# A Framework for Exploring Business Models for Shared Watercourse Institutions

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# Definition and purpose for RBOs

- Business models are defined as frameworks for creating economic, social, and environmental value in a shared watercourse context.

- Business models are based on an analysis of functions a SWI could have to reach its stated objectives effectively, moving from simple to more complex situations.

# The Significance of the 2000 SADC Revised Water Protocol

- The mandate and objectives of the SWI are decided upon by the watercourse states independently. However, they should be in alignment with the overall objective and the key principles defined in the 2000 Revised Protocol.

- The overall objective of the Revised Protocol is ***"to foster closer cooperation for judicious, sustainable and co-ordinated management, protection and utilisation of shared watercourses and advance the SADC agenda of regional integration and poverty alleviation".***

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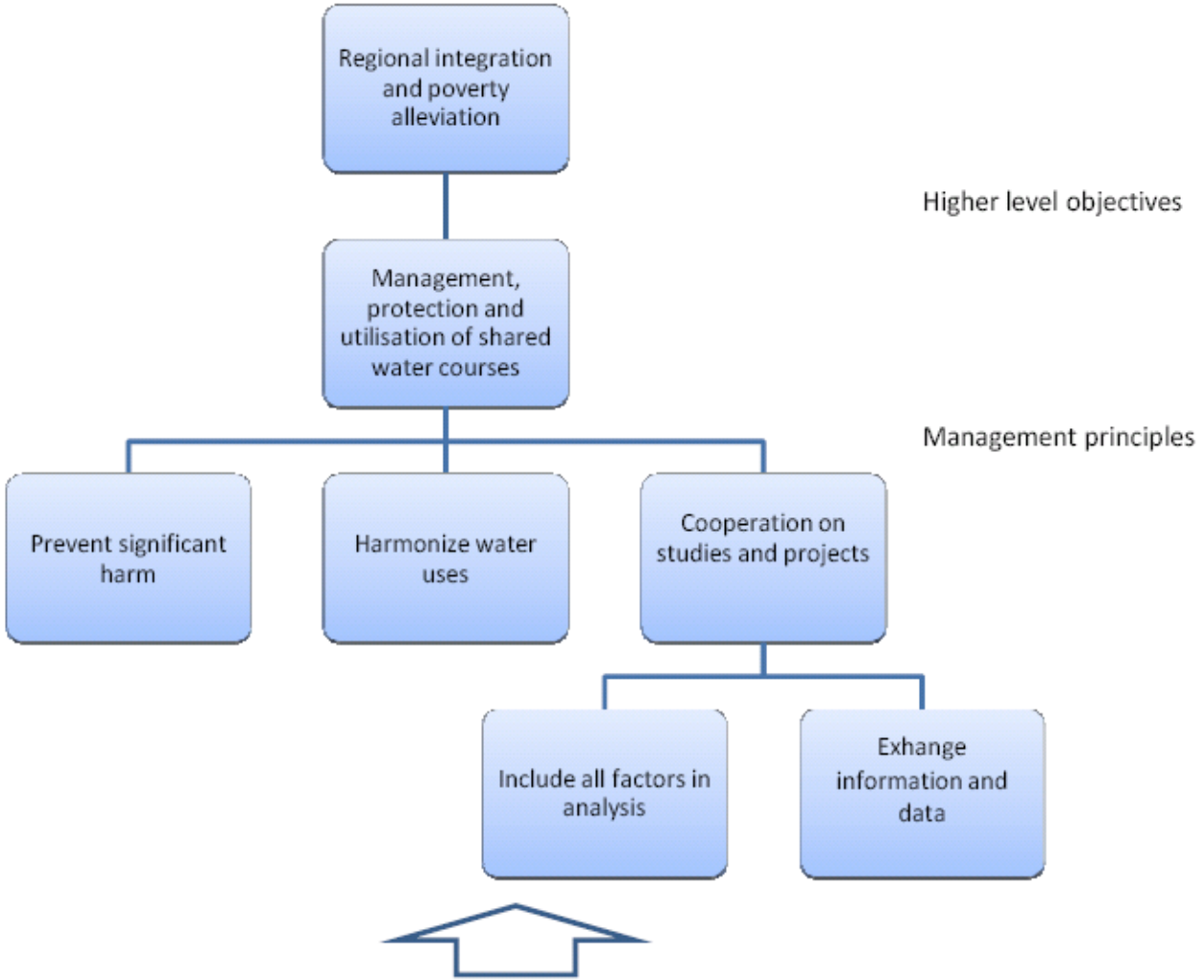
# SADC Water Protocol Objective and Principles




The watercourse as a unit; utilisation open to all; respect customary and international law; balance development with conservation; equitable and reasonable utilisation

# Value Principles

1. Recognise the unity of each shared watercourse,

2. The utilisation of shared watercourses shall be open to each watercourse state, and include agricultural, domestic, industrial, navigational and environmental uses,

