

MAIN OUTCOMES AND KEY MESSAGES

GLOBAL WORKSHOP ON FUNDING AND FINANCING TRANSBOUNDARY WATER COOPERATION AND BASIN DEVELOPMENT

5-6 DECEMBER 2023 - GENEVA & ONLINE

1. As global water challenges are intensified by climate change, experts from both the water and finance community convened to address the urgent need to accelerate sustainable funding and financing for transboundary water cooperation and basin development at the [Global workshop on Funding and Financing Transboundary Water Cooperation and Basin Development](#) in Geneva on 5-6 December 2023. It brought together some 200 representatives from countries, river basin organizations (RBOs), international financial institutions, climate finance mechanisms, the private sector, as well as various UN entities and NGOs working on water and financing representing countries, and rivers basins.
2. Organized by the Water Convention secretariat, serviced by UNECE, under the leadership of Switzerland and the Netherlands, and in collaboration with Senegal, the Global Environment Facility (GEF), GEF IW:LEARN, the World Bank, the Asian Development Bank (ADB), the Inter-American Development Bank (IDB), the United Nations Capital Development Fund (UNCDF), and the Organization for Economic Cooperation and Development (OECD), this workshop aimed to explore and discuss how to further mobilize both public and private capital and bolster financial support for cross-border water cooperation and management.
3. This workshop took place in a context where it is widely recognised that more needs to be done to bridge the water finance gap, which is even more prevalent in a transboundary context. OECD estimates suggest that \$6.7 trillion is needed by 2030 and \$22.6 trillion by 2050 to achieve Sustainable Development Goal 6. At the transboundary level, a shortfall has already been identified: in the last reporting exercise on Sustainable Development Goals (SDG) indicator 6.5.2 (which measures transboundary water cooperation) in 2020, out of 129 countries reporting, 76 indicated “resources constraints” as one of the main challenges faced in cooperating on transboundary waters. More public and private financial resources from national and international sources should be mobilized to support sustainable transboundary water cooperation and management.

Public funding at the core of transboundary water cooperation

4. Domestic public funding should increase and remain the principal source of funds for the establishment, functioning and work of institutional mechanisms for transboundary water cooperation and basin development activities. During the workshop, several countries such as [Spain](#), [Senegal](#) and [Botswana](#) and River Basin Organizations, such as the [CICOS](#), shared their insights and best practices on how to ensure that the necessary public funds are available and channelled towards transboundary water cooperation and management. For example, Senegal shared their experience with the funding of the [OMVS](#), for which the long-term objective is to develop the autonomous funding of the organization thanks to revenue-generating activities.

5. International public development financing and funding, such as those channelled through International financial institutions (IFIs), can offer significant opportunities to countries and river basin organizations (RBOs) for their transboundary water activities and projects and to some extent, for their functioning. Multilateral development banks and funds such as the [Global Environment Facility \(GEF\)](#), the [World Bank](#), the [African Development Bank \(AfDB\)](#), the [Asian Development Bank \(ADB\)](#) or the [Inter-American Development Bank \(IDB\)](#) offer loans and grant opportunities to support the different phases of the management of transboundary waters.
6. With the inclusion of transboundary water cooperation in the global goal on adaptation and the global stocktake at COP28, climate funds are increasingly becoming a funding option for transboundary water cooperation and basin development activities. The Adaptation Fund already has a regional window since 2015 and the Green Climate Fund (GCF) is now also more inclined to finance transboundary [projects such as in the Niger basin](#), or through its readiness programme. Accessing climate funds however requires to sufficiently illustrate the climate relevance of projects. The Green Climate Fund developed specific guidance to guide project proposal development in the water security sector, in line with GCF investment criteria (available [here](#)).
7. Adopting a Water-Energy-Food-Ecosystem nexus approach was highlighted as an opportunity to diversify funding and financing sources needed to support the management of transboundary waters. Hydropower revenues, for example, finance transboundary water cooperation and basin development projects. For instance, the binational entity [Itaipu](#) between Brazil and Paraguay in the Parana River basin generates revenues thanks to energy production from shared hydropower infrastructures, which are used to financially support transboundary water cooperation and management. In 2005, an additional bilateral agreement between the two countries enabled Itaipu to do more on social and environmental issues and since then revenues are being used to protect transboundary water ecosystems, work with indigenous people and provide water access to local communities.

How to further mobilize private capital and explore innovative financing solutions?

