

Financial Mechanism in Regional and Basin Levels

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1. Challenges and Constraints

- Basin and regional issues are not given priority in the plans and financing of members' states
- Countries contributions to river basin organisations are generally low and often not paid on time (due to political stability in some countries), and not adequate for investment in the basin. This results in inadequate funding for operations and investments leading to reliance on donors funding.
- Lack of review of the level of countries contribution on the operations of L/RBOs. Maintining political will
- The issue of demonstrating tangible benefit to the countries in a timely manner.
- Lack of platforms to allow countries to learn from success stories regarding financial mechanisms such as those adopted in some basin organizations.
- Maintaining donors interest in basin management and development programmes
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- The capacity gap to prepare bankable proposals and the implementation once funds are secured
- Staff turnover
- Maintaining institutional memory within the L/RBO institutions as well as policy and political levels (the mobility of staff in institutions and political changes).
- Ensuring that the organisations feature in the national budget
- The lack of funds to follow up activities and sustain results
- Finance sources are not diversified
- Challenge of alignements of partners support with the priorities of L/RBO

Lessons learnt and experiences

- Need to diversify financing sources
- Harmonization of partners interventions and coordination of projects are important (eg. Multi donors Trust Funds)
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- Hydropower generation and interconnection provides early benefit of regional cooperation and integration.
- L/RBO who have well established systems with international credibility) fiduciary systems usually attract direct partners funding.
- Ensuring that environmental, social and participatory approaches are well addressed.
- Capacity building on the formulation of bankable projects and fundraising is essential (competent agencies can assist on that task, e.g EMWIS experience with North African countries)
- The development of strategical action plans with a suit investments plans; Consultation with stakeholders at National Level secured buy-in followed by Donors Conference have been found to be a useful process to secure funding for the programmes of some L/RBO.
- The preparation of autonomous and sustainable mechanism of funding for L/RBOs could be a useful approach to identify the various funding options, to obtain political commitment and support, as well as conduct consultations with regional organisations and partners (eg. On going process at NBA).

Recommendations and Action Plan for New Mechanism

- Expand the opportunity of funding taking into account various sources taking into consideration the specific context and/or features of the L/RBOs (combining submission by UNU and NBA presentation)
 - E.g User payer, polluter payer and Tax
 - Community levy

- Contracting Authority
- Capitalization
- Design, build and operate
- Sinking fund
- Revolving fund
- Investment fund
- Endowment fund
- Reserve fund
- Public Private Partnerships (PPP): eg. The water conservation / demand management project in Orange senqu basin. The element of mentoring to retain capacity for sustainability.
- Continue to sensitize policy makers and politicians to assure political commitment to the organizations
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