

# Sustainable financing of transboundary water cooperation and basin development:

## *Introduction to the session*

5th Targeted Regional Workshop for GEF IW projects in Africa

30 May 2019, Gaborone-Botswana

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# Why does financing matter for effective cooperation?

- **Transboundary basins** provide water to nearly 3 billion people worldwide.
- **Shared marine ecosystems' goods and services** provide **livelihoods, income, food security, and other benefits for billions of people** around the world (12 USD trillion to global economy)

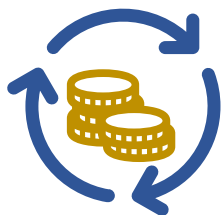
➤ **Transboundary Water Cooperation** → of utmost importance for **sustainable development, economic growth, peace and ecosystem preservation.**



**Ensure the financing of TWC = ensure its social, environmental and economic benefits and sustaining outcomes of GEF IW projects in longer term, e.g. SAP implementation.**

Yet, there are **important challenges** regarding financing TWC:

- *Lack of **financial capacity** (at countries/basins level)*
- *Difficulty to invest in transboundary basins, especially for private sector*
- *Lack of **commitment of states** to allocate financial resources to transboundary water cooperation and management*



*FINANCING NEEDS TO BE MORE SUSTAINABLE !*

# The Water Convention

- **What?** Global legal and institutional framework serviced by the United Nations Economic Commission for Europe (UNECE) which currently counts **43 Parties**, including **Chad and Senegal from Africa**; more than 15 other countries are in accession process
- **Main goal?** → Foster cooperation over transboundary waters in order to ensure that they are **sustainably and equitably managed**.
  - Supports countries in strengthening their **national water governance** and **transboundary cooperation**
  - Offers a **platform** to openly discuss **challenges** and **address new problems** related with transboundary water cooperation

## How ?

- Through the implementation of its **provisions** and triennial **Programmes of Work!**
- UNECE is a partner of iw:learn 4 responsible for activities on climate and water-food-energy-ecosystems nexus



# The Water Convention's key principles:



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE  
COMMISSION ECONOMIQUE DES NATIONS UNIES POUR L'EUROPE  
ЕВРОПЕЙСКАЯ ЭКОНОМИЧЕСКАЯ КОМИССИЯ  
ОРГАНИЗАЦИЯ ОБЪЕДИНЕННЫХ НАЦИЙ

## Convention on the Protection and Use of Transboundary Watercourses and International Lakes

as amended,  
along with decision VI/3 clarifying the accession procedure

## Convention sur la protection et l'utilisation des cours d'eau transfrontières et des lacs internationaux

telle qu'amendée,  
ainsi que la décision VI/3 clarifiant la procédure d'adhésion

## Конвенция по охране и использованию трансграничных водотоков и международных озер

с поправками  
и решением VI/3, разъясняющим процедуру присоединения



UNITED NATIONS  
NATIONS UNIES  
ОРГАНИЗАЦИЯ ОБЪЕДИНЕННЫХ НАЦИЙ

## Water Convention Key Principles

Principle of **prevention**

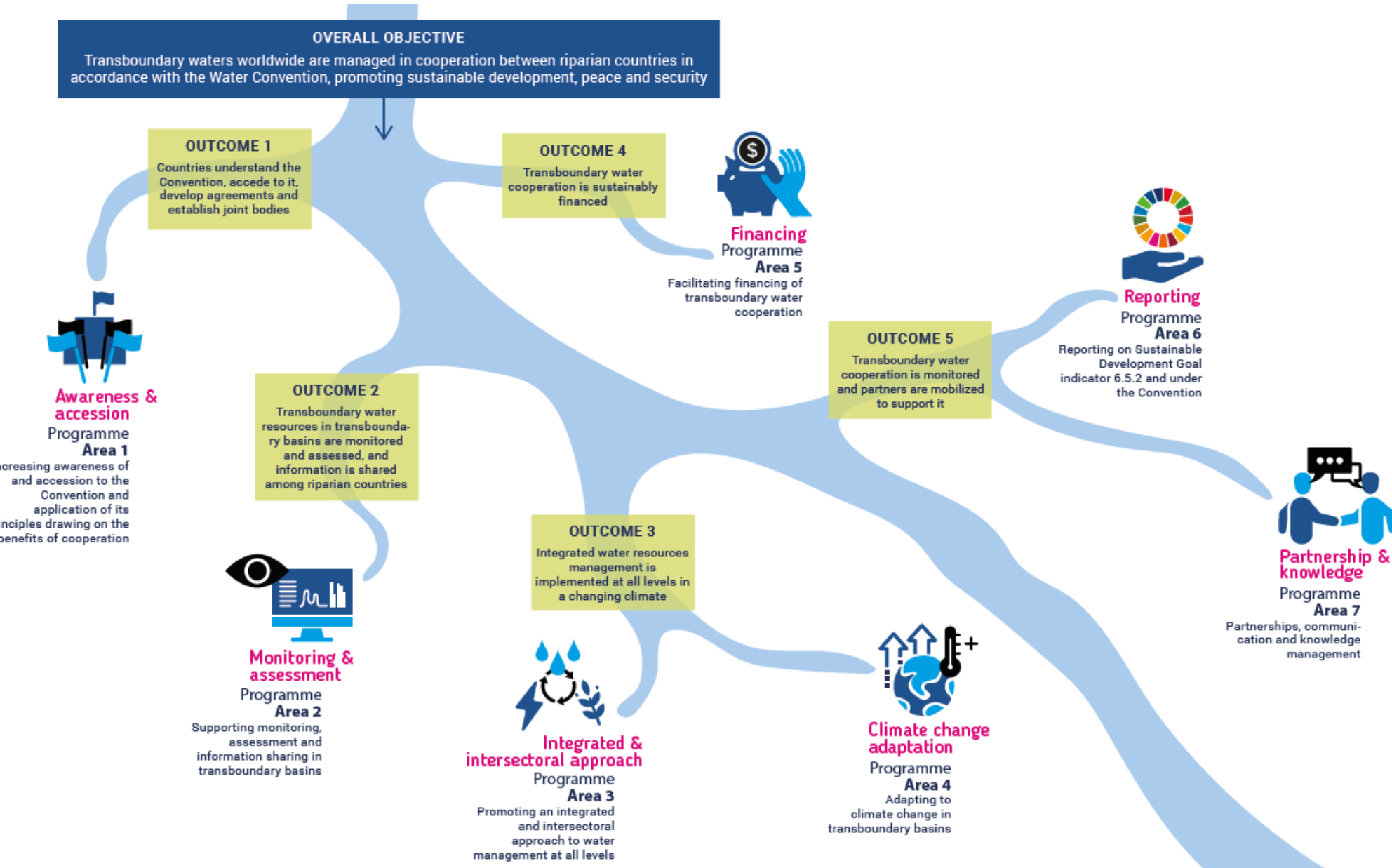
Principle of **equitable and  
reasonable utilization**

