Financing International River Basin Organizations

Second Workshop “River Basin Commissions and Other Joint Bodies for Transboundary Water Cooperation: Technical Aspects”

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Why does RBO Financing matter?

Financing Joint Bodies and RBOs matters for:

- The availability of financial means for general RBO operation
  - Communication and coordination
  - Financial management (and donor relations/funding acquisition)
  - Human resources management
  - Monitoring and evaluation

- The availability of funds for river basin management such as
  - Basin planning and development
  - Data acquisition and analysis
  - Impact assessments and mitigation
  - Flood forecasting and warning

- Long-term financial (self-)sustainability
- Member states commitment and ownership
Financing Joint Bodies – An Overview

Financing

Treaties/Joint Bodies (with no own budget)
- MC Funding
- Other Sources

"real" RBOs (with own budget)
- Core/Corp Services
- RBM Budget/Projects

MC Financing

Budget Financing
- Key-based Cost-Sharing
- Equal Cost-Sharing
- Territory
- Population
- GDP
- Flow
- Benefits

In-Kind Support
- Travel
- Meetings
- Staff
- Buildings/Host

External Financing
- Loans/Grants
- Technical Assistance

Other Sources
- Taxes
- Fees for Services

Other

Core/Cost/Services
Funding Mechanisms for RBOs – Sources of Financing

Which sources exist for funding RBOs? Who pays for RBOs?

**RBO Financing**

- **Member Contributions**
  - In-Kind
  - Budget

- **External Contributions**
  - Loans & Grants
  - Technical Assistance

- **Other Sources**
  - Taxes
  - Fees for Services
Funding Mechanisms/Cost-Sharing – Global Perspective

How do member countries share costs? Who pays how much?

RBO Financing – Bdgt Contributions

Financing Mechanism defined

- Cost-Sharing Mechanism
  - Key-based Cost-Sharing
    - VBA
    - OMVS
  - ICPR
  - NBA

- 20

- 62

No Cost-Sharing Mechanism

- 9
  - ZRA
  - Others
  - MRC
  - ICPDR
  - CICOS

- 33
  - Equal Cost-Sharing
  - LIMCOM
  - OKACOM
  - LTA
  - CCNR

- MRC

- ZRA

- Others

- ICPDR

- CICOS
Experiences from RBOs – MRC I

The Mekong River Commission (MRC) works with a total budget of about US-$ 20 million per year, consisting of

1) Operational Expenses Budget (OEB) – covering corporate services
2) Programme Budget – covering river basin management functions

The MRC is financed by

1) Member country contributions (< 10%)
2) Development partner support (> 90%)

Member contributions are shared equally (25%), but increases in contributions since 2000 are based on a formula consisting of 5 indicators

- Catchment area
- GDP per capita
- Population
- Territory in the basin
- Average flow
Experiences from RBOs – MRC II

MRC is currently undergoing a transition process that aims at achieving financial self-sustainability by 2030 through

1) increased country contributions,
2) decreasing donor contributions, and
3) an overall decreasing budget to US-$ 4-5 million

Current Member Contributions formula (until 2014)

Future Contributions until 2030 (Hua Hin Declaration)
Experiences from RBOs – NBI

The NBI budget (of a total of US-$ 55.7 million in 2013) consists of

1) a budget for the RBO‘s overall operation (Council of Ministers, Technical Advisory Committee, Secretariat) and

2) a budget for implementing specific projects;

The budget is funded by

1) Member country contributions for the RBO‘s operational budget (COM, TAC, SEC),

2) In-kind member country contributions (office space, etc.), and

3) International donors for NBI projects through

a) the Nile Basin Trust Fund (NBTF), a multi-donor trust fund managed by the World Bank and the NBTF Committee

b) Bilateral support from bilateral donors or the African Development Bank (AfDB)
Experiences from RBOs – The OMVS

The Organisation pour la Mise en Valeur du Fleuve Sénégal (OMVS) relies on a comparatively large budget due to its broad mandate, consisting of a budget for the High Commission/Secretariat and a budget for project implementation.

Costs are shared among member countries
- equally for the OMVS‘ regular budget
- key-based for large infrastructure projects the OMVS develops, implements and manages; the key reflects each country’s benefits from joint projects in irrigation/agriculture, hydropower and navigation

Inclusion of Guinea into OMVS required adjustment of cost-sharing system (currently underway)
ORASECOM’s overall budget is very small (US-$220,000 per year), it consists of:

1) Direct member contributions – shared equally among all four members

2) In-kind contributions from members (travel expenses for delegations to joint meetings, expenses for hosting meetings, office space (Gov. of South Africa), tax exemption)

All river basin management activities are donor-funded and not channelled through ORASECOM’s budget.
The Role of Development Partners

Member contributions are often insufficient, therefore external parties often contribute, namely

- Bilateral donors
- Multilateral donors (development banks)
- International organizations
- Private entities
- Non-governmental organizations

through various mechanisms

- Loans and grants
- ODA
- Staff secondment
- Technical assistance and expertise
GIZ Support to Transboundary Water Resources Management

GIZ works on a number of transboundary water management issues, e.g.

- Strengthening RBOs/institutional reform
- Development of inst./legal frameworks
- Infrastructure planning/implementation
- Flood Management
- Development of water policies
- Water governance & cooperation
- Information & Knowledge Sharing
- Adaptation to climate change

GIZ supports various basins and RBOs through specific projects, such as

- Climate Change Adaptation in the Catchment of the River Drin
- Support to the Mekong River Commission (hydropower, flood, climate change)
- Transboundary Water Management in Central Asia (Aral Sea)
- Support to CICOS (Congo) on navigation and water resources management
- Sustainable Water Resources Management on Lake Chad
Lessons Learned

- RBOs require sufficient, reliable and sustainable funding in order to fulfil their mandate and implement their activities.
- Financing can stem from numerous resources – most importantly member country contributions and external contributions.
- Contributions from member countries can be shared equally or key-based – equal cost-sharing tends to be regarded as a sign of cooperation and commitment.
- High reliance on external funding can increase the RBO’s vulnerability and/or indicate ownership and commitment problems.

→ Reliable and sustainable funding is both a prerequisite for an RBO’s functioning and its long-term effectiveness as well as an indicator for member countries’ commitment to cooperative water resources management.
Thank your very much.

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