

Financing International River Basin Organizations

Second Workshop “River Basin Commissions and Other Joint Bodies for Transboundary
Water Cooperation: Technical Aspects”

09 - 10 April 2014, Geneva, Switzerland

Dr. Susanne Schmeier
GIZ – Transboundary Water Management
susanne.schmeier@giz.de

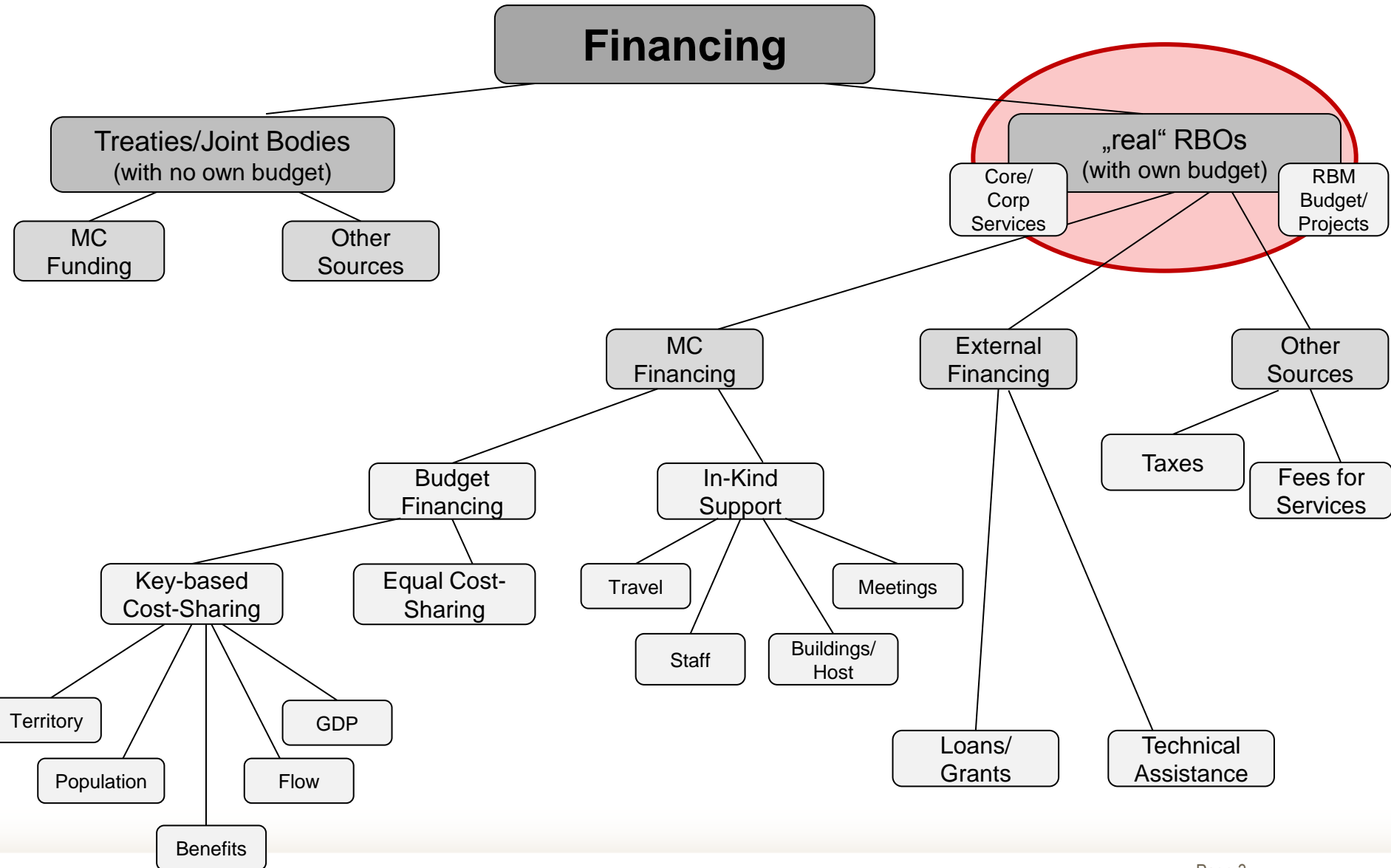
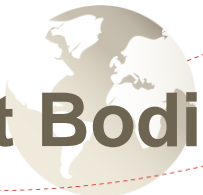
Why does RBO Financing matter?



