



THE INSTITUTIONAL DIALOGUE PROJECT OF THE GREEN LIVING AREAS MISSION

FROM ENERGY TO WATER COMMUNITIES: HOW UMBRELLA ENTITIES CAN ENABLE COMMUNITY-BASED WATER MANAGEMENT IN THE MEDITERRANEAN

POLICY BRIEF

ABSTRACT

Europe has established over 10,000 citizen-led energy initiatives with legal recognition and dedicated support systems, yet there is no comparable framework for community-based water management. This institutional gap remains despite growing water scarcity and climate volatility, which increase the need for citizen participation. Mediterranean water systems continue to rely on rigid, utility-centred models, preventing local stakeholders from organising or securing legal rights. As the European Water Resilience Strategy and national law reforms present a key policy opportunity, legislators should incorporate community-based approaches before new regulations are finalised and new regulatory architectures solidify.

To address this gap, the brief recommends adapting the energy sector's umbrella entities, mechanisms that provide technical, legal, and financial support to simplify citizen participation. Unlike the energy sector, where communities formed first, the water sector should establish umbrella entities at the outset to design and fund practical local projects and then build citizen involvement.

KEY TAKEAWAYS FROM POLICY RECOMMENDATIONS

- Lack of legal frameworks: No Mediterranean country legally recognises water communities. As a result, water governance remains centralised, and citizens lack formal means to organise collectively against water scarcity.
- Inverted setup sequence: While energy communities formed first and then umbrella entities (support mechanisms) emerged, water initiatives need support mechanisms to be created first to design viable projects before local citizen groups form.
- The technical suitability is only applicable to uses that do not involve potable water: while citizen-led management proves effective for low-risk projects such as rainwater harvesting or greywater reuse, it is not viable for drinking water services because of the strict quality standards and the associated public health liabilities.



ABSTRACT (CONT.)

Policymakers should recognise and establish a functional pathway for water communities, introduce proportionate risk- and use-based permitting for low-risk non-potable uses, and allocate dedicated public funding and guarantees for community-scale investments. Although the water sector is starting later, it can leverage proven institutional models to accelerate progress and achieve scalable, community-driven water resilience more quickly than the energy sector did.

Keywords: *Water communities, Energy communities, Enabling frameworks, Umbrella entities, Mediterranean, Water scarcity, Water resilience, Water reuse*

KEY TAKEAWAYS (CONT.)

- Collaboration over institutional competition: Community water models can succeed only when they operate as combined schemes, partnering with utilities instead of competing for service areas.
- Integration into existing platforms: New community water projects can speed up the setup process and reduce costs by making use of the legal and administrative frameworks of energy communities and umbrella entities, or traditional irrigation networks.
- Immediate regulatory window of opportunity: The European Water Resilience Strategy and national reforms in countries such as France and Spain create an ideal opportunity to institutionalise water communities before new regulations are finalised.



I. INTRODUCTION

Community-based models have become a key part of the European energy system: citizens, local authorities, and small businesses now work together to produce, share, and manage renewable energy through legally recognised energy communities, as set out in Directive (EU) 2018/2001 and Directive (EU) 2019/944, respectively (European Parliament & Council of the European Union, 2018, 2019). In contrast, the water sector lacks a similar framework. Across the Mediterranean, water management is still handled by utilities and concession holders, and no country in the region recognises water communities as legal entities. This should not be interpreted as an absence of collective water governance, as irrigation communities, user associations and other collective arrangements already operate under national law in several countries, although these remain far from their wider potential impact and level of community involvement. The relevant policy gap is the lack of a common framework for locally anchored, participatory water initiatives that clarifies eligible activities, public-service boundaries, risk allocation, financing and the interface with authorised operators. This gap remains even as water scarcity grows, putting more pressure on freshwater resources, on citizens, local governments, and economies.

This policy brief offers practical recommendations for supporting the creation of water communities in the Mediterranean. It also looks at how umbrella entities, which are second-level cooperatives from the energy sector, could help set up and grow these communities. The brief focuses on the legal, regulatory, and financial steps that policymakers need to take, and on how to adapt the umbrella model to fit the water sector context.

The brief starts by explaining why this topic is important now, comparing the growth of energy communities with the current state of water governance (Section II). Next, it describes how water is managed in the Mediterranean and points out that water communities are not yet recognised in the region (Section III). Section IV looks at what umbrella entities could offer and where they might fall short in the water sector. Section V reviews the regulatory, sanitary, financial, infrastructural, relational, and social barriers that slow progress, even in the most favourable contexts. The brief ends with recommendations for European and national policymakers, water and energy agencies, local governments, utilities, and funding programmes.