Principle of **cooperation**

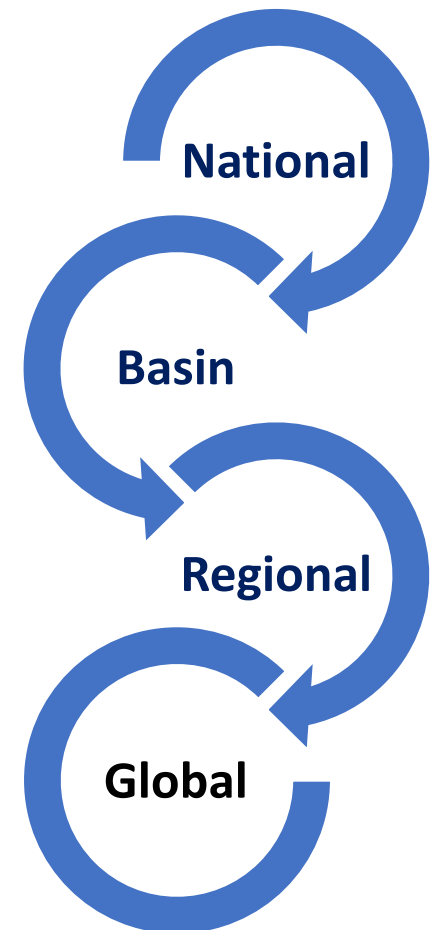
The Convention also  
incorporates a source-to-  
sea approach: marine  
environment is mentioned

The Convention requires  
Parties to conclude  
transboundary  
agreements and **set up  
joint bodies** to cooperate  
on the management and  
protection of their  
transboundary waters.

