World Bank Experience on International Waters

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Outline

Background
Principles
Approaches
Cases
Summary
Background

International waters are a significant part of the world’s freshwater resources

- 60% of the world’s freshwater flows
- 40% of the population lives in these basins
- Increasing reliance on International waters:
  - Economic growth
  - Water stress
  - Climate change
- Effectively managing shared risks & opportunities requires cooperation --- crucial for development

- Managing International waters is challenging
  - Differing priorities
  - Information & capacity asymmetries
  - Lack of clear, binding rules & apex authorities between countries
  - Highly politicized, historical distrust
Background

The Indus Treaty

1947: Partition: Indus became an int’l river overnight

1951: After years of unsuccessful bilateral negotiations, WB President offered our ‘good offices’

1952: The Bank undertook an 8-year effort with a dedicated unit led by a VP

1960: Treaty was signed: it ‘split’ the river & built the infrastructure needed to deliver the water as agreed

The Bank’s role

- Facilitated dialogue
- Developed & proposed potential options
- Secured financing (WB, donors & India)
- Managed the TF & implemented infrastructure works
- Continues today: the dispute resolution mechanism

Pakistan’s Chief negotiator: “The biggest factor was the moral pressure of the Bank. Both of us were terribly reluctant to appear before the world and say we were not prepared to accept the Bank’s advice.”

The Atlantic (Nov 1960)

World Bank Group

Water
Background

The Bank has supported many international initiatives

Amu Darya
Aral Sea
Baltic Sea
Brahmaputra
Danube
Drina/Sava
Ganges
Guarani Aquifer
Indus
Lake Chad
Lake Skhoder
Lakes Victoria

Lake Albert
Lake Malawi
Mekong
Neretva/Trebisnjica
Niger
Nile
Okavango
Orange/Sengu
Red Sea/Dead Sea
Senegal
Syr Daria
Volta
Zambezi
Principles

Basic Principles

Inclusivity
Equity
Good faith
Transparency
Principles

International water law

1997 UN Convention on the Law of the Non-Navigational Uses of International Watercourses

- 17 years to draft (1990-1997)
- Another 17 years to enter into force (35th state ratified in 2014)
Core principles of international water law

- Equitable and reasonable utilization
- Prevention of significant harm
- General duty to cooperate
  - Establishment of joint mechanisms
  - Informing co-riparians
Organizational Policy 7.50: Projects on International Waterways

- Projects on International Waterways may affect the relations between the World Bank and its borrowers, and between riparian states. Therefore, **the Bank attaches great importance to the riparians making appropriate agreements or arrangements for the entire waterway, or parts thereof, and stands ready to assist in this regard.**

- In the absence of such agreements or arrangements, **the Bank requires, as a general rule, that the prospective borrower notifies the other riparians of the project.**
Approach
Approach

Benefit sharing

• Benefits motivate cooperation
  – Countries cooperate when they perceive it is in their national interest to do so
  – Interests can be economic, environment, social & political
• Focus on sharing benefits, rather than water
  – Focusing on physical water allocation is perceived as ‘zero sum’
  – Focusing on benefits relates to interests, as distinct from positions
• Focus on the distribution of benefits (& costs)
  – Exploring a range of benefit sharing mechanisms
  – Generating a range of alternative benefit (re)distributions
**Approach**

**Benefit sharing:** Four types of benefits

<table>
<thead>
<tr>
<th>1. Environmental</th>
<th>Improved ecosystem sustainability, conservation &amp; water quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing Benefits <strong>to the river</strong></td>
<td><img src="image1.png" alt="Image" /></td>
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</table>

<table>
<thead>
<tr>
<th>2. Economic</th>
<th>Improved productivity, flood &amp; drought management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing Benefits <strong>from the river</strong></td>
<td><img src="image2.png" alt="Image" /></td>
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</table>

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<tr>
<th>3. Political</th>
<th>Policy shift to cooperation &amp; development</th>
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<tbody>
<tr>
<td>Decreasing Costs <strong>because of the river</strong></td>
<td><img src="image3.png" alt="Image" /></td>
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<tr>
<th>4. Indirect Economic</th>
<th>Broader regional cooperation &amp; integration</th>
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<tbody>
<tr>
<td>Increasing Benefits <strong>beyond the river</strong></td>
<td><img src="image4.png" alt="Image" /></td>
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</table>
Approach

Benefit sharing

Why is it a useful concept?

• Enables basin-wide planning (no borders)
• Benefit sharing separates the distribution of benefits, from their physical location
• Maximize benefits, negotiate the distribution
• Provides greater flexibility and more options for outcomes
• Equity is the key to sustainability & future cooperation
Approach

Cooperation as a continuum

• Cooperation is **not** “all or nothing”
  - Different levels of cooperative effort
  - To capture different benefits
  - In different places
  - At different times

• “Right” level of effort depends on potential benefits
  – and the costs of capturing those benefits

• Can see a “continuum of cooperation”
Approach

Cooperation as a continuum

- Information sharing
- Communication & notification
- Regional assessments

• Adapt national plans to lessen regional costs
• Adapt national plans to capture regional gains
• Identify, negotiate & implement national investments that capture cooperative gains

- Joint institutions
- Joint investment
- Joint project assessment & design

Cooperation Continuum

Dispute
Unilateral Action
Coordination
Collaboration
Joint Action
Integration
Approach

Cooperation as a continuum

Caveats

- More cooperation is not necessarily better
- May need to shift/adapt in response to developments
- Cooperation is an iterative process, there will be repeated, discrete opportunities for cooperation which will be influenced by earlier behavior
Approach

Cooperation as a continuum

The Mekong info sharing Assessments

The Rhine common goals “Salmon 2000”

The Orange joint design & coordinated investment (Lesotho Highlands)

The Senegal joint equity ownership (OMVS)

Unilateral Action Coordination Collaboration Joint Action

Dispute Cooperation Continuum Integration
Approach

Multiple approaches: different disciplines

- **Scientific/Engineering**
  - How does the river system work?
  - How can you sustainably maximize productivity?

