

Training workshop “From practitioner to practitioner:
how to use the two global Water Conventions to promote cooperation on the ground”

Financing of the implementation of the Convention and transboundary water cooperation

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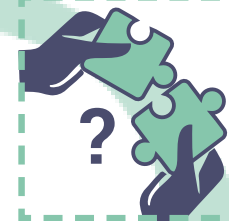


Why it is important to mobilize funding and financing for transboundary water cooperation?

→ **Out of 129** countries reporting on SDG indicator 6.5.2 (2020-2021), **76** indicated “**resources constraints**” as **one of the main challenges** faced in cooperating on transboundary waters and implement arrangements.

Challenges to the financing and funding of transboundary water cooperation and basin development are manifold

The benefits of transboundary cooperation are not always known.












Transboundary water cooperation and basin development activities and projects are often perceived as particularly risky in a transboundary setting.



Countries face financial capacity constraints, especially in recent and future pandemic times.



Overview of funding and financial needs related with transboundary water cooperation, management and development:

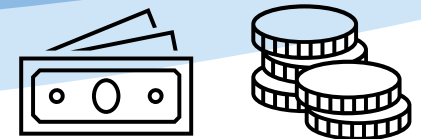
CORE COSTS	PROGRAMME COSTS
 <p>Costs of meetings of the RBO's governing bodies, such as ministerial meetings, technical meetings (including preparation, documentation, etc.).</p>	 <p>River basin monitoring (water quantity, water quality, ecological health, fisheries, socioeconomic factors, etc.), the required equipment, information technology (IT) systems, river basin management software, etc.</p>
 <p>Staff costs of the secretariat: both permanent and temporary staff as well as consultants who are not part of specific river basin management and development projects.</p>	 <p>Preparation of strategic plans and related documents (on shared visions, basin management plans, etc.) and processes (stakeholder consultations, etc.).</p>
 <p>Costs of buildings, offices, office equipment, cars and other items required for the physical functioning of the RBO (mainly its secretariat).</p>	 <p>Implementation of strategic plans and the specific activities defined in them (including monitoring their implementation).</p>
 <p>Costs of communication and information dissemination (to member states as well as basin stakeholders).</p>	 <p>Development and implementation of infrastructure projects, especially in the context of basin management and investment plans.</p>
	 <p>Management and maintenance of infrastructure projects (if owned and managed by the joint body or any other international entity of the basin states).</p>

What types of financial resources can help countries and RBOs to meet these needs?

Important to make the distinctions between:

- ***Financing***: Funds made available to pay for upfront capital costs that require repayment in the future (interest payments or dividends).
- ***Funding***: Funds made available to pay for upfront capital or ongoing operating costs without a repayment obligation.

→ **Financing and funding options** exist both at **domestic** and **international** levels and can be **public** or **private**.



Overview of **public** funding and financing sources:



Domestic and international public financial sources:		What is it?
Public funding	Direct member states contributions	<ul style="list-style-type: none"> - Come from national budgets and are allocated through national budgeting processes : memberships contributions and/or in-kind contributions - Contributions to joint bodies can be shared in different ways : equal cost sharing or key-based cost sharing
	External contributions obtained through development cooperation	<ul style="list-style-type: none"> - Grants - Technical assistance - Green/Climate Funds
	Fees, services and regional taxes	<ul style="list-style-type: none"> - User or polluter fees - Management and administration/project fees - Sale of data/services - Contributions from regional organizations - Use of regionally levied taxes for funding basin cooperation and development activities
Public financing	External contributions obtained through development cooperation	<ul style="list-style-type: none"> - Loans

Overview of **private** funding and financing sources:



Private financial sources	What is it?
Private funding	Private philanthropiques and donations
Private financing	<ul style="list-style-type: none">- Loans or bonds that need to be repaid over times and generate interest for the lender (debt)- Investments which generates dividends for the investor from the project's earnings (equity)
Innovative financing and blended finance (often through PPPs)	<ul style="list-style-type: none">- Impact investing e.g. social impact bonds- Use of development finance for the mobilization of additional private finance

