

2nd SMM Basin Stakeholders' Consultative Workshop
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Session 2. Updating the SMM Basin Investment Strategy

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Session 2A: The SMM Basin Investment Strategy Update: Process and Contents

The 2008 SMM basin investment and development strategy

- Included in the SMM basin monograph
- Broad conceptual framework for planning and development of investment projects
- 8 strategic interventions
- 15 projects, cost USD 240 million / 21 projects, cost USD 138.2 million
- Envisioned prioritization of projects:
 - "bottom-up" (district, then national) participatory approach
 - formulation by Catchment Working Group, approval by SMM TAC and COM
- Mobilisation of financial resources
- Coordination mechanisms: Phase 1 - SMM PMU, Phases 2&3 - SMM Institutional Framework
- Monitoring and Evaluation: Phase 1 - SMM/NELSAP project guidelines

Recommendations from 1st SMM Workshop (1/2)

- Finalisation of the legal and institutional framework for transboundary water cooperation in the SMM basin;
- Facilitation of a process for prioritization of investment projects in the SMM basin; pursuing an open and transparent process that allows for enhanced dialogue, bargaining and trade-offs between various interest groups, and between the two countries, to reach agreement on prioritization of the many investment projects.
- Training on water diplomacy and transboundary water management, and awareness raising on the UN Watercourses Convention and UNECE Water Convention;
- Identification and nurturing of basin champions for integrated river basin management and development;
- Establishing and operating an SMM Water Forum;
- Supporting the preparation/refinement of good practice guides (approach for sub-catchment planning; gender mainstreaming, stakeholder participation, climate change mainstreaming, resettlement action planning etc.)

Recommendations from the 1st SMM Workshop (2/2)

- Explore the “less traditional” benefits of transboundary water cooperation to help attract support for a **formal institutional framework**
- Identify all the benefits and beneficiaries of specific cooperation activities to support **prioritisation**
- Use the SMM BOAD to launch the update of the SMM Investment Strategy – e.g. implement a first phase (of a longer process) that focuses on identifying common principles of the management plans from Uganda/Mpologomo and Kenya/LVNorth, as well as gaps. Develop qualitative assessments of benefits to support **prioritisation** through the BOAT tool
- Communicate the benefits of transboundary cooperation institutions and projects to MoFs and DPs to attract **national and DP funding** – as part of that, engage MoFs and DPs in next workshop

Developing a basin investment strategy

- The development of an effective basin investment strategy is a challenging process
- The OES/IGAD/IUCN/UNECE project is helping to launch the process by developing a SMM Basin Investment Framework
- But some steps will need to be completed outside this project: SMM Basin Investment (and Resource Mobilization) Plan
- The Draft SMM Basin Investment Framework includes a roadmap to help guide the process and help gain support for its completion

The SMM Basin Investment Framework as a first step

- Short document
- To be endorsed by the two countries
- Policy “chapeau” for an investment and resource mobilization plan
- Provides guidance for the prioritisation of “transboundary projects”
- Together the *investment framework* and the *investment plan* would constitute the basin *investment strategy*
- Serves as a marketing tool to attract funding
- Complements existing national catchment plans/strategies

Process of developing the SMM Basin Investment Framework

1. “Mandate” from 1st SMM Workshop
2. Brainstorming at Entebbe Consultation (January 2018)
3. Draft for discussion at 2nd SMM Workshop
4. Final draft
5. Endorsement by *Joint Working Group on SMM Investment Strategy and Institutional Framework*

Content of the Draft SMM Basin Investment Framework

- Goal
- Objectives
- Principles
- Strategic Directions
- Prioritisation methodology
- Implementation arrangements

Goal, Objectives and Principles

Goal

To contribute to achieving sustainable, socio-economic development in the SMM basin through equitable utilization of, and benefit from, the common SMM basin resources.

Objectives

- Support the identification of projects with a transboundary dimension
- Support the prioritization and sequencing of projects in the basin
- Support the mobilisation of funding to implement projects in the basin

Principles

- Sustainable management of basin resources
- River basin approach
- Participatory approach
- Subsidiarity
- Benefit and cost sharing

Strategic Directions

- **Promote socio-economic development and enhanced household incomes** – through investments in
 - sustainable agricultural and livestock development
 - sustainable fisheries development,
 - clean energy generation development, and
 - other resource-based economic activities.
- **Enhance environmental sustainability and reduce environmental risks** – through investments in
 - integrated watershed management,
 - water supply and sanitation, and
 - adaptation to climate change.
- **Improve the management of the basin's resources** – through investments in
 - institutional development,
 - improved planning of the use and protection of basin resources, and
 - improved technical capacities to design and implement policies, plans, programs and projects related to the use and protection of the basin's resources.