# Water Convention Programme of Work 2019-2021

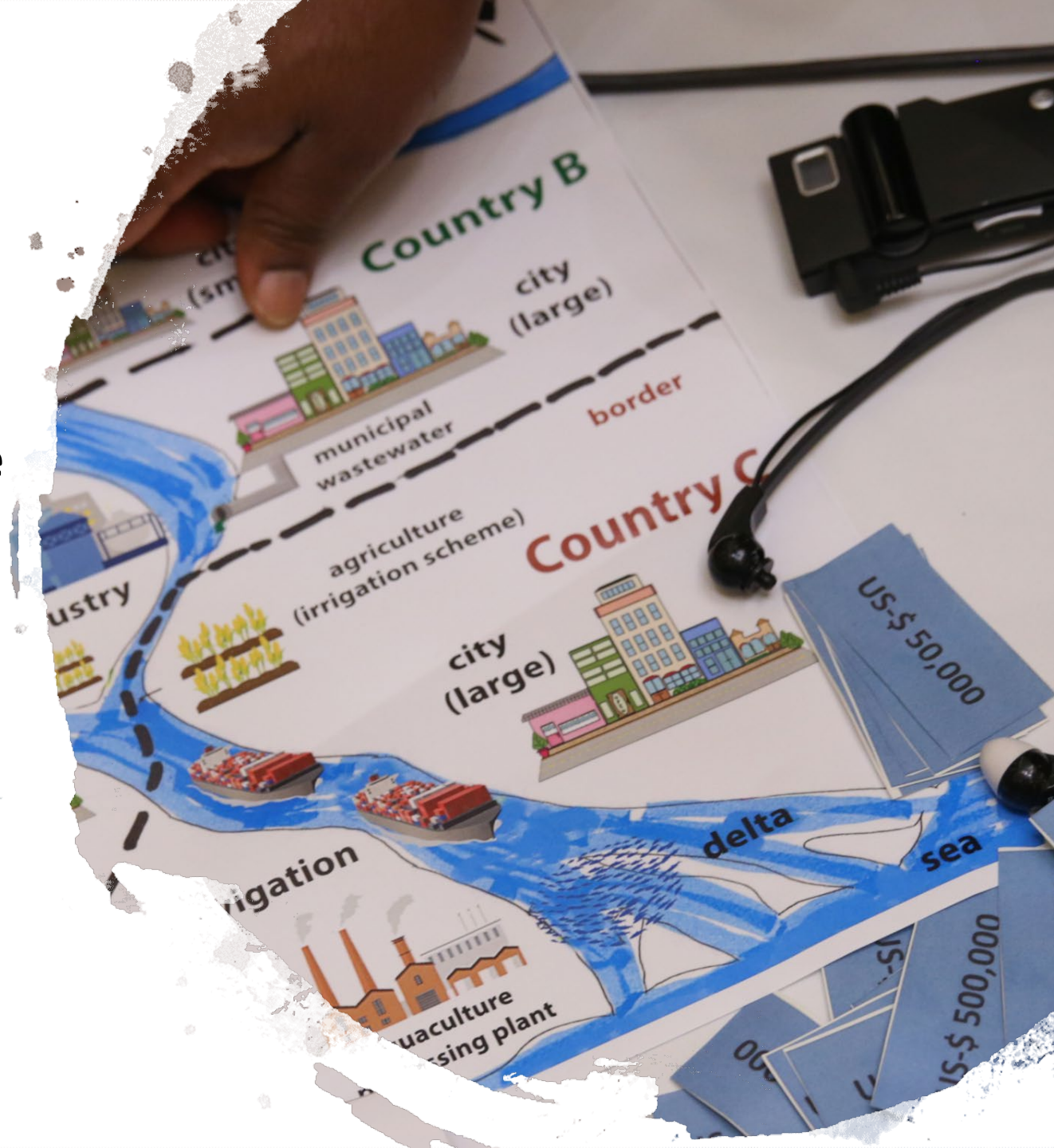


Delivering at different levels:



# Work on facilitating financing of transboundary water cooperation under the Water Convention:

- In the Water Convention → **Obligation to establish Joint Bodies for sustainable transboundary water cooperation** – also aim of GEF IW projects
- Water Convention- **not a financial platform !**
- However, the Water Convention's framework can **support countries and basins in raising funds for their Joint Bodies**



## **Main objectives of the work on financing under the Convention:**

- **Raise awareness** on the importance of **enhancing the financial sustainability** of transboundary water management
- **Facilitate knowledge sharing** and peer-learning on **funding options**
- **Support** countries/joint bodies in **securing financing** for transboundary water cooperation from different sources
- Promote the development of **joint investment plans** and **financing strategies** in shared basins

Work so far and future activities in this area (all in cooperation with partners such as GEF iw:learn, WB, AfDB) :

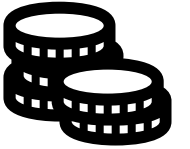
2017-2018:

- Support to countries/ basins in preparing **bankable projects** to access climate financing through trainings and a joint publication with World Bank
- **Background study** to better understand the **financial needs and sources** to improve transboundary water cooperation/development
- **High-level workshop on financing transboundary basin development** in Kazakhstan with Switzerland, the Netherlands, GEF-IW:LEARN; World Bank, EIB, AfDB, ADB



## 2019:

- Session at the World Water Week 2019 on 28 August 2019  
«***Mobilizing financial resources for transboundary water management and cooperation***»
- Background document on financing opportunities and challenges for TWC



## 2020:

- **Global workshop on financing transboundary water cooperation** aimed to **build a bridge between countries/basins and financiers** (international, public, private).



**Save the date: 16-18 Dec 2020 !**



# Overview of financial sources available for transboundary water cooperation and basin management



## Domestic financial resources:

- *Public*
- *Private*



## International financial resources:

- *Development cooperation (bilateral)*
- *International Financial Institutions (GEF and development banks)*
- *Climate funds*
- *Private companies*
- *International funds, insurance*

# Transboundary water cooperation and basin development: what are the financial needs?

To strengthen and improve transboundary water cooperation and development, basins need to **mobilize financing for**:

- Cooperation processes and institutions
- Information/data collection and sharing
- Measures, such as water-related infrastructure development and maintenance (green, grey etc.)



**Focus of this session !**

# Transboundary cooperation institutions : what for?

- **Joint bodies** → institutionalize cooperation commitments over time, support implementation of agreements, generate benefits of cooperation through joint actions
- Key role in **ensuring sustainable management of transboundary water resource** and of GEF project outcomes e.g. implementation of SAP
- They then enable carrying out of **data exchange, early warning, river basin planning**, and, in some cases, **infrastructure development**
- Such transboundary cooperation agreements and institutions provide **enabling conditions for investments from public and private donors** incl. MDBs, IFIs, private sectors, PPPs etc. since they reduce risks for investors (see chairs' summary of the high-level workshop)



