



SUSTAINABLE FINANCING MECHANISMS FOR AFRICAN BASIN ORGANISATIONS

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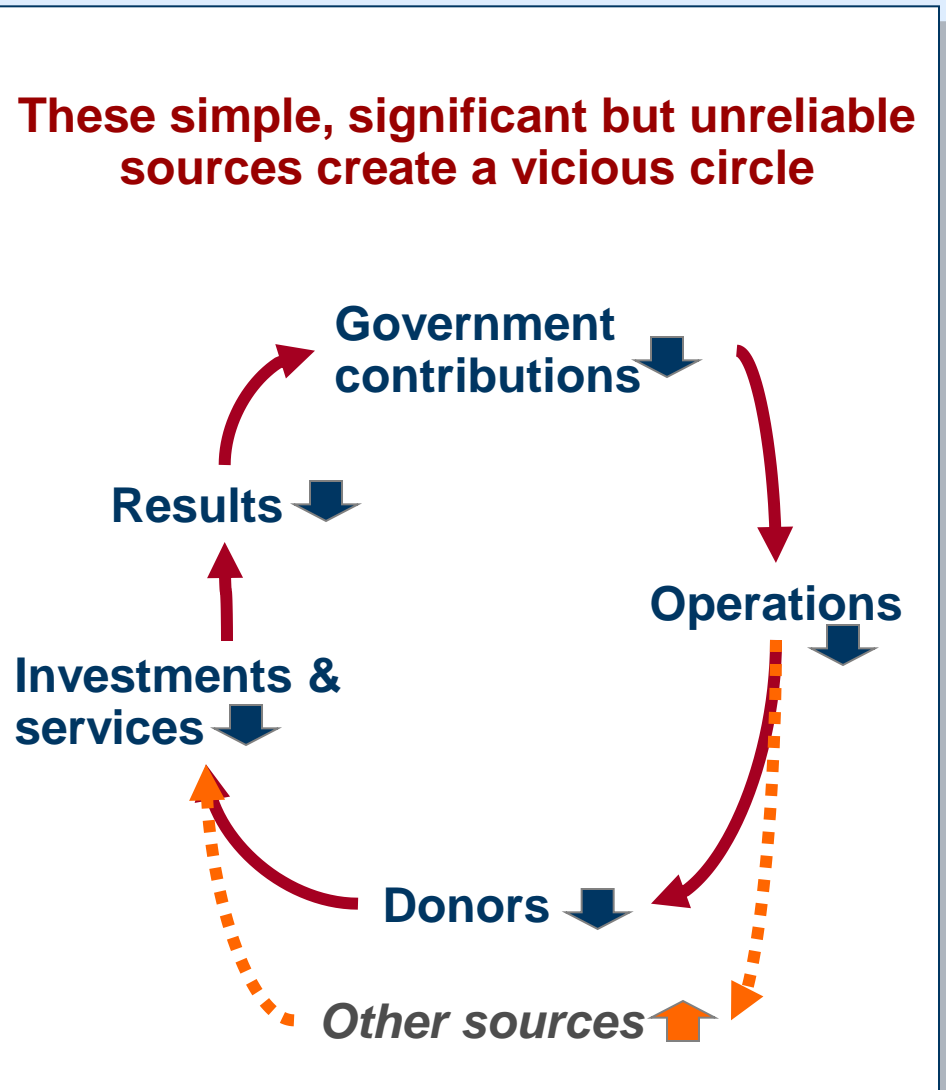
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The financial situation of most African Basin Organizations is characterized by irregularity, insufficiency and dependency

