

# Concepts in Benefit Sharing

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# Purpose of workshop paper

- Present a background for the workshop
- List some key issues in sharing of benefits
- Inspire the group discussions to exchange experience on these issues

# Transboundary water cooperation challenges

- 40% of global population live in transboundary basins
- 280 basins are shared by two or more nations
- 145 nations include transboundary basin territory
- 50% of the earth's land area is within transboundary basins
- 60% of the global flow is within transboundary basins
- Extreme scarcity will hit 25% of the world population within 25 years

# Responses to transboundary water cooperation challenges

- The river basin as the unit of management within the overall context of IWRM
- Transboundary water management frameworks and institutional developments
- Systems for basin-wide water allocations, impact assessments - economy, environment and people in progress
- Assessments of costs and benefits related to water allocation at national level – equity

## A shift in the paradigms

- Shifting from physical volumes of water to the various values of water
- Quantify benefit sharing in relation to water allocation and to economic factors
- Benefits of cooperation are seen to outweigh those of unilateral action
- Benefit sector well known from other sectors (mining, forestry, energy)

# Concepts in benefit sharing

- Water is a resource of the river basin, not a national property
  - National borders are arbitrary as compared to basin boundaries fixed by nature
- Water is a "common pool" resource
  - Use by one riparian reduces the benefit to others, but may also increase benefits

# Identification of benefits and costs in a cooperative situation

- Potential costs – e.g. financial, institutional, social, environmental, political and loss of opportunities
- Potential benefits – e.g. environmental protection, flood and drought mitigation, system-wide increase in availability of water resources

# Benefits to share

- Benefits to the river (improved water quality, environmental protection etc.)
- Benefits from the river (hydropower, irrigation, domestic water supply etc.)
- Benefits because of the river (reduced risk of conflicts, increased food security)
- Benefits beyond the river (regional trade, integration of markets etc.)

# Optimization and equity

- Optimal solutions are not necessarily equitable!
- If a solution is equitable between two nations – then how about the different national stakeholders – who gains ?
- No "right solution" exist, each solution specific to the basin

# Benefit sharing mechanisms

- Project revenues/tariffs
- Basin development funds
- Payment for environmental/ecosystem services
- Carbon credit financing- e.g. hydropower
- Private sector engagement

# Themes for group discussions

## **Topic 1: Approaches in benefit and cost sharing**

- How do basins "share water"
- What are examples of transboundary benefits and costs

## **Topic 2: Principles and guidance for valuing benefits and costs**

- by what criteria are transboundary benefits and costs valued and shared
- Who are the stakeholders involved and who are not involved
- What are governance constraints and challenges
- Will the concept of governance sharing improve transboundary water management and planning