II. FROM ENERGY TO WATER: WHY THE QUESTION MATTERS NOW

Over the past years, energy communities have become an important part of the energy system. There are now more than 10,000 citizen-led energy initiatives in 29 European countries (Wierling et al., 2023), and the European Federation of Energy Cooperatives



includes about 2,500 energy communities, representing around two million people (REScoop.eu, 2026).

The Clean Energy Package raised this movement to the EU law level: renewable energy communities and citizen energy communities were granted legal identity, defined rights, and a mandate for Member States to create frameworks to support their development (European Parliament & Council of the European Union, 2018, 2019). However, legal recognition was just the first step. Building strong energy communities required a full support system, including guidance on implementing laws, one-stop shops, technical assistance, and intermediary organisations that could provide the legal, technical, and financial assistance that volunteer-led communities generally lack (REScoop.eu & ClientEarth, 2020; Green Living Areas Mission, 2026). From these intermediary organisations, umbrella entities such as second-level cooperatives, federations, and support platforms have been especially important. These entities helped lower costs and standardise tools and processes by offering services to many communities while letting them stay independent; this way, they allowed communities to grow faster and more reliably than they could on their own (Green Living Areas Mission, 2026).

BOX 1. INSTITUTIONAL DIALOGUE: FROM ENERGY TO WATER COMMUNITIES

The 3rd Institutional Policy Dialogue, organised by the Institutional Dialogue Project of the Green Living Areas Mission, took place in Athens on 20 May 2026, as part of the Circle the MED (9th edition) event within the framework of the MED Innovation Summit. The dialogue explored an emerging question for the Mediterranean region: can the successful experience of energy communities inspire new forms of community-led water management? The session looked at the possibility of transferring the OECOOP model from the energy sector to the water sector. Participants explored whether a similar umbrella structure could be used to promote the development of water communities and what governance, regulatory, and operational conditions would be required to achieve this. The session used a case-based, moderated approach, bringing together a real example from the energy sector and a practical look at the water sector. The insights from this discussion shaped the recommendations in this brief, making sure the approach is both practical and collaborative.

For further information on the Policy Instrument, scan the QR below.



A precise understanding of the enabling environment for energy communities is essential, as the water sector currently lacks comparable structures. Energy communities benefited from EU directives that set community parameters and activities, national implementation of these directives, support from regional and local administrations, grant schemes for both the community projects and their support mechanisms, and public loan facilities backed by European guarantee instruments.



At EU level, the regulatory framework for water reuse has expanded but remains focused primarily on water quality, treatment and risk management rather than on collective governance models. Regulation (EU) 2020/741 establishes harmonised minimum requirements for the reuse of treated urban wastewater for agricultural irrigation, while Directive (EU) 2024/3019 requires Member States to systematically promote treated wastewater reuse, where appropriate, particularly in water-stressed areas and for all appropriate purposes. Although these instruments acknowledge the possibility of reuse beyond agricultural irrigation, they do not establish harmonised quality standards for other uses or provide a common classification of the purposes for which reclaimed water may be used. Likewise, there is no common EU-wide legal framework governing the reuse of rainwater and greywater that systematically defines permitted uses and corresponding fit-for-purpose water quality requirements. Beyond these technical and regulatory limitations, neither instrument defines water communities as a distinct governance model or grants them specific rights. (European Parliament & Council of the European Union, 2020, 2024). Section V gives a detailed analysis of the barriers created by this governance gap (legal status, liability, financing, infrastructure, relations with utilities, social acceptance, and data and organisational continuity) and points out that the water sector has not yet developed a policy framework to facilitate the development of water communities.

Furthermore, in the energy sector, umbrella entities emerged after energy communities had already formed and needed shared support to consolidate. In the water sector, the absence of established communities implies that any umbrella structure would need to operate in reverse: first defining viable project types, business models, and technical solutions before setting up the communities. This approach would give people clear and credible opportunities to take part. The policy issue is not just whether the umbrella entity can be transferred but also whether it can take on a new role by facilitating the creation of its own constituency. This will require a shift from supporting existing initiatives to creating the conditions necessary for new initiatives to emerge. Pre-development support can be organised before a formal community exists; however, the permanent umbrella structure should be refined with the first pilots and an emerging pipeline. In short, the support function can come early, while the institutional form may co-evolve with evidence.

