

DRAFT TERMS OF REFERENCE

Consultancy to develop a background study for the Workshop on Facilitating financing for transboundary water cooperation and basin development (to be held in 2020)

BACKGROUND

The sustainable and integrated management of transboundary water resources, which represent more than 60% of global freshwater resources, is crucial for access to water, economic growth and sustainable development. Ensuring a sustainable and effective cooperation over these shared water resources is therefore imperative to secure peace and stability.

The different stages of transboundary cooperation, which includes developing agreements, setting up joint bodies and the implementation of measures and investments, require funding. Funding needs and funding sources depend on the scope, mandate, objectives and ambition of the transboundary cooperation arrangement.

However, the lack of sustainable funding models often prevents countries from deepening their cooperation. Many basin organizations, even in developed countries, struggle to ensure long-term sustainability of their work. Development partners have over the years invested significant amounts in supporting transboundary water cooperation, but they often face a challenge in disengaging from basins that they have supported while leaving behind financially sustainable structures.

In fact, many countries face difficulties in financing transboundary water cooperation from national sources, among others since the benefits of transboundary cooperation are not always known and many funding sources, both national and international, are primarily targeted to national and local water projects. In addition, knowledge is lacking on available funding sources and application procedures. Sustainable financing models for joint bodies and cooperation processes are therefore crucial.

On 9 October 2018, UNECE organized a high-level workshop on financing transboundary basin development¹ in partnership with Switzerland, the Netherlands, the World Bank, the Global Environment Facility International Waters Learning Exchange and Resource Network (GEF IW:LEARN), the Asian Development Bank (ADB), the European Investment Bank (EIB). Organized back-to-back with the eighth session of the Meeting of the Parties to the Water Convention (Nur Sultan, Kazakhstan, 10-12 October 2018)², the workshop laid the ground for a better understanding of the concrete financial needs of basins with regards to transboundary water cooperation as well as the financial sources available. A set of conclusions and recommendations have been captured in the co-chairs' summary³.

The Programme of Work for 2019-2021⁴ under the Water Convention, adopted by the Meeting of the Parties at its eighth session, includes Programme Area n°5 on facilitating the financing of

¹ Information available at: <https://www.unece.org/environmental-policy/conventions/water/meetings-and-events/water/meeting-of-the-parties-to-the-water-convention/2018/high-level-workshop-on-financing-transboundary-basin-development/doc.html>

² Information available at: <https://www.unece.org/env/water/mop8.html>

³ Document available at: https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astana/Co-Chairs_Summary_for_sharing_6_11_2018.pdf

⁴ Document available at: http://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_10-12_8thMOP/Official_docs/ECE_MP.WAT_2018_4_ENG.pdf

transboundary water cooperation, whose main aim is to raise awareness on the importance of enhancing the financial sustainability of transboundary water management institutions and implementation programmes.

More specifically the objectives of this Programme area are to:

- Facilitate knowledge sharing and peer-learning on funding options to enhance the sustainability of transboundary water management
- Support countries/joint bodies in securing financing for transboundary water cooperation from different sources
- Promote the development of joint investment plans and financing strategies in shared basins

In August 2019, UNECE, together with Switzerland, the Netherlands, the African Development Bank (AfDB), ADB, EIB, GEF, GEF IW:LEARN, the Organization for Economic Cooperation and Development (OECD) and the World Bank, organized a special session on mobilizing financial resources for transboundary water resources management and cooperation at the Stockholm World Water Week⁵. Active discussions and exchanges took place to further identify current challenges and opportunities related with cooperation institutional processes and shared basins development activities.

The next main activity envisaged under this Programme Area is the organization of a Global Workshop on financing transboundary water cooperation on 16-18 December 2020, in collaboration with most of the partners previously mentioned. To prepare this workshop, UNECE will hire consultants to develop a comprehensive background study as well as a draft concept note for the global workshop, highlighting potential case studies to be presented during the workshop.

OBJECTIVES OF THE BACKGROUND STUDY

The Background study aims to analyze the key opportunities and challenges related with the financing of transboundary water cooperation and basin development, including available financial mechanisms, good and bad practices to access funding and recommendations for the way forward. This includes the shared basins' financial needs, the various range of financing sources from domestic, regional and international levels as well as from private and public sectors, challenges and good practices with regards to the sustainable financing of operational functioning and program activities of joint bodies such as River Basin Organization (RBOs), and other joint bodies. Concrete examples of how basins/countries have been applying to and benefiting from financial mechanisms will be provided.

In the analysis, a clear distinction should be made between funding for institutional core costs which refer to general RBO operation such as human resources management, meetings organization; and for program costs which refer to specific activities carried out in and for the basin such as basin planning and development, data acquisition and analysis, impact assessments, climate change adaptation along with infrastructure investments .