- **Socio - Economic/Environmental**
  - What are the costs & benefits of different scenarios?
  - How can you equitably share costs & benefits?

- **Legal/Institutional**
  - What agreements, organizations & incentives are needed?
  - How can you ensure fair & efficient cooperation?
Approach

Multiple approaches: geographic lenses

• **Local Lenses**
  – Transboundary at the local level
  – Equity/impacts for those directly affected, different groups

• **National Lens**
  – Transboundary at the national level
  – Equity/impacts across provinces or regions

• **International Lenses**
  – How will this affect international relations?
  – How will the affect international reputation?
Approach

Multi-pronged program design

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

Institutions
- Organizations / laws / incentives / norms
- Sustainability through institutionalization
- Legitimacy
- Effectiveness
- Transparency

Investment
- (Recognize that this is often the key motivation)
- Structural & non-structural investment
- Small & large scale
- Inside & outside the ‘water sector’
Successful program designs emphasize:

- Strong government ownership & stakeholder engagement
- Clear links to national programs & priorities
- Flexibility in design, to adapt as circumstances change
- Engagement outside the water sector
- Cognizance of the political economy
- Principled pragmatism
Cases

The Nile River
The Mekong River
South Asia Water Initiative
The Nile River

[Moving forward while a treaty is pending]

The Nile River Basin

- Contentious historical treaty
- 11 riparians, significant asymmetries
- Downstream highly dependent
- Tensions undermining growth upstream
- Impasse on 1959 treaty (positions)

WB Involvement: NBI 1999

Nile Basin Initiative (WB)
- First inclusive mechanism (COM + 3 Secretariats)
- Development focused, w/o prejudice to rights
- Built knowledge, trust
- Developed institutions (now self-financed)
- Prepared/facilitated investment
- $1.3bn ongoing, $5bn in the pipeline from WB alone

Nile Discourse
- Autonomous civil society engagement mechanism
- Administered by IUCN
- Funded by Nile Basin Initiative (WB Trust Funds)

Cooperative Framework Agreement (UNDP)
- Focus on a legal agreement
- Ongoing - signed by 6, ratified by 3, rejected by 2
- Does not quantify 'equitable rights' or allocations
- To establish a framework to "promote integrated management, sustainable development, and harmonious utilization"
The Mekong River Basin

- 6 riparians
- Long history of external support
- Key riparians not fully engaged
- Differences on the right balance

Mekong River Commission

- 1957: (Lower) Mekong River Committee
- 1978: “Interim” Mekong River Committee
- 1995: Mekong River Commission
  - Members: Cambodia, Lao, Thailand & Vietnam
  - Observers: China, Myanmar
  - Secretariats (2) + national offices
  - Very strong data & knowledge resources
  - Agreed protocols on data & notifications
- 2010s: Commitment to ‘riparianization’

➤ Enduring challenges
  - Engagement of all riparians
  - Ownership & country/donor relations
  - Balance between development & conservation
  - Cooperation on large infrastructure
The South Asia Water Initiative (SAWI)
[National, sub-basin engagement & Track 2 processes to inform & motivate]

South Asian Rivers

- Brahmaputra, Ganges, Indus
  - Afghanistan, Bangladesh, Bhutan, China, India, Pakistan
- Water stress, floods, pollution threatening 100s of millions
- History of contentious treaties
- Only bilateral engagements
- ‘2nd track’ interest in dialogue

SAWI

To increase regional cooperation in the management of the major Himalayan river systems in South Asia to deliver sustainable, fair and inclusive development and climate resilience. Goals that support this objective are to:

1. Improve the quality & accessibility of regional water resources data & knowledge
2. Provide technical assistance & capacity building for shared water management & cooperation
3. Support broad-based regional dialogue focused to enhance international management & cooperation
Summary
Summary

- Rivers can be obstacles, or they can be entry points to cooperation.
- There is never a blueprint, and it’s never easy.
- International waters is an enduring challenge, context is always evolving.
- Building institutions, capacity and trust is key.
- Development-focused investments can help motivate cooperation.
- Focusing on benefits can help broaden the solution space.
- Principled pragmatism is needed to find a way forward.
Thank you
# Approach

## How is benefit sharing done?

<table>
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<tr>
<th>Sharing Water</th>
<th>Mechanisms for Sharing Benefits</th>
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| Assigning Rights | Knowledge Sharing  
- Data & information sharing – hydrology, climate change |
|                 | Project Design  
- Core project design & location - now & in future planning  
- Ancillary investments -- a broadened bundle of benefits |
|                 | Revenue allocations & financial arrangements  
- Allocating revenue streams – royalties, rents, carbon credits  
- Direct payment for water use – municipal & irrigation supply  
- Direct payment for benefits – fisheries, watershed mgmt  
- Compensation for costs – inundated land, pollution  
- Purchase agreements – for power  
- Financing & ownership arrangements – loans or joint ownership |
|                 | Institutional & policy development  
- River basin organization - coordination, transparency, fairness  
- Operating procedures – dam operations for flood, drought, fisheries  
- Public-private partnerships – potential to leverage funds |