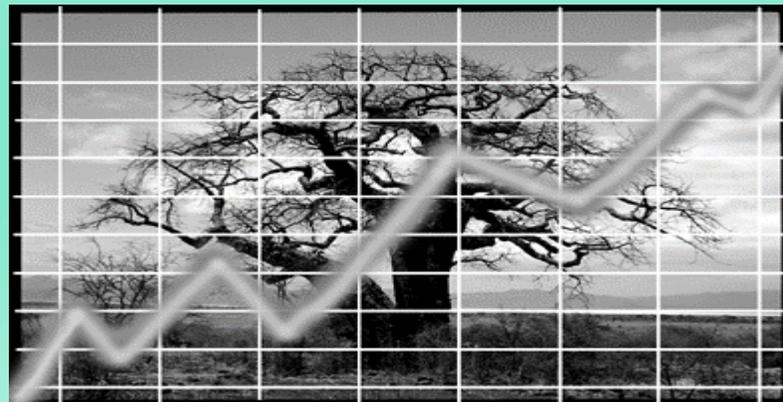


UNECE workshop on Benefits of Trans boundary Water Co-operation Session 4: Economic Benefits

Dr Jonathan Fisher

Jonathan Fisher Environmental Economics



Examples of Economic benefits estimated within the transboundary basin

Guidance para 34 Type 1: Often prime type of benefits of co-operation (para 30)

- net value added benefits of expanded activity and productivity in economic sectors (eg aquaculture, irrigated agriculture, hydropower generation, water-based transport, nature-based tourism)