Financing Joint Bodies and RBOs matters for

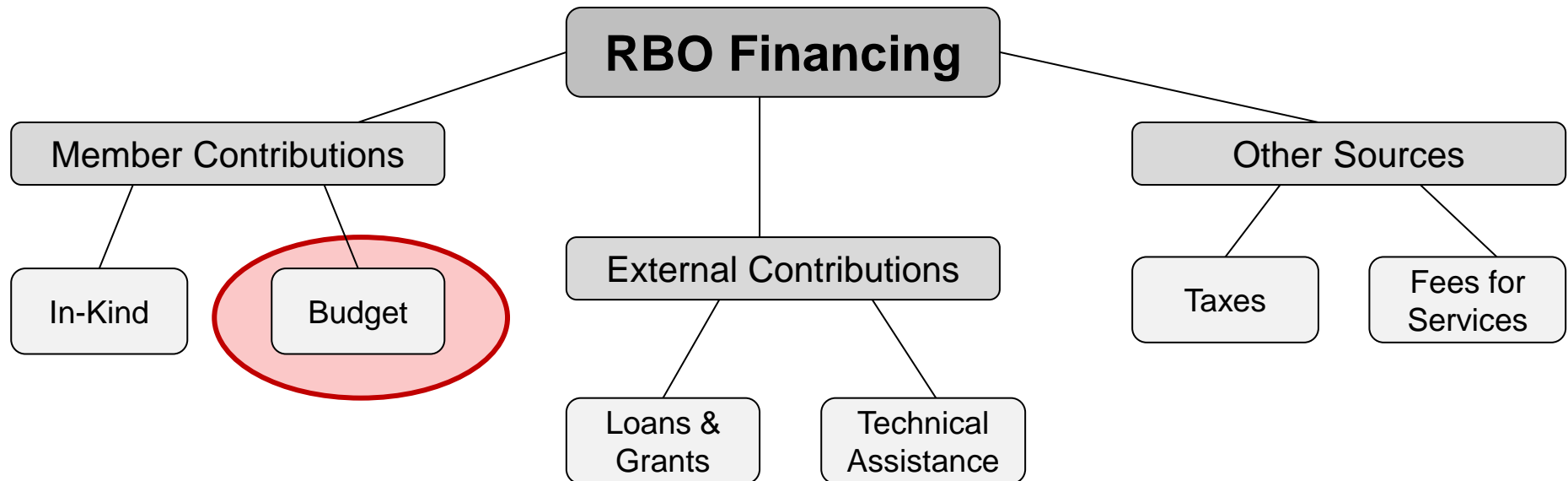
- The availability of financial means for general RBO operation
 - Communication and coordination
 - Financial management (and donor relations/funding acquisition)
 - Human resources management
 - Monitoring and evaluation
- The availability of funds for river basin management such as
 - Basin planning and development
 - Data acquisition and analysis
 - Impact assessments and mitigation
 - Flood forecasting and warning
- Long-term financial (self-)sustainability
- Member states commitment and ownership