There is a good reason to look at this issue now, since the driver has arrived. Currently, about 20% of Europe's territory and 30% of its population are affected by water stress annually, with southern Europe most vulnerable, and climate change projected to worsen these figures (European Environment Agency, 2024). Hydrological volatility is intensifying scarcity: extreme drought and catastrophic flooding nowadays occur within the same hydrological years, as evidenced by the October 2024 floods in Spain, one of the deadliest in recent European history (European Environment Agency, 2025). Scarcity is creating for the water sector the same social demand and political urgency that climate change caused for the energy sector, motivating citizens to become active participants in resource



management rather than remaining passive users, consistent with international water governance stakeholder engagement principles (OECD, 2015). The policy case should be framed around water-cycle resilience rather than scarcity alone. Mediterranean territories increasingly need to manage demand, drought, intense rainfall and runoff, groundwater stress, water quality and ecological flows within the same planning system. A policy window is also opening: the European Water Resilience Strategy, which was adopted in June 2025, commits the European Commission to promoting water efficiency and reuse across all sectors and to reviewing the Water Reuse Regulation. The Strategy also sets an EU ambition to improve water efficiency by at least 10% by 2030 and is now being implemented through technical assistance, investment pilots, digitalisation, skills and guidance for streamlined pilot projects. Moreover, France and Spain have recently introduced national frameworks for non-potable water uses and for water reuse (European Commission, 2025; Décret n° 2024-796, 2024; Real Decreto 1085/2024, 2024). Even though none of these measures currently acknowledges water communities, together they show that the sector's regulatory framework is going through a major change. The best opportunity to include a community dimension is when these frameworks are being developed, not after not after completion.

III. THE MEDITERRANEAN WATER SECTOR: FRAGMENTED GOVERNANCE AND THE ABSENCE OF RECOGNISED WATER COMMUNITIES

Across the Mediterranean, water governance is primarily organised through a mix of public utilities, municipal operators, regional or basin authorities, mixed public-private arrangements and concession-based systems. While institutional models vary across countries, water management remains largely structured around authorised service providers operating within public-service obligations and regulatory oversight, leaving limited space for community-led initiatives. Unlike the energy sector, where recent European legislation has progressively opened space for citizen participation and community ownership, water management continues to rely predominantly on utility-centred governance models.

The water sector is also characterised by a high degree of institutional fragmentation. In Italy alone, approximately 2,000 entities participate in water management across national, regional and municipal levels. Similar multi-layered governance arrangements exist across the Mediterranean, often generating complex coordination challenges while leaving little room for community-based forms of organisation. Although governance structures vary, a common feature across the region is the absence of a clearly recognised “community” dimension within the legal and institutional architecture of water services.

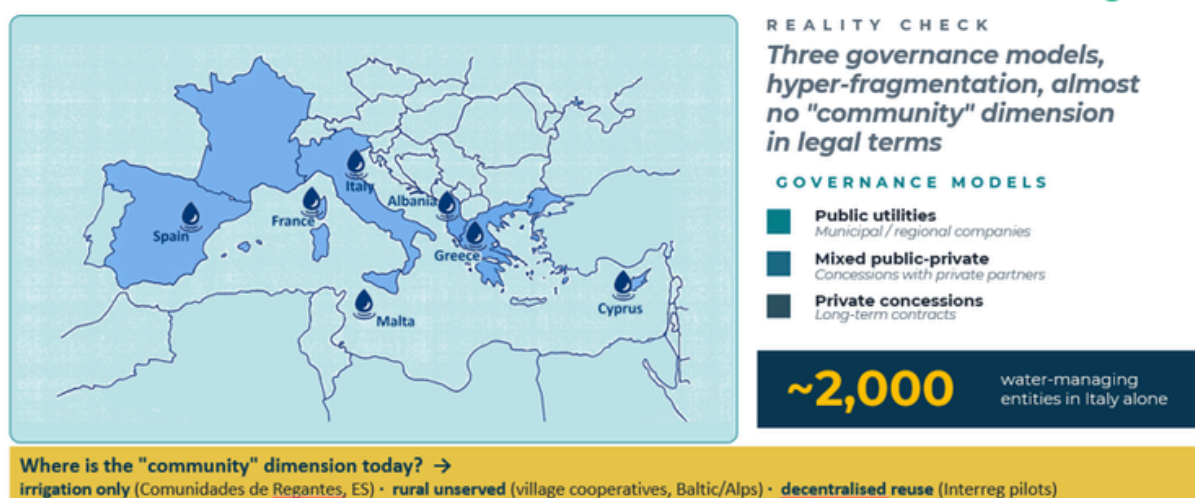
Nevertheless, collective water management is not absent. Long-standing examples can be found in irrigation associations and irrigation communities, particularly in Spain, where farmers collectively manage water allocation and infrastructure. Community-based



arrangements also exist in certain rural or remote areas that lack formal service provision, where local cooperatives or user associations have emerged to manage water resources collectively.

FIGURE 1: How water is run in the Mediterranean today

How water is run in the Mediterranean today



Source: Authors' own elaboration.

Despite these experiences, none of these arrangements corresponds to a recognised water-community model comparable to the Renewable Energy Community or Citizen Energy Community concepts established under European energy legislation. Existing collective water-management practices remain sector-specific, geographically limited and embedded within legal frameworks designed for other purposes. As a result, community participation in water management exists in practice, but lacks a common institutional identity, dedicated regulatory support and clear rights and responsibilities.