⁵ <https://www.worldwaterweek.org/event/8418-mobilizing-financial-resources-for-transboundary-water-resources-management-and-cooperation>

The background study should also look at the financing needed in shared basins without joint bodies in place i.e. those which are just starting transboundary cooperation. Financing opportunities to create and set up joint bodies should be reviewed and analyzed.

The private sector as a key emerging actor in the financing of transboundary basin development related activities will also be considered. The study will explore how innovative mechanisms can help to de-risk investments to further leverage private funding. Innovative financial mechanisms such as the Blue peace bonds⁶ and more generally blended finance will be analyzed.

The development of the background study should draw closely upon the background document prepared for the high-level workshop on financing transboundary basin development (2018)⁷ as well the resulting co-chair summary conclusions⁸. Other relevant background documents should be used in the research work as appropriate (see suggested list at the end).

AUDIENCE

The background study's primary audience will be government officials, basin authorities and water sector practitioners working at different levels (local, national, inter-governmental) of governance of shared rivers, lakes and aquifers, financial investors and donors from public and private sectors both at national, regional and international levels.

SUBSTANTIVE SCOPE & STRUCTURE

The background study should cover, review and analyze the following topics/issues:

- The main financial needs in transboundary water cooperation and basin development (including institutional processes, information/data sharing between riparian countries, joint infrastructures investments)
- The main financial sources available and used to finance transboundary water cooperation and basin development needs, including:
 - o Public- both domestic and international (national budgets, taxes, International Financial Institutions, climate finance, development cooperation)
 - o Private (finance and corporate sector) - both domestic and international (institutional investors, investment banks, commercial banks, insurance companies, foundations, business companies, water funds etc..)
- Existing RBO models (size, legal status, mandate, fiduciary standards and political context they are working within) and their role in determining RBOs' capacity to access to needed financing. More specifically, the study should look at:
 - o RBOs' funding mechanisms used and financial strategies developed to cover their institutional core costs

⁶ Available at : https://www.thebluepeace.org/pdf/Invest_in_Peace_through_Water.pdf (2018), more information: <https://www.thebluepeace.org/blue-peace-financing.html>

⁷ Available at : https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astana/Final_Background_Document_Workshop_on_FinancingTBCoop_15_11_2018.pdf

⁸ Available at: https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astana/Co-Chairs_Summary_for_sharing_6_11_2018.pdf

- RBOs' funding mechanisms/financial strategies used to access to financial resources for transboundary water cooperation/basin development projects and activities such as basin planning, data production and sharing, studies and assessments, early warning systems, infrastructures investments – including blended finance mechanisms.
- RBOs' evolution towards more financial sustainability (eg currently the Mekong River commission)

In both cases, the study should review the existing challenges, good practices and practices which did not work in order to draw lessons learnt and recommendations.

- Existing opportunities for shared basins' riparian countries without joint institutions in place to mobilize funding for transboundary water cooperation and basin development activities including the set-up of joint bodies.
- The emerging role, engagement and contribution of the private sector (financial and corporate sectors) in financing transboundary water cooperation and basin development, as well as conditions and limitations. The financial sector refers to private financial institutions such as Investment banks and funds, commercial banks, Insurance companies, foundations) whereas the corporate sector refer to private companies.
- Conclusions, recommendations and ways forward on i) how shared basins could further mobilize financing for transboundary water cooperation institutions and related activities and ii) how transboundary water cooperation could be mainstreamed in financiers' investment strategies and financing policies.

Figures, illustrations and maps should be used to provide an overview of the situation, as appropriate, especially to explore which existing financial sources relate to specific transboundary water cooperation and basin management financial needs, based on concrete examples.

The research work associated with the development of the study should include phone interviews or a survey with relevant financiers (multilateral and regional banks, private sector representative, ministries of finance) and RBOs representatives, if relevant. In addition, it is foreseen that the consultants would attend one or several intergovernmental meetings under the Water Convention in 2019-2020.

DURATION AND DELIVERABLES

The estimated duration of the study development is 10-11 months.

Under the guidance of and in consultation with UNECE (Water Convention secretariat: Sonja Koepfel, Diane Guerrier) as well as with other partners namely the governments of Switzerland and the Netherlands, the GEF, GEF IW:LEARN, the World Bank, ADB, EIB, AfDB, OECD, WWF, and relevant international experts, the consultants should provide:

- an extended outline of the background study;

- a concept note for the Global Workshop on financing transboundary water cooperation, (planned in December 2020);
- a final background study (40-60 pages)⁹- result of several intermediary reports revised and updated.
- an executive summary (5-6 pages)

The contracts are planned to start in January 2020. An extended outline of the background study is to be submitted by the end of February 2020 to UNECE. A first intermediary draft is to be submitted in April 2020 for revision and commenting by the UNECE and partners. A more advanced draft should be submitted by the end of July 2020 along with a concept note for the Global Workshop 2020. The concept note for the workshop should highlight potential case studies for the Global Workshop. The final draft of the background study should be submitted by August 2020.

