

Key takeaways from the Global Workshop on Funding and Financing Transboundary Water Cooperation and Basin Development (5-6 December 2023)

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Insights from a stocktaking of experience in transboundary basins (2020)

- A survey, a literature review, inputs from expert consultations and a review of regional nexus dialogues.
- Knowledge base for designing and operationalizing “nexus solutions and investments”, including consideration of factors that contributed to their successful implementation and the challenges encountered.
- Nexus solutions and investments to tackle issues of: **water quantity, water quality and environment.**
- The survey involved stakeholders from different countries and river basins.
- 36 case studies analysed to find: common features and trends related to **problems and solutions, financing sources and schemes, obstacles to implementation** and enabling factors, **perceived added value and benefits.**

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Solutions and investments in the
water-food-energy-ecosystems nexus
A synthesis of experiences in transboundary basins





What the 2020 survey found out about nexus investment and financing:

- In principle, the nexus approach could help catalyse co-financing for water and environment services from other sectors and private actors; however, there is a lack of evidence that this is happening.
- Cooperation is particularly important to **reduce the risks around investments** of regional importance and in transboundary contexts. Ultimately, the political will [...] will reassure investors, especially private ones who need structured financing schemes and can help closing financial gaps.
- Where they exist, **river basin organizations** play a key role in facilitating or even catalysing nexus solutions and investments.
- **Energy and agriculture** are the main water users and need to adopt a more proactive role in proposing solutions and investments that integrate water and environmental considerations. Beyond water, energy and agriculture, nexus solutions and investments should be promoted by **finance, economy and other non-line ministries**.
- **Innovative financing solutions** involving private funding have a major role to play in upscaling nexus solutions in transboundary basins [...] Furthermore, cross-sectoral cooperation can be crucial to access **climate and environmental funds**.

Insights from the Global Workshop on Financing (5-6 December 2023)

- More than **150 participants** from countries, river basins organization, international development finance institutions, bilateral donor agencies, private finance actors from all over the world;
- Some amazing presentations, energizing and inspiring discussions, and dynamic **market places**
- Building some **communities of practice**
- Main highlights:
 - Minimum **core staff of institutions/RBOs** need to be sustainable through public funds
 - Domestic finance should be the **core financial sources** to support transboundary water cooperation and shared water resources management
 - Public finance (domestic and international/concessional loans/ first-loss capital) lay the ground to **de-risk projects** and attract private finance

Insights from the Global Workshop on Financing (5-6 December 2023) – cont'd

- Blended finance (combining public funding and private finance) needs to be done in a smart way, so that the **use of the public funds can be maximized**, considering that its importance is currently far too high to reach the scale that we need
- Private capital is there, but **investment flows** in the water sector need to go to scale through the creation of **more opportunities** to invest in water and transboundary water cooperation projects
- Investors are looking for **standardized solutions in terms of risk** assessment, and risk management/mitigation
- Transboundary water cooperation issue should be further included in private companies' risks assessment tools, this requires **more data and disclosure of information, incl. to RBOs**
- **Trust building is key**, we need more collaboration between sectors, as well as **more intermediaries**, banks can play a role in bridging the knowledge and distance gap between projects and investors

Insights from the Global Workshop on Financing (5-6 December 2023) – cont'd

- More efforts need to be done to mobilize the variety of private sector financial resources (understand better how they function, **have a common language**, work on a narrative)
- **More capacity building** to prepare high quality/ bankable investment projects is needed
- The Water Convention is a hub which needs to be further exploited to **build bridges** between the different communities (water and sustainable finance), more efforts needs to be done to continue the conversation with the private sector/investors
- **Regional workshops** could provide good platforms complementary to global workshops

An **outcome document** will be made available to all participants with conclusions and key messages from the workshop



Insights from the Global Workshop on Financing (5-6 December 2023) – cont'd



- **Key messages on multi-benefit investments and multi-source financing:**
 - Cross-sectoral investment gives the opportunity to diversify sources for financial support
 - A portfolio of bankable projects can allow to realise the multi-sectorial potential of a river basin
 - Improved governance to attract private investors matters
 - Revenues generated by energy production from shared hydropower infrastructures can be used to financially support transboundary water cooperation and management
 - Political buy-in at the highest level can help to mobilize different financing sources
 - Improved donor coordination mechanism, eg. at the basin level, in order to support entire programmes and not cherry picking can also help to mobilize finance, incl. climate funds and nature-based solutions

(Blue Peace Financing initiative; Itaipu; Trifinio transboundary water fund; Okacom CORB Fund,...)



Thank you!

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