A key finding from the SHARE.MedWATER project assessment is that none of the seven participating countries (Cyprus, Greece, Spain, Italy, France, Malta and Albania) currently recognises water communities as a distinct legal category comparable to the EU energy-community categories. While several Mediterranean countries have introduced reforms that facilitate water reuse or decentralised water-management practices, these measures do not constitute formal recognition of water communities as autonomous actors within the governance system.

Progress remains uneven across the region. France has adopted Decree 2024-796 establishing a national framework for non-potable water uses. Spain has strengthened its regulatory framework through Royal Decree 1085/2024 while building on a long tradition of



irrigation communities. Italy is examining new provisions concerning water reuse and decentralised solutions, while Greece, Cyprus, Malta and Albania are witnessing increasing discussion around water reuse, governance reform and pilot initiatives. Additionally, Portugal, although not one of the seven SHARE.MedWATER pilot countries, provides a useful Mediterranean benchmark. Decree-Law 119/2019 establishes a risk-based legal regime for water for reuse, including centralised, decentralised and decentralised-in-symbiosis systems, with licensing or prior communication, defined uses, corresponding water quality requirements and fit-for-purpose risk assessment. It demonstrates how decentralised reuse can be opened within a regulated framework without first creating a new “water community” legal personality. However, none of these developments currently provides legal recognition for water communities as distinct entities.

TABLE 1. STATUS OF WATER COMMUNITY RECOGNITION IN SHARE.MEDWATER COUNTRIES

0 out of 7 SHARE.MedWATER countries currently provide legal recognition for water communities as distinct legal entities.

COUNTRY	LEGAL RECOGNITION OF WATER COMMUNITIES	RELEVANT DEVELOPMENTS
Cyprus	No	Water reuse policies exist, but no community framework
Greece	No	Discussions on water governance reforms, no specific recognition
Spain	No	Strong irrigation-community tradition; Royal Decree 1085/2024 supports water reuse
Italy	No	Draft DPR under examination concerning water reuse and decentralised solutions
France	No	Decree 2024-796 establishes a framework for non-potable water uses
Malta	No	Growing interest in reuse and greywater applications, limited legal enabling conditions
Albania	No	Water governance reforms ongoing, no specific community provisions

Source: SHARE.MedWATER project assessment.

Policy implications

The absence of legal recognition creates a twofold challenge. First, citizens, municipalities and local stakeholders lack a dedicated institutional vehicle through which to establish and operate water communities. Second, existing water governance systems have not yet



evolved to integrate such arrangements into broader service provision and planning frameworks.

This raises a fundamental policy question: how can water communities emerge when neither a dedicated legal framework nor a supportive governance ecosystem currently exists? The 3rd Institutional Policy Dialogue explored whether umbrella entities, inspired by the experience of the energy sector, could help bridge this gap by providing shared technical expertise, legal guidance, governance support and capacity-building services to emerging initiatives. While such structures cannot substitute for regulatory reform, they may play an important intermediary role in facilitating the gradual development of water communities across the Mediterranean.

IV. WHAT AN UMBRELLA ENTITY COULD BRING TO THE WATER SECTOR (AND NOT)

An umbrella entity is an intermediary structure that provides shared technical, legal, financial and organisational support to multiple local initiatives while preserving their autonomy.

During the 3rd Institutional Policy Dialogue, umbrella entities emerged as a potential mechanism for supporting the development of water communities by reducing implementation barriers and pooling expertise. However, participants agreed that they are not a universal solution. Their potential contribution depends on identifying those contexts in which community-based water management can realistically add value, particularly in relation to the type of water use, the scale of the service and the relationship with existing utilities.

