

# **Hydro-Diplomacy for Water, Peace and Security**

## **Beyond Shared Water Management**

This document is a summary paper for the Global High-Level Panel for Water and Peace. It is not intended for wider circulation.

This summary report has been prepared by the Geneva Water Hub as an input paper for the Global High-Level Panel on Water and Peace.

The report provides a summary of a senior experts' think tank roundtable co-convened by the Geneva Water Hub, on 27 February 2017 in Geneva. Global High-Level Panel on Water and Peace. Thanks to all the participants, panelists and to Adelphi for the editing of this report. The analysis and recommendations in this note represent only the opinion of the participants.

The Geneva Water Hub is developing a hydropolitics agenda to better address water-related conflicts and promote water as an instrument for peace ([www.genevawaterhub.org](http://www.genevawaterhub.org)) with support of the Swiss Agency for Development and Cooperation (SDC) and the University of Geneva.

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## 1. Introduction

The Secretariat of the Global High-Level Panel on Water and Peace<sup>1</sup>, the Geneva Water Hub organized a two-day think-tank workshop on “*Hydro-Diplomacy and Financial Incentives for Water, Peace and Security*” to discuss possible approaches for fostering water cooperation for broader peace-building and develop recommendations of action for the Panel. The workshop was held in the context of the collaboration between the Panel on Water and Peace and the UN-World Bank High-Level Panel on Water.

Water is increasingly recognized as an essential tool for the maintenance of peace and security at international and local levels<sup>2</sup>. However, while current approaches to transboundary water cooperation have been beneficial and continue to be necessary, realizing this potential will require new models of hydro-diplomacy, coupled with economic and financial incentives. These models should seek to move beyond joint management into a broader, more comprehensive drive for peace-building and conflict-prevention. They should deal with intersectorality as water-related conflicts are mainly and increasingly due to competing sectoral interests and tensions between sustainable development objectives. The workshop addressed the question of how such water cooperation could be strengthened by dedicated institutional and financial mechanisms, and how diplomatic efforts and financial incentives could be linked more effectively.

The first think tank roundtable on February 27, 2017 addressed the subject of “*New Models for Hydro-diplomacy*”, building on the proposals considered during the third meeting of the Global High-Level Panel on Water and Peace in December 2016 in Costa Rica. Based on a discussion of the paper “*New Models for Hydro-diplomacy – Beyond shared Management*” participants discussed the idea of establishing, in connection with *Regional Multilateral Water Centers*<sup>3</sup>, a *Global Observatory for Water and Peace* as a global knowledge management and coordinating mechanism to provide guidance on and models of best practice to governments in using water for peace processes. The discussions and results of this part of the workshop are summarized in this report.

The second think tank roundtable on February 28, 2017 dealt with “*Financing Incentives for Water Cooperation*” and discussed current and potential financial mechanisms for facilitating water cooperation. The workshop addressed the links between water, diplomacy and financing, notably in terms of the blockages that one poses on the feasibility of the other, and explore further how to move forward from these constraints and develop opportunities across the finance, insurance and impact investment levels. Financial incentives were explored both in terms of their setting (transboundary, cross-sector or post-conflict situations) and in terms of their timing on the project/program cycle: at “upstream” early concept stage, at development stage and to sustain longer term water cooperation through innovative mechanisms such as result-based financing. The discussions and results of this second think tank roundtable are summarized in a second report.

## 2. Towards new models for hydro-diplomacy – beyond shared water management

To set the frame for the roundtable and to ensure target-oriented discussions, the event was opened with a short presentation which summarized the concept of hydro-diplomacy and outlined the differences to water cooperation. While there are obvious overlaps between water diplomacy and water cooperation, both concepts differ in their objectives. While water cooperation focuses on more technically oriented aspects such as water allocation, availability and quality, water diplomacy concentrates on the ultimate objective of peace and stability.

The presenter defined water diplomacy as “[...] the use of water as a means for the primary objective of preventing or peacefully resolving (emerging) conflicts and facilitating cooperation and enhanced mutual benefits between different political entities”. As such, water diplomacy aims to use water as a means to the end of peace-building, (as opposed to better water management). The benefits that can be derived through water cooperation, it was argued, can create

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<sup>1</sup> The Global High-Level Panel on Water and Peace is a collective initiative of a group of countries committed to global water issues which was launched in November 2015 in Geneva. The Panel is in the process of developing a set of proposals aimed at strengthening the global architecture to prevent and resolve water-related conflicts, and to facilitate the use of water as an important factor of building peace. [www.genevawaterhub.org/projects/global-high-level-panel-water-peace-secretariat](http://www.genevawaterhub.org/projects/global-high-level-panel-water-peace-secretariat)

<sup>2</sup> “Water” in the context of this report is understood in its broader scope, comprising the resource itself as well as other connected environmental resources like fish or forests.

<sup>3</sup> Their objectives being to enable, through a resilient, practical and transferable peace-building mechanism, the core parties to a conflict to harness the potential of water for peace-building through the various stages of a peace process.

the political space for addressing more contentious issues and provide an entry-point for broader peace-building processes.

To approach water diplomacy, a broad range of political tools (such as e.g. confidence-building measures, negotiations or dispute-resolution) or more technical instruments (including e.g. data and information sharing, joint research and monitoring activities or joint infrastructure project) can be employed.

The presentation highlighted several challenges for water diplomacy: that there is no automatic spill-over from water cooperation to peace and stability benefits; that knowledge on how to effectively use the means of water for cooperation for the ends of peace and stability is not easily accessible; and that water diplomacy and hence the politicization of water issues is not always beneficial.

## 2.1 The Global Observatory for Water & Peace

The first session introduced the idea of a “Global Observatory for Water & Peace” as outlined in more detail in the input paper “New Models for Hydro-diplomacy” (see Annex I). This input paper was shared with the roundtable participants prior to the event. The presentation as well as the paper argued that, in order to realize the potential of water as a tool of peace-building and conflict-prevention, new approaches of hydro-diplomacy are required. Two new mechanisms, including a Global Observatory for Water & Peace as well as Regional Multilateral Water Centers, were therefore proposed.

The Global Observatory on Water & Peace could fulfill the following functions (for a more detailed outline compare the input paper):

- address the core issue of the existing gap between technical and political cooperation and function as a catalyst and facilitator;
- become the principal node in a network of existing practitioner organizations and capture best practices and lessons learned from these organisations;
- maintain a separate network of credible and leading academic, research, think-tank and non-practitioner organizations to maintain a centralized knowledgebase of academic and theoretical approaches as well as global case-studies;
- maintain a panel of experts from practitioner organizations that, on a funded basis, may be asked to contribute to a peace process or government initiative where this is requested;
- present best practice confidentially and in a manner that is useful, credible and accessible to governments;
- provide the donor community with an overview of global activities in the sector and an insight into what activities are impactful in practice.

The presentation also raised the question whether the observatory could provide guidance on existing funding opportunities or even provide seed funding for new ideas; administer the proposed Blue Fund (see Report on Financial Incentives for Water Cooperation); monitor basins for conflict risks; and support governments to develop “bankable” transboundary water projects and attract funding.

The presentation was followed by a round of inputs from roundtable participants who commented on the idea of the proposed global observatory from the perspective of their organizations.

Overall, participants agreed that there was potential value in the proposed mechanism in terms of facilitating agency, collecting and disseminating existing knowledge and acting as a neutral arbitrator. They emphasized that the Observatory should be a small and flexible organization that makes use of existing knowledge and expertise rather than duplicating it. Participants moreover emphasized that advancing the idea of an Global Observatory would require further analysis on the exact mandate and the practical implementation of the mechanism – for instance in terms of how to practically establish the matchmaking component and how to secure long-term funding for its operation<sup>4</sup>.

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<sup>4</sup> The question of funding is closely related to the actual role and activities that the Global Observatory would fulfill. Some suggested roles might be difficult to realize with the lean structure proposed in the input paper.

Some also wondered about the potential of water as a tool of peace-building, suggesting that better scientific knowledge was needed about the actual factors influencing a spill-over from technical to political cooperation.

A recurring theme during the discussion was the notion of political will. In many cases, the absence of political will represents the key obstacle for materializing benefits of water cooperation and for approaching transboundary collaboration for peace and security. Participants therefore emphasized the importance of focusing on how to create political will – and how the proposed Global Observatory for Water and Peace could support this. Potential entry points that were mentioned are a stronger focus on the community dimension to create awareness among and pressures on political actors and the possibility of expanding water issues to include related areas. Other ideas mentioned for helping strengthen political will were closer coordination between the activities of financial, political, technical and non-state actors and their respective expertise. Greater coordination between those actors could also help to bridge funding gaps (including between different funding cycles).

Moreover, participants discussed environmental and social safeguards related to transboundary water projects (such as standards from development banks). Whereas they can dampen political will, they are nonetheless crucial to ensure “good” projects (in terms of preventing negative environmental and social impacts).