- reduced cost of productive activities (eg lower cost of water for human consumption and economic uses, lower cost of energy from hydropower, savings from using river transport)
- reduced risks of economic losses from floods and droughts, lower risks of food shortages and energy shortages; and improved energy security

Economic benefits not or less estimated so far:

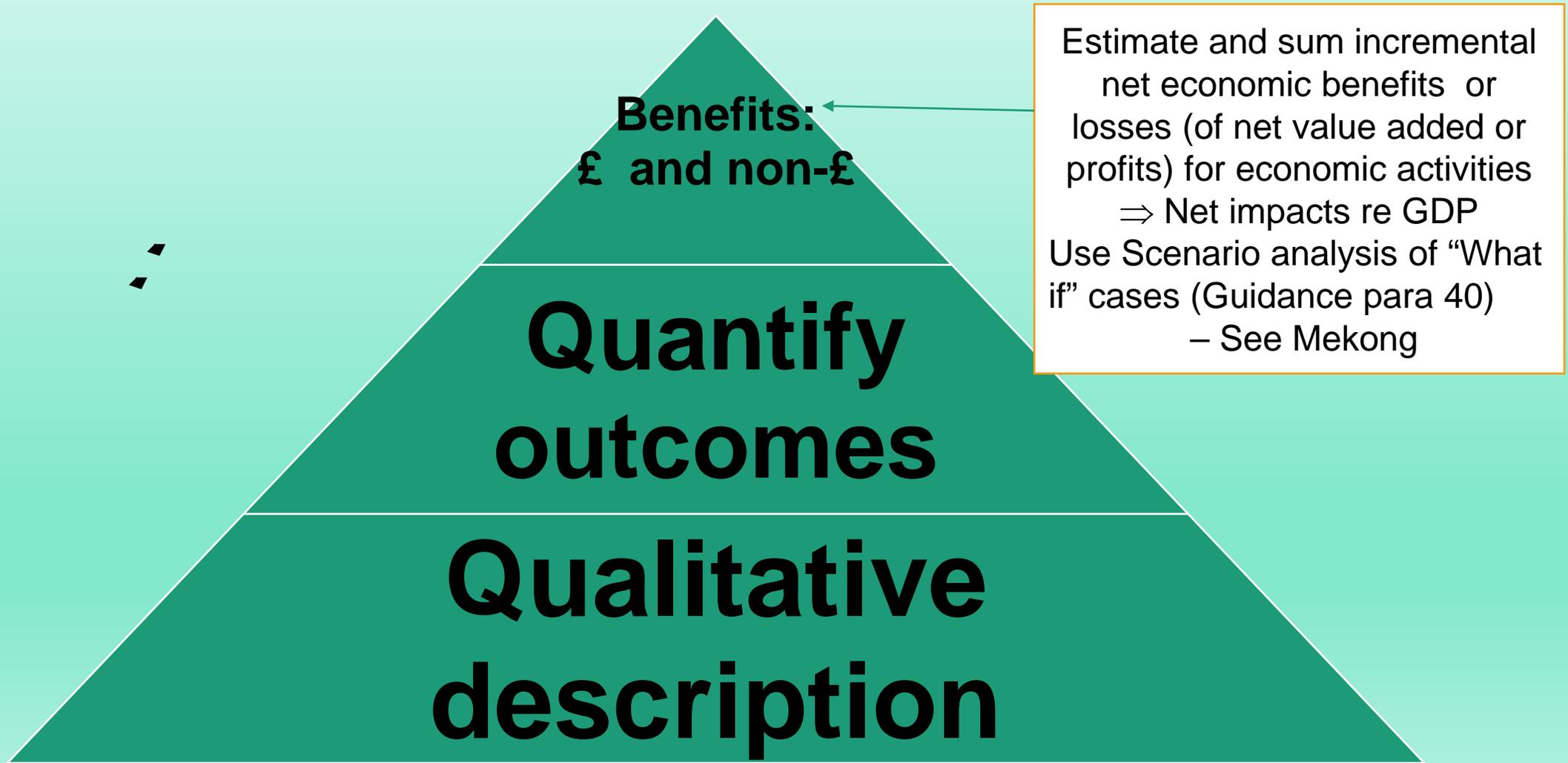
- increased value of property in the basin
- reduced cost of managing water
- Overall Increases in Gross Domestic Product (GDP)

