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Statement

by

Ms. Olga Algayerova

United Nations Under-Secretary-General

Executive Secretary

of the United Nations Economic Commission for Europe

at the

Virtual workshop on

Financing transboundary water cooperation and basin development

16 December 2020, 11.30-12.30 am (Geneva time)

Excellencies,

Ladies and Gentlemen,

Welcome to the Virtual workshop on financing transboundary water cooperation and basin development organized under the Water Convention.

Given that 60% of the world's freshwater flows in shared basins, transboundary water cooperation is **critical to achieving sustainable development for all**. In addition to SDG 6, transboundary water cooperation contributes to the attainment of many other SDGs, such as poverty reduction, food security, health, climate action, ecosystem protection and peace. 153 countries worldwide share transboundary rivers, lakes and/or aquifers. Therefore, transboundary water cooperation impacts the wellbeing of millions of people, economic development in almost all countries and the health of critical ecosystems.

In 2015, **countries committed to advance transboundary water cooperation and integrated water resources management** as part of the SDGs. SDG **target 6.5** is an explicit recognition of the need for

cooperation at transboundary level. Its indicator 6.5.2 measures the percentage of transboundary basin area covered by an operational arrangement for water cooperation. I am very pleased to announce that in the ongoing second reporting cycle, 130 of 153 countries sharing waters have submitted their indicator 6.5.2 reports.

However, one can **hardly expect transboundary water cooperation without financing**. The activities of joint institutions for water cooperation, the development of joint or coordinated management plans, and exchange of information and data all require financing. The negotiation, adoption and implementation of cooperation arrangements can be both costly and resource-intensive.

UN-Water has recently identified optimized financing as one of the five accelerators to achieve the SDG 6 by 2030. However, the first reporting exercises for two indicators of target 6.5 demonstrate that adequate financing is **one of the major challenges** for transboundary water cooperation. **24 per cent of countries** report that for their main transboundary basins, no specific funding is allocated at the national level and no other regular resources are in place to finance transboundary cooperation. Moreover, State **Parties to the Water Convention** indicate “Lack of financial resources” as the most frequent response when asked about main challenges in implementing

agreements.

This shows that **more national and international funds should be mobilized** to support transboundary water cooperation and management.

There are numerous **challenges which hinder proper financing** of transboundary water cooperation and basin development. Existing funding sources are often limited, disperse, not well known or difficult to access. Many funding sources, both national and international, are primarily targeted to national and local projects. The benefits of investing in transboundary water cooperation and basin development are often not known, or not recognized. This complicates allocating funding at the national level, and beyond. Furthermore, water projects and investments in transboundary setting are often perceived as risky. This is particularly true in the absence of a legal agreement between countries on water cooperation.

The **global crisis from COVID-19** and the recovery make transboundary cooperation more pressing than ever, since access to water and hygiene is the first line of defense against the virus. But many countries face **financial capacity constraints** and must make tough decisions on how to allocate their scarce public funds. In these

circumstances, transboundary water cooperation and basin development are often **not at the top of countries' priority lists**.

At the same time, transboundary water cooperation **offers significant economic, social and environmental benefits** and **contributes to peace and security**. It is inevitable that these significant **benefits come with some costs**. Governments should be ready to **pay for and invest in** transboundary water arrangements, institutions and activities at basin level. We therefore need to position and communicate transboundary water cooperation as **an area worth to invest**.

To address these challenges, two years ago, an **important area of work** was introduced under the Water Convention: facilitating the financing of transboundary water cooperation. Starting with a high-level workshop on this topic in Nur-Sultan in 2018, **a unique partnership** has emerged: several multilateral development banks, namely the World Bank, the African Development Bank, the Asian Development Bank, the European Investment Bank, the Global Environment Facility and the Inter-American Development Bank, under the leadership of the Netherlands and Switzerland, came together in the framework of the Water Convention to support countries in tackling this challenge.

Indeed, since almost 30 years, the Water Convention provides a unique legal and intergovernmental platform for countries to benefit from each other's experience and good practice. The **global opening of the Convention** in 2016 and increased interest from countries all over the world towards the Convention enable a truly diverse dialogue and rich exchange of experience across countries, regions and basins. The global scope of the Convention and its intergovernmental platform offer an **unprecedented opportunity to advance the topic of financing** of transboundary water cooperation at the global level. Today's workshop is the best example.

Basin agreements and joint bodies are promoted by the Water Convention as key vehicles for transboundary water cooperation. But they also provide the **enabling environment for investments** in specific basins. If we supporting countries and river basin organizations in identifying sustainable financing mechanisms, we can achieve **stronger cooperation through the establishment of tailored agreements and institutions** in respective basins. This can also lead to **sustainable basin development** through the preparation of joint management and investment plans.

There has been a **Background Study on Funding and Financing of Transboundary Water Cooperation and Basin Development**,

prepared for this workshop. It provides an important overview of funding and financing sources, both traditional ones such as public financing from national and international sources as well as new ones.

I am pleased to see that it highlights **public-private partnerships (PPPs)** as **instrumental in leveraging private capital** for transboundary water infrastructure projects. UNECE is well known for its standards and guides on PPPs. Most recently, our Guiding Principles on People-first PPPs were developed to assist governments in the use of this instrument for implementation of the SDGs. PPPs can help mobilize private capital to address the most urgent development challenges, including in transboundary basins. At UNECE, we stand ready to provide guidance and build capacity of governments to identify and implement successful PPP projects.

The emergence of **innovative financial mechanisms** through green, social impact, and blue bonds also offers promising opportunities to countries and river basin organizations to further mobilize funds for and invest in their transboundary basins.

The funding gap for water can only be addressed by governments, financial institutions and the private sector **together**. I very much hope that this workshop will strengthen the **dialogue between basin**

managers, developers and representatives of the financial sector – both public and private. In this regard, the impressive cooperation of **partners** in the preparations of this workshop is very promising.

I would like to thank the **governments of the Netherlands, Senegal and Switzerland** for taking the lead in organizing this workshop and supporting the programme area on financing under the Convention's programme of work as well as the Convention in general.

Our sincere gratitude also goes to the African Development Bank, the Asian Development Bank, the European Investment Bank, the Global Environment Facility and its International Waters Learning Exchange and Resources Network, the Inter-American Development Bank, the World Bank, the UN Capital Development Fund, the OECD and the WWF. The co-organizational support in co-organization and high level participation of **key financial institutions and banks** here show the importance they attach to transboundary water cooperation. We very much hope they will **carry forward the conclusions** of this workshop in their activities and investments.

UNECE stands ready to continue to support countries and basins in addressing this challenging topic through capacity development, exchange of experience and policy dialogue. We look forward to

working with you and to continuing this unique partnership.

I hope that today's workshop will represent **an important step in shaping the global discussion** on financing transboundary water cooperation and basin development and in progressing towards solutions.

Thank you for your attention and I wish you a successful workshop.