**What are the financing needs for these institutions?**

→ Core costs & program costs

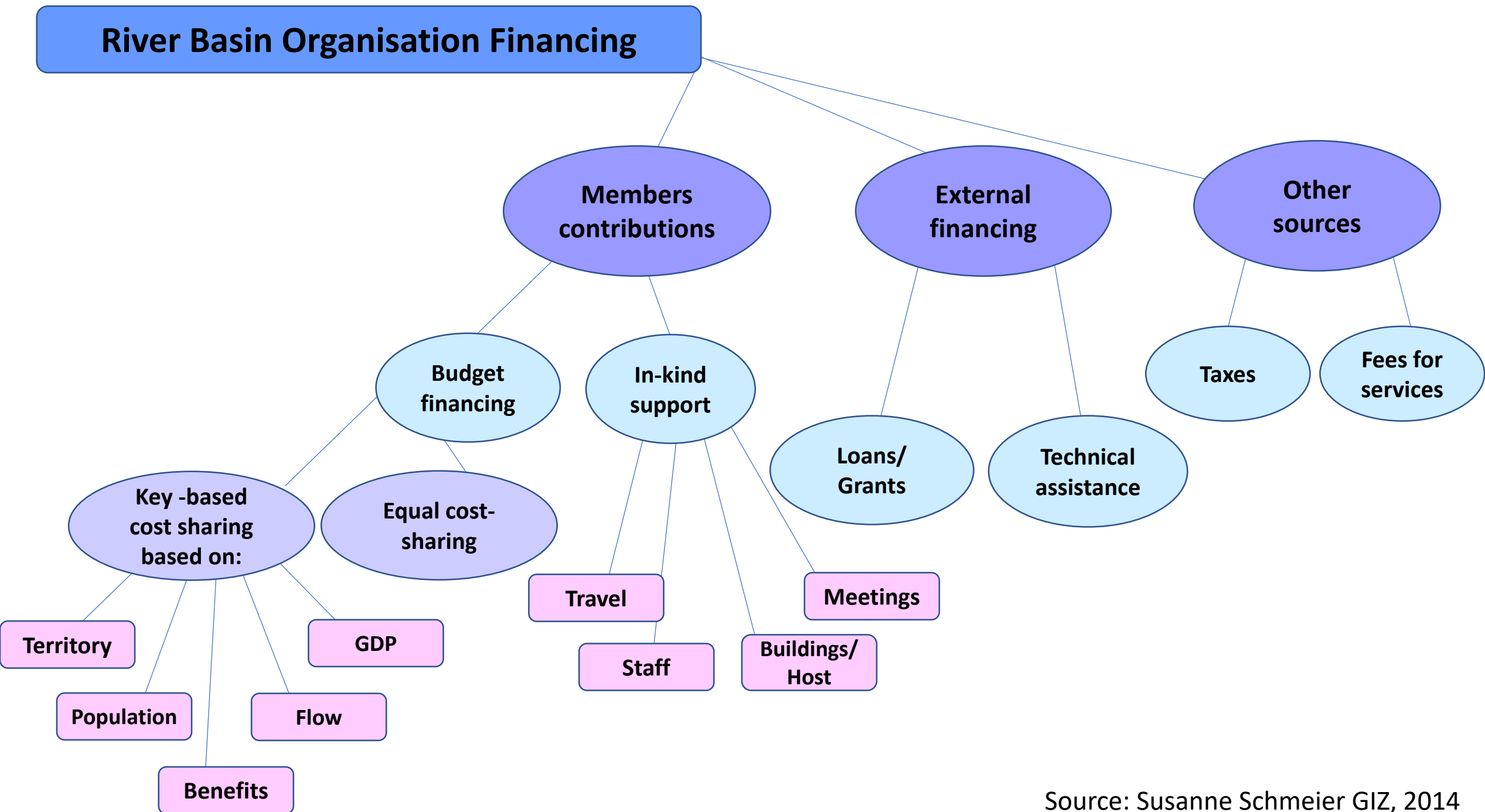
# What do Basin Organization need financing for?

**1) Core costs**→ general RBO operation such as:

- *Communication and coordination*
- *Financial management (and donor relations/funding acquisition)*
- *Human resources management*
- *Organization of meetings of the bodies*
- *Monitoring and evaluation*