Prioritisation methodology

Step 1. Screening

- Budget threshold USD 1 million
- Multi-criteria framework
 - Transboundary significance
 - Alignment with policy objectives
 - Ease of implementation
 - Financial sustainability

Step 2. Prioritisation

- Benefit Opportunity Assessment Tool
 - Direct economic benefits
 - Direct social benefits
 - Direct environmental benefits
 - Regional economic integration benefits
 - Peace and security benefits

Multi-criteria framework --

Criteria&weights, rating scale, assessors, thresholds

- Transboundary significance -- 40%
- Alignment with policy objectives – 20%
- Ease of implementation – 20%
- Financial sustainability – 20%

- Very strong – 5 point
- Strong – 4 points
- Neutral – 3 points
- Weak – 2 points
- Very weak – 1 point

Consensus rating by a multi-stakeholder
basin assessment committee

- No “very weak”
- Maximum one “weak”
- “Transboundary” at least neutral
- Minimum 3.5 points

Joint Working Group on SMM Investment Strategy and Institutional Framework

- **Approving and updating** the SMM Basin Investment Framework & Plan
- **Assessing** project proposals and formally including those that meet the minimum criteria into the SMM Basin Portfolio – this might require the creation of a technical subsidiary body: the *multi-stakeholder basin assessment committee*.
- **Prioritizing projects in the basin portfolio** –using BOA framework
- **Maintaining a database** of relevant project proposals (both submitted and approved for inclusion in the SMM Basin Portfolio), as well as of projects under implementation, and projects completed.
- **Actively liaising** with national authorities, development partners, and other potential funders to explore funding opportunities to implement the basin priority projects.
- **Monitoring and evaluating** the implementation of the SMM Basin Investment Framework (and future Basin Investment Plan).

Financing of institutional framework

- institutional structures created by every country: remains their own responsibility
- new bi-national body and any technical subsidiary body will require an agreement between the countries
 - budgetary resources from the national treasury
 - share of potential user charges (long term)
 - institutional development components of investment projects

Session 2B: Contents of the Draft SMM Basin Investment Framework

Introduction to group work

Structure of Session 2B

- Introduction – 5 min
- Group work – 25 min
- Plenary discussion – 20 min
- Conclusions – 10

Issues for discussion

- Goal and Objectives
- Principles
- Strategic Directions
- Minimum budget threshold: USD 1 million
- Weights of criteria:
 - Transboundary significance -- 40%
 - Alignment with policy objectives – 20%
 - Ease of implementation – 20%
 - Financial sustainability – 20%
- Thresholds for criteria:
 - No “very weak”
 - Maximum one “weak”
 - “Transboundary” at least neutral
 - Minimum 3.5 points

Session 2C: Roadmap for the Completion of an Investment Strategy

Step 1. Launch the development of the SMM Investment Plan

1.1 Create and operationalize the *Joint Working Group on SMM Investment Strategy and Institutional Framework*

1.2 Engage consultants

Step 2. Development of a Portfolio of Projects

2.1. Populate the portfolio initially with the projects discussed at the 2nd SMM Workshop.

2.2. Organize meetings/events with relevant project promoters and funders to raise awareness

2.3. Ensure that all relevant projects are identified and analyzed.

Step 3. Development of a Resource Mobilization Strategy

3.1 Gather information about (i) historic levels of expenditure, (ii) sources of funding, and (iii) cost of projects

3.2 Estimate the potential financing flows under a business-as-usual scenario and a proactive-fundraising scenario

3.3 Develop recommendations on how to realize the proactive-fundraising scenario

Step 4. Consultations and approval of the draft Basin Investment Plan

4.1 *Joint Working Group on SMM Investment Strategy and Institutional Framework*, for greenlighting

4.2 Basin's stakeholders, through existing structures, for consultation.

4.3 The relevant Ministers in both countries, for formal approval.

Step 5. Regularly update the portfolio to include new project proposals