Where community-based water management is worth promoting

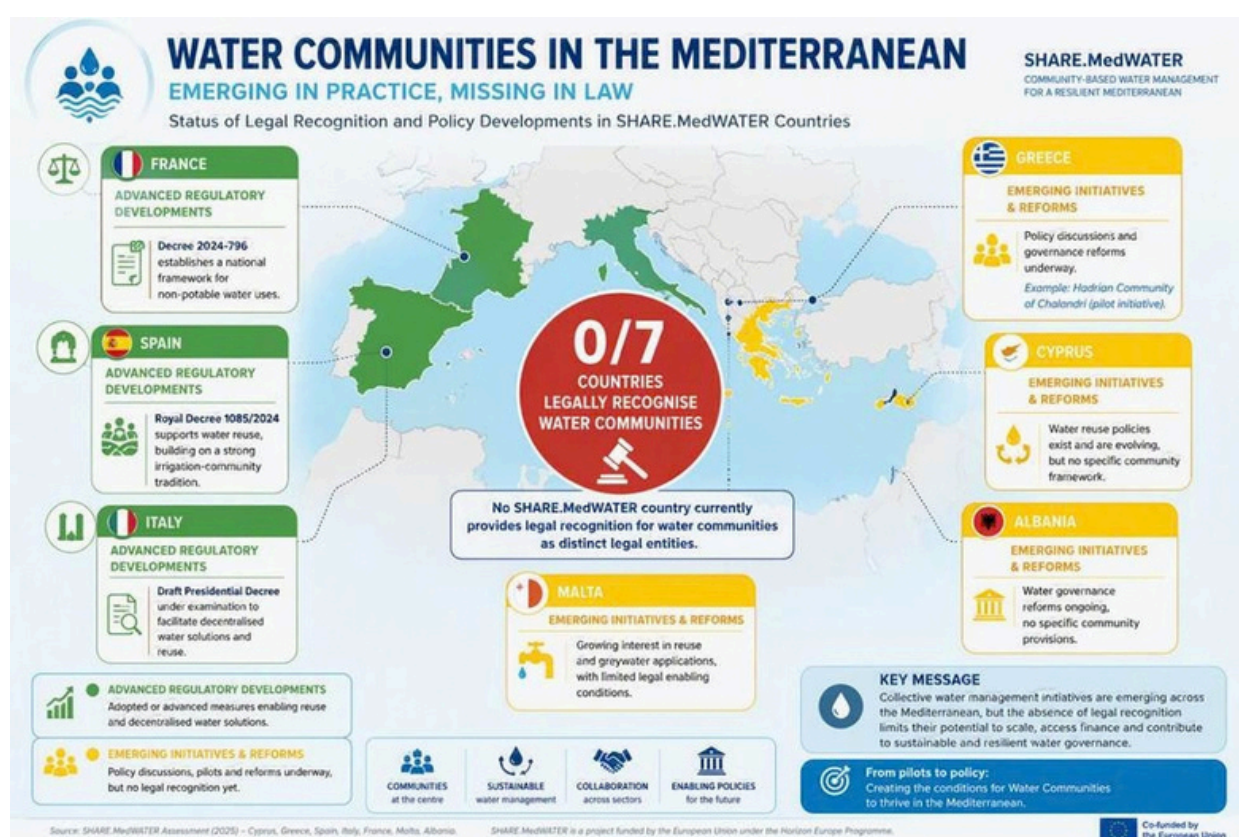
The value of community-based water management depends less on the concept itself than on the context in which it is applied. In this respect, umbrella entities may provide important support functions, but their effectiveness ultimately depends on three factors: the type of water use involved, the scale of the service, and the relationship established with existing utilities.

First, the type of water use matters. Community participation appears most suitable for non-potable applications where sanitary risks are limited and where local engagement can strengthen resource stewardship. Examples include rainwater harvesting for irrigation of public green spaces, greywater reuse for toilet flushing, and other local environmental services. In these cases, community involvement can increase



awareness of water scarcity, mobilise local knowledge and improve acceptance of circular water practices. By contrast, community management becomes considerably more challenging when applied to drinking water services, where stringent quality standards, continuous monitoring requirements and public-health responsibilities typically exceed the capacities of most community-based organisations. As a result, community-led approaches are more likely to complement potable water systems than replace them.

FIGURE 2: Water communities in the Mediterranean



Source: SHARE.MedWATER Assessment (2025).

Second, scale plays a decisive role and should be fit-for-purpose rather than assumed to be small, but community-based management may represent the only realistic option in small-scale contexts, particularly in rural settlements, dispersed communities or local reuse schemes where conventional service provision is difficult or economically unattractive. In these situations, local participation can facilitate tailored solutions that respond to specific territorial needs. However, as systems increase in size and complexity, the economies of scale enjoyed by established operators become increasingly significant. Large-scale water treatment, distribution and service provision require technical expertise, infrastructure and operational capacity that are difficult to reproduce through volunteer-driven or



community-based structures. Community participation is therefore most effective when addressing localised needs rather than attempting to replicate the functions of major utilities.

Third, the relationship with existing utilities and competent authorities is critical. The dialogue highlighted that community initiatives perceived as competitors to incumbent operators are unlikely to gain regulatory acceptance or institutional support. Water services remain a regulated public function in most Mediterranean countries and utilities retain legal responsibilities that cannot easily be delegated. More promising are cooperative arrangements in which community initiatives complement existing service provision. Community-managed rainwater harvesting, decentralised reuse systems or awareness-raising activities can contribute to broader water-management objectives while remaining embedded within existing governance frameworks. In this sense, the most viable pathway is not competition but collaboration between communities, public authorities and utilities, based on a model with a defined interface that assigns statutory duties, technical operation, quality assurance, data exchange, emergency response, costs and asset responsibilities.

Identifying where community-based water management can add value is a necessary first step, but it is not sufficient on its own. Even in the most favourable contexts, umbrella entities can only support initiatives that are already operating within an enabling environment.