Numerous participants highlighted the need to fully acknowledge and build upon existing knowledge in the field of water-diplomacy as outlined in the input paper. Many scientific and policy institutions already deal with using water and environmental resources for the purpose of peace-building. In the scientific field, for instance, the Universities of Oregon (e.g. Transboundary Disputes Database), Geneva (Geneva Water Hub) and London (London Water Research Group) have conducted substantial and valuable research on the subject. More policy-oriented organizations like the Stockholm International Water Institute (SIWI) or the International Union for the Conservation of Nature (IUCN) have furthermore accumulated practical experience in facilitating processes of knowledge exchange/distribution and enabling water cooperation processes at technical and political levels.

There was consensus that the proposed mechanism should engage with all relevant types of actors (from the global to the local level) needed to facilitate political cooperation around water for peace.

To further develop the idea of the proposed Global Observatory, participants raised questions about expanding collaboration with actors beyond the water sector. For instance, actors in the fields of peace and security (UN Peacebuilding Commission), diplomacy (outside the water field) or regional economic commissions could provide valuable knowledge that could be harnessed and provide entry-points for promoting and conducting hydro-diplomacy<sup>5</sup>. Moreover, many violent disputes and wars today are not of international but of intra-state nature. Water plays a key role here, particularly in post-conflict reconstruction and development processes. Participants hence suggested considering whether the proposed observatory should also play a role in such civil conflicts.

With regard to the promotion of knowledge-exchange and best-practices, participants questioned whether it would always be possible to find a consensus on “best-practices” and to agree on success factors that would characterize these. There was moreover the question of how to communicate potential cases of best-practice without compromising certain actors/countries. These are key questions that the proposed Global Observatory would have to carefully think about.

A key role of the Observatory should be to link existing knowledge platforms, and connect case studies as well as existing global databases. Considering that donors have their own national agendas and priorities, participants questioned whether it would be realistic for the Observatory to provide an overview on ongoing activities in transboundary river basins for the donor and the water community in order to avoid duplication and promote more effective engagement. As a practical recommendation, participants suggested it engage in setting the research agenda and mobilizing funding to link existing databases.

Finally, participants raised the question whether the Observatory’s mandate should not also include the training of relevant actors. Considering that diplomats often perceive water cooperation as a technical issue and have no particular knowledge about water issues, training diplomats and other political actors on these issues might prove valuable in raising awareness on the political dimensions of water cooperation. Establishing a training component at the observatory itself would however require substantial human and financial resources and grate against the

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<sup>5</sup> Several water cooperation organizations like IUCN and different donor agencies have established long-term work relations with regional economic commissions. These often provide important entry-points for reaching relevant political actors.

envisaged lean structure. It might, therefore, be more realistic for the Observatory to fulfill a matching function in this respect.

Participants emphasized that if the Global Observatory was to function as an intermediary or even arbitrator, this would require a high degree of discretion and a good network of personal relationships. To capture the complexities of each case, very in-depth knowledge on the specific social, economic, and other relevant factors and knowledge about the embeddedness of water in other political processes would be necessary. This would require significant financial resources and could only be realized through very close and trustful relations with organizations that have developed close affiliations with relevant actors in the specific case region over a long-time period (such as the WB, SIWI or UNECE). There was consensus that this would not be a realistic expectation, at least over the short term.

## 2.2 The role of Regional Water Centres

This session of the roundtable focused on the proposed “Regional Multilateral Water Centres” (compare Annex 1) as a mechanism to facilitate the use of water for peace-building in a particular regional conflict. Several examples for existing regional approaches were presented and examined as to whether they could fulfil the role as regional water centres.

The first presentation showcased the example of the Middle East Desalination Research Centre (MEDRC). MEDRC is a trilateral international organization between Jordan, the Palestinian Authority and Israel that was established in 1996/97 in the context of the peace process. MEDRC has since been supported by eleven countries. Its approach is characterized by a co-equal partnership (every member has the exact same rights within the organization) with a diplomatic (embassy) status. MEDRC’s mission is to contribute to peace and stability in the Middle East and North Africa by promoting and supporting the use of desalination and water reuse technologies. It approaches this aim through research, capacity building, technology transfer, institution building, and cooperation and matchmaking between countries. Currently, MEDRC is for example involved in the development of governance structures around a desalination plant in Gaza as well the Red-Sea-Dead-Sea project.

MEDRC uses desalination as an “excuse to meet” and to engage in diplomatic relations to promote the peace process. The organization has been a relatively resilient mechanism which continued to work through several intifadas and wars. The organization works exclusively with political officials and as such relies very much on the commitment of the core parties.

The second presentation examined the potential role of international River Basin Organizations (RBOs) in the proposed model and in water diplomacy more generally. It highlighted that water diplomacy from a basin perspective comprises a broad spectrum of activities: ranging from the resolution and prevention of water conflicts (which could be understood as the core water diplomacy role of RBOs) on one side of the spectrum - all the way to regional integration and the promotion of peace beyond the water sector. While the former concentrates on water as a contested resource per se, the latter understands water as a tool for the promotion of stability and peace.

RBOs employ a range of mechanisms to fulfil the water diplomacy role. These comprise, among others, support for decision makers; data and information acquisition/ analysis/sharing to ensure knowledge about the state of the basin; monitoring of compliance with treaties and other water governance mechanisms and assessing whether they contribute to a long-term vision on water resources (i.e. environmental, social, or economic objectives); notification and consultation on planned measures and dispute resolution.

Looking at the role of RBOs in water dispute prevention and resolution, the example of the Mekong River Basin Commission (MRC) was briefly introduced. The MRC has established Procedures for Notification, Prior Consultation and Agreement that prescribe when and how a country that is planning a new development along the Mekong main stream must notify its neighbours and what information it has to provide. Although the MRC was not able to solve the main dispute about the currently realized Xayaburi hydropower dam, these procedures have nonetheless contributed to preventing further escalation of the dispute.

The presenter argued that RBOs play a less significant role when it comes to contributing towards peace and security beyond water. It is generally very difficult (if not impossible) to establish a causal link between activities taken by an RBO and the promotion of regional cooperation and integration (beyond water) because of a high number of potentially intervening factors. Yet RBOs can provide a starting point for such broader peace building, by offering benefits of cooperation.

One of the few examples that might illustrate the possibility of water for peace building in a shared river can be found in the Sava Basin. After the end of the Balkan wars, the European Union (EU) engaged in peace building in the region and identified water as a means to promote cooperation as a number of the newly emerged countries' interests converged around water (flood protection, navigation etc.)<sup>6</sup>. The Sava River Basin is hence one of the few examples where cooperation around water (as a less contentious issue) was deliberately used for broader peace building.

Overall, the presentation argued that RBOs play a role in hydro-diplomacy and that there is room (for some) to become increasingly engaged in this area. However, the presenter also called for caution and argued that not all RBOs can or should play a role in water diplomacy. Engaging in water diplomacy can, for example, lead to the securitization of water issues and to a loss of (perceived) impartiality of the organization. Determining whether a specific RBO should engage in hydro-diplomacy therefore requires a careful case-specific assessment of benefits and risks.

The last presentation was devoted to the Organisation Pour la Mise en Valeur du Fleuve Sénégal (OMVS) and the role it has played in preventing and mitigating conflicts in the Senegal River Basin.

Referring to the founding legal agreements of OMVS of 1972, the presentation outlined that the RBO incorporates mechanisms which can contribute to preventing and solving water related disputes. The OMVS has a very broad mandate which includes the exploitation of the river basin water resources with the aim to promote regional economic growth and development.

OMVS' Permanent Water Commission (CPE) plays a significant role for preventing and solving water disputes. It is the only organ of the OMVS which has continued functioning without interruption even in times of conflict. The CPE advises the Council of Ministers (the highest decision-making body) on the allocation of water rights between the riparian countries and sectors, the use of water resources for development projects, water quality monitoring and conservation measures. The Local Committees of Coordination are another tool that can contribute to conflict prevention.

With regard to OMVS' role in direct dispute resolution, the presentation outlined that the founding agreement primarily foresees negotiations between the parties to solve arising conflicts. However, the agreement also includes the possibility to refer conflicts to external bodies, including the Organization of African Unity (OAU) (and its formerly existing Commission of Mediation, Conciliation and Arbitration)<sup>7</sup> and the International Court of Justice.

During the subsequent discussion, participants invoked experiences from various basins around the world. One strand focused on the contribution of the CPE to conflict resolution during the 1989 – 1991 conflict between Senegal and Mauritania<sup>8</sup>, where the CPE provided a forum for continued discussion and informal consultation, and where an OMVS ministers' meeting reinstated ferry transport across the river after the conflict.

