

# Programme area n°5 Facilitating financing of transboundary water cooperation

Ms. Isabella Pagotto, Switzerland

Mr. Niels Vlaanderen, The Netherlands



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
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Swiss Agency for Development  
and Cooperation SDC



Ministry of Infrastructure  
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3<sup>rd</sup> joint meeting of the Working Group on IWRM and Working Group  
on Monitoring and Assessment (26-28 April 2021)



# Activities & achievements since Sept.2020 (1)

- December 2020: Finalization of the **background study on funding and financing transboundary water cooperation and basin development** in ENG, FR, SPA and RU with **20 key take away messages** and **mapping of opportunities and challenges of each funding and financing sources.**
- **Key highlights from the study:**
  - Creating an enabling environment for states and joint bodies with shared basins to mobilize financial resources is crucial;
  - Domestic budgetary resources from riparian states are and should remain the primary funding source to support joint bodies core costs and basin water management activities;
  - Private financing can also be leveraged as it offers opportunities to cover transboundary basin infrastructure development costs.

## Background Study on Funding and Financing of Transboundary Water Cooperation and Basin Development



**Abstract:** This report analyzes the key opportunities and challenges related to the financing of transboundary water cooperation and basin development. It investigates different financial needs for the development and the maintenance of joint bodies and the development and implementation of basin management and development projects. It contrasts those needs against potential sources of funding and financing, from both public and private entities. It thereafter aims to provide a comprehensive overview and typology of sources of funding and financing potentially available for those involved in the management and development of transboundary basins. With this, the report works to cultivate a sound understanding of the opportunities and challenges that come with each type of funding and financing. It also hopes to encourage a dialogue between basin managers and developers on the one hand and representatives of the financial sector – both public and private – on the other.

This background study has been developed under the framework of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) in 2020 and its programme area on facilitating the financing of transboundary water cooperation, whose main aim is to support countries and River Basin Organizations in understanding and identifying sustainable financing mechanisms for transboundary water cooperation and management. This work started on 9 October 2018, with a high-level workshop on financing transboundary basin development which UNECE organized in partnership with Switzerland, the Netherlands, the World Bank, the Global Environment Facility International Waters Learning Exchange and Resource Network (GEF IW:LEARN), the Asian Development Bank (ADB), the European Investment Bank (EIB).

The background study has been prepared by Ms. Susanne Schmeier and Mr. Wim Verdouw, UNECE consultants. It was developed in collaboration with representatives of the African Development Bank (AfDB); ADB; EIB; the Global Environment Facility (GEF); the Global Environment Facility International Waters Learning Exchange and Resources Network (GEF IW:LEARN), the Inter-American Development Bank (IDB); the Netherlands (Ministry of Infrastructure and Water), the Organisation for Economic Cooperation and Development (OECD); Senegal (Ministry of Water and Sanitation); Switzerland (Swiss Agency for Development and Cooperation), the United Nations Capital Development Fund (UNCDF); the World Wildlife Fund (WWF) and the World Bank who provided inputs and contributions during the process.



# Main outcomes of the workshop:

- Mobilization of resources for transboundary water cooperation is **challenging** and even more nowadays because of **COVID-19** but **there are ways to build the case for transboundary water cooperation**;
- There is a **lot of experience** in all regions of the world in gradually developing mechanisms for funding and financing of transboundary water cooperation: **approaches to funding and financing** within each transboundary cooperation process or RBO **are not static**;
- There are emerging opportunities for RBOs to **combine traditional funding with innovative funding**- however RBOs need to be **ready to absorb this innovative funding**;
- Still **a lot to be done to unlock and inspire private sector investment** into shared basins and water related projects-e.g.:
  - Further **set the legal environment and other enabling conditions** for their involvement;
  - Further work on **increasing companies and investors' understanding of transboundary issues** and to **integrate transboundary water information into risk assessment tools**.
- Additional materials were gathered to complement the background study and turn it into a **publication** to be launched at the 9<sup>th</sup> session of the MOP to the Water Convention.

# Lessons learnt and challenges

- **Partnering and working closely with different IFIs** under this workstream is **key** and a particular added value under the work of the Water Convention;
- **Covid-19 pandemic** underlined how financing for the water sector including for transboundary water cooperation is **crucial to move towards a green and resilient recovery**;
- There is a need to **diversify financial resources** mobilized for transboundary water cooperation and basin development - the engagement of **ministries of finance** in the discussion will be crucial for the evolution of this programme area;
- Further **tailored capacity-building** and exchange of experience and information about funding and financing opportunities, challenges and lessons learned needed in the coming years.

# Partners under the current Programme of Work:



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Ministry of Infrastructure  
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Senegal



# Proposed future activities for 2022-2024 workplan (1)

**1) The Convention will further increase cooperation with financial institutions and with other relevant organizations to raise awareness of the importance of financing transboundary water cooperation and basin development:**

## ***HOW?***

→ by contributing, when relevant, to these organizations' events and other global events;

→ by jointly exploring avenues for developing a policy brief and communication materials, to discuss, share and highlight key challenges and opportunities for improvement and recommendations.

**Specific material** will be developed and addressed to, but not limited to, **ministries of finance**.

## Proposed future activities for 2022-2024 workplan (2)

**2) Support** will be provided to **up to three basins**, upon request, in **facilitating financing of transboundary water cooperation;**

**3) Based on basins' needs**, the secretariat will organize **one global workshop/event** and **organize/contribute to up to two regional workshops** to reinforce capacities of countries on how to enhance resources mobilization for transboundary water cooperation and management activities and to share good practices, recent developments and lessons learned.



Thank you for your attention!