BOX 2. CERVIA'S "ENERWATER" APPROACH

The SHARE.MedWATER pilot in Cervia (Italy) is a practical illustration of how community participation in water management may emerge through hybrid arrangements rather than entirely new institutional models. Building upon an existing Renewable Energy Community, local stakeholders are exploring the integration of rainwater harvesting and treatment systems for public uses, including the irrigation of municipal green spaces. Rather than creating a separate water community from scratch, the initiative seeks to extend an existing community governance structure into the water domain.

The Cervia experience highlights three lessons. First, non-potable and lower-risk water uses offer the most realistic entry point for community-based management. Second, effective governance is likely to depend on cooperative arrangements between public authorities, utilities and community actors rather than on parallel or competing structures. Third, existing energy communities may provide a ready-made organisational foundation upon which water-related activities can gradually be developed, creating what participants described as an "EnerWater" model. This cross-sector approach offers a practical opportunity to experiment with community-based water management while regulatory frameworks continue to evolve.

Their effectiveness ultimately depends on factors beyond their control, including appropriate regulatory frameworks, clear liability rules, access to financing, public acceptance of water reuse, and constructive relationships with existing utilities. Umbrella entities may help water communities develop more quickly and effectively, but they cannot



substitute for the broader policy and institutional conditions required for their emergence and long-term viability across the Mediterranean.

V. BARRIERS AND TENSIONS

Even favourable use cases remain blocked when the enabling environment is incomplete. Policy design should therefore treat these issues as a system.

Regulatory barrier: Legal status, permitted activities and public-service boundaries

Without a dedicated legal or policy category, local actors do not know which entities may own assets, abstract or receive water, distribute non-potable water, charge members, enter public contracts, or qualify for finance. Existing cooperative, association or consortium law may provide a legal shell, but it does not automatically confer water-sector rights.

The boundary with public-service duties is equally important. Water supply and sanitation responsibilities cannot be transferred implicitly through a pilot. Legislation or permits must state which activities remain with the public authority or authorised operator, which may be delegated or contracted, and which may be carried out independently under defined safeguards. A simple potable versus non-potable distinction is helpful as an initial screen but is insufficient on its own. Risk also depends on source, exposure, scale, location, network connection and users.

Sanitary barrier: Public health, water quality and liability

Water projects require clear responsibility for treatment performance, sampling, monitoring, record-keeping, maintenance, cross-connection control, incident response and user communication. Liability uncertainty deters municipalities, utilities, community promoters, insurers and lenders. At the same time, proportionate rules must not weaken health protection.

The main policy problem is not the existence of standards, but the absence of an accessible pathway that translates standards into duties for each system scale and water use. France's 2024 framework illustrates a risk-based approach for specified domestic non-potable uses, with requirements that vary between free implementation, declaration and authorisation, alongside monitoring and technical obligations. This type of differentiation is more useful than applying the same procedure to every project size and use.



Financial barrier: Financing, project preparation and long-term viability

Community-scale water initiatives face a financing gap before they face an investment gap. Feasibility studies, source and demand data, legal analysis, stakeholder agreements, governance design and permit preparation must be completed before a bankable project or even a formal community exists. Member contributions rarely cover this pre-development phase.

Capital grants alone do not resolve operating viability. Small systems may have high costs per cubic metre because treatment, storage, monitoring and maintenance are spread across low or seasonal volumes. A credible business case should account for life-cycle costs, avoided freshwater abstraction, avoided stormwater or flood-management costs where relevant, environmental benefits, affordability and the distribution of costs between users and the public sector. Long-term operation should not depend on successive research projects.

Infrastructural barrier: Physical infrastructure, network interface and operational capacity

Unlike electricity sharing, water reuse normally requires dedicated physical assets. Separate pipes, storage, pumps, treatment units, metering and safeguards against cross-connection may be required. Existing buildings and dense urban areas can be especially difficult to retrofit. Seasonal mismatch between supply and demand can undermine utilisation rates.

Community ownership does not imply community operation. Professional operation may be necessary even where assets are community-owned or governance is participatory. The policy framework should allow communities to contract accredited operators, utilities or specialised service providers, while retaining a meaningful role in decisions and benefit allocation.

Relationship with utilities and public authorities

Utilities may perceive community initiatives as competitors, sources of technical risk or attempts to bypass tariffs and concession boundaries. Communities may, in turn, distrust utilities or fear that locally generated value will be absorbed by incumbent systems. Where the interface is undefined, each new pilot requires bespoke negotiation and faces delay.

A regulated or standardised interface is therefore central. It should cover data exchange, network connections, quality assurance, access to technical expertise, emergency procedures, cost allocation, asset handover at project closure, and dispute resolution.