Participants emphasized the need to (better) link local actors of a river basin with the regional (e.g. RBOs), national and global level. However, realizing this remains a challenging task. UNECE's work on bringing river basins together upon several topical issues (like benefit sharing or climate change) provides a good starting point.

The conversation also addressed the question of institutional effectiveness (and the lack thereof) around the shared river basins in Central Asia. Despite the presence of several regional institutions, including RBOs, political cooperation over the shared water resources has not been very successful so far. The rotational management of the Interstate Commission for Water Coordination (ICWC)<sup>9</sup> and the fact that the organization has to be built from scratch every couple of years was emphasized as hampering continuous management of water issues in the region. The case of Central Asia also illustrates that technical cooperation between water experts alone cannot solve existing disputes (such as the one around the Rogun Dam).

Regarding the proposition that RBOs could be one possible entry-point for the proposed Multilateral Regional Water Centres, participants stressed that one should keep an open mind and consider other potential institutions that could

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<sup>6</sup> Although interests did not necessarily overlap, they did at least not contradict each other.

<sup>7</sup> The OAU's successor organization the African Union (AU) does not possess of this institution anymore.

<sup>8</sup> In early 1989 a conflict over grazing rights broke out between the two countries. The conflict resulted in hundreds of thousand refugees and the termination of diplomatic ties.

<sup>9</sup> The ICWC was established in 1992 between the five Central Asian countries through the Almaty Agreement. The organization currently deals primarily with water allocation issues, determining annual volumes of water allocation to the riparian countries. Its legal mandate, however, would allow the organization to comprise much broader aspects of water resources governance, such as the protection of water resources or even joint planning and management.

equally fulfil that role. They also underlined the large differences in capacities between different RBOs, and that not all would be able to fulfil that role. A possible way forward on this matter could be regional assessments to determine which existing institutions could be useful.

A related discussion circled around the question of how the peace component of RBOs could be developed more explicitly. The discussion revealed that most RBOs make reference to peace and development in their founding agreements. However, this might not always be a very explicit reference. There is generally a lack of interest at the international and regional level to give RBOs a strong peace mandate. Furthermore, there are only few examples where RBOs have explicitly taken up a role in peace building. Most RBOs focus on technical issues and lack the capacities and/or mandate to engage in (often long-lasting) political peace building processes.

In this context, participants briefly discussed the example of the Lake Chad Basin Commission (LCBC) and its engagement in counter-terrorism activities<sup>10</sup>. It provides a good example how an RBO can play an important role in diplomacy beyond water management (namely in fighting regional terrorism). However, it (initially) lacked the resources and capacities to do so. As a result, water has become a securitized issue. Participants suggested analysing the LCBC case in greater detail in the roundtable's input paper in order to address the question of what conditions need to be fulfilled for an RBO to engage in peace-building and diplomacy beyond the narrow focus on water.

### 2.3 Connecting hydro-diplomacy and finance

The last session focused on how water diplomacy could be better linked to financing “practices” and how existing blockages could be overcome.

The first presentation approached the subject from the perspective of the UNECE Water Convention. It started with the observation that the global dispute-resolution mechanisms that are available to countries to solve a specific water dispute (such as the International Court of Justice (ICJ)) are not often utilized. Additionally, resolving water disputes through mechanisms like the ICJ are costly and there is the risk to worsen already stressed political relations even further.

The UNECE Water Convention, therefore, comprises an institutional infrastructure that can assist countries in solving potential disputes or conflicts around shared water resources. UNECE has established an Implementation Committee to assist countries that face difficulties in implementing the convention in a non-confrontational manner. Additionally, in 2012 UNECE's Implementation Committee launched advisory procedures which allow the Committee to engage with countries seeking to resolve water issues in an even less confrontational manner (negotiations can be kept completely confidential) and also allows for the involvement of non-parties in the procedure upon their consent. The advisory procedures also foresee recommendations as to the financing of potential projects. Such recommendations can provide important incentives for countries to use the mechanism and to engage in cooperation. However, as the mechanism has not yet been applied in practice, it needs to be seen how international funding organizations would react to such recommendations.

The second presentation looked at the role of the World Bank (WB) and the organization's capabilities to link hydro-diplomacy and financing. The WB's traditional lending tools to support transboundary projects and processes include International Development Assistance (IDA) credits and loans, trust funds and grants and private sector funding through the International Financing Corporation (IFC). With regard to global trust funds, the WB takes the roles of trustee and/or implementer. In the case of the GEF Trust Fund – one of the most important funding mechanisms for transboundary water cooperation – the WB is a trustee as well as one of the implementing organizations.

It was stressed the countries' political willingness to engage in transboundary cooperation presents a key challenge for the WB. Although the WB has some convening power, it cannot offer funding if its engagement is not officially requested by the involved countries. In some cases though, the WB can act upon request of a regional RBO (those that have the legal mandate to take grants on behalf of the member countries)<sup>11</sup>.

The WB however has some convening power to initiate regional consultations. This was illustrated by the example of the Rogun. When Tajikistan requested from the WB a Project Preparation Facility (in the form of an interest-free loan)

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<sup>10</sup> Under the umbrella of the LCBC the member states, Nigeria, Niger, Chad and Cameroon deployed a Multinational Joint Task Force in March 2015 to fight the terrorist organization of Boko Haram.

<sup>11</sup> In that regard the WB is more flexible than other multilateral funding mechanisms such as, for example, the GEF, which can only act upon individual request by all involved countries.

to update the feasibility study and conduct environmental impact assessments in preparation for the construction of the dam, the WB was in a position to request Tajikistan to engage in a consultation process with the other riparians on these studies.

The main challenge for the WB, it was argued, is that most of the funding it provides is through grants and loans. Unless a country sees real benefits in cooperation and is willing to pay back a grant or loan, WB engagement will not be requested.

The presentation highlighted another challenge – namely the limited funding available for project preparations. Funding that is available through WB's project finance facility is very limited. Transboundary water projects in particular require more funding than purely national projects because coordination processes between multiple countries is much more complex. It was therefore stressed, that financing for preparation of transboundary projects is a crucial missing aspect in the international architecture.

The first question raised during the discussion addressed the need of political willingness and the means available to the WB to facilitate and maintain political will. One of the key issues to support political willingness, it was argued, is the fact that the WB has engaged with many of its partner countries for a long time, including collaboration on technical issues. Furthermore, the grants programmes (through multi-donor trust funds) help to create incentives and to allocate additional money to dialogue processes and long-term engagement. It was emphasized that staying engaged for longer time periods is important because windows of opportunity do not come up very often. However, this is very challenging, partly because of limited funding and funding cycles. One mechanism employed by the WB to address this challenge are donor coordination committees that the WB establishes in each region and country it engages in, in order to coordinate activities and funding with other actors.

With regard to the opening of the UNECE Water Convention it was asked whether this affected UNECE's relation with the WB and other institutions. It was stated, that indeed, the relation between the convention and IFI is at the core of the process. UNECE's strategy on the global implementation of the convention focuses, among other aspects, on funding. It was argued that a lot of costs of cooperation could be reduced by improving coordination among the various actors. However, how to realize this, is still in the discussion.

GEF as one of the most important funding institutions "for environmental activities has, to date, no specific financing mechanisms for freshwater resources. Furthermore, funding allocated to the focal area of international waters is much smaller than for any other focal area. It was argued that the relationship between GEF and the UNECE Water Convention Secretariat could be developed more strategically to ensure increased funding for transboundary water projects is made available.

Another important issue that UNECE could play a more prominent role in, it was argued, was identifying trends and helping donors to respond to these trends in a timely manner. In the case of the GEF, for example, the organization until recently was not able to accept multi-focus projects (projects focusing on more than one focal area) although there is a great demand for these. UNECE is currently also lobbying at several climate change funding mechanisms to accept transboundary water projects<sup>12</sup>.

Finally, grant allocation to fragile states and the question of how to ensure institutional memory in these states was addressed during the discussion. Fragile countries often experience a lot of staff turnover which is a great challenge for them. The discussion revealed the WB tries to ensure continuity through maintaining country offices in the regions it is active in. Staff of these country offices regularly engages with political actors in the various ministries to ensure that knowledge is not lost. Furthermore, the WB increases the number of people included in trainings to reach larger number of individuals and tries to stay engaged with partner countries over long periods of time.

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<sup>12</sup> For a long time the Adaptation Fund was the only fund that would accept regional projects, however, without accepting transboundary water projects. It was argued that there are signs that the fund will soon also accept transboundary water projects.



### 3. Summary and recommendations

The following list summarizes the key issues and recommendations discussed at the first day of the roundtable on the topic of “**New Models for hydro-diplomacy**” to be considered by the High-Level Panel for Water and Peace.

