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for Economic Cooperation
and Development

SPECIAL 136

Transboundary Water Cooperation

A BMZ Position Paper



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Summary

Water does not stop at national borders. In a total of 145 nations, there are regions located within international river basins. Challenges include shortages and the pollution of transboundary water resources as well as their often uncoordinated utilization by riparian states. Optimal utilization and effective protection of transboundary waters are only possible if the riparian states cooperate in line with the principles of Integrated Water Resources Management (IWRM). Promoting transboundary water cooperation thus aims at reducing poverty, protecting natural resources and preventing crises and conflicts. Joint management of transboundary water resources can also encourage deepened cooperation amongst riparians that goes beyond the water sector.

This is why transboundary water cooperation is one of the priority areas of the German government's support in the water sector. Action is taken at four different levels: By engaging in multilateral policy dialogues, the German government helps set standards and rules at the international level. By supporting regional water collaboration, German development cooperation fosters networking amongst the partners in question. Through institutional and sector-specific technical advice, German development cooperation

strengthens the effectiveness and efficiency with which basin organizations¹ fulfill their tasks. And at the local level, investment is supported through the provision of financial resources.

German development measures in transboundary water cooperation have yielded experience which can serve as guidance for future activities. A key rule, for example, is that riparian states need to show strong ownership of their water cooperation. Cooperation should also be geared to long-term goals, which may call for considerable staying power on the part of all players. But it has also been found that the readiness to cooperate is greater if the riparian states have a clear idea of the respective benefits from the outset.

Areas in which development cooperation in the transboundary water cooperation sector is active include harmonizing national water policies, developing cooperation agreements, promoting South-South exchange, and supporting investment in the implementation of joint protection and management plans.

¹ For the purposes of this position paper, basin organizations are defined as intergovernmental institutions concerned with the use of shared rivers and lakes as well as aquifers.

Aim and audience of the position paper

The present position paper is aimed at strengthening the strategic basis of German development cooperation in the area of transboundary water cooperation and defining the position of the Federal Ministry for Economic Cooperation and Development (BMZ) with a view to its involvement in the relevant international debate.

The position paper provides a policy framework and substantive guidance for the exchange between experts from German development institutions and for these institutions' strategic orientation. The paper also serves as a basic frame

of reference for defining Germany's contribution in the sphere of multilateral cooperation.

It addresses the staff of German official and non-governmental development institutions as well as freelance development consultants and evaluators.

It is also meant as a basis for dialogue with partner country institutions, international organizations and nongovernmental organizations (NGOs) and with academics. Moreover, the paper is intended for the interested national and international public.

1 Background, aims and prospects

Water does not stop at national borders. Some 40% of the world's population live along more than 260 transboundary rivers and lakes. In a total of 145 nations, there are regions located within international river basins. Water is becoming an increasingly scarce resource in many of these regions. Population growth, rapid urbanization and industrialization are increasing the demand for water, paralleled by climate change and increasing water pollution. More than 30 countries are already suffering from acute water shortage. Estimates predict that approx. 2.7 billion people will be living in regions with extreme water scarcity by 2025.

The growing shortage of water resources has an adverse effect on economic and social development. Water is an economic resource and food resource whose availability and productive use has a great influence on the production of goods, food security, health, and poverty trends. The cooperative management of river basins, lakes and aquifers facilitates the efficient, sustainable use of existing resources, thus also fostering regional economic development.

The growing scarcity and pollution of water resources can exacerbate existing potential for conflict between riparian states if, for example, downstream riparians are forced to compete for water with upstream riparians. Cooperation at basin level builds confidence and can defuse these kinds of conflicts.

The shortage of water resources also threatens the habitats of flora and fauna. Intact ecosystems are essential for the natural self-purification of

waters and for maintaining genetic biodiversity. They are also an important economic resource in many countries, not only due to their tourist appeal.

To harness sustainable benefits of transboundary waters² for all riparians, joint efforts need to be made. By virtue of its economic potential in particular, transboundary water cooperation is also of great importance for reaching the Millennium Development Goals (MDGs).

This is in line with the effort to achieve **Integrated Water Resources Management (IWRM)**. This concept, which enjoys international recognition and is applied by many players, requires the management and protection of waters within their natural units, based on the principle of subsidiarity and taking account of all economic, ecological and social objectives. In this way, IWRM contributes to raising the overall benefit of water resources on a long-term basis and ensures the equitable distribution of benefits amongst all users. Transboundary water cooperation is an indispensable prerequisite for IWRM regarding transboundary water resources.

Thus, the main aim of transboundary water cooperation, apart from crisis and conflict prevention, is poverty reduction and resource protection.

To **reduce poverty**, transboundary water cooperation is aimed at making more efficient and productive use of the shared water resources in a given basin. This also means designing water management in such a way that it is economically and socially sustainable, reducing the risks and

² The term "transboundary waters" designates water resources that cross over or under national borders. This comprises surface water, such as rivers or lakes, and groundwater, i.e., aquifers.

costs of water use for the population, and improving the access of poor people to water resources.