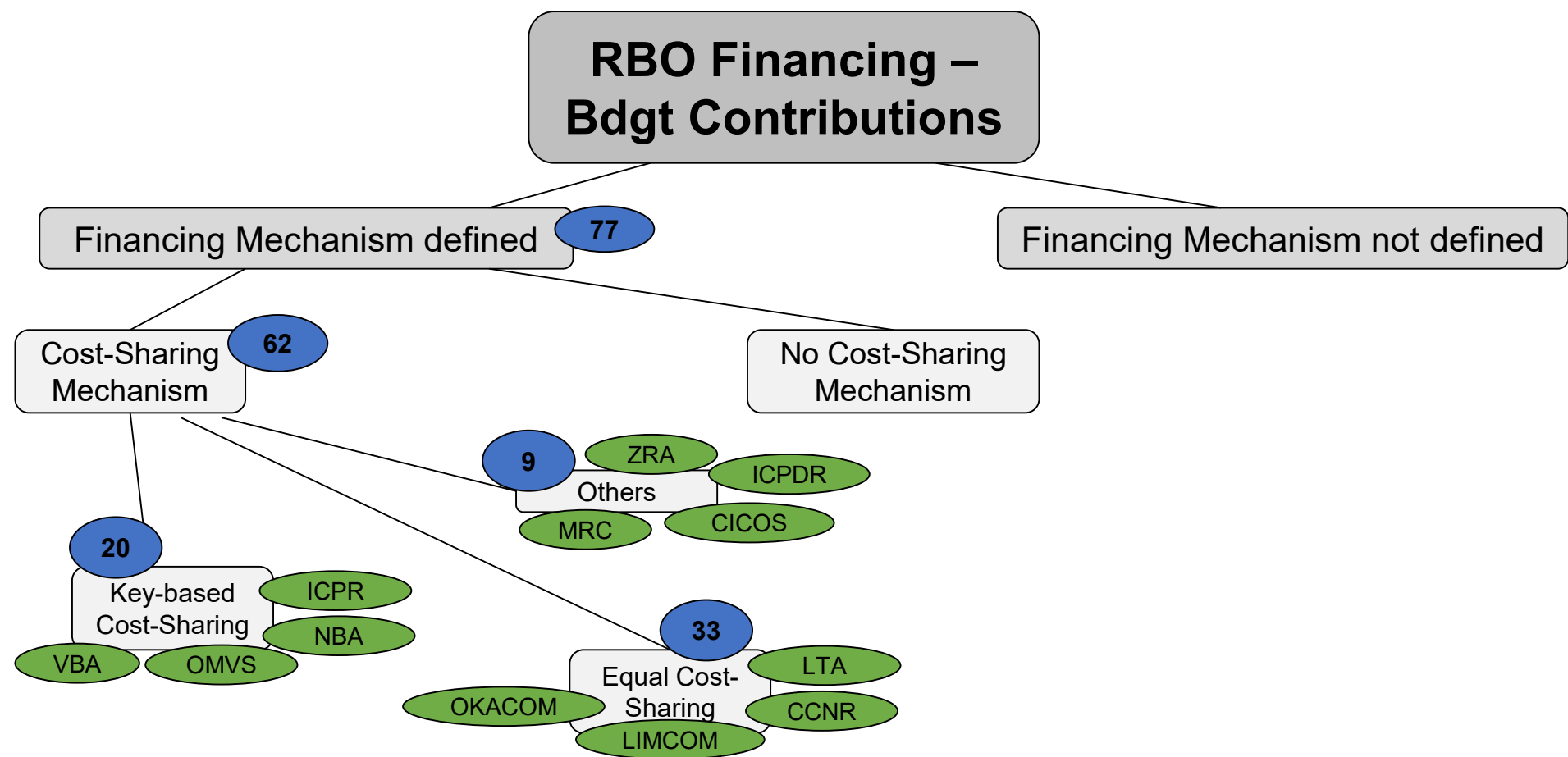
**2) Program costs**→ river basin management such as:

- *Basin planning and development*
- *Data acquisition and analysis*
- *Impact assessments and mitigation*
- *Flood forecasting and warning, flood risk management, climate change adaptation*
- *Many other tasks*



# Funding Mechanisms/Cost-Sharing – Global Perspective

How do member countries share costs? Who pays how much?



# Criteria/ indicators for financial sustainability

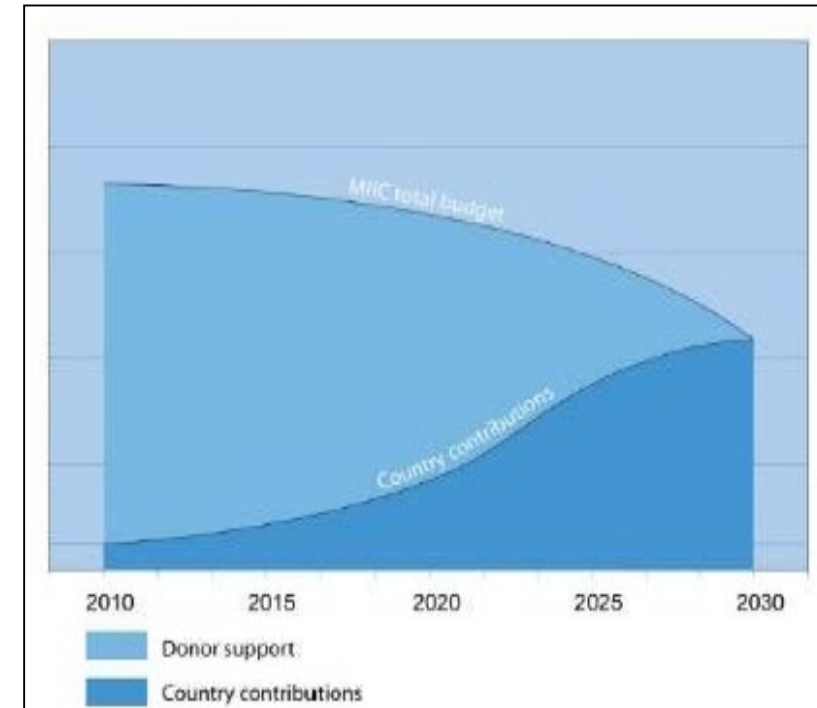
- Sufficiency of funding: does the agreed regular budget actually suffice to fulfil the defined and agreed regular or minimum function?
- Degree of self-financing: share of member state contributions and other continuous sources of funding, such as fees and charges, as opposed to temporary (e.g. donor) funding
- Reliability: regularity of member states' payments?
- Resilience of the organization to cope with unforeseen short-term financing needs and delays in payments, in particular through financial reserves

# How to increase political willingness

- Tanzania developed a study quantifying the benefits of its transboundary cooperation arrangements internally
- OKACOM is working on a study assessing the benefits of transboundary water cooperation
- NBA created a network of parliamentarians and organized a workshop with them, heads of state advisors on water and

# Experiences from RBOs- Mekong River Commission

- Before 2014, MRC financed by:
  - 1) Member country contributions (< 10%)
  - 2) Development partner support (> 90%)
- Since few years, **transition process** in MRC to achieve **financial self-sustainability by 2030** by:
  - Reducing their total budget
  - Increasing country contributions to less dependant on donor support.
- **Member contributions** based on specific **indicators**: catchment area; GDP per capita; population; territory in the basin; average flow.



