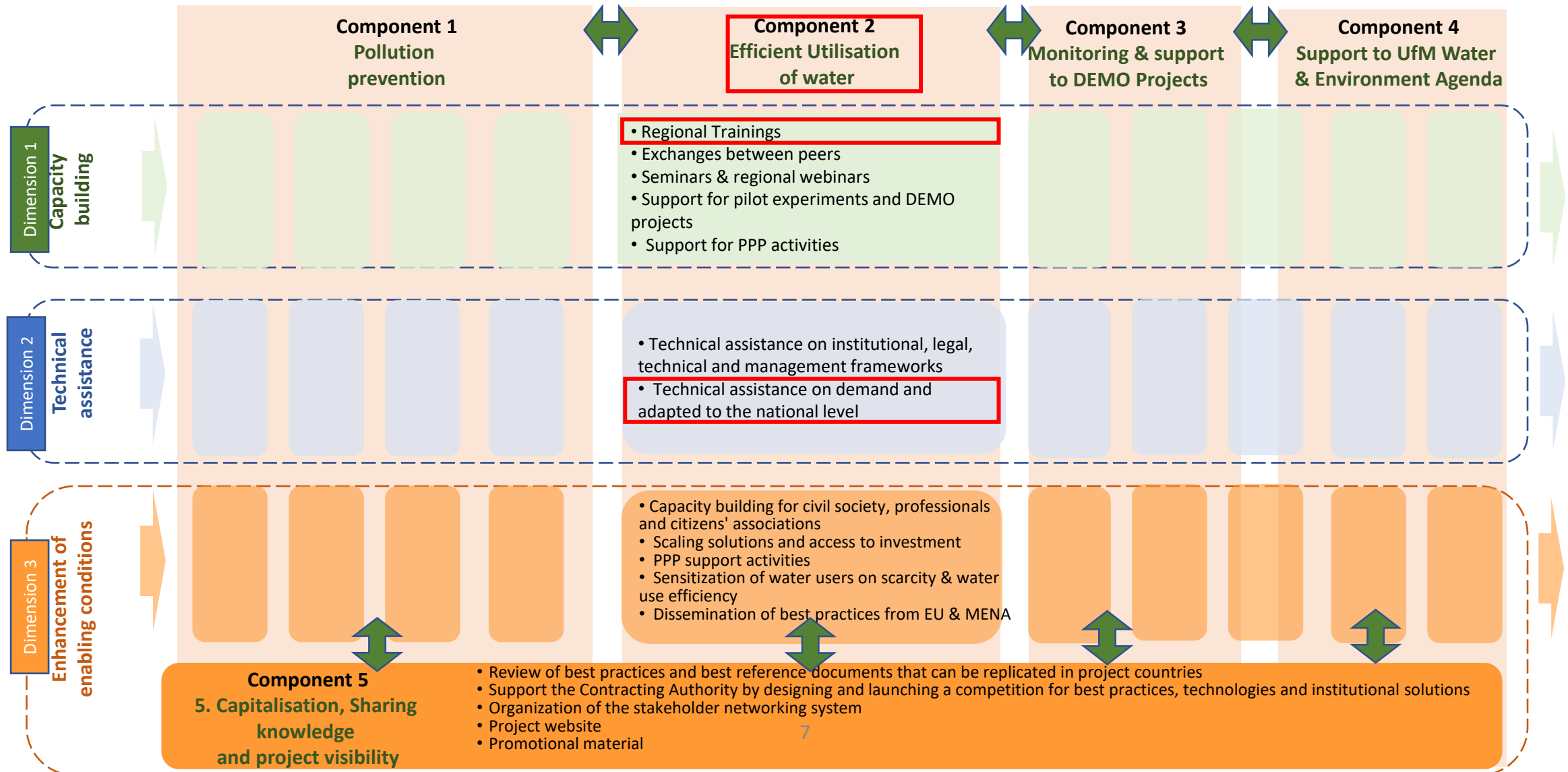
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Project Architecture



Water and Environment Support
in the ENI Southern Neighbourhood region



Technical assistance, Capacity building, Networks between stakeholders



**Water and
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- **Regional Level :**

- ✓ **20 regional activities**
trainings / workshops, study tours to European or South Mediterranean Countries, webinars and guided peer-to-peer exchanges).

