Fifteenth OSCE Economic and Environmental Forum - Part 2:
“Key challenges to ensure environmental security and sustainable development in the OSCE area: Land degradation, soil contamination and water management”
Prague, 21 - 23 May 2007

Special Event
New international political and financing perspectives:
Transboundary water management as a regional public good and Benefit Sharing beyond the river

Please find attached the presentation by Mr. Anders Jägerskog, Stockholm International Water Institute (SIWI).
Public goods and transboundary water management – global experiences
presented at Side Event at The 15th Meeting of the OSCE Economic and Environmental Forum, Prague, 22 May, 2007
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Aim

• To present analysis of TB water management from a regional public goods perspective which are of relevance for OSCE region

Definitions of Global Public Goods

• Goods that address issues that:
  • (i) are deemed to be important to the international community, to both developed and developing countries;
  • (ii) typically cannot, or will not, be adequately addressed by individual countries or entities acting alone, and, in such cases
  • (iii) are best addressed collectively on a multilateral basis.

Source: The International Task Force on Global Public Goods (www.gpgtaskforce.org)

Why support to global public goods?

• Certain goods will not be provided in the international system through national development activities or through market mechanisms
• Support to public goods can have positive ‘spill-over’ effects into other areas such as stability, peace and security, trade and regional integration
• GPGs have played part in trying to reverse the downward trends in ODA.
• GPGs provide a new rationale for raising additional resources as provision of public goods are of interest not only from a development assistance perspective. Applies also to “enlightened self-interest”.

International examples of public goods

• International vaccination programmes
• Protection of key environmental resources
• Mitigation of climate change
• World cultural heritage
• Financial stability
• International justice
• Transboundary Water Resources Management, eg. water quality

Transboundary Water and International Public Goods

• Parties that share a water resource tend to find ways to cooperate in mutually beneficial ways. (A. Wolf)
• Sustainable management of transboundary water resources represents in itself a regional public good but will also contribute to the achievement of private goods.
  • riparians can generate public goods such as flood and drought protection, increased biodiversity and conservation, improved water quality, and even peace and regional stability.
• Importance of framework to build upon - UNECE for the region.
• The promotion of cooperation on transboundary river basins is to a large extent process related.
• Donors can positively contribute to financing the process of cooperation.
• However there is a need to address power asymmetries in a basin through measures aimed to ‘level the playing field’
Public goods & benefits in the Nile basin context – examples from the proposed Regional Rusumo Falls Project

1. Off-taker Benefits
   - Direct power sales to national utilities, carbon credits

2. Project Area Benefits
   - Irrigated agriculture, local navigation, sediment control, business development

3. Downstream Benefits
   - Sediment control, impact on water hyacinth in Lake Victoria

4. Transmission corridor Benefits
   - Rural electrification, indirect investment in schools and health centers

5. Regional Benefits
   - Cooperation benefits between utilities, development of common energy and water policies, regional integration, peace and stability

6. Extra-Regional Benefits
   - Increased trade within the EAC region

The rationale for financing Public Goods in the Nile Basin

- Water resources management contribute to economic growth in many sectors
- Water resources are scarce, variable and underinvested
- Preliminary cost-benefit analyses of NBI projects suggest economic internal rates of return could be significant
- Project outcomes from complex multi-country & multi-sector projects are 5 to 15 years in the future making the less attractive for domestic funding
- Public goods type projects in the Nile Basin do not receive adequate financing
- Projects with public goods elements are costly for individual countries but will in the longer run benefit all riparians

Global experiences on Transboundary co-operation

- UN convention on non-navigational international watercourses
- UNECE Convention
- Where and how does it start?
  - Technical cooperation
  - Negotiation committees
  - River basin organizations and specialized committees
- Role of third parties and facilitation of transboundary agreements:
  - Capacity building to level playing field
  - Principle of prior consent when financing infrastructure
  - Precautionary principle
  - Financing process and investments

Key lessons for OSCE region

- Cooperative management of a transboundary waters is a key public good and source of regional public good benefits.
- Co-operation on TB water can be a catalyst for promoting economic growth and regional stability thus integrating economy, security and environment perspectives.
- Data sharing and trust in models are key - OSCE can provide a neutral platform for discussions and dialogue
- UNECE convention a platform for dialogue on generation of public goods in basins and countries in the region.
- Transboundary water processes require a broader perspective than strict water sharing; necessity to ensure proper involvement of sectoral and political ministries
- Reaching agreement takes time: financing should be provided for process and small-scale joint investments in parallel
- Stakeholder participation at the on-set is key