#### Main recommendations:

1. There is a **need for stronger agency** – not in form of new institutions, but in terms of strengthening capacities **to improve water diplomacy** and to increase capacities to act. The proposed “**Global Observatory for Water & Peace**” could be a possible approach to facilitate such agency by collecting and disseminating existing knowledge and acting as a neutral facilitator.
2. The proposed “Global Observatory for Water and Peace” should be a **small and flexible organization that supports and collaborates with the broad range of actors** that have long-standing experience on the subject matter, **leveraging their existing knowledge and expertise**. “Isolated” hydro-diplomacy would not be useful. The idea must be pursued with full understanding of the role of various actors presently working in the field of hydro-diplomacy, strengthening what works instead of reinventing the wheel.
3. The concept of the “Global Observatory for Water and Peace” should be developed further and operationalized, notably in terms of its links to ongoing or future hydro-diplomacy initiatives at global and regional levels, and also at local/national levels in inter-sectoral water cooperation contexts.

#### Additional recommendations and summary:

4. Political will is central to strengthening hydro-diplomacy and to fostering peace and security. Although difficult to “create”, the **credibility and non-imposing nature of outside advice can contribute to the formation and strengthening of such political will**. The discussed new mechanism for hydro-diplomacy, the International Observatory for Water and Peace, should be guided by these values of credible and non-imposing advice and be fully aware of the multiple difficulties which impede the creation of political will.
5. The **establishment of personal relationships and networks is a key factor for successful hydro-diplomacy**. Such relationships and networks are an important basis for mobilizing key actors and managing situations of crises. They are especially indispensable for bringing key actors around the negotiation table once major disputes arise.
6. There is a need to **invest more thinking into the scope and limitations of hydro-diplomacy**. In particular, the question whether hydro-diplomacy should comprise all aspects of environmental cooperation or be more limited requires further reflection.
7. It is important to **motivate different constituencies, particularly local actors, to become more engaged in hydro-diplomacy**. This is something that actors currently engaged in hydro-diplomacy should put greater emphasis on.
8. From the perspective of institutions active in the fields of water governance and hydro-diplomacy, there is a **lack of prioritization of water issues in current policy-making**. To gain greater influence on policy-making, there is a need to increase training for diplomats and water experts in the field of hydro-diplomacy, at all levels of decision-making.
9. There are a **multitude of existing regional organizations**, such as RBOs, that occupy a diversity of different roles and responsibilities and could, potentially, fulfill the role of the proposed “Regional Multilateral Water Centers”. RBOs are one potential type of organization that could be used.

10. To make hydro-diplomacy more impactful, **water cooperation needs to be linked to financial incentives**. The opportunities of linking UNECE instruments with financial incentives need to be explored. Additionally, the involvement of new actors such as ministries of finance should be promoted and the subtle evolvement of IFI's 'non-political' role be encouraged. However, more knowledge is required as to how financial instruments can help to create political will to engage in hydro-diplomacy.
11. An important missing component in the international funding architecture is the **limited funding available for the preparation of transboundary water projects**. To ensure "good" projects more funding should be made available to project preparation.

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Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, signed on April 4, 1995, Chiang Rai, Thailand.

## 5. Participants

N°	Name	Organisation
1	Francesca Bernardini	UNECE, Secretariat of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes
2	Sabine Blumstein	Adelphi, Berlin
3	Laurence Boisson de Chazournes	Global High-Level Panel on Water and Peace / University of Geneva
4	Christophe Bösch	Geneva Water Hub
5	Christian Bréthaut	Geneva Water Hub / University of Geneva
6	Mathieu Cantegreil	International Committee of the Red Cross (ICRC), External Resources Division
7	Ciarán Ó Cuinn	Global High-Level Panel on Water and Peace / Middle East Desalination Research Center
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9	Pascual Fernández	Global High-Level Panel on Water and Peace / Colegio de Economistas de Madrid
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11	Ilmas Futehally	Strategic Foresight Group, Mumbai
12	Eileen Hofstetter	Swiss Agency of Development and Cooperation (SDC)
13	Noura Kayal	Swiss Agency of Development and Cooperation (SDC)
14	Csaba Kőrösi	UN-World Bank High-Level Panel on Water / Office of the President of the Republic of Hungary
15	Christina Leb	World Bank, Water Global Practice
16	Peep Mardiste	UNECE, Secretariat of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes
17	Owen McIntyre	University College Cork, Faculty of Law
18	Jelena Milenkovic	Geneva Water Hub
19	Alex Mung	World Economic Forum
20	François Münger	Geneva Water Hub
21	Ababacar Ndao	Gambia River Basin Organisation/Senegal River Basin Organisation
22	Federico Properzi	UN-Water
23	Philippe Rohner	Pictet Asset Management, Thematic Equities
24	Komlan Sangbana	Geneva Water Hub / University of Geneva

25	Susanne Schmeier	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Transboundary Management
26	Kerry Schneider	Stockholm International Water Institute (SIWI), Shared Waters Partnership
27	Zaki Shubber	UNESCO-IHE Institute for Water Education in Delft, The Netherlands.
28	Mara Tignino	Geneva Water Hub / University of Geneva
29	Sarah Tifenauer	United Nations Economic Commission for Europe
30	Danilo Türk	Chair of the Global High-Level Panel on Water and Peace, former President of Slovenia
31	Alvaro Umaña Quesada	Co-chair of the Global High-Level Panel on Water and Peace, former Minister of Energy and Environment, Costa Rica
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### New Models for Hydro-diplomacy Hydro diplomacy Beyond Shared Management

#### 1. Introduction

Today, water plays a modest role in the maintenance of international peace and security.<sup>13</sup> While current approaches to transboundary water cooperation have successfully built islands of cooperation in seas of conflict and historic enmity, their focus on technical joint water management has not fostered wider, more comprehensive peace-building.

To increase the potential of water as a tool of peace-building and conflict-prevention, we argue that new approaches to hydro-diplomacy are required. These should systematically seek to move beyond joint management to a broader effort to harness the collaborative potential of water for peace.

To this end, this paper advances two new mechanisms:

1. **Global Observatory for Water & Peace:** A mechanism to capture best-practice, promote and catalyse effective initiatives and assist governments seeking to use water for peace beyond joint-management.
2. **Regional Multilateral Water Centres:** A resilient, practical and transferable peace-building mechanism that will enable the core parties to a conflict to harness the potential of water for peace through the various stages of peace.

##### 1.1. *The Success, Necessity and Limits of the Current Model*

The traditional approach to transboundary water cooperation is one of advancing technical cooperation in the joint management of a shared water resource.

This approach has, generally, been beneficial in terms of human and social development in an immediate basin area or in maintaining a water service. The approach is necessary, laudable and desirable.

In terms of assisting a peace process however, the impact of the approach is limited.<sup>14</sup> Narrow technical cooperation does not automatically spill over into the political, diplomatic, confidence building spheres necessary to develop and agree a peace process and eventual settlement. In fact, where water cooperation has survived through conflict and enmity between states, it has usually been due to the narrow technical nature of cooperation and because governments deliberately

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<sup>13</sup> Tignino, 2010, p. 652

<sup>14</sup> This paper understands 'peace process' in the broadest sense, i.e. as encompassing all attempts to resolve conflicts by peaceful means, not depending on the presence of an institutionalized process.

isolated water cooperation from their other interactions. Peace between states is not a concomitant of narrow technical cooperation between them.

To actualize the greater potential of water to play a role in a peace process then, a greater focus should be put on how cooperation in water can be harnessed to build and support the political and diplomatic processes that are core to building peace.

### **1.2. The Potential of Water to Build Peace**

Historically, water has not been a significant cause of war. The historic record of water in conflict and cooperation suggests that, though international watercourses can cause tensions between riparian states, acute violence is the exception rather than the rule.<sup>15</sup>

A UNEP study argued that, over the last 60 years, at least forty percent of all interstate conflicts had some link to natural resources.<sup>16</sup> Yet it also recognized that these factors are seldom, if ever, the sole cause of violent conflict. As water is so central to human activity, any in-depth analysis of a war might eventually locate water as a potential cause. Thus, the debate on the historic role of water in conflict remains mired in issues of causality.

Water does provide however a compelling basis for building peace.

There are 286 rivers around the world that cross the boundaries of two or more nations. The basin areas that contribute to these rivers comprise approximately 42% of the land surface of the earth, include 40% of the world's population, and contribute almost 54% of freshwater flow.<sup>17</sup> A total of 151 nations include territory with international basins. Moreover, there are around 600 shared aquifers whose growing use has important political ramifications. Groundwater provides roughly 97% of the accessible (non-frozen) fresh water resources on our planet; drinking water for about 50% of the world's population; and is estimated to account for over 40% of the world's irrigation water use.<sup>18</sup>

The potential of shared water to provide inducements to dialogue and cooperation, even while hostilities rage over other issues, is well known. Water is so precious that, even in times of great transboundary enmity, the mutually assured destruction that flows to all sides from severe water loss often ensures dialogue.