Municipalities should also align projects with local water, climate-adaptation, land-use and public-health plans.

Social factor: Social acceptance, inclusion and local legitimacy

Acceptance of reused water or other alternative non-potable water sources depends on the source, end use, trust in the operator, visibility of safeguards, perceived fairness, current water demand and needs, sustainable management improvements and quality of life impact. Generic communication about “reused water” or “non-potable water” can be counterproductive because rainwater, greywater and treated wastewater have different characteristics and exposure pathways. Demonstration and transparent quality information are more credible than promotional messaging alone.

Participation must also be inclusive. A community model can reproduce local inequalities if only property owners, technically confident residents or higher-income users can join. Governance rules should address affordability, representation, access to benefits, complaints and the position of tenants and vulnerable users. Community consent cannot replace public-health duties or individual rights.

Data, monitoring and organisational continuity

Pilots need comparable evidence on water quantity and quality, capital and operating costs, energy use, reliability, maintenance, user acceptance, environmental outcomes and institutional workload. Without baseline data and common indicators, policymakers cannot distinguish promising models from subsidised demonstrations that will not survive.

Continuity is a further risk. Volunteer turnover, project fatigue and weak administrative capacity can affect even successful initiatives. Governance documents should cover succession, professional management, reserve funds, asset replacement, failure procedures and dissolution. Umbrella entities can support these functions, but they also need a viable revenue model and external oversight proportionate to their role.

Policy conclusion from the barrier analysis

Each barrier points to a responsibility that cannot be delegated to communities alone. Legislators must define the legal space, health and water authorities must define proportionate safeguards, public funders must finance preparation and early risk, municipalities and utilities must create and formalise the operating interface, and umbrella entities must provide competent and accountable shared support.



VI. GENERAL RECOMMENDATIONS: ENABLING THE EMERGENCE OF WATER COMMUNITIES

R.1. Create an EU policy space and a common working definition. Recognise water communities as legitimate actors within water governance frameworks. Legislators and water authorities should establish pathways for the legal recognition of water communities, particularly in the fields of alternative water sources, water reuse and decentralised management. Recognition would provide the legal certainty that community-led initiatives need in order to form, invest and operate.

R.2. Use the current European policy window. The European Water Resilience Strategy's commitment to promoting reuse across all sectors, and its planned review of Regulation (EU) 2020/741, offer a concrete legislative vehicle to extend the EU reuse framework beyond agricultural irrigation and to introduce the recognition of community-based management within it (European Commission, 2025), as well as to integrate the issue into the national transposition of Directive (EU) 2024/3019 concerning urban wastewater treatment by 31 July 2027.

R.3. Apply Water Efficiency First to all supported projects. Require evidence that demand reduction and efficiency have been considered before alternative water sources, and that reuse has been considered before additional supply.

R.4. Define eligible activities through a risk- and use-based typology. National and regional authorities should classify activities by water source, end use, exposure pathway, scale, location, network interface and user group. This typology should determine the applicable permit, monitoring and operator requirements.

R.5. Establish proportionate permitting, liability and standard agreements. Member States should translate technical and health rules into procedures that small, low-risk systems can navigate without legal ambiguity.

R.6. Focus policy efforts initially on non-potable water uses. Policy efforts should focus initially on non-potable water uses, where community-scale initiatives such as rainwater harvesting schemes, collective irrigation and greywater reuse can generate environmental and social benefits while presenting fewer sanitary and operational challenges. These initiatives should be the first target of regulatory opening.

R.7. Embed initiatives in formal water and climate planning. Connect projects to river-basin management, drought and flood planning, integrated urban wastewater



management, land-use planning and ecological-flow safeguards. Community status must not create a parallel allocation regime.

R.8. Decouple potable from non-potable uses and make liability proportionate.

Drinking water should remain under universal-service obligations, while clearly defined non-potable uses are opened to community management under risk-based liability regimes and simplified permitting for small, low-risk systems.

R.9. Establish dedicated support mechanisms for early adopters. Governments and funding programmes should combine pilot programmes, financial incentives and capacity-building initiatives to reduce the risks faced by first movers, together with awareness-raising actions that strengthen public trust in reused water and foster a culture of collective responsibility for the resource.

R.10. Match public finance to community scale. Funding programmes should mirror the instruments that consolidated energy communities: grant schemes co-financing community-scale water investments and publicly backed guarantee facilities designed for the small scale and long payback periods of community water schemes.

R.11. Make municipalities, utilities and health authorities co-design partners. Community initiatives should enter the formal water-governance system at the concept stage, not after technical design is complete.