Lack of sufficient & predictable funds for operations & investments

Dependency on governments & donors

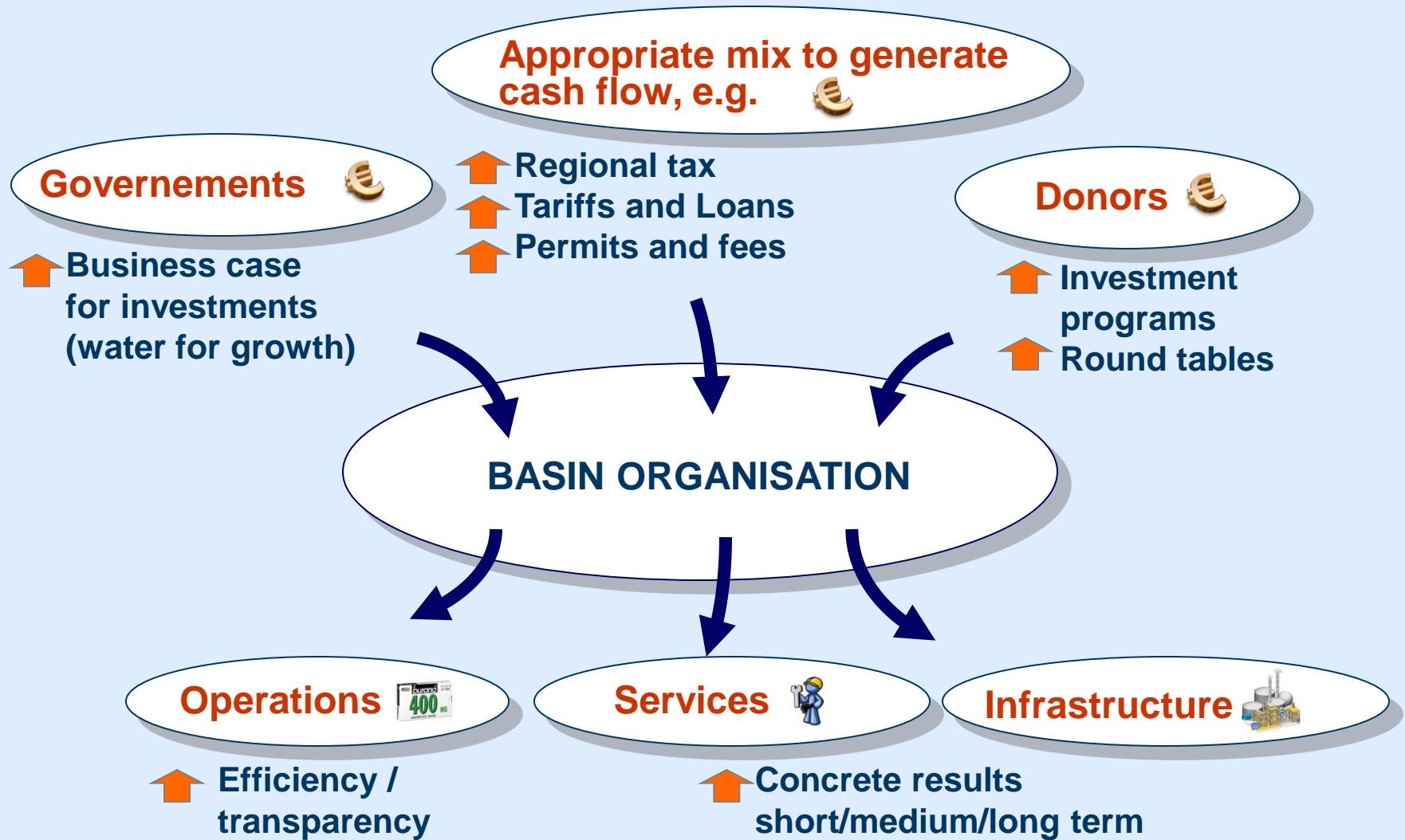
- Operational funds from member states are not provided regularly: Most BOs receive 40-50% of annual budgets
- Investment funds from donors are irregular, short-term and subject to conditionalities