Financing Joint Bodies – An Overview



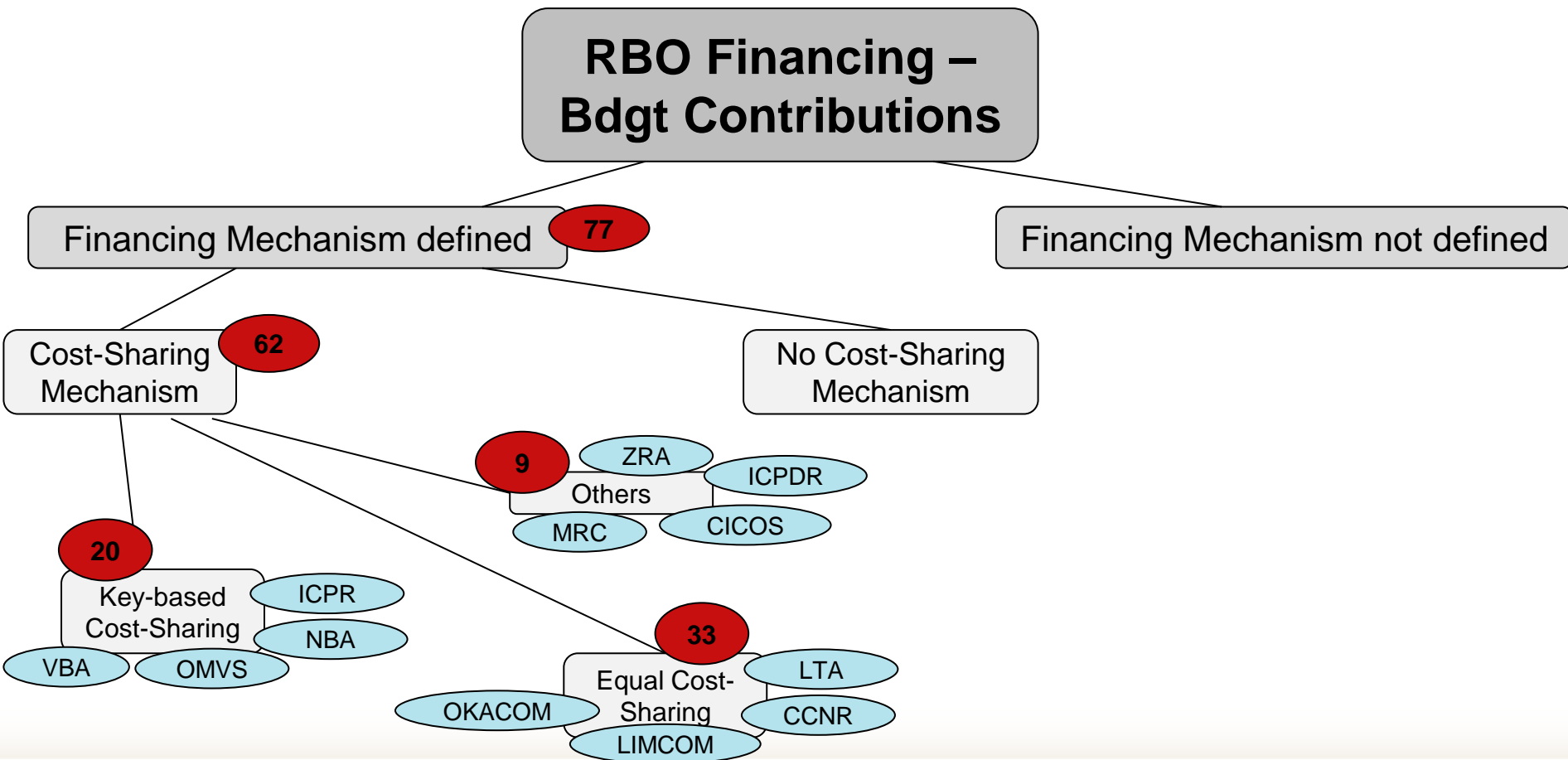
Funding Mechanisms for RBOs – Sources of Financing

Which sources exist for funding RBOs? Who pays for RBOs?



Funding Mechanisms/Cost-Sharing – Global Perspective

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



Experiences from RBOs – MRC I



The Mekong River Commission (MRC) works with a total budget of about US-\$ 20 million per year, consisting of

- 1) Operational Expenses Budget (OEB) – covering corporate services
- 2) Programme Budget – covering river basin management functions

The MRC is financed by

- 1) Member country contributions (< 10%)
- 2) Development partner support (> 90%)

Member contributions are shared equally (25%), but increases in contributions since 2000 are based on a formula consisting of 5 indicators

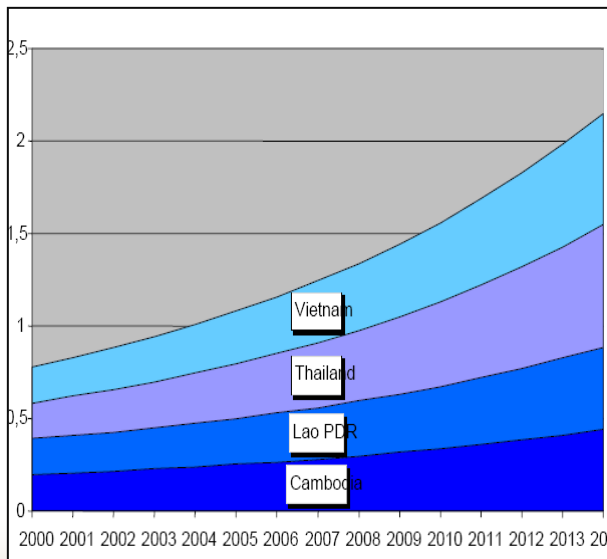
- Catchment area
- GDP per capita
- Population
- Territory in the basin
- Average flow