How to Assess Economic Benefits:

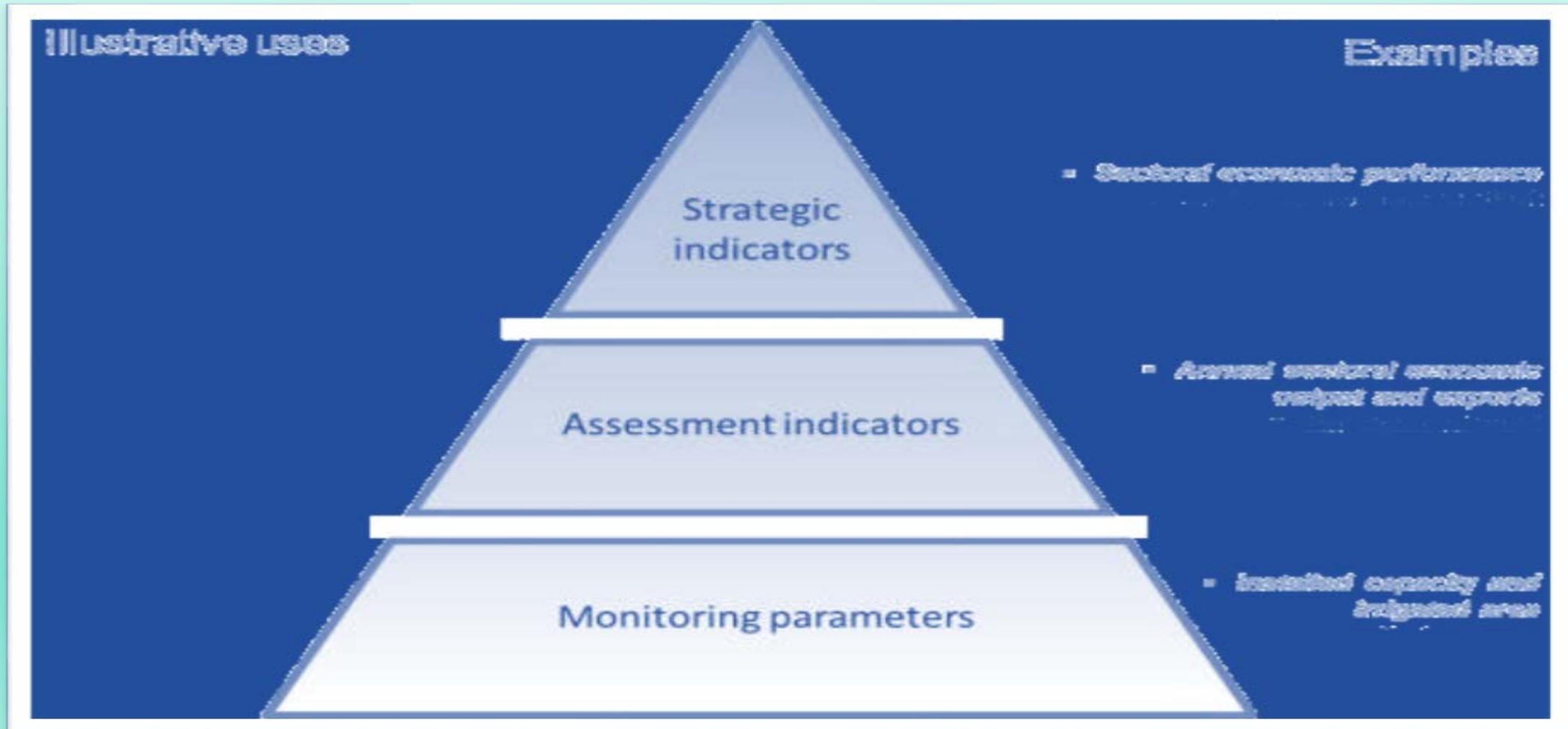
Aim to inform TWC policy process (Guidance paras 8, 20, 40)

Key Building blocks (Guidance Fig 2.3 paras 23 -25)

More mature co-operation stages require greater evidence (para 21)



Each Target Audience requires different levels of information (Guidance para 56)



Assessing Economic Benefits: Key gaps and challenging issues

- Limited availability of data on the economic sectors
- Limited extent to which the economic benefits estimates are actually used to inform decision-making – eg Columbia River Treaty (see background report p. 7)
- Difficulties of communicating rigorous economic analyses needed to convert (stakeholders') data into terms of the true net economic benefits for sectors

Examples of Economic benefits beyond the trans boundary basin: Guidance paras 33-34 Type II benefits

- Extent of economic activities dependent on resources of the river basin
- Extent that other sectors are related to these water dependent sectors
- Extent of economic benefits to these and other sectors from reduced energy or food costs arising from basin co-operation
- Extent improved security of energy and food supplies can increase currently constrained industrial investment

Little substantive evidence and estimates of such benefits

Difficulties of quantifying such benefits? Basin authorities lack (access to) macro-economic data and models to estimate such benefits?

Difficult to communicate such benefits estimates? Stakeholders mistrust such black box modelling and adjustments of their figures (eg Murray Darling re ABARES CGE modelling)

Key Questions for the Session

- Which economic benefits have been assessed, and with which methodology/methodologies?
- Which difficulties were encountered, and how were they overcome?
- What has been their impact (in terms of influencing a transboundary water cooperation process)?
- What are the key lessons learned and recommendations for the assessment of similar benefits in other transboundary water cooperation settings?

Session Presentations

- Mekong River Basin: Anoulak Kittikhoun, Mekong River Commission
- Columbia River Basin: Richard Kyle Paisley, University of British Columbia
- Cubango-Okavango River Basin: Ebenizário Chonguiça, Permanent Okavango River Basin Commission