Developing a joint basin investment plan to access financial resources: the Sio-Malaba-Malakisi basin experience

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Basin issues

Pollution and poor solid waste management:
- breeding grounds for flies and other vectors that cause disease.
- surface water and groundwater pollution by leachate, impairment of soil permeability, and blockage of drainage

Flooding: affects both people and property

High population growth (2% to 5% rate):
- land fragmentation and farming in marginal areas causing soil erosion and nutrient loss.

Weak enforcement of environmental management regulations

Weak law enforcement institutions

Increase in water- and land-related conflicts
SMM Basin Investment Plan and Financial Sustainability Strategy

• **Goal:** To contribute to achieve sustainable development in the SMM basin through cooperation between Kenya and Uganda and their basin communities in the equitable management, utilization and benefit from the shared SMM basin resources

• **Objectives:**
  – To support the identification, preparation, prioritization, sequencing, and implementation of projects
  – To ensure the financial sustainability of the SMM institutional framework and SMM investment programme
Process


Outline discussed at 2nd meeting of Joint Working Group.

First draft (partly building on previous analyses carried out in the framework of SMM transboundary cooperation) distributed in early 2020.

Second draft incorporates comments from Kenya and Uganda.

3rd meeting of Joint Working Group to approve second draft (contingent on additional comments being incorporated).
Situational Analysis

Geo-physical context
- Catchment area
- Hydrology
- Land use
- Water issues

Socio-economic context
- Population and human settlements
- Agriculture
- Fisheries
- Mining, energy and industrial production
- Tourism and natural resources
- Floods

Transboundary cooperation context
- The NBI umbrella and the NELSAP project
- The IGAD process
- The new institutional framework
Investment Framework (1)

• Goal and objectives
• Guiding principles
  – Enhancement of bilateral cooperation under a river basin approach
  – Sustainable management of the basin’s natural resources under a water-food-energy-ecosystems nexus approach
  – Stakeholder-inclusive, benefit-enhancing approach
  – Subsidiarity
  – Benefit and cost-sharing
• Strategic directions
  – Promote socio-economic development and enhance household incomes
  – Enhance environmental sustainability and reduce environmental risks
  – Improve the management of the basin’s natural resources
Investment Framework (2)

• **Methodology for selecting priority projects**
  – A. Screening of project proposals
    • Minimum budget of USD 0.5 million
    • Compliance with environmental safeguards
    • Rating through multi-criteria framework (transboundary significance, alignment with policy objectives, easy of implementation, financial sustainability)
  – B. Prioritization of projects through benefit opportunity assessment
    • Direct economic benefits
    • Direct social benefits
    • Direct environmental benefits
    • Regional economic integration benefits
    • Peace and security benefits
**Investment Programme**

- **Introduction** (process)
- **Brief description of 8 priority projects**
  - Lwakhakha hotspots
  - SWM plans for Lwakhakha and Bungoma
  - Eastern SMM Water Security and Development
  - Angololo Multipurpose Water Resources Development
  - Malaba Irrigation
  - Toloso Sub-Catchment Management Plan
  - Sio-Sango Multipurpose Water Resources Development
  - Sio-Siteko Community-Based Wetlands Management
- **Clusters of projects**
  - Malaba-Malakisi Sub–basin (Cluster 1, Cluster 2)
  - Sio Sub-basin (Cluster 3, Cluster 4)
Financial Sustainability Strategy (1)

- **Goal:** to ensure that there is a clear and well-coordinated approach to ensure the financial sustainability of SMM management and development efforts
- **Objectives:**
  - To enhance the **effectiveness and efficiency** of financial resources allocated to the management and development of the SMM basin’s resources
  - To ensure the **allocation of financial resources** across priority needs
  - To **increase resource mobilisation** to ensure that priority projects are timely funded
  - To **broaden** the sources of funding
  - To **improve the coordination** of funders and funding efforts
  - To improve the **availability of financial information**
Financial Sustainability Strategy (2)

• Guiding principles:
  – Subsidiarity
  – Complementarity
  – Alignment
  – User/beneficiary pays
  – Polluter pays

• Pillars (strategic approaches and 24 priority actions)
  – Making the best use of existing financial resources (to fund information, institutions and investments)
  – Mobilising additional financial resources (from ”taxes”, tariffs and transfers)
  – Ensuring the financial sustainability of the SMM institutional framework (realism, commitment to fund operational costs, identification of funding needs and sources for IS&ID)
Actions Pillar I: Making the best use of existing financial resources

- 1.1 Assess information system and develop a roadmap for improving it
- 1.2 Implement the priority actions of the roadmap
- 1.3 Identify and assess current capacities to deliver MoU commitments and elaborate a plan to develop them
- 1.4 Implement the priority actions of the CD plan for water mgt
- 1.5 Identify and assess current capacities to manage and develop the SMM investment programme and elaborate CD plan
- 1.6 Implement the priority actions of the CD plan for investment mgt
Actions Pillar II: Mobilising additional financial resources

- 2.1 SMM Secretariat to include one expert on resource mobilisation
- 2.2 Develop a resource mobilisation action plan (including CD)
- 2.3 CD for project preparation and proposal writing
- 2.4 Engage with national budgeting process
- 2.5 Engage with local dev. planning and budgeting processes and sectoral planning processes
- 2.6 Monitor the potential for regional integration taxes
- 2.7 Analyse national systems of water levies and assess potential for establishing SMM surcharge
- 2.8 Consider potential for establishing SMM Water Fund
- 2.9 Promote inclusion of SMM projects among list of priority projects presented by govs to DPs
- 2.10 Explore bilaterally with DPs how to access their funding
- 2.11 Explore with national authorities and Chairs of DP groups the organisation of annual meetings on SMM
- 2.12 Explore options for mobilising resources from vertical funds
- 2.13 Assess options for mobilising resources from CSR and charities
Actions Pillar III: Ensuring the financial sustainability of the SMM institutional framework

• 3.1 Identify basic functions of SMM institutional framework and assess one off and recurrent costs
• 3.2 Identify additional activities and assess their costs
• 3.3 Identify CD actions to discharge those functions and implement those activities and assess their costs
• 3.4 Ensure a proposal for appropriation of budgetary resources is timely fed into national processes each year
• 3.5 Consider how specific activities and CD actions could be funded by including the in related components of investment projects or tapping CSR and charitable funding
Implementation Arrangements

- Role of SMM Ministerial Committee
- Role of SMM Permanent Secretaries Committee
- Role of SMM Technical Advisory Committee
- Role of SMM Joint Working Group
- Role of SMM Secretariat
- Role of IGAD Secretariat
- Role of NELSAP-CU
- Role of development partners
Benefits of the Basin Investment Plan and Financial Sustainability Strategy

• Identification of jointly-prioritized basin development projects

• Stressing the need for an operational implementation arrangement (agreement / RBO or similar)

• Building the case to secure access to financial resources (both for the transboundary water cooperation process itself, as well as for basin development projects).
THANK YOU