



THEME GOVERNANCE

Session 1.b.2

Innovative financial mechanisms for adaptation to climate change

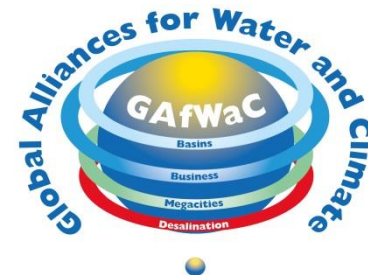
Tuesday 20th March, 16h30-18h00

Moderator

Mr. Jean - François DONZIER

General Secretary

THE GLOBAL ALLIANCES FOR WATER AND CLIMATE



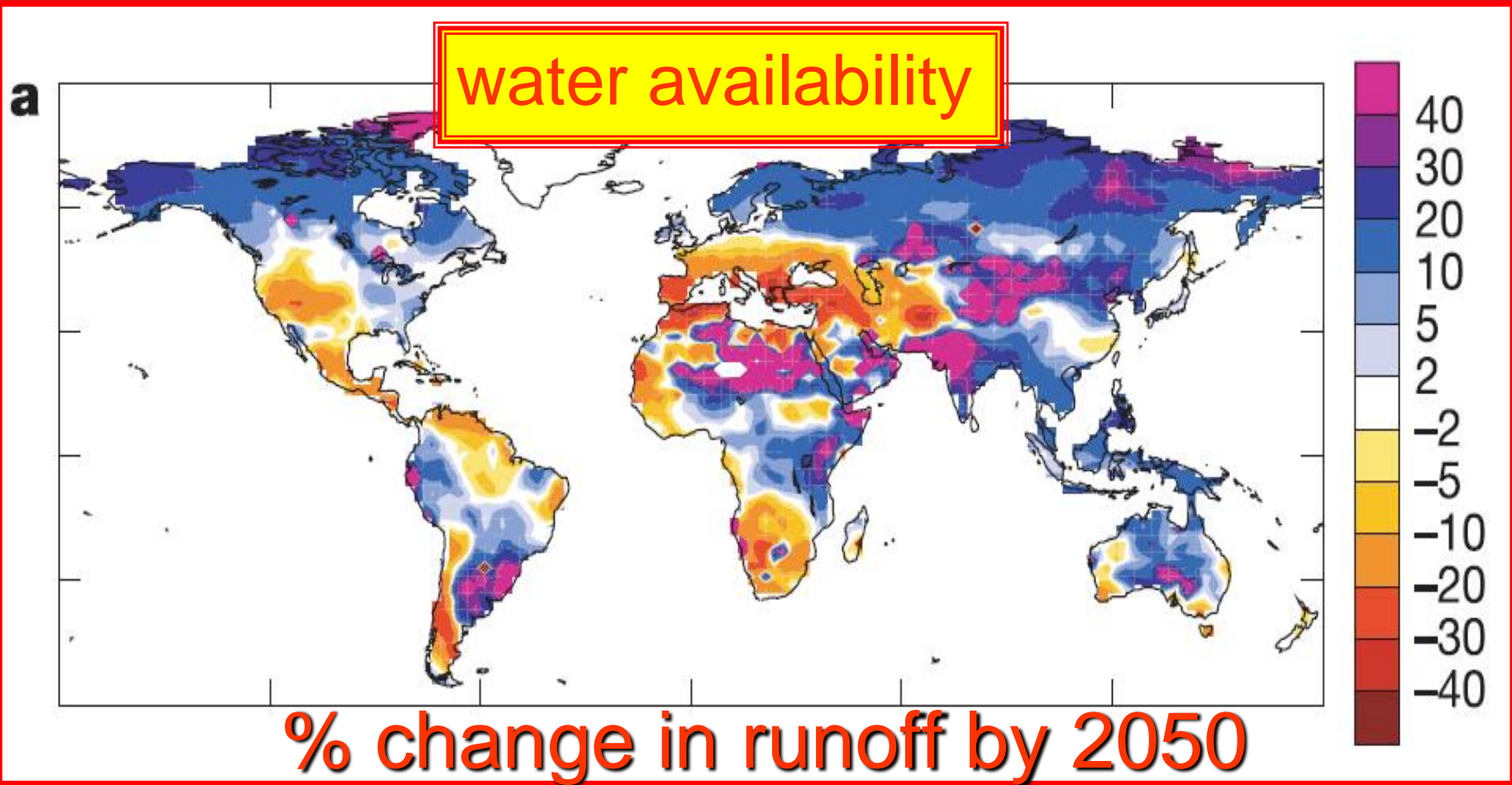
keynote speaker: Ms. Monica Altamirano,
Specialist in Public Private Partnerships, Deltares

