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Swiss Agency for Development  
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Senegal



Ministry of Infrastructure  
and Water Management



## Concept Note

# Virtual Workshop on Financing transboundary water cooperation and basin development

16-17 December 2020, Online meeting

### I. Background

Water management is facing tremendous investment needs – not only for water and sanitation services, but also for the management of water resources, such as the management of water quantity and quality of water bodies, the allocation of water to different sectors, the prevention of or adaptation to floods and droughts or the protection of ecosystem services that water bodies provide to riparian populations. For instance, 80% of all countries around the world still lack sufficient financing to meet their national water supply, sanitation and hygiene (WASH) targets under the Sustainable Development Goals (SDGs)<sup>1</sup> and investments in water resources management – both for infrastructure and for governance – lack behind actual needs in many countries around the world<sup>2</sup>.

This holds particularly true for transboundary water resources: While it is generally acknowledged by both academics and policy-makers that transboundary basins – covering more than 45% of the world's surface and inhabiting nearly half of the world's population that depend on the resources that these rivers, lakes and aquifer provide – require coordinated management and sustainable development, the lack of sufficient and reliably available financial resources often puts this at risk. This, in turn, can lead to negative repercussions not only for the sustainable use of these water resources to the benefit of riparian populations and countries, but also for cooperation between riparian states more generally – which is a pre-requisite to the successful management of shared resources.

Indeed, the lack of sustainable funding models is a common challenge that often prevents countries from deepening their cooperation and supporting basin development in shared rivers, lakes and aquifers. Many countries face difficulties in financing transboundary river basin cooperation because the benefits are not always known and many funding sources, both national and international levels, are primarily targeted to national and local projects. The elaboration and implementation of coordinated basin development require sufficient and reliable financial resources for riparian

<sup>1</sup> UN Water: <https://www.unwater.org/water-facts/financing/>

<sup>2</sup> OECD 2016, [https://read.oecd-ilibrary.org/environment/a-framework-for-financing-water-resources-management\\_9789264179820-en#page27](https://read.oecd-ilibrary.org/environment/a-framework-for-financing-water-resources-management_9789264179820-en#page27)

countries, River Basin Organizations and other joint bodies established to operate effectively. All measures and actions identified cooperatively to develop the basin then require financing regardless of who will be implementing them.

Governments, including the Ministries dealing with Water; Environment; and Finance have the responsibility of mobilizing sustainable funding for transboundary water cooperation and basin development. Furthermore, understanding and managing the special risks and complexities of transboundary river basin projects is critical to preparing bankable project proposals that will attract public and private financing partners. Transboundary approaches bring additional risks to a project, such as the involvement of multiple countries, legal responsibility and mandate for implementation, and the challenges of sharing up-stream or down-stream benefits and commitments. The transboundary context at the same time offers some risk-mitigation tools not available in single-country projects, especially when river basin organizations are in place; including existing cooperation agreements, risk sharing, and additional resource leveraging potential.

In recent years, the topic of financing transboundary water management has been discussed in various international panels, conferences and other meetings such as the Global High-Level Panel on Water and Peace's recommendations on financial innovation for transboundary water cooperation, the roundtable on financing water by the World Water Council, the Organization for Economic Cooperation and Development (OECD) and the Netherlands; the Global Environment Facility's international waters related work.

Subsequently, UNECE together with Switzerland, the Netherlands and many other partners<sup>3</sup> organized a high-level workshop on financing transboundary basin development (Nur-Sultan, 2018), which highlighted a need for more capacity building on financial mechanisms available for transboundary water cooperation and management and the necessity to further explore the role played by the private sector in financing transboundary water management related activities.

For this reason, a global workshop on financing transboundary water cooperation will be organized in cooperation with numerous partners to address these capacity needs and the many different dimensions related to this topic in an integrated and comprehensive manner. This includes issues pertaining to the various funding needs – for both the governance of shared water resources, often yet not always through joint bodies/River Basin Organizations (RBO) core costs and water resources management and development projects and infrastructure schemes – as well as potential funding sources for those, from the public as well as the private sector. It also includes the different challenges related to accessing the different funding sources, with a particular focus on exchanging experience across countries, institutions and sectors.

Organized under the Water Convention's activities framework whose workstream on financing<sup>4</sup> aims at facilitating the financing of transboundary water cooperation, the Global workshop will explore further the opportunities and challenges around financing of transboundary water cooperation and basin development- also in light of how the Covid-19 is impacting and might further impact the availability of financial resources for transboundary basins. It will also draw from a background study<sup>5</sup>

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<sup>3</sup> African Development Bank (AfDB); the Asian Development Bank (ADB), the European Investment Bank (EIB), the Global Environment Facility (GEF); the Global Environment Facility International Waters Learning Exchange and Resources Network (GEF IW:LEARN), the Netherlands (Ministry of Environment and Infrastructure); Switzerland (Swiss Agency for Development and Cooperation) and the World Bank.