Regional Trainings :

8 on water, 8 on environment, 4 Horizontal

Study Tours:

4 to 8 Study Tours

Exchanges between peers:

10 peer-to-peer exchange exercises combined with 4 webinars

- **National Level:**

- ✓ **4 national activities** in each partner country (2 on water and 2 on the environment).
- ✓ **2 WES national meetings** acting as collaboration platforms, to assess progress, plan next steps, etc.





Project Component

Component 1: Pollution prevention topics

- **Theme 1:** Reduce **plastic pollution** and **marine litter**
- **Theme 2:** Promotion of mechanisms, tools and conditions for the transition to a **circular economy**
- **Theme 3:** Prevent and reduce **Pollution** reaching the Mediterranean from **specific industrial sectors**
- **Theme 4:** Support for the implementation of **integrated environmental management**





Project Component

Component 2: Topics related to efficient water use

- **Theme 1:** Assessment and estimation of **water use (by sector)**
- **Theme 2:** Investigations and introduction of **water efficiency gains at the decentralized level**
- **Theme 3:** Water resources assessment, cost recovery and affordability of water services
- **Theme 4:** **Legal and regulatory** aspects related to the integration of water use efficiency into national and regional frameworks
- **Theme 5:** Improving **water efficiency and productivity in agriculture**





Project Activities

Component 2 – Regional Activities

- **RW-1-REG:** Training on the practical application of the water-energy-food-ecosystem nexus and related policies and regulations WEFE
- **RW-2-REG:** Training on water accounting
- **RW-3-REG /RW-3-P2P:** Capacity Building (CB) on Water Demand Management (WDM)
- **RW-4-REG / RW-4-P2P:** CB on non-conventional water resources with a focus on water harvesting, including retention and recharge of aquifers with storm water
- **RW-5-REG/RW-5-ST :** CB on Treatment of wastewater for reuse
- **RW-6-REG/RW-6-P2P/RW-6-ST:** Training on Non-Revenue Water (NRW)
- **RW-7- REG/RW-7-ST:** Training of WUAs on optimal irrigation management and practices using appropriate irrigation methods for improved irrigation efficiency and soil fertility, and highlighting the benefits of using treated wastewater and rainwater harvesting.
- **RW-X-WEB: Two webinars**





Project Activities

Component 2 – Horizontal Regional Activities

- **HW-1-REG / HW-1-P2P:** Capacity building on PPP, entrepreneurship in the green / blue economy and banking services for the water / wastewater sector
- **HE-3-REG:** Education for sustainable development: focusing on treatment for the reuse of wastewater and unconventional water resources





Project Activities

Component 2 – Technical Assistance (Israel)

- **N-W-IL-2: Storm water management and Natural Water Retention Measures**

Launched 14 September 2020

- **N-W-IL-1: Evaluation of new methods to reduce the cross subsidies in the agricultural water tariff in Israel**

Launched 5 November 2020





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Thank you for your attention



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Evaluation of new methods to reduce the cross subsidies in the agricultural water tariff in Israel:

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General context of the project and proposed actions

Presented by: Mr. Gilad Fernandez, Deputy Director General (Economics), Governmental Authority for Water and Sewage

content



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- Who are we?
- General context of the WES activity
- Objectives of the Activity
- Contribution of Israel Water Authority (IWA)



Who are we?