For peace process practitioners, transboundary water presents a broad array of potential international peace initiatives including the development of international declarations; guiding principles; treaties; shared management and monitoring; joint training and research that may build broader confidence between adversaries.

Water can also provide an opportunity where many innovative peace-building, track II and mediation mechanisms can be implemented.<sup>19</sup> These kinds of initiatives can help support a peace process.

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<sup>15</sup> Wolf, 2007, p. 3.19; Michel 2016

<sup>16</sup> UNEP, 2009, p. 5

<sup>17</sup> UNEP, 2016, p. 2

<sup>18</sup> IGRAC 2015

<sup>19</sup> For examples of approaches and initiatives see Mason & Blank, 2013 and Wolf et al. 2005

They have not tended to flow from technical joint management. Mechanisms must be put in place to foster them, to bridge the gap between narrow technical cooperation to the more comprehensive diplomatic and political efforts that deliver peace between states.

Developing these mechanisms is a crucial missing-link and the next step in hydro-diplomacy.

### **1.3. Current Projections Signal a Need for Urgency and a Move beyond the Current Model**

Despite little evidence for historic water wars, there is a growing consensus that today we face significantly increased pressure on water resources that may increase international tensions in the years ahead.<sup>20</sup>

Declining fresh water availability, historic mismanagement, climate change, and population and economic growth pose significant security implications at national and international levels. The global availability of fresh water as a percentage of the total is circa 0.007% or circa 2300 m<sup>3</sup> per person, a decrease of 37% since 1970<sup>21</sup> and shrinking.<sup>22</sup> As half the world's land surface lies within international watersheds, the implications for international relations and potential conflict are obvious. Because of this reality, it is now recognized that the integration of environment and natural resources into peace-building is a security imperative.

A word of caution is necessary however: water problems are seldom water problems alone. If and where water scarcity is to reach the point of causing major disputes, it is likely that politics would already have played a paramount role.<sup>23</sup>

This centrality of politics, coupled with the insight that fresh water has never been as scarce as today, underlines the need to move beyond thinking of water as a means of creating technical islands of cooperation separate from and impervious to the urgent political and diplomatic drive for peace. The cooperative potential of transboundary water must be harnessed in support of the political and diplomatic systems necessary for peace-building and, potentially, peace settlements.

### **1.4. The Need for New Mechanisms**

In seeking to harness the cooperation potential of water, the international community has long grappled with the question of effective institutional arrangements for managing shared water resources.<sup>24</sup> Many authors have invoked a lack of agency at the international level and raised the question of a global home for hydro-diplomacy.<sup>25</sup>

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<sup>20</sup> Mason & Blank, 2013, p. 7; Michel 2016

<sup>21</sup> Wolf, 2007 p. 3.2

<sup>22</sup> UNEP, 2009, p. 5

<sup>23</sup> Selby, 2005, p. 333

<sup>24</sup> Wolf, 2007, p. 3.15

<sup>25</sup> Pohl et al., 2014



The traditional response to this gap, to advance the creation of a global institution for transboundary water dispute resolution, is not realistic or necessary. A myriad of past efforts to establish new global transboundary water facilitation agencies have failed because they faced a distinct lack of demand by the concerned governments for being advised and coordinated. Few, if any, governments have sought or supported the creation of such an institution.

Establishing additional agencies risks becoming a ‘solution looking for a problem.’ Strengthening transboundary water cooperation is already one of the more crowded institutional spaces in international relations. To focus on just three European states alone (Sweden, the Netherlands, and Switzerland), entities such as the Geneva Water Hub, the UNESCO ICWC, the UNDP Shared Water Partnership, and the Water Diplomacy Consortium offer most of the services and insight that a global institution might provide – and that list is not comprehensive.

Even in the purely political and diplomatic realm outside of public and academic discourse, there is considerable political and diplomatic assistance available and being provided to riparian states where there is a willingness to engage.<sup>26</sup> Some transboundary basins may suffer from a lack of investment or misallocation of outside political capital, but there is no general dearth of third-party actors offering their support. In fact, today many conflict basins feature a multiplicity of NGOs, IOs, think-tanks, third party diplomatic/political assistance offers and academic research projects seeking involvement and a role.

These organizations and mechanisms are often valuable, necessary and impactful. Their focus, in general, is on advancing joint water management for regional development as well as regional security. Several governments offer confidential political and diplomatic assistance in this particular niche. Moreover, numerous donors seek to create or strengthen conditions for closer water cooperation.

There is, in sum, no gap in international capacity for promoting joint water management. If anything, there is a gap in easily accessible systematic knowledge about all the approaches being applied and actors applying them, which sometimes results in the sum of all efforts amounting to less than its parts.

Instead, the gap is in capturing, promoting and assisting those efforts that have been effective in bridging the gap between joint management and effective peace building, and in making that knowledge accessible for peace process practitioners who may not be aware of the role that water can play as an instrument or simply a disguise for diplomatic engagement under difficult political circumstances. Peace-building processes rely on building trust and confidence between the parties, and water can be an important tool, especially since many of the world’s conflict zones – particularly the ‘arc of crises’ from the Sahel to the Middle East into Central and South Asia – overlap significantly with water scarcity and conflicts.

The experiences and knowledge on how to use water as a tool for peace that have been made over the past decades need to become more accessible for diplomatic peace process practitioners. Because many of these efforts are ongoing and politically sensitive, accessibility cannot be reduced

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<sup>26</sup> Söderbaum and Granit, 2014; EUWI-AWG, 2013

to a publicly available toolkit. Instead, it needs to be invested in an institution that is sufficiently visible to trigger interest with its intended target group – foreign ministries and other diplomatic peace process and conflict prevention practitioners – and sufficiently credible with the expert community whose experience it needs to access and leverage, i.e. the institutions offering water diplomacy support.

In short, what is necessary is a match-making institution at the global level that makes water diplomacy instruments more accessible for general foreign-policy makers. It needs to raise awareness of these tools with what should be key stakeholders but without raising too much public awareness of its sensitive political substance. By acting as a knowledge management hub, a lean but visible global institution to that effect could support – and also help to facilitate coordination between – existing water diplomacy actors.

At the same time, it is unrealistic to expect any such global institution to sustainably facilitate actual water diplomacy on the ground. Global knowledge management needs to be accompanied by water diplomacy action. That however needs to be grounded in the targeted region or basin. Such mechanisms already exist in many places, but they do not systematically cover all relevant regions. Where possible, such efforts should be promoted and facilitated, but remain institutionally separate from a global institution to reflect the needs and politics of a particular region.

### **1.5. Strengthening Hydro-Diplomacy**

Based on the considerations above two initiatives are proposed:

- (I) A Global Observatory for Water and Peace: A global knowledge management mechanism to provide guidance on and models of best practice to governments on using water for peace processes.
- (II) Regional Multilateral Water Centres: Regional diplomatic/political mechanisms particular to a specific conflict that involve the core parties to a peace process, to facilitate the use of water for peace-building.

First, at the global level a Global Observatory for Water & Peace, which can help facilitate the expansion of water cooperation for effective peace-building by:

- Highlighting the potential of using water for peace;
- Showcasing what expertise and assistance is available to governments;
- Matching governments with organizations and approaches that may be of practical benefit;
- Capturing and highlighting the approaches and achievements of organisations that successfully work in the area;
- Administering a select network of regional practitioner institutions that are focused on using water for peace;
- Additionally, this observatory could also act as a catalyst for financial investments in water cooperation, e.g. by funding early-stage research by existing water diplomacy organisations on water cooperation ideas designed to interest governments caught in conflict.

Second, at the regional, individual peace process level, we propose a 'Regional Multilateral Water Centres' model, specifically designed to harness the potential of water to assist a peace process. These small, resilient centres, involving the core parties to a peace process at diplomatic and technical levels would support a series of confidence building initiatives around water.

- They are resilient diplomatic and technical conduits for dialogue and confidence building measures using water;
- They can be mandated to focus on a river basin, a water technology or a water threat as needs require;
- They involve the core parties of a conflict at diplomatic and technical level;
- They can be formed by refocusing existing organisations or developed anew.

The two proposed structures would be wholly independent of one another. Ideally though, the Global Observatory would be a hub connected to all Regional Multilateral Water Centres and other relevant institutions that would share best practice.

In the following sections the mandate and structure for both proposed mechanisms will be briefly introduced.

## **2. Global Observatory for Water & Peace**

### **2.1. Mandate**

The mandate of the Global Observatory is *to promote and assist governments in the use of water to build peace*. It will:

- focus specifically on hydro-diplomacy beyond joint management. This mandate will not duplicate existing initiatives. It functions as a catalyst and promoter of best-practice;
- become the principal node in a network of regional practitioner organisations. It will capture best practices and lessons learned from these organisations;
- maintain a separate network of credible and leading academic, research, think-tank and practitioner organizations to maintain a centralized knowledge base of academic and theoretical approaches as well as global case-studies;
- maintain a panel of experts from practitioner organizations that, on a funded basis, may be asked to contribute to a peace process or government initiative where this is requested;
- present best practice confidentially and in a manner that is useful, credible and accessible to governments;
- match governments with existing initiatives;
- provide the donor and the water community with an overview of global activities in the sector and an insight into what activities are impactful in practice, supporting the spread of good practices and helping avoid unnecessary or harmful duplication.

