Financing Transboundary Basin Development

UNECE High-Level Workshop “Financing Transboundary Basin Development”
9 October 2018

at the occasion of the 8th Session of the Meeting of Parties of the UNECE Water Convention
10-12 October 2018 in Astana, Kazakhstan
Financing is an inherent dimension of cooperation and implementation of the Water Convention

- Financial resources are needed for the implementation of the Water Convention’s provisions, including for example
  - Measures to prevent, control and reduce transboundary impacts (Art 2 and 3)
  - Implementation of monitoring programs (Art 4) and research/development (Art 5)
  - Establishment of cooperation mechanisms and joint bodies (Art 9)
  - Information exchange (Art 13) and warning and alert systems (Art 14)
  - Cooperation on existing and planned uses of water and related installations (Art 9)

- Financing is thus a key issue in transboundary water management in general and for implementing the Water Convention in particular

- Yet, it has so far often received limited attention in water management and policy
Why do we need to better understanding the financing of transboundary basin development?

• Water sector is facing tremendous investment needs for
  • meeting the needs of growing populations and economies
  • achieving the SDGs
  • becoming climate resilient

• BUT: Investments in the water sector remain limited – especially in transboundary basins because of
  • financial capacity in many countries
  • public good nature of water and water management
  • limited commitments to financing
  • lack of bankable projects
  • lack of appropriate and/or innovative financing mechanisms
When and where is financing needed?

• Transboundary water management and development consists of different steps/dimensions during which financing is needed, e.g. for
  • Mediating/resolving disputes
  • Establishing cooperation mechanisms (treaties, basin organizations)
  • Developing and implementing basin management plans
  • Developing infrastructure
  • Operating and maintaining infrastructure
  • …

• Can categorize into
  • Information
  • Institutions
  • infrastructure
Where can financing come from

- Worldwide, ample sources of financing available, including
  
  - Government taxes (at different governance levels)
  - Collectively collected fees (import taxes)
  - Specifically collected fees (water-user fees, polluter fees)
  - Government loans
  - International loans and grants
  - Technical assistance through development cooperation
  - Private debt funds
  - Infrastructure funds
  - Climate financing and green bonds
  - ...
Categories of financing sources

- Domestic
  - Public
    - General tax rev/gov budget
    - Specific fees for service/use
  - Private

- International
  - Public
    - Development Cooperation
    - IFIs
    - Climate Finance
  - Private
### Mapping financing needs against financing sources

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- **Dispute resolution and Negotiation**
  - Negotiation
  - Establishment of joint bodies
  - Operation of joint bodies
  - Joint basin planning and management
  - Basin management measures
  - Development of infrastructure
  - Operation of infrastructure
Thank you!
Transboundary Financing Exercise

• Have a **look at the transboundary basin** to realise multiple uses and needs in and across the different countries that interact with each other.

• Discuss **how to make the most optimal use of the available funding** to ensure the most optimal transboundary water management, investment planning and implementation.

• Place the monetary value at the different categories in the table where you think it will benefit the transboundary development the most.