Experiences from RBOs – MRC II

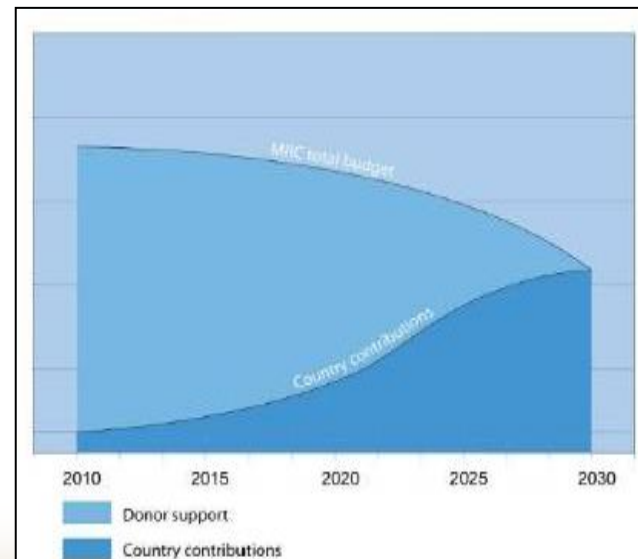
MRC is currently undergoing a transition process that aims at achieving financial self-sustainability by 2030 through

- 1) increased country contributions,
- 2) decreasing donor contributions, and
- 3) an overall decreasing budget to US-\$ 4-5 million

**Current Member Contributions
formula (until 2014)**



**Future Contributions until 2030
(Hua Hin Declaration)**



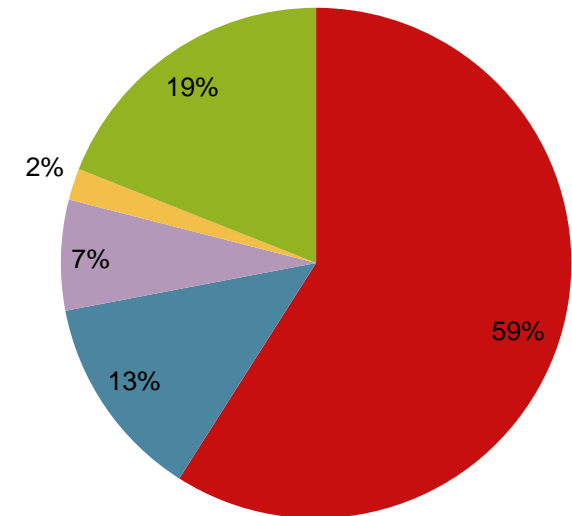
Experiences from RBOs – NBI

The NBI budget (of a total of US-\$ 55.7 million in 2013) consists of

- 1) a budget for the RBO's overall operation (Council of Ministers, Technical Advisory Committee, Secretariat) and
- 2) a budget for implementing specific projects;

The budget is funded by

- 1) Member country contributions for the RBO's operational budget (COM, TAC, SEC),
- 2) In-kind member country contributions (office space, etc.), and
- 3) International donors for NBI projects through
 - a) the Nile Basin Trust Fund (NBTF), a multi-donor trust fund managed by the World Bank and the NBTF Committee
 - b) Bilateral support from bilateral donors or the African Development Bank (AfDB)



- Nile Basin Trust Fund (NBTF)
- Bilateral donors
- AfDB
- Member countries (cash to NBI)
- Member countries (in-kind)

