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# Publication on Funding and Financing of Transboundary Water Cooperation and Basin Development: highlighting case studies from Africa

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## Context: Why focusing on this area of work



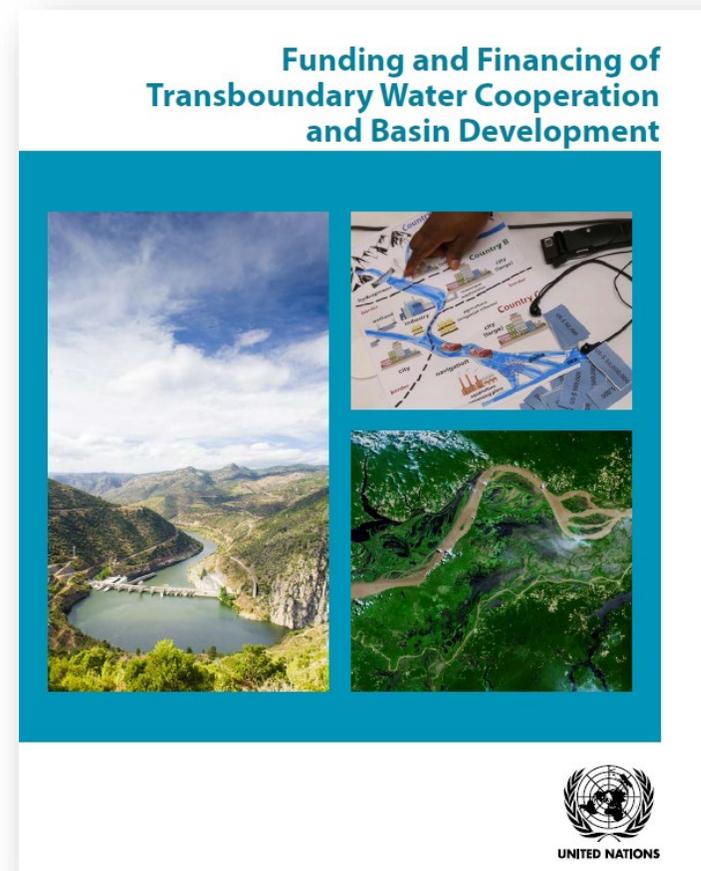
- Transboundary rivers, lakes and aquifers account for **60% of global freshwater flows**
- Insufficient financial means
- 40% of the world's population affected
- Limited consideration of cooperation benefits and general lack of riparian cooperation
- Need to create a financial incentive to cooperate, value water for peace

# Flagship Publication 2021

## “Funding and financing of transboundary water cooperation and basin development”



- Publication developed through a consultative process 2018-2021
- Inspired from the outcomes of the virtual workshop on financing transboundary water cooperation and basin development (6 and 17 December 2020)
- Content developed in cooperation with IFIs and other partner organizations, Switzerland, Senegal, The Netherlands, basin organizations, etc.
- Covers Challenges in funding and financing processes and projects related to transboundary water cooperation and basin development
- Explains financial needs and opportunities and resources available for transboundary water management, cooperation and basin development



# Key Messages- Flagship Publication 2021



- Creating an **enabling environment** to mobilize resources is crucial and requires **legal and institutional frameworks** and **strong governance**
- **Domestic budgetary resources/member state contributions** are and should be the **primary funding source**; can be complemented by other public sources
- **Private funding and financing** can be **leveraged** to explore additional opportunities especially for infrastructure development costs
- **Innovative financial instruments** are currently being developed and can potentially offer **new opportunities**
- To access these different sources, **further capacity development and exchange of experiences**, especially across regions, is **required**
- [Funding and financing of transboundary water cooperation and basin development | UNECE](#)

# Case study from Africa – Senegal River Basin



## Public loans for joint projects

Twelve bilateral and multilateral organizations, provided loans and grants to the Senegal River Basin Development Organization (OMVS) to construct the Manantali dam.

Specific provisions were given to ensure that each member country made a financing plan to cover their share of the OMVS budget so that the RBO could repay the loan and the member countries would cover cost overruns (in effect a sovereign state guarantee).

# Case study from Africa – Basin funds



## Cubango-Okavango basin fund

The aim of the fund is to provide long-term financing for projects related to livelihood improvement and environmental conservation across the basin. The structure combines two types of funds: a sinking fund and an endowment fund, with the ultimate objective to enable consistent withdrawals from invested capital for financing basin projects.

## Congo Basin blue fund

Congo Basin Blue Fund aims at helping countries in the Congo River Basin to finance water-related activities (e.g. navigation, hydropower, irrigation, fisheries and tourism) that are expected to mitigate climate change in the region, and thus boost their economies while fostering cooperation and peace between them. The vision is to establish a fund with annual contributions of €100 million that would be used to pay interest on loans from IFIs as well as to cover the costs of insurance and other technical charges. The Fund would use its grant funding to potentially help lower the cost of capital for transboundary infrastructure projects



# Future work in this area for 2022-2024

- Continue to raise awareness and facilitate knowledge-sharing on the importance of enhancing the financial sustainability of transboundary water cooperation and management;
- Support national authorities and joint bodies in shaping their strategies for mobilizing financial resources: Awareness tools specifically addressed to Ministries of Finance; targeted support to up to three basins, upon request
- Continued global awareness raising through increased cooperation with financial institutions (e.g. ADB, AfDB, EIB, GEF, IDB, UNCDF, World Bank) and other relevant organizations (e.g. Disclosure Insight Action with CDP, OECD, SWA, WWF)
- 1 Global Workshop and up to 2 Regional knowledge facilitation workshops, peer learning and capacity-strengthening workshops, based on basins' and countries' needs

# Lessons learnt for future work



- Continued open source sharing of knowledge and peer learning among countries, basins, financial institutions, developers, UN, civil society etc.
- Need to reach out beyond the water sector and to include other sectors, e.g. energy, environment more broadly, economic and finance sectors, and particularly the Finance Ministries
- Covid-19 Recovery / Building Back Better: Need to diversify financial resources mobilized for transboundary water cooperation and basin development

# Thank you



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For more information: <https://unece.org/environment-policy/water/areas-work-convention/financing-transboundary-water-cooperation>;



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# Case study from Africa – International Congo Basin Commission (CICOS)



## Supplementing direct contributions with regional taxes

CICOS benefits from both direct contributions from two of its member states (Democratic Republic of the Congo and Angola) as well as from CEMAC funding, via the CEMAC Community Integration Tax, a set 1% import tax, which covers the contribution of the remaining four member states.

Whereas the direct member state contributions have been volatile and insufficient over the past 15 years, the tax-based CEMAC funding has been relatively stable, thus providing CICOS with a reliable income flow to support its operations and activities.