Source: Huan Hin Declaration

Source: Susanne Schmeier 2014

# Organisation pour la Mise en Valeur du fleuve Sénégal (OMVS)

- **OMVS budget** consists of :
  - Budget for the High Commission/Secretariat (core costs)
  - Budget for project implementation (program costs)
- Costs are **shared among member countries**:
  - **equally** for the OMVS' regular budget
  - **key-based** for large infrastructure projects the OMVS develops, implements and manages; the key reflects each country's benefits from joint projects in irrigation/agriculture, hydropower and navigation

# Key points

- Sustainable institutions are key for long-term sustainability of GEF project outcomes, e.g. RBOs or marine institutions
- RBOs require **sufficient, reliable and sustainable funding** in order to fulfill their mandate, implement their activities and ensure efficient cooperation at basin level
- Financing can stem from **numerous resources** – most importantly member country contributions and external contributions
- Contributions from member countries can be shared equally or key-based – equal **cost-sharing tends to be regarded as a sign of cooperation and commitment**
- **High reliance on external funding** can increase the RBO's vulnerability and/or indicate ownership and commitment problems
- Thus sustainable national funding or other long-term mechanisms are very important and for this, political will is needed – e.g. by demonstrating benefits of cooperation

→ **Reliable and sustainable funding is a prerequisite for an RBO's functioning and its long-term effectiveness and for**

# Plan for the session

**2.15-3.00 pm: Introduction by Sonja Koeppel**

**3.00-3.45 pm**

Experience sharing by:

- *ICPDR*
- *ORASECOM*
- *The Med Fund*

**3.45- 4 pm coffee break**

**4.00-5.00 pm**

Group discussions on challenges, lessons learned and ways to ensure long-term sustainability of the GEF projects through sustainable institutions

**5.00-5.30 pm**

Group reporting and conclusion

# Questions for group discussions

- 1) At which stage of development is your RBO/LME in terms of transboundary cooperation e.g. does a management institution exist such as a joint body?*
- 2) What are the key challenges in financing your work/ ensuring financial sustainability?*
- 3) What could be the solutions to overcome these challenges in the short, medium and longer term?*

# Key materials and publications:

- **Financing climate change adaptation in transboundary basins: preparing bankable projects (World Bank, 2019)**

<https://www.unece.org/index.php?id=51488>

- **Background document prepared for the High-level workshop on financing transboundary basin development (UNECE, 2018)**

[https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct\\_9\\_HLWS\\_Astana/Final\\_Background\\_Document\\_Workshop\\_on\\_FinancingTBCoop\\_15\\_11\\_2018.pdf](https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astana/Final_Background_Document_Workshop_on_FinancingTBCoop_15_11_2018.pdf)

- **Co-chair summary of the high-level workshop:**

[https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct\\_9\\_HLWS\\_Astana/Co-Chairs\\_Summary\\_for\\_sharing\\_6\\_11\\_2018.pdf](https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astana/Co-Chairs_Summary_for_sharing_6_11_2018.pdf)

- **Financing International River Basin Organizations (GIZ 2014)**

[https://www.unece.org/fileadmin/DAM/env/documents/2014/WAT/04April\\_9-10\\_Geneva/presentations/3.1\\_Schmeier\\_Presentation\\_JBWorkshop\\_RBOFinancing.pdf](https://www.unece.org/fileadmin/DAM/env/documents/2014/WAT/04April_9-10_Geneva/presentations/3.1_Schmeier_Presentation_JBWorkshop_RBOFinancing.pdf)

# Thank you for your attention !

More information:

<https://www.unece.org/env/water>

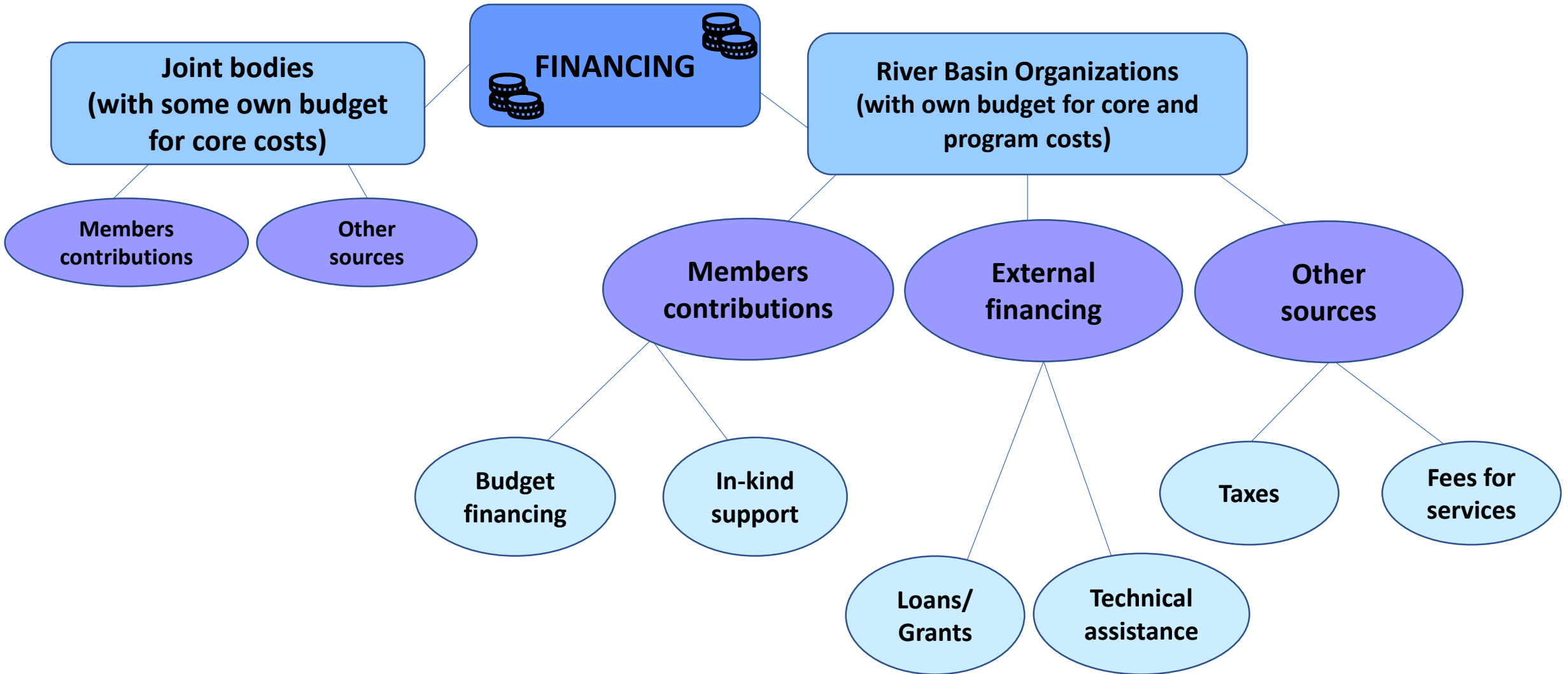
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# Overview-Financing of Joint bodies



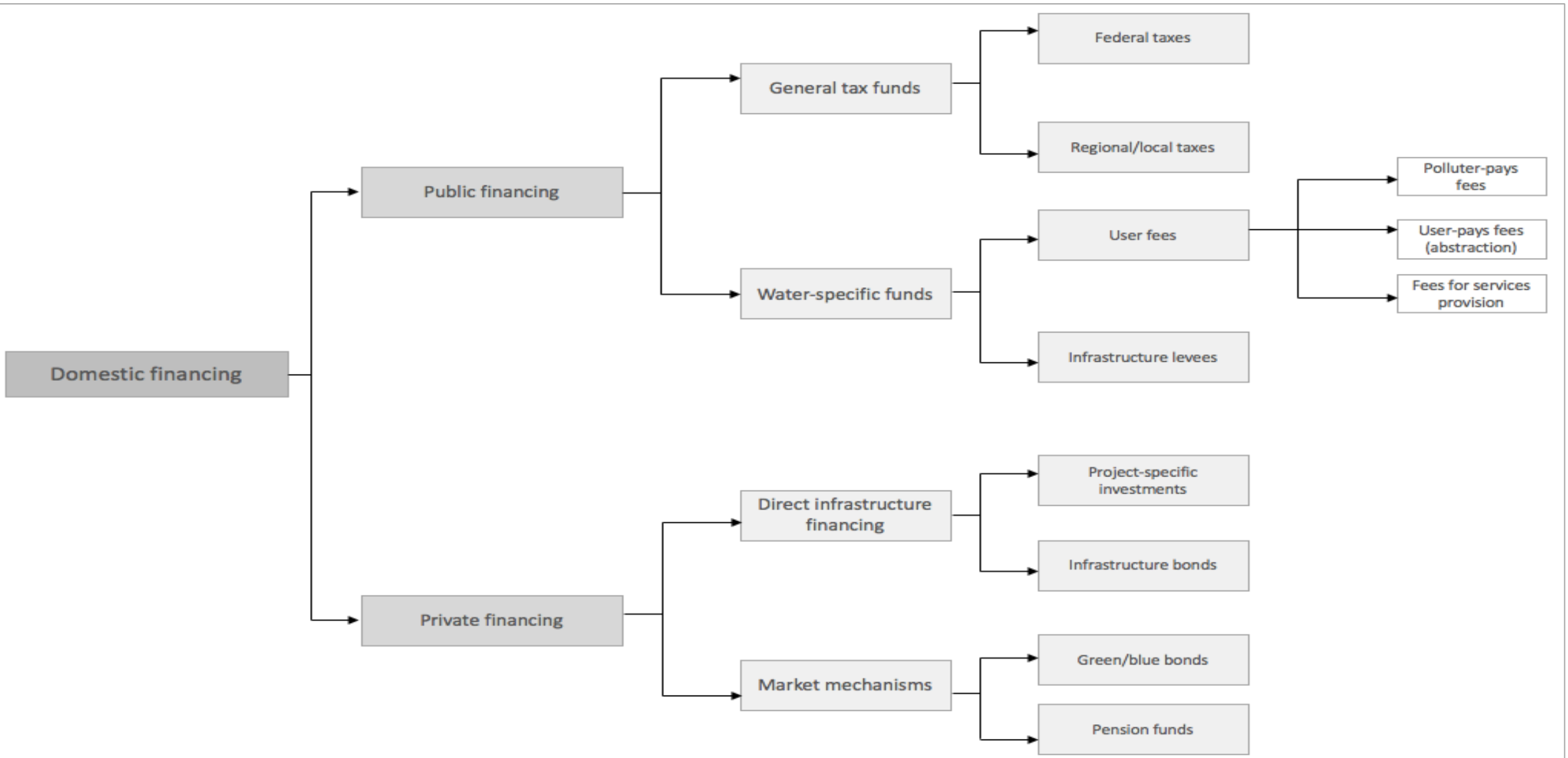
# What does sustainable financing mean?