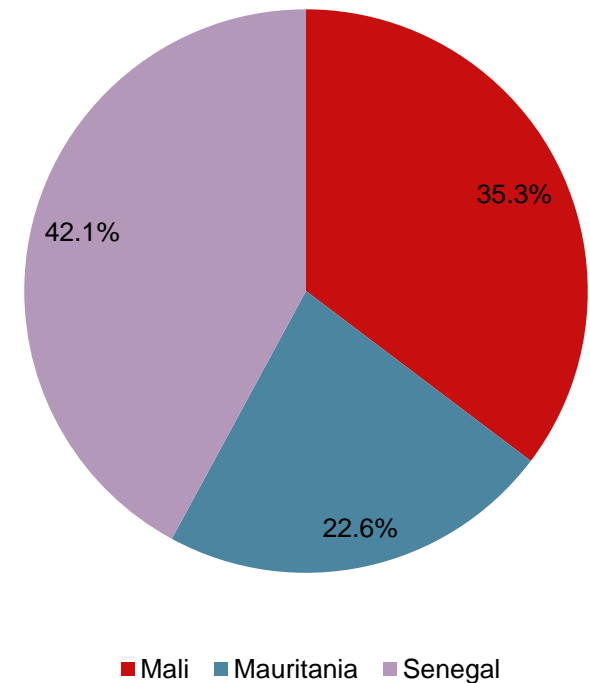
Experiences from RBOs – The OMVS

The Organisation pour la Mise en Valeur du Fleuve Sénégal (OMVS) relies on a comparatively large budget due to its broad mandate, consisting of a budget for the High Commission/Secretariat and a budget for project implementation.

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

Inclusion of Guinea into OMVS required adjustment of cost-sharing system (currently underway)

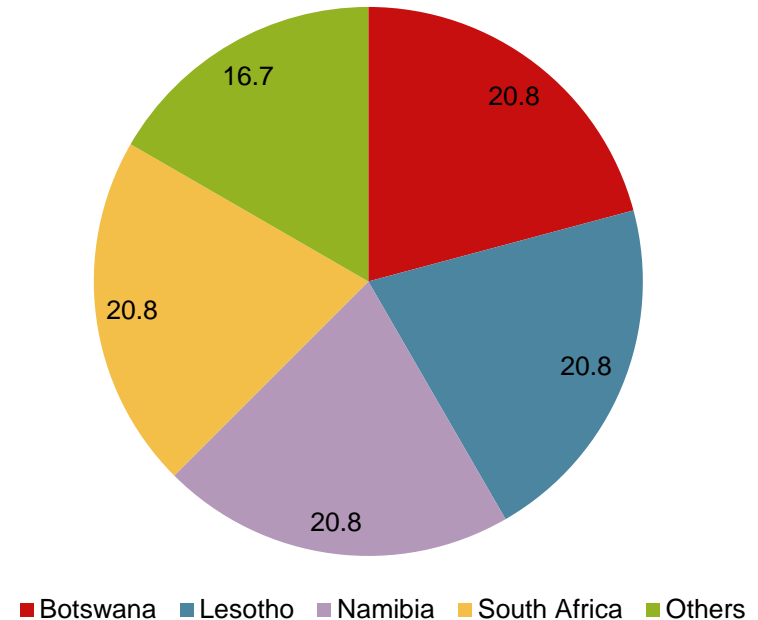




Experiences from RBOs - ORASECOM

ORASECOM's overall budget is very small (US-\$ 220,000 per year), it consists of

- 1) Direct member contributions – shared equally among all four members
- 2) In-kind contributions from members (travel expenses for delegations to joint meetings, expenses for hosting meetings, office space (Gov. of South Africa), tax exemption)



All river basin management activities are donor-funded and not channelled through ORASECOM's budget.



The Role of Development Partners

Member contributions are often insufficient, therefore external parties often contribute, namely

- Bilateral donors
- Multilateral donors (development banks)
- International organizations
- Private entities
- Non-governmental organizations

through various mechanisms

- Loans and grants
- ODA
- Staff secondment
- Technical assistance and expertise

GIZ Support to Transboundary Water Resources Management

GIZ works on a number of transboundary water management issues, e.g.

- Strengthening RBOs/institutional reform
- Development of water policies
- Development of inst./legal frameworks
- Water governance & cooperation
- Infrastructure planning/implementation
- Information & Knowledge Sharing
- Flood Management
- Adaptation to climate change

GIZ supports various basins and RBOs through specific projects, such as

- Climate Change Adaptation in the Catchment of the River Drin
- Support to the Mekong River Commission (hydropower, flood, climate change)
- Transboundary Water Management in Central Asia (Aral Sea)
- Support to CICOS (Congo) on navigation and water resources management
- Sustainable Water Resources Management on Lake Chad



- RBOs require sufficient, reliable and sustainable funding in order to fulfil their mandate and implement their activities
- 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

→ **Reliable and sustainable funding is both a prerequisite for an RBO's functioning and its long-term effectiveness as well as an indicator for member countries' commitment to cooperative water resources management.**

Thank your very much.



Dr. Susanne Schmeier, susanne.schmeier@giz.de

11.04.2014