Moreover, it could include a mandate to:

- provide guidance on funding opportunities / seed funding for initial feasibility checks for water cooperation ideas;
- administer the proposed Blue Fund as a mechanism to incentivize cooperation in transboundary river basins;
- support countries in developing bankable projects to attract private sector funding;
- actively monitor transboundary basins for conflict risks. This would help to move the observatory beyond a passive stance and provide systematic early warning.

The Global Observatory is not intended to be a significant actor on the ground, but to improve access to knowledge about using water for peace and thereby facilitating match-making and coordination between stakeholders and external actors interested in supporting cooperation and peace-building processes.

## **2.2. Structure**

The Observatory will be centred in an existing institution and be inexpensive, administratively light and, in the main, composed of a secretariat for the network with a diplomatic or governmental/IO head.

- The mandate will come from the co-convening countries of the Global High Level Panel on Water and Peace;
- the organization will be autonomous but intergovernmental;
- the co-convening countries will be invited to an annual meeting in a city (e.g. Geneva or New York) where all countries have extant representation to highlight progress.

The Observatory structure as suggested above solves only part of the “lack of agency” problem insofar as it targets governments that are interested in actively finding solutions to transboundary water issues. Yet beyond the UN Security Council the international community can rarely do more than offer support. It would be unrealistic to expect that any international agency would have traction with governments not interested in its services.

The Regional Multilateral Water Centre model, introduced below, is more suited for difficult basins and conflicts although it, too, is predicated on a certain willingness of the core parties to admit to a need for dialogue (though not necessarily publicly) and invest some (political) capital into attempts to resolve conflict.

The Global Observatory would primarily play a knowledge management rather than any active facilitation role in conflict resolution or peace-building. The latter necessitates deep involvement into the specific setting, which is best served by a small, dedicated regional or conflict specific organization whose setup the Global Observatory could however facilitate if required.

## **3. Regional Multilateral Water Centres**

### **3.1. Mandate**

To complement the Global Observatory for Water and Peace, we suggest that peace-builders consider how water could be leveraged for strengthening cooperation in other realms and that they identify suitable forms of institutionalization in their area of interest where appropriate. As one model, we propose Regional Multilateral Water Centres, the exact objectives and shape of which would however have to be amended to reflect regional realities.

The mandate of a Regional Multilateral Water Centre is to assist a peace process by providing a resilient diplomatic and technical conduit for confidence and peace building initiatives around water.

The regional water centres can propose and be directed by member states to pursue various initiatives that promote regional stability and peace through “traditional” water cooperation instruments.

This can, for example, include mediated dialogue, information sharing, modelling, scenario building, capacity building etc. The member states exercise complete control over the nature and extent of the initiatives dependent on the external environment.

There is no one-size-fits-all approach to fostering hydro-diplomacy. Any effective mechanism should provide a resilient framework for a broad array of technical and political peace-building initiatives, including track I through III. The nature and extent of the initiatives will depend on the overall political relations between riparian states and the state of water cooperation in particular.

The new structure must advance agreed initiatives between the core parties before, during and after a potential dispute arises. Moreover, the mechanism must be capable of pursuing initiatives in all of the three categories of risk-prone international basins identified by Yoffe et al<sup>27</sup> and broaden its focus further as required.

At its most basic, the mechanism should provide a regular framework for intergovernmental contact. At its most advanced, it might be the support mechanism for a final peace settlement. Ideally, such mechanisms would be:

- (1) *Clearly mandated by the core parties to focus on an agreed area of environmental concern (water) and include an active conflict-resolution mandate.*

Moving beyond narrower definitions of water cooperation as joint management of a shared water resource, pro-active peace-building requires a broader approach; the core parties provide a mandate to generally support finding solutions to basin/region-specific water problems (e.g. water shortage, water pollution, floods or droughts), to promote regional stability and peace and, in case disputes nonetheless arise, if the Core Parties agree, to have a mandate to actively engage in dispute-resolution. Where this is not possible, the mandate should focus on any common water challenge or non-contentious technology, research area or geographic of interest to the core parties. The goal is to find an initially narrow basis for dialogue which can be expanded eventually as conditions permit.

- (2) *Jointly owned by the core parties to a conflict.*

Successful water cooperation endeavours for the purpose of peace are co-equal partnerships between core party governments and supporting states where possible. Equally, a successful mechanism should involve all core parties (which do not necessarily have to be all riparians of a shared basin) and supporting states, as joint and equal partners.

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<sup>27</sup> Yoffe et al., 2003, p. 1123. The three categories include basins in which water conflict was already manifest; basins in which conflict is possible due to existing tensions, and; basins where conflict is possible but where there is no present evidence of existing tensions.

*(3) Involving the core parties at an official international level.*

Government participation and leadership provides the ability to include the broad spectrum of technical, academic, state agency and system-wide expertise and coordination as required. It also ensures easy diffusion of progress across broader leadership, government systems and sectors within cooperating countries. It links progress in water directly to all other elements for discussion between governments.

Practically, this structure facilitates the success of initiatives undertaken through the mechanism (general official buy-in, visa support, access to contested spaces, ready access to clearances and permissions, etc.)

*(4) Diplomatic as well as technical representation in leadership and activities.*

Political and diplomatic considerations permeate all transboundary interactions. Thus, structures should go beyond the technical to embrace the diplomatic and political levels. Core party governments must be represented at technical and diplomatic level in the governance of the organisation and should meet at regular intervals.

Despite the clear limits to what technical cooperation alone can achieve in conflicting political contexts, water governance remains largely a topic for technical and development cooperation.<sup>28</sup> Given that the integration of environment and natural resources into peace-building is a security imperative,<sup>29</sup> any new mechanism must reach beyond the purely technical and include diplomatic representation in its leadership and activities.

The core issues in transboundary water management such as water allocation between riparians or the construction and operation of major water infrastructure are often highly political and cannot be effectively concluded by technical water experts alone.

*(5) A Resilient Conduit for all potential initiatives necessary to use water for peace.*

The mechanism, as an International Organisation mandated to act in the area of water and peace, can propose and be directed by member states to pursue various peace-building initiatives e.g. mediated dialogue, information management, modelling and scenario building and capacity building. As member states control the organisation's budget, the core parties and supporting states exercise complete control over the nature and extent of the initiatives.

*(6) Can Help Overcome the Capacity disparities between riparian nations*

Such capacity disparities are a common cause of treaties, institutions and developments regularly being seen as inefficient, ineffective and sometimes a cause for tension themselves.<sup>30</sup>

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<sup>28</sup> Pohl et al., 2014, p. 2

<sup>29</sup> UNEP, 2009, p. 5

<sup>30</sup> Wolf, 2007 p. 3.7

The mechanism should provide targeted capacity activities to the relevant core party members bilaterally or where possible in niche areas jointly.

### 3.2. Structure

The proposed regional ideal-type multilateral water centres would be located in or near the targeted region or river basin. The exact organizational structure will be case specific, depending on the mandate and regional requirements. The following points provide some general recommendations.

- (i) An international organisation established by international agreement with diplomatic, and thus neutral, status.
- (ii) Involving the core parties as co-equal partners in the mechanism.
- (iii) Including both technical and diplomatic leadership and representation. Acknowledging the political, diplomatic and international relations dimension that permeate transboundary water issues, each state will have a diplomatic and technical representative.
- (iv) Involving supporting states: Where non-core party states wish to financially support the mechanism and show tangible support, they can join also, providing a wider multilateral forum, enforcing broader multilateral norms and a calming effect.
- (v) Provide a resilient and adaptable framework through which a spectrum of confidence building, technical through formal negotiating or joint management activities can be conducted at a bilateral, core party or regional level.
- (vi) Conduct activities to minimize harmful capacity disparities between parties.
- (vii) Maintain a small, efficient organisational core capable of expansion, contraction or closure as the process requires.

### 3.3. Building on existing institutions

Models such as those above cannot be imposed. They are intended as potential solutions to regional actors who may decide which approach fits their particular situation. We are *not* suggesting establishing Regional Multilateral Water Centres in every transboundary basin or region.

Instead, peace-builders may ask what existing structures could possibly fulfil the role of contributing to long-term cooperation between riparian nations and of helping their governments broaden cooperation from technical joint management to broader peace building.

Several International River Basin Organizations (RBOs) already fulfil (part of) this role in a number of transboundary basins around the world and could, therefore, be used as entry points for further exploring the feasibility of the mechanism of regional multilateral water centres.