Blue Peace Bonds



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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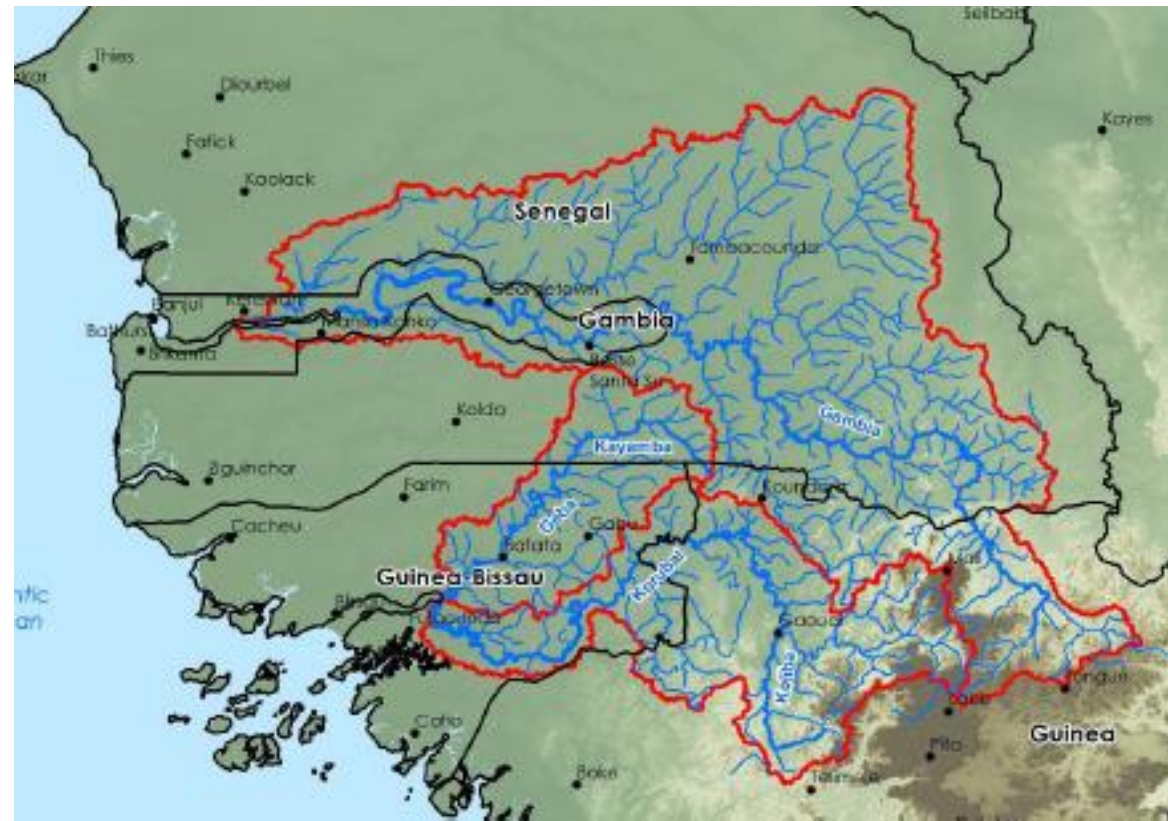
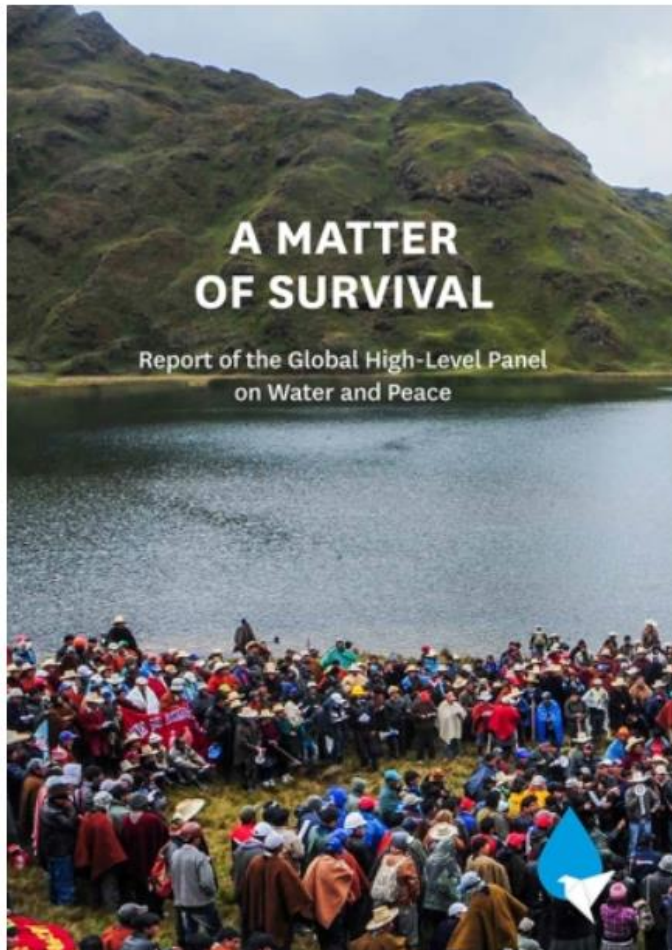
Swiss Agency for Development
and Cooperation SDC



Unlocking Public and Private
Finance for the Poor

Blue Peace

On-going initiative, led by SDC and UNCDF together with OMVG and its member states, aimed at **blending public and private financial instruments to support transboundary water cooperation and sustainable development in the Gambia river basin.**

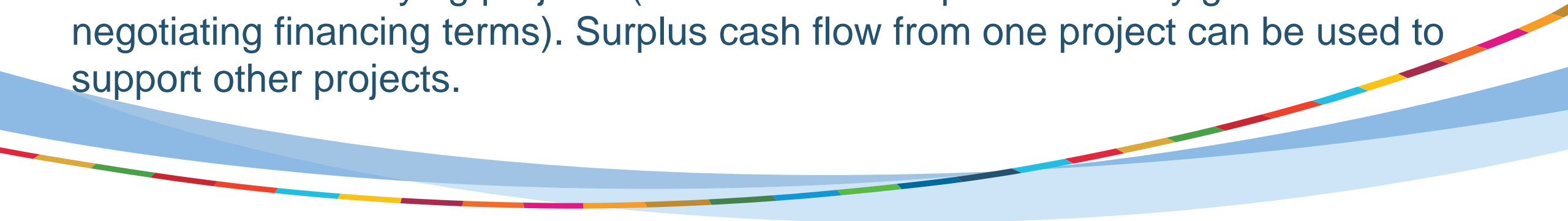


How?