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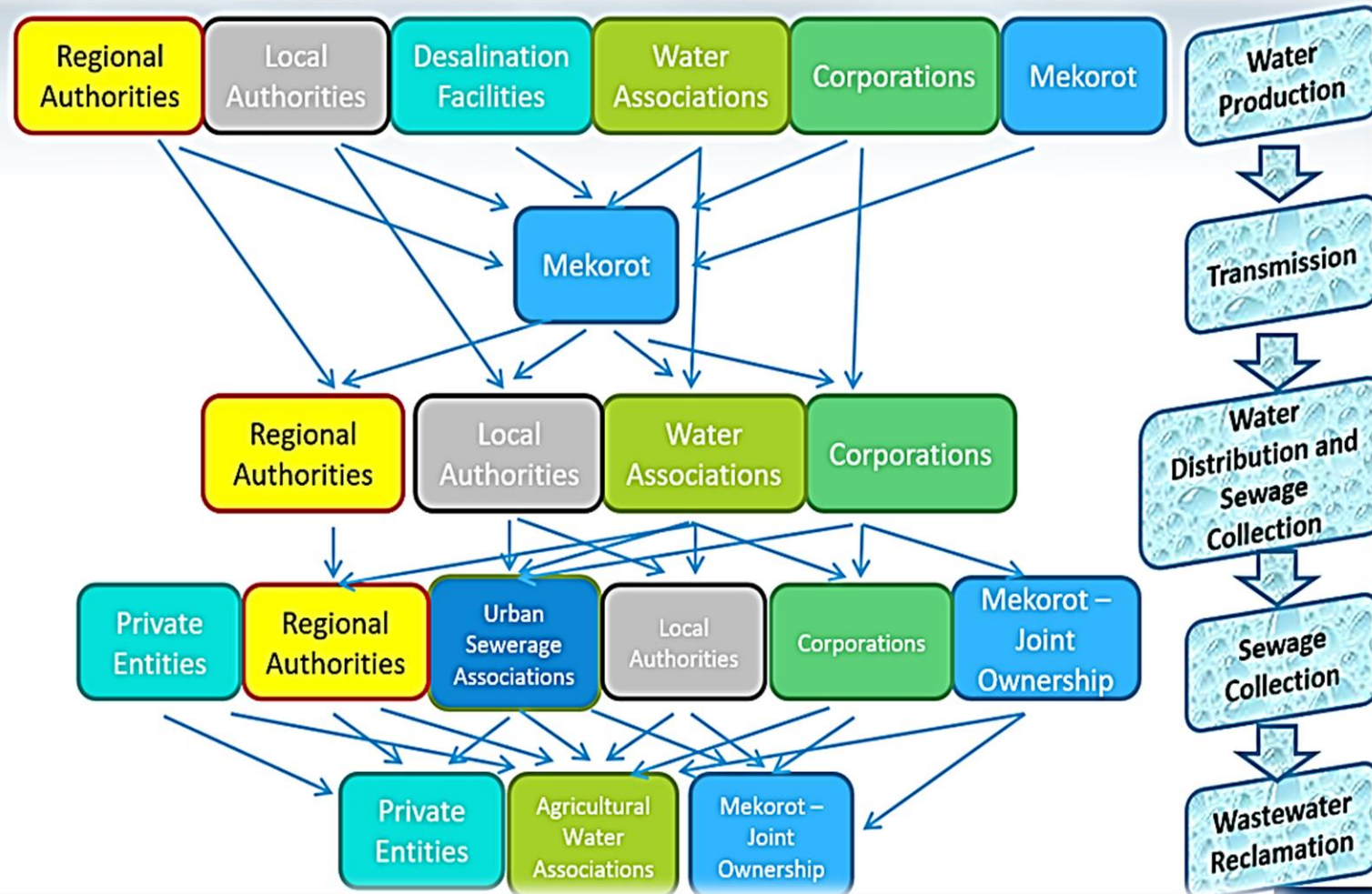
- ❖ **The Governmental Authority for Water and Sewage** is the governmental body authorized by law to coordinate all aspects relating to the water and sewage sector in Israel Including its management, planning, development, operation and regulation
- ❖ The main goal of the Water Authority is to enable a regular and reliable supply of water to all water consumers in the quality and quantity required, at reasonable prices, while preserving the water sources for future generations.



Israeli Water Sector – Playground



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Tariff Policy Principles

- ❖ All water resources are public property, controlled by the state
- ❖ Full cost recovery - all cost covered through tariff.
- ❖ Fairness and uniformity - Jerusalem vs. Tel Aviv
Different place - same tariff (costs are different)
- ❖ Tariffs sets – all tariffs under control of Israel Water Authority
- ❖ Revenues from tariff – source of financing each utility





Agriculture

- ❖ Total water of agriculture - 1,150 MCM/Y.
- ❖ Up to 530 MCM/Y - constant quota (potable water).
- ❖ Decrease from 1,000 MCM – 20 years ago (cut backs).
- ❖ Increased efficiency of potable water usage in agriculture.
- ❖ Increased usage of other water in agriculture –
recycled effluents (~500 MCM) and brackish water (250 MCM)
- stable and cheaper water supply sources.