R.12. Build trust through participation, transparency and fit-for-purpose communication. Public engagement should be done at the beginning of the project, not merely promoted after decisions are made. Explain water sources and end uses separately, with clear information on treatment, quality standards, restrictions and responsibilities. Publish monitoring results in accessible formats and establish complaint and incident-reporting channels. Test the willingness to participate and pay before final investment decisions, and assess distributional impacts on low-income households and vulnerable users. Use trusted local institutions and independent health expertise to support communication. Document reasons for rejection or withdrawal as carefully as positive acceptance, since failed participation is valuable policy evidence.

VII. SPECIFIC RECOMMENDATIONS: MAKING THE UMBRELLA MECHANISM WORK IN WATER

R.13. Conceive umbrella entities as support and coordination structures, not alternative service providers. Their role should focus on helping communities navigate



regulatory requirements, access funding, exchange knowledge and build operational capacity – not on replicating the functions of utilities.

R.14. Fund the preparatory work that communities cannot do before they exist.

Because water communities are largely still to be created, umbrella entities should be tasked – and financed – to carry out the front-loaded work of defining viable project types, business models and replicable reference designs. This reverse-sequencing role is the key difference with the energy experience and will not be performed by any other actor in the system.

R.15. Prioritise small-scale and localised initiatives. Support should concentrate where community participation is most likely to succeed: non-potable water reuse and decentralised solutions at neighbourhood or village scale, including unserved rural areas.

R.16. Foster hybrid arrangements between communities, municipalities and utilities.

Collaborative and hybrid governance arrangements – with clear allocation of roles and a regulated interface with the incumbent operator – are likely to deliver better results than models based on competition with existing service providers.

R.17. Develop a portfolio of replicable project archetypes. Prepare standard packages for rain, building or block-scale greywater, treated-wastewater reuse, collective irrigation, rural small systems and integrated energy-water schemes, each with defined risk, governance, cost and monitoring requirements.

R.18. Use existing organisational structures as platforms for experimentation.

Renewable energy communities, irrigation associations and other cooperative arrangements can offer practical starting points for integrating water-management activities, including hybrid energy–water community models (see Section IV).

R.19. Give umbrella entities stable core funding and formal standing. Provide multi-year support for soft costs – coordination, legal and technical advice, governance – and recognise umbrella entities as eligible partners in water-related programmes and calls, drawing directly on the lessons of the energy sector (Green Living Areas Mission, 2026).

Ultimately, umbrella entities can accelerate the development of water communities, but they cannot substitute for the regulatory, financial and institutional reforms required to create a supportive ecosystem for community-based water management across the Mediterranean.



VIII. CONCLUSION: STARTING SMALL, LEARNING FROM ENERGY, ACCELERATING THE CURVE

Water communities are not yet a recognised reality in the Mediterranean. Unlike the energy sector, which benefited from a clear European framework, dedicated support mechanisms and years of sustained policy development, community-based approaches to water management remain at an early and largely experimental stage. The policy challenge is to connect these experiences to a common enabling architecture without erasing the differences between water and energy. Yet the conditions for change are gradually taking shape. Water scarcity is intensifying, interest in reuse is growing, and local pilot initiatives are beginning to demonstrate what community participation in water management can look like in practice.

The most promising strategy is to start small. Rather than attempting to replicate utility functions or introduce comprehensive community management models from the outset, policy should concentrate on local, non-potable and lower-risk applications, where community participation can deliver tangible benefits and build public trust. Practical entry points already exist, like irrigation associations, local cooperatives and renewable energy communities that offer structures on which water-related activities can be grafted, while community-managed water arrangements in the southern Mediterranean show that locally defined cooperative models can operate effectively even where formal infrastructure is limited.

The experience of energy communities carries a second lesson. Their consolidation did not come from a single policy intervention, but from the gradual construction of an enabling ecosystem combining legal recognition, financial support, capacity building and intermediary organisations. Water communities will require a similar ecosystem, adapted to the regulatory, sanitary and operational realities of their own sector. Umbrella entities can play an important role within it, supporting emerging initiatives, facilitating cooperation with public authorities and utilities, and reducing barriers to participation. They are, however, one element of a broader transition, not a substitute for it.

The final lesson concerns time. The energy sector needed roughly six years to consolidate its community ecosystem, and it built that ecosystem largely by trial and error. Water starts later, but it does not start blind. It inherits a tested institutional toolbox, documented enabling conditions and an umbrella mechanism whose core functions are largely transferable. If policymakers act on the recommendations set out in this brief while the European policy window remains open, the water sector has a realistic opportunity to compress the curve, moving from isolated pilots to scalable community-based solutions for water resilience across the Mediterranean in less time than energy required.



PROJECT SUMMARY

The Institutional Dialogue Project of the Green Living Areas Mission seeks to enhance policy transfer through dialogue among policy-makers and public stakeholders. It focuses on continuous policy improvement and transformation, and aims to establish long-term cooperation on public policy instruments at the Euro-Mediterranean level, ultimately improving citizens' quality of life.

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