Panelists:

- **Mr. Abelardo de la Torre**, Chief Executive Officer, National Water Agency (ANA, Peru)
- **Ms. Sonja Koepfel**, Environmental Officer, UNECE,
- **Mr. Lamine Ndiaye**, Director for environment and sustainable development, Organization for the Development of the Senegal River (OMVS)
- **Mr. Olivier Crespi**, Project Manager Water and Sanitation Division, French Development Agency (AFD),
- **Mr. Khatim Kherraz**, Executive Secretary, Sahara and Sahel Observatory (OSS),
- **Mr. Alastair Morrison**, Senior Water Sector Specialist, Green Climate Fund
- **Ms. Maria Claudia de la Ossa**, Corporacion Cuenca Verde

Global warming cannot now be avoided.

Fresh water resources will be directly affected in the coming years!



- Many of the major “food-bowls” of the world are projected to become significantly drier
- Globally there will be more precipitation
- Higher temperatures will tend to reduce run off
- A few important areas drier (Mediterranean, southern South America, northern Brazil, west and south Africa)



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water resources management should be organized:



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Network
Of Basin
Organizations

The mobilization of specific financial resources,

«WATER AS RAW MATERIAL» IS FREE

BUT

**MANAGING IT AND THE NATURAL ENVIRONMENTS
AND USING IT IMPLY COSTS**

ADMINISTRATION

STUDIES - MEASUREMENTS - ANALYSES

INVESTMENTS

RENEWAL - HEAVY MAINTENANCE

OPERATION - MAINTENANCE

RELATIONS WITH « CLIENTS »

COMMUNICATION - INFORMATION

EDUCATION

TODAY, « WATER MUST PAY FOR WATER »

FINANCING WATER POLICY:



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THE COSTS TO BE FINANCED



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Costs	Definition	Example
Direct costs	Financial expenses	<i>Amortization, capital and interests, renewals</i>
	Operating expenses	<i>Wages, electricity, Rents, equipment maintenance, analyses ...</i>
Environmental costs	Costs of damage caused to the environment by a specific activity	<i>Pollution of an aquifer, destruction of wetlands...</i>
« Resource » cost	Value of the alternative disregarded when choosing a particular activity (= opportunity costs)	<i>Cost of the electricity which could have been produced if water had been available and not pumped for irrigation</i>

= total cost -



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**IF WE ARE NOT ABLE TO MOBILIZE ENOUGH MONEY,
WE SHALL NOT HAVE THE FRESH WATER WE NEED!**