8. Strong institutional cooperation frameworks (i.e. agreements, joint bodies), improved governance, and initial public finance (domestic and international/concessional loans/ first-loss capital) lay the ground to de-risk projects and attract private finance.
9. New successful examples show that initial public finance could be complemented by private finance coming from actors such as foundations, as shared during the workshop by the Prince Albert II de Monaco foundation with the case study of the [Global Funds for Coral Reefs](#). Some basins opt for innovative financial options such as in the Cubango-Okavango River Basin where [OKACOM](#) is setting up a hybrid fund to be fed by several donors and investors to enhance livelihoods, improve ecosystem resilience and provide equitable benefits to the three riparian states (Angola, Botswana and Namibia).
10. The funding gap between the identified needs and the resources currently available means that, to complement public funding and financing, it is essential to further mobilize private capital to support sustainable transboundary water management. Different categories of actors, such as banks, corporations, investment funds, information brokers, institutional investors or foundations should be considered to mobilize a palette of financial instruments that could be relevant for different categories of projects.

11. Mobilizing private capital to support sustainable transboundary water management was recognised as a complex task, partly due to the perceived lack of profitability, the lack of scalable and replicable projects and business models, and the associated risks (political and diplomatic). However, pilot initiatives such as the [Blue Peace Financing Initiative](#) were presented as a way to promote access to capital for local and regional non-sovereign entities such as River Basin Organizations – the [OMVG in this case](#). The Blue Peace Financing Initiative, led by the Swiss Development Agency (SDC) and the United Nations Capital and Development Fund (UNCDF), is using water as an entry point for multi-stakeholder cooperation frameworks, transforming them into investment platforms. Planned projects in the pipeline are cross-sectorial and are mostly infrastructure projects, but they also include the creation of natural parks in the respective countries to increase ecotourism or the improvement of the navigation on the Gambia river in order to realise the multi-sectorial potential of the river basin.
12. Investors are looking for standardized solutions in terms of risk assessment, and risk management and mitigation. As such, trust building is key and more collaboration is needed between sectors, as well as more intermediaries. Banks can play a role in bridging the knowledge and distance gap between projects and investors as highlighted by the representatives of the Skandinaviska Enskilda Banken (SEB) - a Swedish bank, pioneer in green bonds and engaged in responsible investments since 2007, who also shared [insights on the challenges hindering the attraction of private capital for sustainable transboundary water management](#) and the need to translate related projects in a language that speaks to private financiers.
13. There is an increased recognition from the private sector, and particularly from companies, of the importance of water as a key resource that should be seen as a risk to be managed and mitigated, as shown by the data shared by [CDP](#) during the workshop. According to CDP, 229 organisations from the private sector state that identified river basin risks could threaten more than 80% of their total global revenue. Transboundary water cooperation issues should be further included in private companies' and financial institutions' risk assessment tools. This requires more specific focus on these issues in relevant questionnaires associated with more data and disclosure of information, including at basin level.
14. The appreciation of the need to ensure sustainable water management not only at national but also at the transboundary level is sparking an interest from the private sector to further work on water issues at the basin level. Several initiatives, such as the Water Resilience Coalition - an emanation of the [CEO Water Mandate](#), a special initiative established in 2007 by the UN Secretary General and the UN Global Compact (UNGC) to advance corporate water stewardship around the world - are making this more concrete.
15. New categories of private actors, such as natural capital investors or philanthropy actors, are showing an increased interest in freshwater management issues. Strong links exist between biodiversity, nature and water in their strategies. During the workshop, several projects were presented by [Finance Earth](#), in which Nature-based Solutions (NbS) for water security generate revenue streams via, for example, payments for Ecosystem Services (e.g., credits for carbon, biodiversity, nutrients or water storage), tariffs and taxes, or cost savings for beneficiaries. Innovative financial mechanisms can also promote NBSs as a mean of water resilience to be scaled up at transboundary level by relying on initial public funding or grants to enable the participation of the private sector. As such, the piloting of the [Water Fund in the Trifinio System](#) being developed at transboundary level is an interesting example.

What role can the Water Convention play?

16. Many stakeholders see the need to have more regional platforms to engage with countries and RBOs on regulatory frameworks and make investment opportunities a priority. The Water Convention is recognized as an example of a hub which needs to be further exploited to build bridges between the different communities (water and sustainable finance) and enable better mutual understanding of the needs and priorities of each community. More efforts need to be done in the coming years to continue the dialogue with the private sector/investors, speak a common language, and further build trust.
17. The need for more capacity-building activities and technical assistance to understand better financial options and develop bankable projects came as a priority during the discussions. Participants also indicated that their biggest challenge was the identification of the most suitable interlocutor, followed by the lack of human resources, and the technical dimension of the issue.
18. Several countries recently became Parties to the Water Convention and some of them have already developed national implementation plans to put in place the provisions of the Water Convention at national and transboundary levels. Some of these new Parties, such as Togo and Ghana, explained how these plans are important to help identify investment opportunities and develop projects proposals that can attract potential donors and/or investors. The Water Convention, together with its partners, will continue to support countries and RBOs on this topic especially under its [programme area aimed at facilitating the funding and financing of transboundary water cooperation and basin development](#). In the coming years, specific efforts will be put into enabling further matching between activities and projects foreseen by countries and RBOs at basin level and financial and technical support opportunities existing at regional and global level.



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