Water Tariffs - Agriculture Sector, 2019



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- ❖ Reclaimed wastewater for limited irrigation is~ 0.28 \$/m³
- ❖ Reclaimed wastewater for unlimited irrigation is~ 0.33 \$/m³
- ❖ Potable water for Agriculture is~ 0.55 \$/m³



Water tariffs for the agricultural sector



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The goal -

- ❖ economic based tariffs for agricultural sector by gradual replacement of “subsidy through water tariff” with “direct subsidy” to farmers.

The assumption-

- ❖ The agricultural sector would not be able to pay water rates that are based on realistic costing.



The Agreement between the Government and Farm organizations (2006):



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- ❖ The target price of potable water for agriculture will be based on the farm sector's relative share of the average cost of water, including desalinated water.
- ❖ The tariff will be raised gradually to the target price over a period of 7 years.
- ❖ The brackish water tariff is derived from the potable water tariff (60%).
- ❖ The treated effluent tariff is fixed.
 - ☐ The agricultural water tariffs are lower than the water costs.
 - ☐ the rate is about USD 0.62/m³.
 - ☐ Inter – sectorial cross subsidy.



Challenges in Financing Water & Sewerage Infrastructure in Israel



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- ❖ Rapid population growth (population doubling approximately every 40 years).
- ❖ Decline in natural water sources and the need to desalinate sea water.
- ❖ Full recycling of treated wastewater for agricultural and industrial use.
- ❖ Upgrade of effluent treatment plants to the tertiary level (with no use limitation).
- ❖ Time lag in replacing antiquated infrastructure in the urban sector.
- ❖ Political pressures to reduce the water tariff.



Financing the treated effluent economy



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- ❖ The treated effluent economy is operated by a number of private entities and the investments are financed by a fee collected on each cubic meter supplied.

- ❖ Farmers are unable to bear the overall cost of treated effluent supply and thus the cost of financing the associated investments:
 - Grants provided by the Government
 - Long-term loans
 - Long-term supplier credit



Financing difficulties



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- ❖ The average asset life of water and sewerage infrastructure is 40 years, as opposed to the relatively shorter loan repayment period – generally 20-25 years.
- ❖ The gap creates a burden on the tariff/repayment in the initial years (intergenerational subsidy), and makes it difficult to get projects off the ground.
- ❖ Regulatory difficulties associated with the Supervisor of Banks who requires high guarantees for loans to urban water corporations.
- ❖ The water economy is managed as a closed financial economy, and the agricultural sector is partially funded by the urban sector.
- ❖ Due to the Government policy to disperse populations from the current population centers, the water economy will be required to finance projects in the area of water systems development for agriculture while costs are only partially covered through the Tariff.



- ❖ On April 30, 2017 Amendment 27 to the Water Law came into force on. The significant change was the replacement of the regulation of water production of previous production levies, which have hitherto been defined as the input tax to the State Treasury, and transfer to a full tariff regime in the water economy, based on the cost principle.
- ❖ In accordance with the amendment it was determined, that there is no room for a distinction, in terms of production rates, between the system area connected to the National Water Grid and the areas based on local sources only, including the surrounding area of the Lake of Galilee, just because of their geographical location; and that the distinction between the production costs of different types of water will be made according to their different production and transmission cost characteristics and not because of the differences in the quality of the water or the different uses thereof.
- ❖ **Following this major reform, the Israel Water Authority is now in the process of evaluation, examination and search of new methods to reduce the cross-subsidies in the agricultural sector. The key principle is a gradual process taking into account the capability of adaptation of crops to the new tariff system based on the cost recovery principle.**

Objectives of the mission and overview of the proposed actions



Objectives

General objective: Assist Israel in the implementation of its water reform emanating from the 2017 “Amendment 27” to the Water Law, with regards to the planned reduction of cross-subsidies in the water tariff of the agricultural sector.

Specific objectives:

- ☐ Broad review of agricultural water tariffs and subsidies methods and practices in leading OECD countries – successes and failures analysis.
- ☐ Profound 2-3 case studies of countries with major efficient reforms in the agricultural sector related to subsidies through water tariffs or alternative mechanisms.
- ☐ Recommend new methods for supporting the agricultural sector (such as government budget, and other methods of direct subsidies) and sustaining farming based on the review and the case studies



Overview of the Tasks

Task 1: Examination of water tariffs for agriculture

Task 2: Review of water tariffs and subsidies methods and practices in leading OECD countries – successes and failures analysis.