<sup>4</sup> <https://www.unece.org/environmental-policy/conventions/water/areas-of-work-of-the-convention/financing-of-transboundary-water-cooperation.html>

<sup>5</sup> Terms of Reference of the background study available at: [https://www.unece.org/fileadmin/DAM/env/water/activities/Financing\\_TWC/Final\\_ToR\\_background\\_study\\_Financing\\_transboundary\\_water\\_coop\\_and\\_basin\\_devt.pdf](https://www.unece.org/fileadmin/DAM/env/water/activities/Financing_TWC/Final_ToR_background_study_Financing_transboundary_water_coop_and_basin_devt.pdf)

that is currently being developed and will be distributed to workshop participants ahead of the event in four languages: English, French, Russian and Spanish.

## **II. Objectives and expected outcomes**

The main objective of the workshop is to discuss challenges and opportunities related with the financing of transboundary water cooperation and basin development. More specifically, the workshop aims to:

- 1) Provide a platform and facilitate mutual learning to discuss experiences and good practices in mobilizing financial resources for basin cooperation and transboundary water management and development activities
- 2) Analyze the role of the private sector and innovative financial mechanisms in investing in water-related activities at the transboundary level
- 3) Provide a platform for International Financial Institutions (IFIs) and other banks and investors to share information on their functioning and the requirements for countries and RBOs to access their financing

## **III. Organization of work and key issues to be discussed:**

The workshop will start on 16 December 2020 from 11.30 a.m. and end on 17 December at 5.30 p.m. The workshop will be organized in a virtual format via an online platform. The workshop will include a combination of online panel discussions, presentations and interactive exercises.

Based on the findings and information compiled in the background study on transboundary water cooperation and basin development, which will be made available to the participants in English, Spanish, French and Russian before the workshop, the key issues to be discussed include:

- **Funding needs for transboundary water cooperation and basin development**
  - Which funding needs exist for different stages of transboundary cooperation?
  - How can the financial needs for transboundary water cooperation (e.g. joint bodies) and for basin development (e.g. project costs) be most efficiently and realistically be determined?
  - How do these needs change over time in specific basins and what can be learned from these developments?
- **Funding sources (public, private) and their specific nature, characteristics, operational details and requirements**
  - Which funding sources of public origin exist for countries and how can they contribute to effective transboundary water cooperation and basin development?
  - How easily are these funds accessible and which challenges present themselves when making them available for actors (RBOs, Countries, regional organizations) engaged in transboundary water cooperation and basin development?
  - How to bring the Ministry of finance onboard and build a case for securing budget for transboundary water cooperation related activities? (e.g. show avoided costs; economic benefits)
  - Which innovative/non-traditional public funding sources can be identified and how promising are they for meeting financing gaps?
  - Which funding sources of private origin are available for transboundary water cooperation and basin development? For which transboundary basins activities/ measures are the private funding sources appropriate?

- How can they (if at all) be accessed by riparian countries and joint bodies (and other actors) and which requirements are related to them?
- How promising are innovative mechanisms (green bonds, blue peace bonds, blended finance etc.) for financing transboundary water cooperation and basin development?
- **Challenges related to accessing these different funding resources and lessons learned for overcoming them**
  - How can riparian countries access financing for transboundary water development activities and project?
  - How do the different structures, mandates and legal and financial status of river basin organizations affect and determine the funding they can receive?
  - What role do basin investment plans play and how can they be developed?
  - How can different water use sectors be involved in the financing?
  - How to de-risk grey and green water investments at transboundary level?
  - How can sustainable finance and Environmental, Social and Governance (ESG) considerations be used as an entry point to increase investments made at transboundary level?
  - What are the key challenges joint bodies (and other actors engaged in transboundary water cooperation and development) in accessing different funding sources and why?
  - How can these challenges be overcome and which innovative solutions might be required to do so?

A detailed programme of the workshop will be issued in December 2020.

Working languages of the workshop will be English, French, Russian and Spanish.

#### **IV. Participants**

The workshop aims to bring together more than 100 participants for mutual exchange and learning. The workshop is addressed to:

- Representatives of countries with shared watercourses (from ministries of water, environment, foreign affairs and finance)
- Representatives of RBOs and joint bodies
- Representatives of international financial institutions (IFIs) and multilateral development banks (MDBs),
- Representatives of international and bilateral climate finance mechanisms
- Representatives of the private sector, including companies, private banks, investment banks, pension funds, etc.
- Representatives of UN entities working on financing (e.g. UNCDF; UNEP Finance Initiative; Global Compact- CEO water mandate)

#### **V. Organizers**

The global workshop is co-organized by the African Development Bank (AfDB); the Asian Development Bank (ADB), the European Investment Bank (EIB), the Global Environment Facility (GEF); the Global Environment Facility International Waters Learning Exchange and Resources Network (GEF IW:LEARN), the Inter-American Development Bank (IDB); the Netherlands (Ministry of Environment and Infrastructure), the Organization for Economic Cooperation and Development (OECD); Senegal (Ministry of Water and Sanitation); Switzerland (Swiss Agency for Development and Cooperation), the United Nations Capital Development Funds (UNCDF); UNECE-Secretariat of the Water Convention, the World Wildlife Fund (WWF) and the World Bank.