Other sources are necessary, but require strong systems to establish and manage

Source	Funding potential	Complexity/Risk for BO to manage
• Taxes at national or regional level	High	Low (not managed by BO)
• Tariffs and fees		
– Revenues from infrastructure usage: electricity, water, agriculture, navigation	High	Low for bulk users (utilities) High for small scale users
– Administration fees for services	Low	Low
– Permits for abstraction, pollution	Low/Medium	High (esp. enforcement)
• Transfers: Dividend generating investment funds	Medium	Low
• Loans for viable projects	Medium	High
• PPPs (equity, op. efficiency)	Medium	High

Reversing the vicious circle through a complementarity of sources

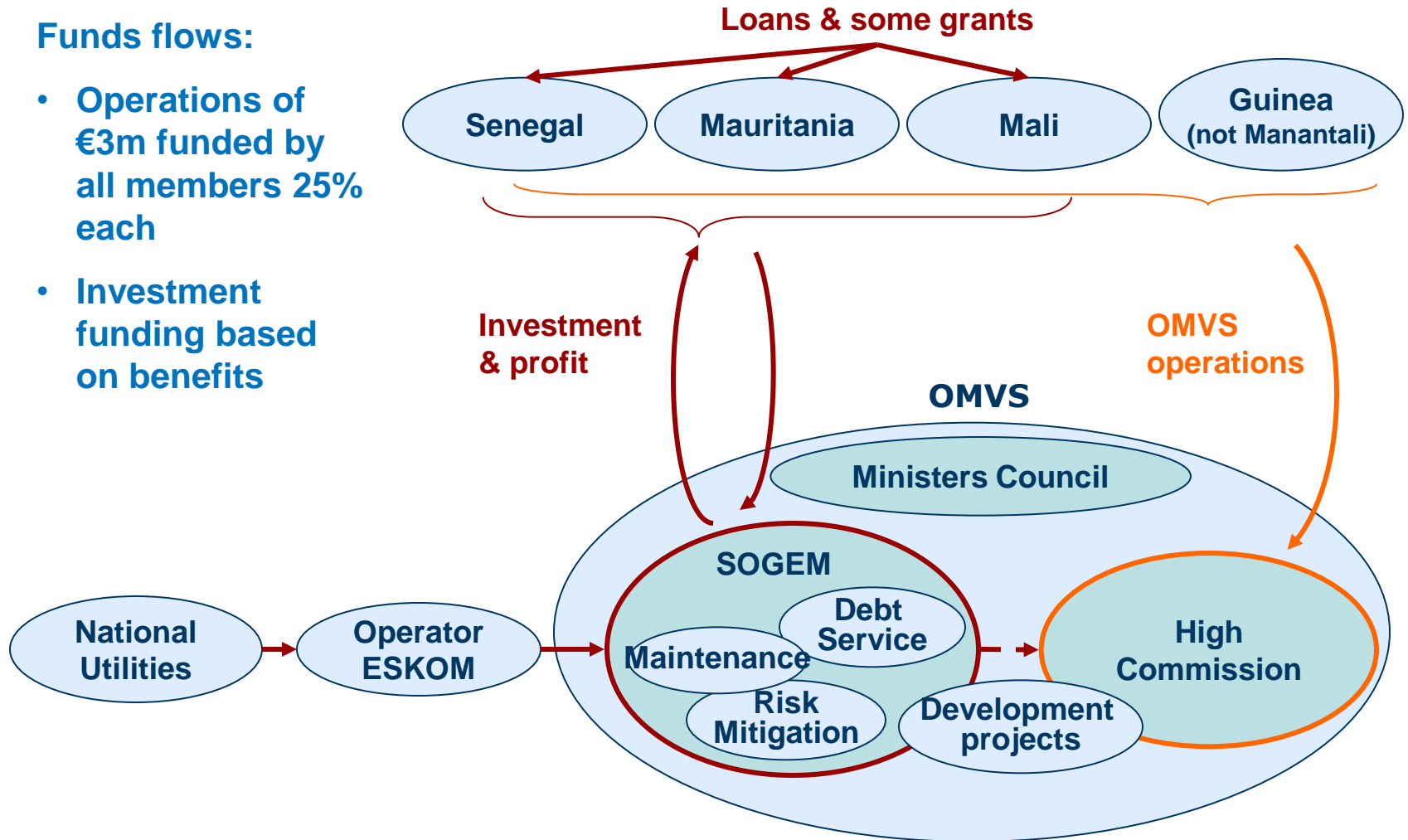




Financing mechanism example: OMVS Revenue from infrastructure - Manantali dam

Funds flows:

- Operations of €3m funded by all members 25% each
- Investment funding based on benefits



Financing mechanism example: CICOS

Regional tax – bypassing national weaknesses



Regional Community Integration tax

- Raised by CEMAC to fund the monetary union and specialized agencies
- 1% duty on imports
- Managed by the Central Bank

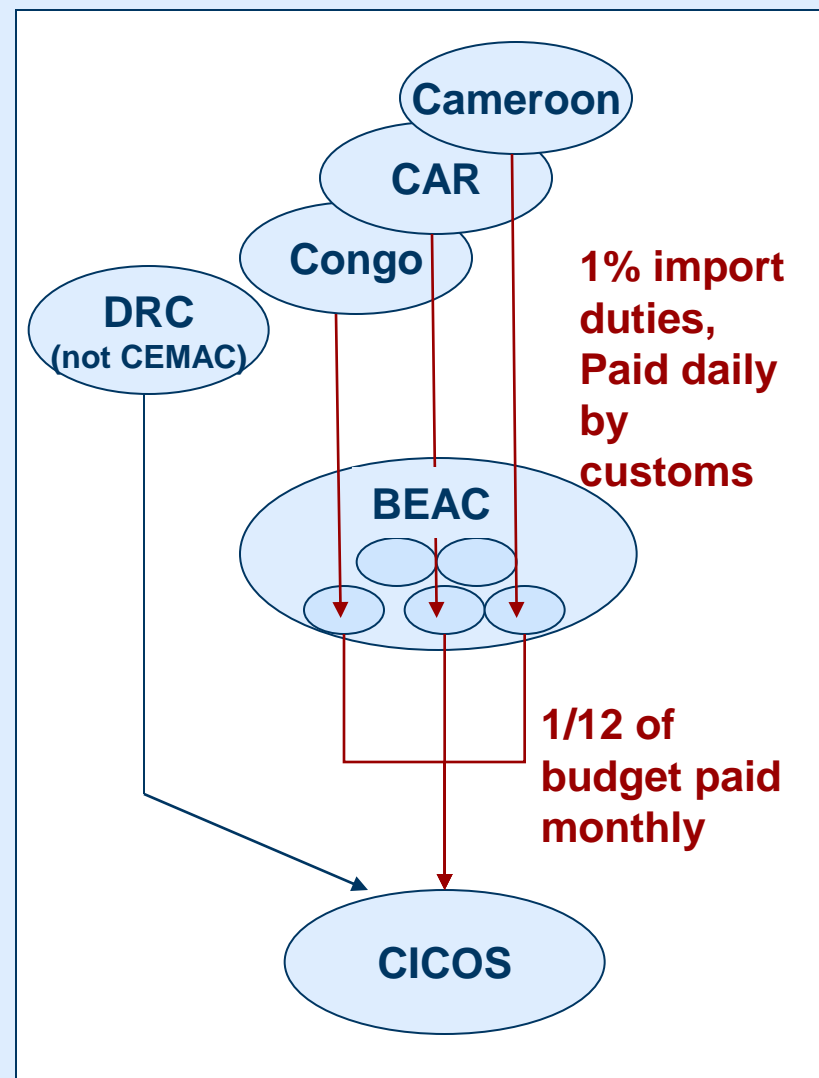
CICOS Budget 2010

Operations: €1,400,000

Investment: €200,000

Funding arrangement		Past performance
Cameroon	10%	10%
CAR	30%	Max 10%
Congo	30%	30%
DRC	30%	0%
Total	100%	50%

