FINANCING THE LAKE CHAD BASIN COMMISSION:
EXPERIENCE FROM AN IMPLEMENTATION BASED RIVER
BASIN ORGANIZATION

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Introduction

The LCBC is a supranational basin organization established on 22 May 1964 by:

- Cameroon
- Niger
- Nigeria
- Chad
- RCA (1994)
- Libya (2008)
Mandate

- Manage the waters of Lake Chad and the other transboundary water resources in the Lake Chad basin in a sustainable and equitable way;

- Conserve the ecosystem of the conventional basin;

- Promote regional integration and safeguard peace and security in the conventional basin.
Funding for transboundary development activities

- **At national levels**, development of infrastructure without direct transboundary impact is funded by the individual LCBC member countries with their national resources or through bilateral arrangements with partners. Although the LCBC has no direct control over national development programs of member countries, it has the duty to ensure that they conform to their regional commitments such as the Water Charter of the Lake Chad Basin.

- **At transboundary level**, the financing mechanisms are based either on the contributions paid by member countries or by financial partners. Management arrangement varies, depending on the terms and conditions set out in the financing agreements.
Projects funded by partners

Some of the LCBC development projects funded by partners are:

- The Programme for the Sustainable Development of the Lake Chad Basin (PRODEBALT). A 60 million Euros five-year program funded by the AfDB, which ended in 2016. It largely focused on the protection and restoration of the soil, sand dune management and rehabilitation of pastoral systems.

- The Program for the Rehabilitation and Strengthening of the Resilience of the Socio-Ecological Systems of the Lake Chad Basin (PRESIBALT), the successor of PRODEBALT funded by AfDB. The 55 billion FCFA (80 million Euros) five-year project, funded by the AfDB, aims at the preservation of water resources, the development of ecological services and value chains and the building of institutional and administrative capacities for the program.
Capacity-building projects

Several capacity-building projects have also been funded by partners to address some of the identified unsustainable natural resources management by the states. They include:

- The Lake Chad Basin Component of the Program for Integrated Water Resources Management in Trans-Boundary River Basins in Africa (2009-2011). It was funded by the European Union to the tune of 1,261,097,775 F CFA;

- Sustainable Water Resources Management of the Lake Chad Basin, funded by BMZ (and executed by GIZ) to the tune of €2.75 million (2005-2007 & 2007-2011). The program was designed to improve the capacities of the Executive Secretariat of the LCBC to effectively coordinate and monitor projects with trans-boundary impact;

- Groundwater Management of the Lake Chad Basin, funded by BMZ (and executed by BGR) to the tune of €1 million (2007-2011). It is intended to contribute to improving knowledge of groundwater resources in the Lake Chad Basin.
Funding

The main challenge is that member states' contributions are in the form of "floating" finances. They are proportionally determined from the budgets of the coming year approved at the yearly Council of Ministers' meetings.

The contribution formula giving each country's percentage share is decided by the Council of Ministers considering individual member’s ability to pay. The current funding formula is as follows:
FUNDING BY MEMBER STATES

- NIGERIA: 40%
- CAMEROON: 18%
- LYBIA: 11%
- CHAD: 7%
- NIGERIA: 4%
- CENTRAL AFRICA REPUBLIC: 4%

Legend:
- NIGERIA
- CAMEROON
- LYBIA
- CHAD
- NIGERIA
- CENTRAL AFRICA REPUBLIC
The **Hadejia-Jama’are - Komadugu-Yobe** Trust Fund for sustainable management and restoration of the Nigerian part of the Basin, upstream of Lake Chad is a promising example of how to finance a transboundary basin through national efforts:

- The Trust Fund is an innovative platform for a joint intervention by the Nigerian riparian states, with the support of the Federal Government of Nigeria. It had an initial financing target of US $125 million, of which the riparian States contributed the equivalent of $6.5 million. The FGN matched the funds equally to bring the total amount to $13 million.

- The trust fund is intended to devise its own sustainable funding mechanism for addressing the most crucial inter-state (transboundary) water management issues of the basin. The activities include:
The activities include:

i. practical interventions,

ii. capacity-building,

iii. data collection, analysis and dissemination,

iv. enlightenment, awareness raising and

v. consultative sessions for resolving impasses.

The Trust Fund has executed infrastructural interventions to channel water to where it is needed and away from where it is not needed, in that way preventing un-wanted flooding in the upstream and mid-stream and avoiding desiccation in the downstream area of the basin.

The plan of the LCBC is to replicate the experience of the KYBTF in other member countries.
ALTERNATIVE FUNDING MECHANISMS

To cover the expenditure planned in the LCBC budgets, suitable financing mechanisms must be found. The successful execution of the Commission’s mandate depends on the availability of sustainable financing and also on the diversification of its financial resources so that it is not entirely dependent on the contributions of member countries.

The LCBC has commissioned a study on the potential financing mechanisms that would be possible to implement. Some of the options available are as follows:

- **Sub-regional funding:** As a regional integration institution, the LCBC could claim eligibility for independent financing mechanism under sub-regional funding. This includes proposals regarding community levies; proposals for the management of regional capital funds and proposals relating to the member countries' mining/drilling product export activities (oil and others).
The main challenge is that the LCBC member countries belong to three regional organizations: ECOWAS (Nigeria and Niger); ECCAS (Cameroon, Chad and CAR); and Libya.

i. Sub-regional funding

EXAMPLES

The West African Economic and Monetary Union (WAEMU)’s Community Solidarity Levy (CSL); Art.58 of the WAEMU Treaty;

The ECOWAS Community Levy (ECL); Art. 72 of the revised Treaty;

The Economic and Monetary Community of Central Africa (EMCCA)’s Community Integration Tax (CIT); and

ECCAS’ Community Integration Levy (CIL).
ii. Remuneration for asset management and ownership (AMO) activities

- carried out by various basin organizations. The LCBC will have to be reorganized to take up new working perspectives, to go further from project monitoring to project asset management and ownership. LCBC will be capacitated to act at all the different stages of project cycle, including:
  a) Scoping studies;
  b) Organizing project financing (through its One-Stop Finance Unit);
  c) Construction of infrastructure and/or implementation of action in the field;
  d) Monitoring and evaluating implementation and the impact of the action, etc.
iii. Remuneration of the activities of the (yet-to-be-created) LCBC Project Funding and Finance Unit:

a) Helping project developers to master international funding mechanisms for the protection of the environment;

b) Helping funding organizations about potential opportunities for Public-Private Partnership (PPP) mechanisms;

c) Mobilizing funding relating to the implementation of mitigation measures linked to the construction of infrastructure (e.g. dams);

d) Managing various investment funds
iv. Funds derived from the provision of services to end users of water resources with service charges ("user pays" or "polluter pays")

a) uses include for irrigation, drinking water supply, navigation, fisheries;

b) Polluter pays principle is based on the flows of polluting substances produced – industrial pollution, mining pollution, oil spills, agricultural pollution etc.

v. Creation of a Capitalization Fund:

The fund is an alternative to direct contributions from member states. It will be made up of subscriptions from member states as shareholders. It will be invested in regional or international financial markets. The generated revenue will cover some of the financial needs of the LCBC.
The Lake Chad Basin Commission will welcome assistance from partners to exploit some or all of these options.

Thank you for your kind attention