Why IFIs concerned with transboundary basin development?

Different stages of transboundary basin developments require different financial tools

World Bank Group Financing Mechanisms for Transboundary Basin Development
Relevance for Achieving Sustainable Development Goals

**Sustainable Development Goal 6: Target 6.5**
- Calls for implementation of IWRM at all levels, “including through transboundary cooperation as appropriate”.
- Target 6.5 becomes increasingly relevant to development interventions (“hard” and “soft” solutions) designed to secure availability of supplies and create resilience.
This map shows the average exposure of water users in each river basin to water stress, the ratio of total withdrawals to total renewable supply in a given area. A higher percentage means more water users are competing for limited supplies.

Map Key: 1 Qom (Namak Lake - Iran), 2 Yongding He (China), 3 Brantas (Indonesia), 4 Harirud (Afghanistan), 5 Taihu Hu (China), 6 Sabarmati River (India), 7 Helmand (Afghanistan), 8 Sindarya (Central Asia), 9 Rio Maipo (Chile), 10 Dead Sea (Israel), 11 Soho (Bengawan Solo - Indonesia), 12 Indus (Central Asia), 13 Daihe He (China), 14 Colorado River (United States), 15 Palar River (India), 16 Bravo (Rio Grande - United States), 17 Liao He (China), 18 Huong Hu (Yellow River - China)
Development partners provide various financial tools and resources for this process.

Credits, loans, grants, guarantees, etc.

World Bank Group Financing Mechanisms

Information
- Build knowledge & capacity
- Identify shared risks & opportunities
- Promote information-based dialogue & decision making

Institutions
- Ownership
- Legitimacy
- Effectiveness
- Transparency
- Sustainability

Investment
- (Recognizing that this is often the key motivation)
  - Structural & non-structural
  - Small & large
  - Inside & outside the ‘water sector’

World Bank Group
- International Bank for Reconstruction and Development
- International Development Association
- International Finance Corporation
- Multilateral Investment Guarantee Agency
- International Centre for Settlement of Investment Disputes

Partnerships
- Loans, credits and grants
- Loans and guarantees

Public Sector
- Analytical and advisory work
- Water Sector

Private Sector
Range of Financial Mechanism

- Cascade Approach
- Grants – regional IDA
- Concessional lending: credits, loans
- Climate Finance
- Public Private Partnerships
- Maximizing Financing for Development (MFD)
- Bonds – water bonds
- Guarantees – international third party guarantees
Regional Programs for Transboundary Basin Development

Promoting coordinated basin development for inclusive growth, sustainable development and climate resilience

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Build knowledge & capacity
Identify shared risks & opportunities
Promote information-based dialogue & decision making

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Case Study: Basin Financing Potential – Senegal River Basin

- Guinea-Conakry, Mali, Mauretania and Senegal
- 1800km length - ca. 300 000km$^2$
- Average annual rainfall in basin: 550mm

Enabling Environment:

- Joint Basin Institution: OMVS
- Joint ownership and management of infrastructure
- West Africa Power Pool
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World Bank Investment since 2003 (credit & grant)
- Basin Development and Climate Resilience > USD 240 Million
- WA Power Pool > USD 860 Million
Central Asia Energy Production and Trade Potential by 2030

Undiscounted Central Asia and South Asia Regional Trade Benefits ($m)

Schematic transmission connections between countries:
- Operational
- Marginal or interrupted
- Scheduled connection under construction (CASA-1000)
Conclusion

• Coordinated Basin Development important to achieve SDGs

• Different stages of basin development require different financial tools

• Multiple financial mechanism and solutions are available