3. Respect the existing rules of customary or general international law,

4. Respect the balance between resource development for a higher standard of living for their people and conservation and enhancement of the environment,

5. Utilise a shared watercourse in an equitable and reasonable manner,

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# Management Principles

1. Undertake to harmonise the water uses to ensure and observe the objectives of regional integration and **harmonisation of all state parties**,

2. Establish close **co-operation with regard to the study and execution of all projects** likely to have an effect on the regime of the shared watercourse,

3. Exchange available information and data regarding the hydrological, hydro-geological, water quality, and environmental conditions,

4. Take into account all relevant factors related to uses of water,

5. Take all appropriate measures to **prevent the causing of significant harm** to other Watercourse States.

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# Analysing operational functions for management and development of watercourses

## Functions

**WATER ALLOCATION**

Allocating water to major water users and uses, maintaining minimum levels for social and environmental use while addressing equity and development needs of society.

**BASIN PLANNING**

Prepare and regularly update the Basin Plan incorporating stakeholder views on development and management priorities for the basin, and using it to inform the annual work plans of the RBO.

**POLLUTION CONTROL**

Managing pollution using polluter pays principles and appropriate incentives to reduce most important pollution problems and minimise environmental and social impact.

**ECONOMIC AND FINANCIAL MANAGEMENT**

Applying economic and financial tools for cost recovery and behaviour change to support the goals of equitable access and sustainable benefits to society from water use.

**MONITORING**

Implement effective monitoring systems that provide essential management data and identify and respond to infringements of laws, regulations and permits

**INFORMATION MANAGEMENT**

Provide essential information necessary to make informed and transparent decisions for development and sustainable management of water resources in the basin.

**STAKEHOLDER PARTICIPATION**

Implement stakeholder participation as a basis for decision making that takes into account the best interests of society and the environment in the development and use of water resources in the basin.

# Functional stages in the evolution of an adaptive RBO at the in-country level

| Functions | Initial RBO | Emerging auto-adaptive RBO | Mature and auto-adaptive RBO |
|---|---|---|---|
| Water (and natural) resource data collection and processing, modelling, planning, stakeholder consultation and issue clarification | X | X | X |
| Project feasibility, design, implementation, operation and maintenance , raising funds, community consultation, and awareness raising | X | X | X |
| Allocating and monitoring water shares, cost sharing principles | | X | X |
| Policy and strategy development for economic, social and environmental issues | | | X |
| Monitoring water use and shares, monitoring pollution and environmental conditions, oversight and review role for projects promoted by RBO partners. | | | X |

# Additional key functions for SWIs

| Function | Objective |
|---|---|
| **Visioning and trust building** | To create a common framework for action and build trust between parties moving forward |
| **Strategic planning and policy development** | To ensure multi-sector linkages and prioritise key cooperative management and development activities |
| **Pre investment work** | To undertake cooperative strategic assessments, and pre- and feasibility studies, building the business case for investment |
| **Joint infrastructure management/ development** | Cooperative operation and management of joint infrastructure assets such as multipurpose hydropower facilities, flood and drought protection |
| **Conflict resolution** | To ensure a structured approach to problem solving in case of diverging views and opposing on management and development objectives, and clearing house for major in-country and multicountry investments |
| **Corporate management** | To ensure professional executive management, governance, resource mobilisation capacity harmonisation of administrative systems across the SWI, financial management monitoring and evaluation, human resources management, and decision support systems |
| **Capacity building** | To level the playing field amongst riparian countries working together in a river basin context |

# Common functions carried out by SWIs

| Functions/SWI (nr of countries) | ICPDR (15) | NBI (10)[9] | MRC (4) | OMVS (3) | ERJC (2) | ZRA (2) |
|---|---|---|---|---|---|---|
| Visioning and trust building | X | X | X | X | X | x |
| Strategic planning and policy development | X | x | X | X | --- | x |
| Pre-investment work | --- | X | x | X | O | X |
| Joint infrastructure management/ development | x | X | --- | X | O | X |
| Conflict resolution (between countries) | X | | X | X | --- | O |
| Corporate management | X | x | x | X | --- | x |
| Water Allocation/ prior notification (between countries) | --- | x | X | X | O | O |
| Stakeholder participation | X | X | O | X | X | x |
| Monitoring/pollution control | X | | O | x | X | X |
| Information and communication | X | x | X | X | x | x |
| Capacity building of country institutions | --- | x | --- | --- | O | --- |

X= function performed by SWI, x= function is to some extent performed or is performed in cooperation with other institutions, O= function is not carried out, ---= no information.