- Through the development of **multisectoral and transboundary master plan** composed of investment plans that cover infrastructure needs as well as data, monitoring and other soft assets.
- Use of **Blue Peace Bonds** blending public and private instruments into a single, lower risk instrument → public funds are used to attract capital market finance in order to meet the project's overall financing needs.

Why innovative?

- RBOs and local governments will issue the bond and repay the debt using cash flow of underlying projects (instead of each riparian country government negotiating financing terms). Surplus cash flow from one project can be used to support other projects.



What is being done under the Water Convention to increase the mobilization of funding and financing for TWC and basin development?(1)

Specific programme area aimed at facilitating the funding and financing of transboundary water cooperation (led by Switzerland and the Netherlands) which objectives are to:

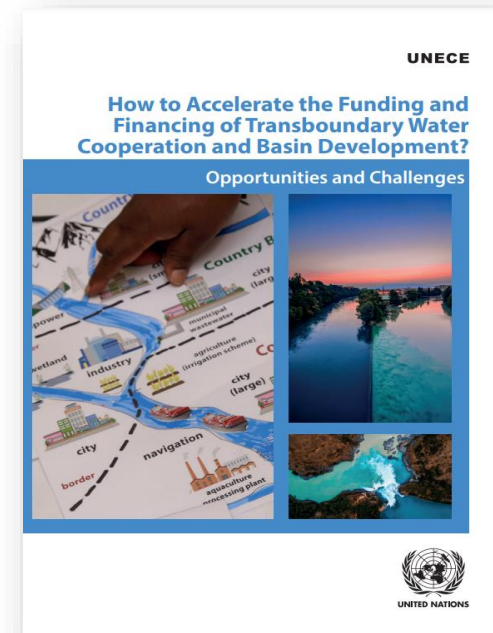
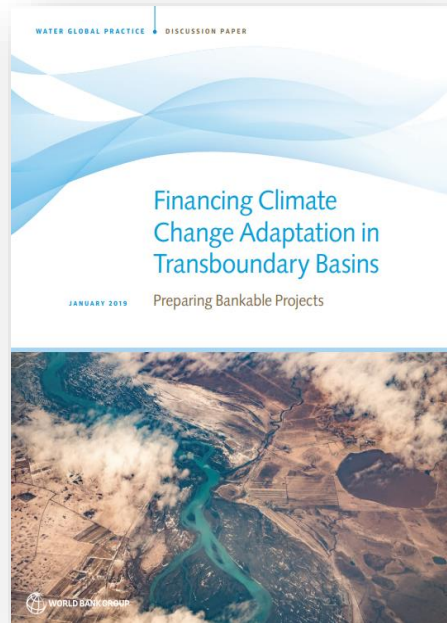
- **Draw global attention** to the importance of financing transboundary water cooperation and **raise awareness** on the importance of enhancing the financial sustainability of transboundary water management institutions and implementation programmes;
- **Facilitate knowledge sharing and peer learning** among national authorities, joint bodies and development partners;
- Support national authorities and joint bodies in **shaping their strategies and plans for mobilizing financial resources** for transboundary water cooperation processes and adaptation to climate change.

→ Countries Parties to the Water Convention can benefit from these activities via its platform and tailored support based on national and regional needs.



What is being done under the Water Convention ? (2)

→ Guidance documents developed under the Water Convention on the topic of funding and financing :



Key takeaways from these guidance tools:

- 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**
 - There is potential to further mobilize **climate finance for transboundary basins** and RBOs must find what are their most suitable role to support the process
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What is being done under the Water Convention? (3)

→ Experience sharing and match making dialogue organized through different types of event including:

- **Capacity building workshop** to discuss the opportunities and challenges related with the financing of transboundary water cooperation and basin development (e.g. Global workshop organized in 2020 on this topic)
- **Dialogue/special session at national level** to identify technical and financial partners which can support new Parties in implementing the Water Convention in the country (e.g. Togo workshop in June 2023)

→ **Upcoming events :**

- Global workshop on financing transboundary water cooperation and basin development, 5-6 December 2023 in Geneva
- Based on requests/interests: there will be a regional workshop organized in 2024.





Thank you for
your
attention!

- **WEB & RESSOURCES**



unece.org/env/water

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

www.unece.org/env/water/publications/pub.html

- **CONTACT EMAILS**



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