Overview Timeframe:

January/February 2020	April 2020	July 2020	August 2020	December 2020
- Hiring of consultants - Extended outline of background study	- First intermediary draft for comments by UNECE and partners	- Advanced draft for final comments - Concept note for the workshop on financing	- Final Draft ready	- Provide support to the workshop on financing transboundary water cooperation on 16-18 December

After the December 2020 workshop, UNECE is planning to develop a publication based on the background study to be presented at the 9th Meeting of the Parties to the Water Convention in 2021. The development and coordination of this publication will probably involve a new consultancy contract to take place between 2020 and 2021.

⁹ The study should explain every financial term use in an understandable and accessible way. As such, the background study should contain a glossary with a list of definitions of the key terminologies as appropriate.

APPLICATION MODALITIES:

The research work for the background study will be carried out by two consultants with complementary backgrounds, knowledge and expertise related with the study’s topics requirements. The two consultants are expected to coordinate their respective research work to fully cover the scope of the study (as described in p.3-4)

Qualification and Experience:

	Consultant A	Consultant B
Education	Advanced university degree in environmental management, water management water governance, political natural or social sciences, law or related field.	Advanced university degree in environmental management, water management, political natural or social science sciences, law, economics, finance or related field.
Work experience	<ul style="list-style-type: none"> - Minimum of 5 years of professional experience in environmental/water management, water policy formulation/analysis or related field. - Experience in supporting transboundary water cooperation, shared basin development - Significant experience in carrying out research work on legal, institutional and financial dimensions of transboundary water resources management is desirable 	<ul style="list-style-type: none"> - Minimum of 5 years of professional experience in environmental management, water policy formulation/analysis or related field. - Experience in carrying out research work on institutional and financial dimensions of transboundary water resources management - Experience in carrying out research and analytical work on water financing, water investments is desirable
Key competencies	<ul style="list-style-type: none"> - Very good understanding and knowledge of legal, institutional and financial dimensions of transboundary water resources management - Excellent research and analytical skills - Excellent drafting skills in English 	<ul style="list-style-type: none"> - Very good understanding and knowledge of the financial dimensions of transboundary water cooperation and management - Knowledge of public and private finance mechanisms functioning is desirable - Excellent research and analytical skills - Excellent drafting skills in English

Interested candidates should submit an offer together with their CV and proof of past work in the fields of expertise mentioned above by 31 October 2019 to UNECE (Diane Guerrier, diane.guerrier@un.org).

BACKGROUND DOCUMENTS

- River basin commissions and other institutions for transboundary water cooperation (UNECE, 2009)
<https://www.unece.org/fileadmin/DAM/env/water/documents/CWC%20publication%20joint%20bodies.pdf>
- Financial Sustainability of International River Basin Organizations (GIZ, 2014):
<https://transboundarywaters.science.oregonstate.edu/sites/transboundarywaters.science.oregonstate.edu/files/Publications/GIZ%202014%20Financing%20International%20River%20Basin%20Organizations.pdf>
- Background document prepared for the high-level workshop on financing transboundary basin development (UNECE, 2018)
https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astan_a/Final_Background_Document_Workshop_on_FinancingTBCoop_15_11_2018.pdf
- Promoting Development in Shared River Basins: tools for enhancing transboundary basin management (World Bank, 2018):
<https://openknowledge.worldbank.org/handle/10986/29462>
- Blue Peace: Invest in Peace Through Water (GWH, SDC, UNCDF- 2018)
https://blue-peace-movement.github.io/website/Invest_in_Peace_through_Water.pdf

Financing and Investing in Blue Peace: <https://www.thebluepeace.org/blue-peace-financing.html>
- Co-chair summary of the high-level workshop on transboundary basin development (UNECE, 2018)
https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_9_HLWS_Astan_a/Co-Chairs_Summary_for_sharing_6_11_2018.pdf
- The finance sector's contribution to water and peace (Earth Security Partnerships, 2018):
<https://earthsecuritygroup.com/news/strategy-briefs/the-finance-sector-contribution-to-water-peace>
- Publication on Financing climate change adaptation in transboundary basins: preparing bankable projects (World Bank, 2019) <https://www.unece.org/index.php?id=51488>
- Water Convention Programme of Work for 2019-2021:
https://www.unece.org/fileadmin/DAM/env/documents/2018/WAT/10Oct_10-12_8thMOP/Official_docs/ECE_MP.WAT_54_Add.1_ENG.pdf

- [Stockholm World Water Week session “Mobilizing financial resources for transboundary water management and cooperation, 28 August 2019 :](https://www.worldwaterweek.org/event/8418-mobilizing-financial-resources-for-transboundary-water-resources-management-and-cooperation)
<https://www.worldwaterweek.org/event/8418-mobilizing-financial-resources-for-transboundary-water-resources-management-and-cooperation>