Task 3: Conduct a 1-day consultation workshop



Contribution of IWA



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- ❖ Providing relevant data and information
- ❖ Sharing regulatory knowledge of the Israeli water sector
- ❖ Formulation of the expert group to review the results of the evaluation
- ❖ Providing the necessary assistance to the international expert and to the project in order to identify the relevant stakeholders





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Thank you for your attention





Evaluation of new methods to reduce the cross subsidies in the agricultural water tariff in Israel: Activity No. : N-W-IL-1

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Presentation of WES Technical Assistance activity in Israel

Presented by: Kees Lakerveld International Thematic Non-key Expert

Plan



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1. Target beneficiaries and stakeholders involved
2. Proposed Actions and Expected results
3. Human resources
4. Activity action plan



Target beneficiaries and implicated stakeholders



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Main beneficiaries

- The Governmental Authority for Water and Sewage
- Ministry of Agriculture and Rural Development
- Ministry of Finance

Implicated Stakeholders

- Representative organs of the Agricultural sector in Israel
- Water Suppliers for irrigation
- NGOs (Example Volcani International Partnerships)
- Members of the Parliament
- Local elected councils

The involvement of the remaining stakeholders will be decided during the course of the activity.



Proposed Actions and Expected results



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Task 1: Examination of water tariffs for agriculture in Israel

Results

- Comparison of agriculture water tariffs and the impact of situational differences on the tariffs.
- Differences and best practices.
- Recommendations for improvement

Deployment tools:

- Water policies,
- The water law
- 2017 “Amendment 27”
- Concrete example calculations from the North



Actions proposées



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Task 2: Review of water tariffs and subsidies methods and practices in leading OECD countries – successes and failures analysis.

Results

- Insight in (new) tariff structures & subsidy methods on water related to agriculture including advantages and disadvantages and lessons learnt from their application in the EU countries.
- Comparison of these methods to the (subsidy) model applied in Israel focusing on the northern part
- Best practices in the analysed countries and their applicability in Israel focusing on the northern part.
- Recommendations for implementation focusing on the pilot area.

Deployment tools:

- Database on EU agricultural subsidy schemes
- Database on OECD countries
- Evaluation of subsidy methods



Proposed Actions and Expected results



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Task 3: Conduct a 1-day consultation workshop

Results

- The findings and proposed recommendations are presented and vetted by the stakeholders
- A dialogue between the various stakeholders is established (during the one-day workshop),
- A set of actions emanating from the agreed-upon recommendations is selected for which the country undertakes to implement during the WES project.

Deployment tools:

- Online facilitation platforms (MS Teams, Zoom)
- Projection facilities (beamer, screen, etc.)
- Dialogue encouraging techniques



Activity Schedule



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	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10
Task 1: Examination of water tariffs for agriculture:										
Collection of data and relevant documents and information										
Analysis of water tariff structure and review of water law and its amendment and policies										
Analysis of the agricultural sector and mapping it according to water supply source										
Summary of findings and best practices and prepare recommendations										
Task 2: Review of water tariffs and subsidies methods and practices in leading OECD countries – successes and failures analysis										
Overall review of water tariffs and methods of subsidies used in leading OECD countries, in support of the agricultural sector										
Case studies focusing on success and failure										
Applicability to agriculture in Northern Israel										
Recommendations										
Submit the draft deliverable										
Task 3: Conduct a 1-day workshop										
Prepare the workshop agenda and concept note										
Identify representatives from the regulators to present their experience										
Prepare the presentations										
Facilitate 1 day workshop										
Prepare Workshop report										
Reflect the workshop outcomes into the deliverables										



Mitigation of Covid-19 measures



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Task 1: Examination of water tariffs

- ✓ Remote kick-off
- ✓ Remote examination of the available information

Task 2: Review of water tariffs

- ✓ Desk study of available sources
- ✓ Distant analysis of application in Israel

Tasks 3: 1-day workshop

- ✓ If possible, local face-to-face workshop
- ✓ Otherwise, video conference



Evaluation of new methods to reduce the cross subsidies in the agricultural water tariff in Israel: Activity No. : N-W-IL-1