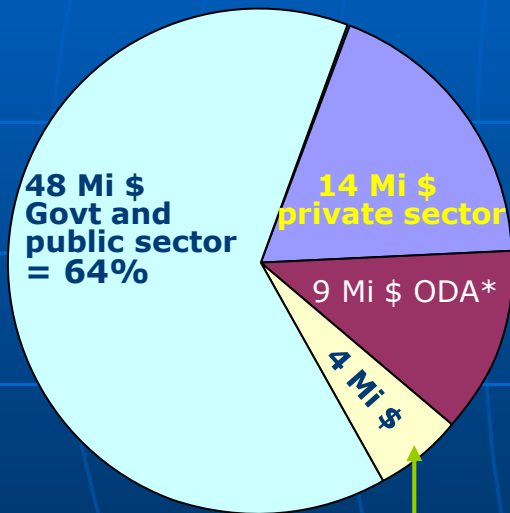


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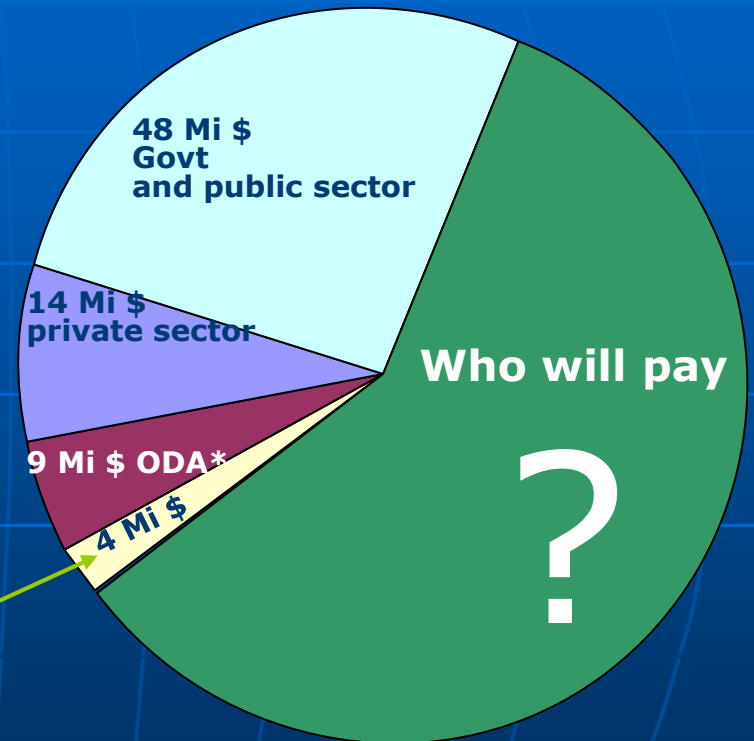
Who will pay ?

FOR THE NEXT 25 YEARS

NOW



International firms



75 milliards \$ / year

180 milliards \$ / year

* Official Development Assistance



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FINANCING WATER POLICY:

- ◆ **The international official aid only represents 10% of the investments made worldwide.**
- ◆ **Public budgets cannot bear alone all the investment and operating costs.**
- ◆ **The users must contribute according to the "polluter-pays" principle and the "users-pay" systems.**

= WATER MUST PAY FOR WATER



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INTEGRATED WATER RESOURCE MANAGEMENT :



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DEFINING ROLES AND RESPONSIBILITIES OF EACH:
There is never a sole and unique manager!

Multilateral organizations

International commissions

Central or federal government

Local authorities	=	states (Federation)
	=	municipalities
	=	villages

Large public regional planners

basin organizations?

Water users :	=	community
	=	individuals

Civil Society :	=	enterprises
	=	researchers
	=	NGOs



water resources management should be organized:



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The mobilization of specific financial resources,

VARIOUS COMPLEMENTARY SYSTEMS FOR COST RECOVERY : THE 3x"T"

ADMINISTRATIVE TAXES: paid to the general budget.

General taxes or penal fines

New ecological tax.

TAXES: WATER-RELATED CHARGES:

**National water charges – transiting through
"Special Accounts of the Treasury"**

Basin water charges – levied by the Water Agency

TARIFFS :THE PRICING OF COMMUNITY SERVICES:

Price of raw water – levied by big developers

**Price of drinking water – levied by the municipalities
or water suppliers**

TRANSFERTS: International aid or from other economical sectors.



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THE « POLLUTER - USER – PAYS » PRINCIPLE

**Abstraction
taxes**

French WA = 2.300 Bi €/year!

**Pollution
taxes**

**The Water Agency's Budget
adopted by the Board of Directors
with approval of the Basin Committee**

10 % ↓

Studies & Research

Operation

Measurement networks

↓ 90 %

Aid = 6-year Program

Big developers

Local authorities

Farmers

Industrialists



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FINANCING WATER POLICY :



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EQUALIZATION OF FINANCIAL EFFORTS:

- Territorial equalization:
in the same geographic area or basin
- Sectoral equalization:
between public services – drinking water – electricity – sanitation – solid wastes, mines, transport ...
- Equalization between users:
rich, poor, big consumers / polluters,
small consumers / polluters
- Equalization between functions:
between upstream and downstream areas,
between commercial services and administrative functions

Detection/analysis of projects



Incubation of selected projects
Developping links with donors
Interfacing project holders/donors



COP23
Roundtable
with donors



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Innovative financial mechanisms for adaptation to climate change

Questions to the panel:

1. Which financial and business model is required for implementation of climate adaptation measures?
2. How can we ensure sustainable funding mechanisms for key climate services for water management (i.e. monitoring networks, etc)?



Organization



MINISTRY OF THE
ENVIRONMENT



Support