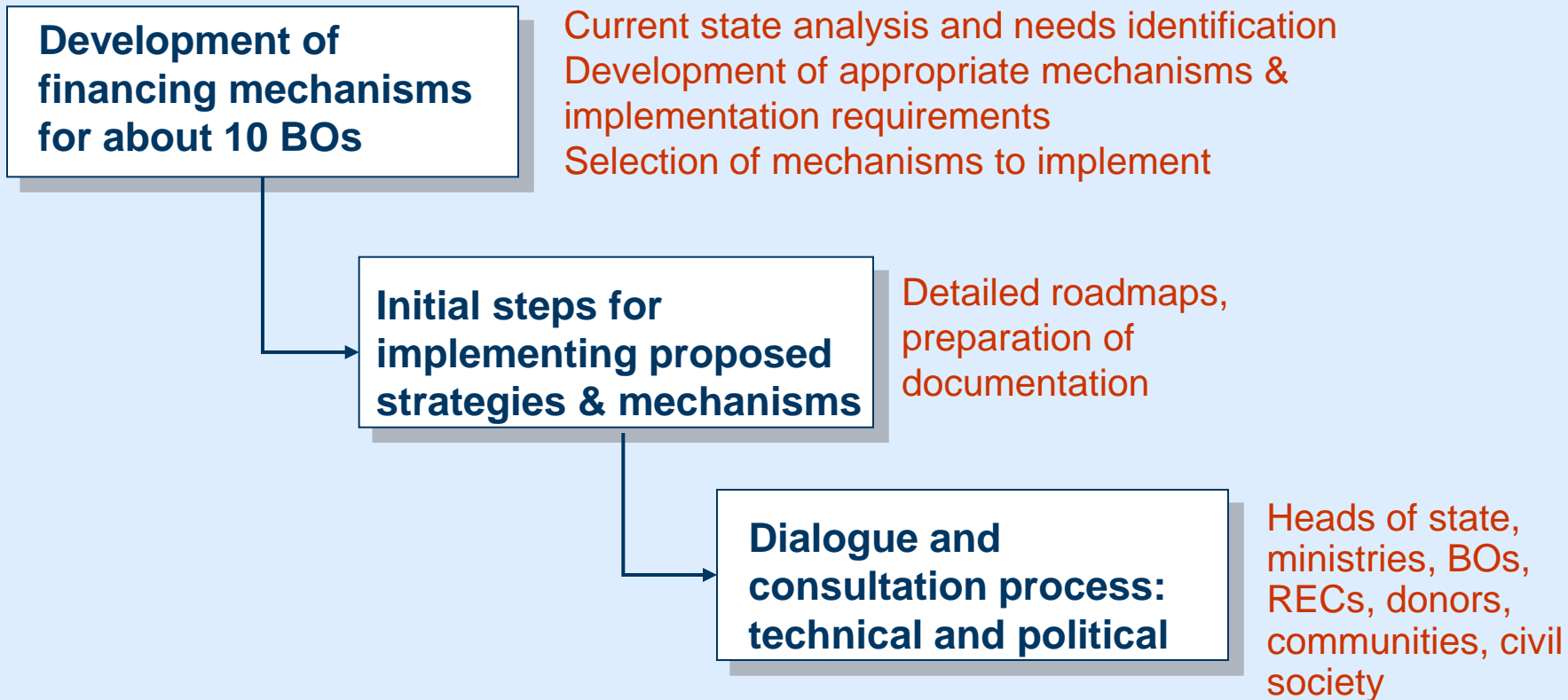
Result: Investment budget not funded, operations partly funded



ANBO/AWF Project:

Establishment of sustainable and predictable financing mechanisms for African Transboundary Basin Organizations

To contribute to water security and economic growth through better management and maximized utilization of shared waters.



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Thank you for your attention!



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