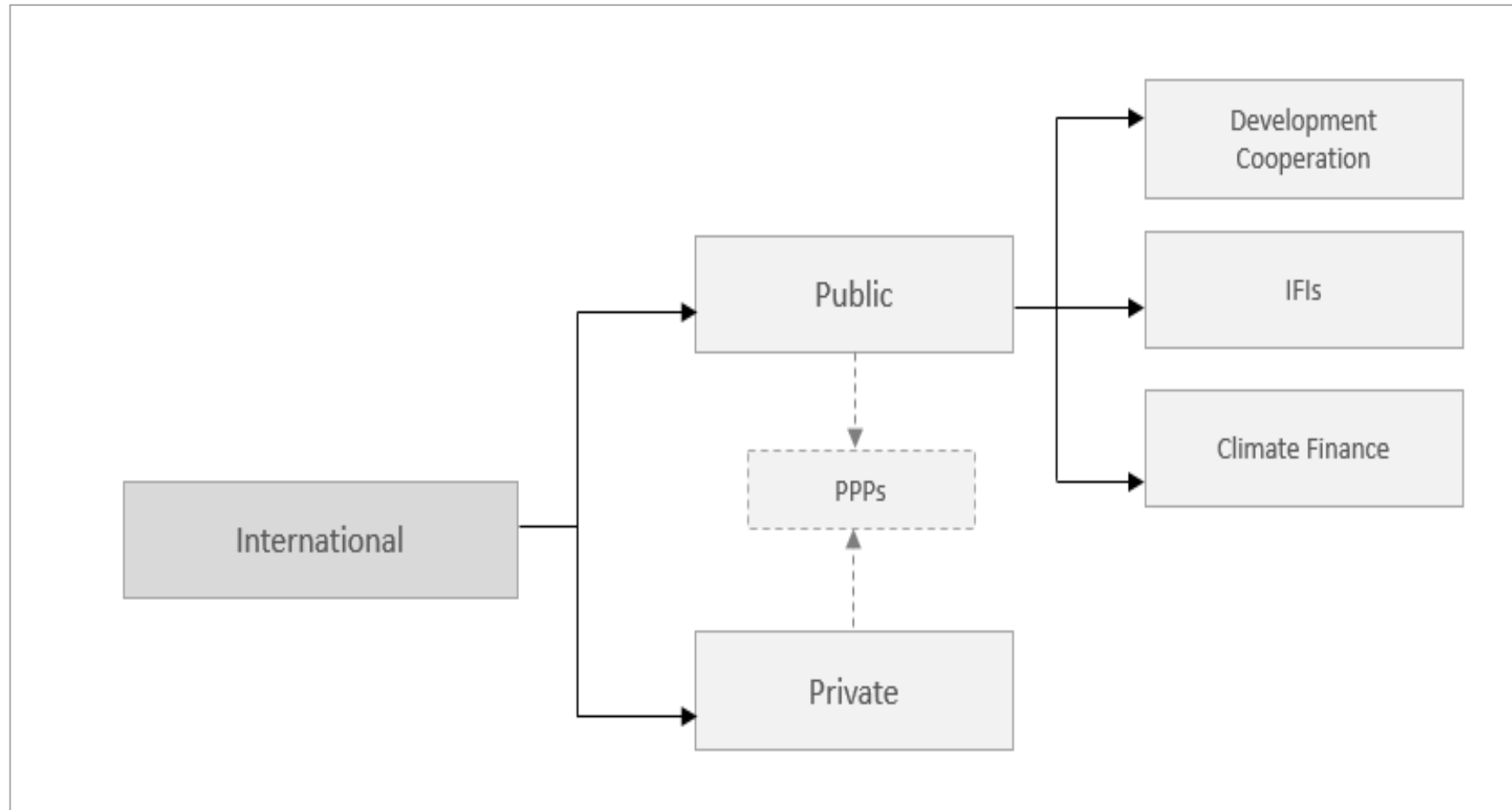
- **Sustainable financing:**
  - Financial decision making processes take into consideration social, environmental and governance aspects
  - Committed financing from public authorities to achieve concrete impacts and improvements
- **What does sustainable financing mean for transboundary water cooperation?**

Financial mechanisms funding transboundary water cooperation investments needs in a committed way and in a intersectoral and long-term perspective.

# Domestic financing:



# International financing (focus on public financing):





# Main provisions of the Water Convention

## General obligations for Parties:

→ Parties shall implement all appropriate measures to **prevent, control** and **reduce transboundary impact**:

- Waste water treatment, licensing of discharges and monitoring of authorized discharges
- Best environmental practice for non-point pollution sources
- Minimization of the risk of accidental pollution
- Protection of groundwaters
- Application of Environmental Impact Assessment
- Monitoring and assessment of water resources



## Specific provisions for riparian countries:

- Conclusion of bilateral and multilateral agreements and creation of joint bodies
- Consultation between Riparian Parties
- Joint monitoring and assessment
- Common research and development
- Exchange of information between Riparian Parties
- Warning and alarm systems
- Mutual assistance
- Public information