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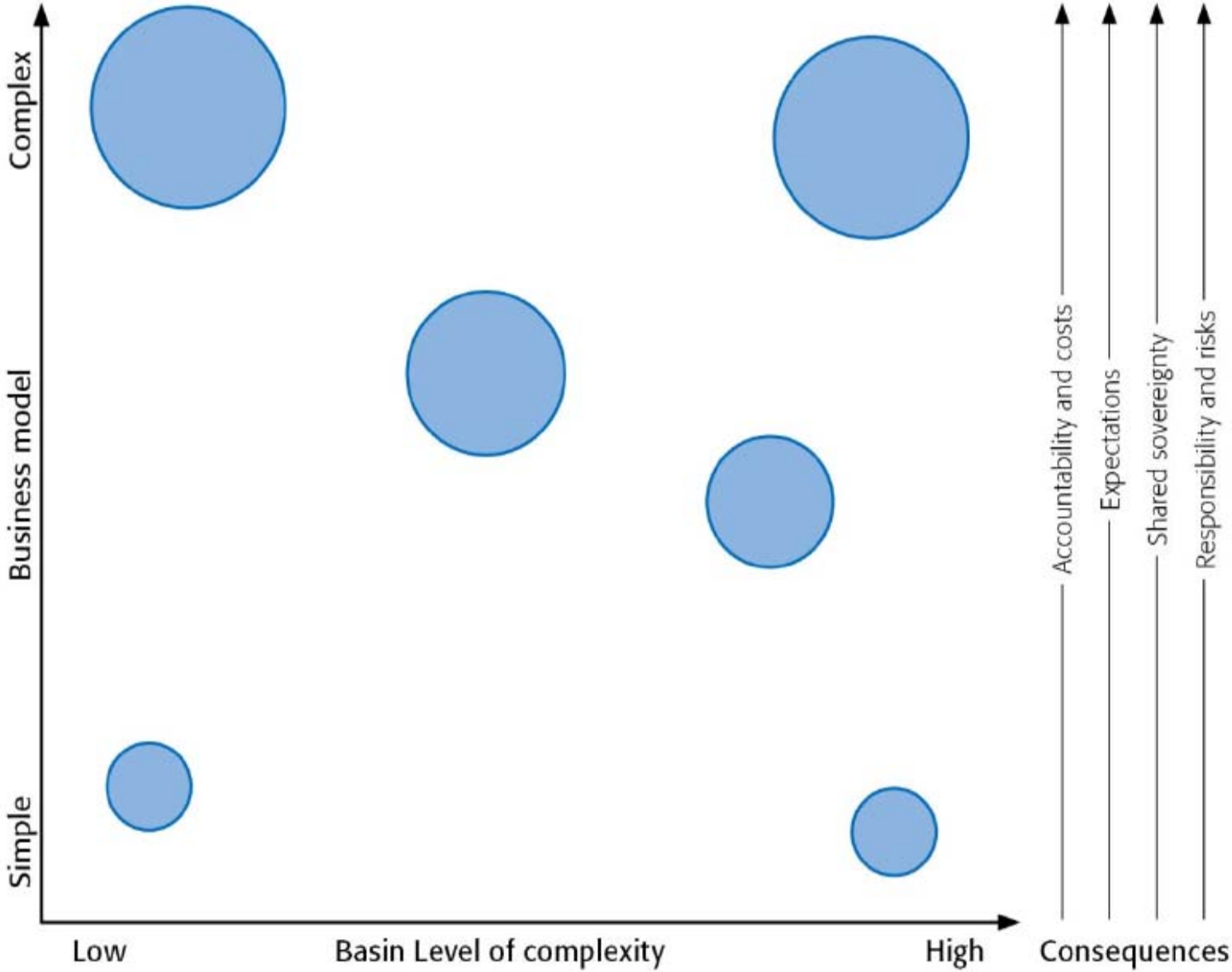
# Operational functions when selecting a business model for an SWI depending on its stated mandate

| Management Function |
| --- |
| 1. Corporate Management |
| 2. Financial management - cost recovery |
| 3. Monitoring and modelling (water and natural resources data and socio economic and legal developments) |
| 4. Pollution control/monitoring |
| 5. Information and communication |
| 6. Stakeholder engagement |
| 7. Conflict resolution |
| 8. Visioning and trust building |
| **Development Function** |
| 9. Strategic basin planning (input to regional planning) |
| 10. Policy and strategy development (economic, social and environmental issues) |
| 11. Water allocation (to sectors and/or users) |
| 12. Pre investment work at multi-country level |
| 13. Support to in-country development planning |
| 14. Transaction advisory services |
| 15. Operation and management of joint infrastructure |


Complex
Business model
Simple
Low
Basin Level of complexity
High
Accountability and costs
Expectations
Shared sovereignty
Responsibility and risks
Consequences

# Conclusion

1. The more complex a basin is and the more complex the chosen business model is, the larger the consequences will be in terms of expectations, costs, accountability, and risks.

2. Complexity in terms of a shared watercourse is defined as the number of countries, management and development issues, the in-country organisational capacity, in-country institutional organisation and cooperative financing capacity.

3. The framework identifies two clusters of functions – management and development – and lists 15 operational functions within these clusters. The number and type of functions an SWI is tasked to perform determine the complexity of the business model.

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# Thank you