Kick-off meeting by video conference
5 November 2020, Telaviv, Israel

Introducing the experts – 5 mins

Suzan TAHA (WES Key Water Expert)

Human resources



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The project will be implemented by the international non-key expert

1. Kees Lakerveld: International non-key expert in Project Finance within the department of Water technology International of Royal HaskoningDHV
2. With the support from Ms. Stefanie Stubbé; Consultant Water and Finance International” of the same group

Also with contributions from:

- 1) *Senior Expert in Communication: Ms. Pam van de Bunt*



Evaluation of new methods to reduce the cross subsidies
in the agricultural water tariff in Israel:
Activity No. : N-W-IL-1:

Kick-off meeting
by video-conference

5 November 2020, Israel

Discussion
Requirements and Challenges – 20 mins

Moderated by: Suzan TAHA (WES Key Water Expert) & Kees Lakerveld (Non-key Thematic Expert)





Discussion – Requirements & Challenges

General

- Timely provision of information
- Stakeholder engagement in the activity
- Agree during the final workshop on the implementation of the selected actions recommended by the activity in order to ensure the development of the impact of the activity
- Facilitate the implementation of the communication plan
- Task 1 & 2: Remote
- Task 3: Mobility restrictions (internationally and/or locally) affecting the organisation of a physical workshop, also possible remotely

Data availability and quality :

- Israeli experts available for answering some questions
- Water policies in Israel, water law and amendment 27
- Concrete examples of tariffs setting under the old vs new laws
- List of relevant stakeholders

Any disputes involving the tariff setting



Optional: additional communication tools besides Bi-Monthly progress notes



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Box Exchange

- Large files exchange
- Meetings
- Contact details
- etc.

MS Teams

- Conference calls
- Digital field inspections
- Chat, etc.

In addition to the Bi-Monthly progress notes for discussion per email





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Improving the impact of communication and dissemination

Presented by: Pam van de Bunt– Key Communication
and networking Expert



Communicate !



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Why do we need to communicate?

- Spreading information about the project and its results is essential for understanding and duplication of results
- We need to go beyond communicating only with our direct partners and stakeholders
- An increased awareness is the basis for action



WES general communication objectives



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- To increase awareness of water and environmental issues currently under pressure in the Mediterranean
- Increase the commitment of decision-makers and other stakeholders
- Mobilise civil society
- Ensure visibility of WES and the EU support for water and environmental issues in the region





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Specific communication objective

- Enhancing and distributing knowledge on methods to reduce cross subsidies in the agricultural water tariff



Target groups



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- Municipalities
- Governmental Authority for Water and Sewage
- Relevant authorities including Ministry of Agriculture and Ministry of Environment Protection
- Other target groups including the media will be decided in due course in consultation with the focal point and the partners



Communication tools



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- Social media.
- A short information bulletin (progress and results)
- Press releases





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Thank you



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Stakeholders Engagement and Evaluation of Impact

Presented by: Professor Michael Scoullas – WES Team Leader





Stakeholders' Engagement → important impacts

- Stakeholders who could be involved :
 - ✓ 1. Representative organs of the Agricultural sector in Israel
 - ✓ 2. Water Suppliers for irrigation
 - ✓ 3. NGOs (Example Volcani International Partnerships)
 - ✓ 4. Members of the Parliament
 - ✓ 5. Local elected councils

The involvement of the remaining stakeholders will be decided during the course of the activity.



Evaluate the impact of WES Capacity Building



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- In general, WES measures direct results during the implementation of capacity building activities: quizzes, exercises, scorecard, engagement sheet, etc.
- Indicator NW-IL-1: Number of actions (emanating from the recommendations of the activity) effectively implemented by the targeted actors, compared to those that have been agreed upon during the final workshop
- WES measures mid-term results after activities have taken place
 - ✓ post-training impact survey (online) sent to all participants
 - ✓ direct contact / direct interview with a few selected participants

**"WE CAN WORK TOGETHER FOR A
SUSTAINABLE MEDITERRANEAN
REGION"**





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Thank you



For more information



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Please consult our internet site :

wes-med.eu

 info@wes-med.eu

Or follow us on social networks :