RBOs – usually established through a binding international agreement – deal with a broad range of thematic issues, including navigation, fisheries, water allocation, the management of specific projects, environmental protection and, in some cases, also with joint river basin planning. Although some have a very narrow mandate, for example focusing on navigation only, an increasing number of RBOs have an extended scope which allows them to address broader water cooperation and joint basin-planning. These organizations can realistically contribute to regional integration and play a

role in hydro-diplomacy. While most RBOs refer disputes to riparian states for bilateral negotiation or to an external dispute-resolution body (like the International Court of Justice (ICJ)), a small number of RBO actually engages in dispute-resolution directly.<sup>31</sup>

RBOs that already engage in dispute-resolution between riparian countries usually have an institutional structure that ensures not only the representation of technical actors but includes representation of higher government actors (e.g. at ministerial level) and, in some cases, representatives of foreign ministries or heads of state. The organizational structure of the Amazon Cooperation Treaty Organization (ACTO), for example, includes meetings of ministers of foreign affairs as well as meetings of the heads of states.

In short, RBOs provide a potential institutional bridgehead for the regional multilateral water centre model. Alternatively, the MEDRC example below provides an example of a stand-alone multilateral water centre mandated to use water for peace.

### 3.4. MEDRC as an example

The Middle East Desalination Research Center (MEDRC) is a multilateral international organization that includes Jordan, Palestine and Israel. It was established in the multilateral track of the Middle East Peace Process in 1997. The MEDRC's mission is to contribute to peace and stability in the Middle East and North Africa by promoting and supporting the use of desalination and water reuse technologies. It approaches this aim through research, capacity building, technology transfer, institution building, and cooperation between countries. It includes diplomatic and technical representation by members. It is specifically mandated to be a model organization for governments seeking to use transboundary environmental issues such as water to assist a peace process.

The MEDRC is a real-world example of the model elaborated above:

- (i) *An International Organisation established by International Agreement with diplomatic status.*
  - The 1996 MEDRC Establishment Agreement is an intergovernmental agreement establishing the mechanism.
  - 1997 MEDRC Headquarters Agreement between the organisation and the government of the Sultanate of Oman provides recognition of the organisation as an autonomous non-profit international institution with international juridical personality. It recognises the inviolability of the Headquarters Seat and guarantees freedom of assembly and full freedom of discussions and decisions at meetings convened by the Center in relation to its official activities.
- (ii) *Possessing a clear but broad mandate to work at the intersection of peace and an agreed water issue common to the Core Parties to the conflict.*

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<sup>31</sup> Schmeier, 2015, p. 61-62



- Mandate agreed by Core Party Governments and supporting States in 1996 Establishment Agreement, reaffirmed and added to in 2015.
  - 1) Contribute to the peace process in the Middle East
  - 2) Raise the standard of living of the peoples of the Middle East and elsewhere by improving the technical processes involved in water desalination
  - 3) Provide the international community with a replicable model to advance international cooperation in the context of historic enmity and transboundary resource disputes.
  
- (iii) *Involving the Core Parties to the Conflict as co-equal partners in the mechanism.*
  - Palestine, Jordan, Israel are Member States and co-equal partners.
  
- (iv) *Including both technical and diplomatic leadership & representation.*
  - Member States have a diplomatic Executive Council member and a Technical Representative, typically from a national water agency/ministry.
  
- (v) *Involving Supporting States. Where non-Core Party States wish to financially support the mechanism and show tangible support for a peace process, they can join also, providing a wider multilateral forum, enforcing broader multilateral norms and a calming effect.*
  - Supporting States include US, Oman, Qatar, Netherlands, Spain, Korea, Japan, Sweden
  
- (vi) *Provide a resilient and adaptable framework through which a spectrum of confidence building, technical through formal negotiating or joint management activities can be conducted at a bilateral, Core Party or regional level.*
  - Has met biannually since 1996 without break.
  - Activities include research, joint-training, development cooperation, capacity building, support for core party dialogue, track II activities at diplomatic and technical level.
  - All initiatives subject to Member State evaluation and approval.
  
- (vii) *Conduct activities to minimize harmful capacity disparities between Core Parties.*
  - Bilateral capacity building programme with Palestine and Jordan focused on dealing with issues identified in a process of core party gap analysis.
  - Bilateral research program supporting water capacity building at government and university level.
  
- (viii) *Maintain a small, efficient organisational core capable of expansion, contraction and finally closing as the process requires.*

- Small core organisation, expanding and contracting depending on program support, short-term contracts, can be closed in 6 months.

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## Agenda

### Monday, 27 February 2017 at the Kruzel Hall (2<sup>nd</sup> floor)

09:00 – 09:30 Welcome coffee

#### 09:30 – 10:30 **SESSION 1: INTRODUCTION**

**Welcome** (F. Münger, 10 min) **and introduction of participants** (10 min)

*Context and objective of these think tank roundtables*

#### **Setting the global frame and expectations**

The Global High Level Panel on Water and Peace: (Danilo Türk, Chair HLPWP, 10 min)

*Brief update on the Panel and expectations from the think-tank roundtable -- contribution of hydro-diplomacy and incentive finance to a global architecture for water, security and peace*

The High-Level Panel on Water: (Csaba Körösi, Sherpa HLPW, 10 min)

*Brief update, SDG and water, security and peace. Links between both Panels, and links between mainstream and incentive financing.*

Brief Q&A (15 min)

#### **Defining water cooperation and hydro-diplomacy**

*What is hydro-diplomacy and how does it differ from broader water cooperation<sup>32</sup>? (Benjamin Pohl, adelphi/GWH, 10 min)*

#### 10:30 – 12:30 **SESSION 2: TOWARDS NEW MODELS FOR HYDRO-DIPLOMACY – BEYOND SHARED WATER MANAGEMENT: PROPOSED INTERNATIONAL OBSERVATORY FOR WATER AND PEACE**

*Moderated by adelphi/GWH*

This session is based on the input paper “New Models for Hydro-Diplomacy” which will be sent to participants a week in advance.

**Aim:** Discuss and potentially amend the ideas on mandate/structure of the International Observatory for Water & Peace developed in the input paper for this session.

#### **Presentation:**

- Presentation of the input paper by Ciarán Ó Cuinn (Panelist, HLPWP)

**Questions:** Is there a need for an International Observatory for Water & Peace? What functions should it potentially fulfil, in terms of global institutional and financial needs? And which of these

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<sup>32</sup> In line with the mandate of the Panel on Water and Peace, these roundtables on hydrodiplomacy and finance consider water cooperation within a broader, more comprehensive drive for peace and security, which includes but is not limited to transboundary water cooperation (e.g., intersectoral conflicts, water in or post armed conflicts...)

may constitute a good starting point in terms of feasibility and political demand from donors and basin countries? What coordination role could/should it take on?

### Views / responses from key stakeholders

**Aim:** Collect & discuss perceptions of key stakeholders as to the shortfalls and gaps in the global architecture for water, security and peace as well as potential remedies, especially an International Observatory for Water & Peace as outlined in the input paper.

#### Discussants:

- UNECE Water Convention: Francesca Bernardini (UNECE)
- Multilateral Development Banks: Christina Leb (World Bank)
- Private sector: Laurent Mouvet (Hydro Operation International)
- Academia: Owen McIntyre (Cork University), Mara Tignino (UNIGE)
- River Basin Organizations: Ababacar Ndao (Senegal/Gambia RBOs), J.-F. Donzier (INBO)
- NGO/agencies: Kerry Schneider (SIWI), Isabelle Fauconnier (IUCN)
- Financial sector: Philippe Rohner (Pictet Asset Management/Water Fund)

**Questions:** Based on the input paper and presentation, each discussant is asked to address the following questions in a brief (5min) statement:

1. What are the main (diplomatic/financing/other) constraints faced by your organization in initiating and supporting water-related projects in (potentially) conflictive settings, and in fostering water cooperation for broader peace-building at all levels?
2. To what extent could the proposed new International Observatory be helpful in addressing these constraints, and/or the constraints faced by the water community more broadly?
3. From your perspective, what functions (if any) should a putative International Observatory take on (ideally and realistically)? How can it help develop synergies and federate the already existing initiatives? Would you amend the suggested mandate and/or structure and, if so, how?

*Discussion (30 min)*

*Brief summary of session*

**12:30 – 14:00 Lunch**

### **14:00 – 15:30 SESSION 3: NEW MODELS FOR HYDRO-DIPLOMACY – THE ROLE OF REGIONAL WATER CENTERS**

*Moderated by Owen McIntyre (Cork University)*

This session is based on the input paper “New Models for Hydro-Diplomacy” which will be sent to participants a week in advance.

**Aim:** What recommendations should the HLP make with respect to the proposed Regional Multilateral Water Centers?

**Questions:** How do existing regional water organizations engage in hydro-diplomacy? What are the opportunities and risks in engaging in hydro-diplomacy? What is the scope for multilateral regional water centers as outlined in the background paper? Where could this idea develop traction? What are preconditions for their setup? How could the international community support this? Can donor coordination help bring them about? Are there alternative setups that could / should be promoted?

**Presentations:**

- Ciarán Ó Cuinn (Panelist, HLPWP) on the idea of “Regional Multilateral Water Centers” and example of the MEDRC
- Susanne Schmeier on the role of RBOs in hydro-diplomacy
- Ababacar Ndao (Senegal, Gambia River Basin Organizations) on the role the OMVS has played to prevent or mitigate conflicts in the Senegal River Basin

*Discussion (30 min)*

*Brief summary of session*

**15:30 – 16:45 SESSION 4: CONNECTING HYDRO-DIPLOMACY AND FINANCE – SETTING THE FRAME**

*Moderated by Owen McIntyre (Cork University)*

**Aim:** Provide some initial food for thought on how to link ideas developed during the day with those for the second day. Reflection on the challenges and opportunities in bringing a financing framework to an existing hydro-diplomacy mechanism (the example of the UNECE Convention implementation committee), or vice-versa (the example of the World Bank Group).

**Questions:** How can we better connect the water, diplomacy and financing “practices”, notably in terms of the blockages that one poses on the feasibility of the other, and explore further how to move forward from these constraints and develop opportunities across the finance, insurance and impact investment levels.

**Brief inputs/reflections:**

- Francesca Bernardini (UNECE) on the potential role of the UNECE Implementation Committee
- Christina Leb (World Bank) on the potential role of the World Bank
- Laurent Mouvet (Hydro Operation International) on the role and interests of the private sector

*Discussion (30 min)*

*Brief summary of session*

**16:45 – 17:00 Wrap-up and conclusions by Danilo Türk**

Summary of discussion results regarding the institutional structure/mandate that the HLP should recommend, as well as other potential recommendations.

**17:00 Closing of First Day**

**19:00 Group Dinner:** Trilby Restaurant, Hôtel N’vY, Rue Richemont 18 (2 min by foot from the Jade Hotel)

## Tuesday, 28 February at the Press Conference Room (Ground Floor)

09:00 – 09:30 Welcome coffee

### Welcome Back and Introduction to the Second Day (GWH)

Fostering water cooperation for broader peace-building: do we have the needed financial mechanisms and incentives<sup>33</sup>?

### 09:45 - 11:30 SESSION 5: FINANCIAL INCENTIVES FOR WATER COOPERATION: CHALLENGES AND OPPORTUNITIES

*Moderated by Alvaro Umaña Quesada, Co-chair HLPWP*

**Aim:** Identify the main challenges and opportunities for financing transboundary water projects from different perspectives.

**Questions:** What are the main challenges for funding transboundary water projects (for IFIs and from the perspective of regional organizations such as RBOs)<sup>34</sup>? How can financing institutions incentivize benefit-sharing in international basins? Should IFIs provide additional incentives for transboundary projects to counteract bias for national projects/longer timeframe necessary in transboundary contexts? What are the obstacles for RBOs in accessing international funding? How can accessibility be improved? What are the potentials for climate funding mechanisms (e.g. GCF) to finance transboundary water projects? How do investors and insurers handle political risks in transboundary basins, and could political risk insurance play a role in lowering political risks for transboundary investments?

#### Presentations:

- Christina Leb (World Bank) on transboundary projects from an IFIs perspective – drawing on early findings from the ongoing study on *Retooling Operations with Transboundary Impact (ROTI)*
- Ababacar Ndao (Senegal, Gambia River Basin Organizations) from an RBO perspective
- Laurent Mouvet (Hydro-Operations) and Philippe Rohner (Pictet Water Fund) on managing investor risks

*Discussion (30 min)*

### 11:30 – 16:30 SESSION 6: FINANCIAL INSTRUMENTS TO SPARK, DEVELOP, AND SUSTAIN WATER COOPERATION

*Moderated by adelphi*

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<sup>33</sup> Financial incentives will be explored along two dimensions: (i) setting – what are the challenges and opportunities for financing water cooperation in transboundary, cross-sector or post-conflict situations; (ii) timing on project/program cycle: sparking (at “upstream” early concept stage), developing and sustaining water cooperation: do we have the needed mechanisms, can we better leverage existing ones, is there space for some innovative tools.

<sup>34</sup> IFIs have typically a range of mechanisms at their disposal to support transboundary waters cooperation, for example (i) project design to incorporate transboundary monitoring and dispute resolution mechanisms, (ii) financing agreements that formalize negotiated transboundary waters flows or relevant infrastructure operations, or (iii) financial guarantees to ensure compliance with riparian agreements. Are these tools adequate to promote cooperation among riparian stakeholders? Do we need to refine these tools, are new instruments needed -- especially in the perspective of broader peace-building with water as an instrument of peace?

## 11:30 – 12:00 Session 6A: Connecting the dots and sparking/catalysing water cooperation – Safe Space – Catalyst Facility

While transboundary water cooperation has strengthened thanks to several existing platforms, the majority of water-related conflicts and water cooperation opportunities are cross-sectoral (transboundary disputes are typically underpinned by sectoral tensions particularly around the nexus). This calls for new mechanisms of cross-sectoral cooperation to bring together at an early stage<sup>35</sup> stakeholders that would not necessarily meet in a formal context, for instance finance and private investors who are typically involved at a late stage and can only complain about the lack of bankable projects. Communication needs to take place at the earliest stage between investors, financiers, “hydro-diplomats”, civil society and other stakeholders.

**Aim:** The session will explore ideas on a small Catalyst Facility for Water Cooperation offering an informal, safe space for cross-sector pre-negotiation, containing dimensions from all sectors of the economy, including business, leading academics and civil society, as well as from sectors outside of the water agenda alone, such as energy, food and international relations.

**Questions:** How feasible is the idea of a “safe space” for cross-sector (informal), “pre-negotiations” between government, civil society, finance and private actors? Who should be involved and how could such a facility be organized? How can we ensure neutrality, independence, ethics and avoid conflicts of interest? How could it connect with other existing and potential water platforms (Global Compact, Global Observatory for Water and Peace). Should an “ombudsman” function be housed in the safe space?

**Presentation:** Christophe Bösch (Geneva Water Hub) with inputs from Dominic Waughray (World Economic Forum)

*Discussion (20 min)*

**12:00 – 13:30 Lunch**

## 13:30 – 14:45 Session 6B: Incentivising financing for development

**Aim:** Identify (innovative) financing mechanisms that could provide incentives for water cooperation.

**Questions:** Do we need new financing mechanisms and, if so, for which aspect of water cooperation in particular (transboundary, intersectoral, post-conflict)? Or are there perhaps existing but as yet insufficiently harnessed global financing mechanisms that could be tapped (GEF, climate funds etc.)? How can financing instruments incentivize benefit-sharing in international basins? What innovative financing tools could be used (Blue Fund subsidizing interest, “blue bonds”, pension, sovereign wealth funds etc.)? Could political insurance play a role to lower political risks for transboundary investments?

**Presentations:**

- Alvaro Umaña Quesada and Pascual Fernandez, HLPWP Panelists, on financing transboundary water resources cooperation (incl. accessing climate finance)

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<sup>35</sup> That is, before a project or program is conceived and before formal project preparation activities. Or conversely, during project/program implementation, when a (potential) dispute or conflict is identified and actions are needed to avert escalation.



- Sundeep Waslekar (Strategic Foresight Group) on the Blue Fund proposal

*Discussion (30 min)*

### **14:45-16:00 Session 6C: Ensuring long-term sustainability of financing**

Aim: Identify ideas for recommendations by the HLP on how to ensure the long-term viability of attempts to foster cooperation.

Questions: How can longer-term financing of cooperation be ensured / incentivized? Who can provide long-term funding? Potential of new instruments such as Results-Based Financing to sustain water cooperation (P4R World Bank, development impact finance and “bonds”). What structures can help to break patterns of duplicative and insufficiently long-term projects in difficult basins (e.g., Central Asia)? How can financing instruments help manage basin politics, ensuring long-term continuity while retaining political leverage (incentives / disincentives) over basin countries?

Presentations/Discussants:

- Christina Leb, World Bank on long-term perspective and results-based financing (*presentation will be made during the morning session*)
- Philippe Rohner, Pictet Water Fund, on commercial finance
- Mathieu Cantegreil, ICRC on impact finance and Humanitarian Impact Bonds
- Susanne Schmeier on challenges with private sector involvement

*Discussion (30 min)*

*Brief summary of session*

### **16:00 - 16:15 Wrap-up and conclusions by Danilo Türk**

Summary of discussion results regarding the connection of hydro-diplomacy and finance that the HLP should recommend, as well as other potential recommendations on financial mechanisms to incentivize water cooperation.

### **16:30 Closing of Workshop**