With a view to **resource protection**, transboundary water cooperation is concerned with the sustainable protection of water resources and their surrounding ecosystems, including the protection of biodiversity and ecological integrity, as well as the viability of ecosystems.

With regard to **crisis and conflict prevention**, transboundary water cooperation is aimed at reducing the structural causes of conflicts concerning distribution and use, preventing crises effectively and promoting mechanisms for peaceful conflict settlement. As a rule, however, water is only one of several crisis factors, with contrary territorial, economic and security policy interests

frequently playing a central background role in disputes over water.

Transboundary water cooperation also offers opportunities for further-reaching collaboration amongst riparian states. In favorable settings, joint management of water resources can have beneficial impacts in the regional context beyond the confines of the river, lake or groundwater systems. It can encourage greater **economic cooperation** amongst the riparian states, a development which has already become evident in many transboundary watersheds. The emergence of many conurbations with their associated industrial establishments in six countries along the Rhine Basin demonstrates the importance of river basins for economic activity and their contribution to economic development.

2 International legal framework

International law plays an important role as a legal framework for the settlement of transboundary water disputes. Accordingly, international agreements often form part of cooperative endeavors, but they do not constitute a prerequisite for them.

In 1971, the International Law Commission (ILC) began drafting a convention on the principles of transboundary water cooperation on the basis of the 1966 Helsinki Rules. Then in 1997, the *Convention on the Law of the Non-navigational Uses of International Watercourses* was adopted by the UN General Assembly. To this day, the Convention has however not been ratified by sufficient states to enter into force. The Convention has thus had no legally binding effects so far. But it contains recognized principles with a broad ambit. Germany supports this initiative inasmuch as it has ratified it³ and expects that it will enter into force soon.

Moreover, there are numerous conventions and international declarations that deal with transboundary water cooperation. In the last 50 years, over 200 agreements have been signed on the shared use of international surface waters. Together with rulings by the International Court of Justice, they form a basis for the definition of obligations and principles that are considered, and applied, as international customary law.

They include, in particular:

The **principle of equitable and reasonable utilization and participation** (Article 5 of the UN Convention) means that all riparian states have a right to enjoy the benefits of the use of international water resources. When defining

agreements on resource use amongst the riparian states, several factors always have to be taken into consideration and weighed up against each other, for example, needs, present use and envisaged purpose.

The **obligation not to cause significant harm** (Article 7 of the UN Convention) derives from the principle of restricted territorial sovereignty and stipulates that a state may only use an international watercourse in a way that causes no significant harm to another riparian state. The principle can pertain to water quantity and quality alike. If harm is caused (which must, however, be significant), the question of compensation shall be discussed.

The **principle of cooperation** (Articles 8, 9, and 11 of the UN Convention) relates to the procedural dealings amongst the riparian states and essentially comprises two distinct obligations. On the one hand, it obliges the parties to exchange data on the condition of the water resource regularly. On the other, parties are obliged to provide prior notification of planned activities affecting the condition of the water resource.

Finally, the **obligation to seek peaceful settlement of disputes** is stipulated in the Charter of the United Nations (Article 33) and underlies Article 33 of the UN Convention. This article obliges disputing states to seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, or other peaceful means of their own choice.

This international legal framework contains general principles that can serve as a guideline for

³ The Federal Republic of Germany ratified the Convention in June 2006 (Bundesrat printed paper 343/06 of 16 June 2006).

specific cooperative endeavors in the area of transboundary water cooperation, but they need to be applied in the form of substantive provisions in every particular case. This holds, for example, for the principles of doing no harm and of equitable and reasonable utilization of international inland waters. It is largely incumbent on the parties involved to decide whether harm has been caused and whether the principle of equitable and reasonable utilization has been met in a given instance. Thus, the binding character of these principles is confined to committing the parties to seek to reach agreement on the interpretation they regard as binding.

Existing international conventions and agreements include only few aspects on transboundary groundwater⁴, which is why the UN International Law Commission (ILC) is currently drawing up a convention on the use of transboundary groundwater resources.

In 2004, the International Law Association formulated the Berlin Rules, which complement the UN Convention on the Law of the Non-navigational Uses of International Watercourses and develop its ideas further.

4 The UN Convention only applies to groundwater that flows into a surface water course. Fossil aquifers and groundwater flowing elsewhere have not been covered so far.

3 German contribution

The experience gained in German development cooperation in the area of transboundary water cooperation is mainly put to use based on the following four approaches:

Policy dialogue for shaping international water policy

To give shape to international water policy, the German government promotes the development of standards and rules for transboundary water cooperation. In parallel, it supports coordination and concerted action by the international donor community and provides platforms for exchanging experience in this area of support. This includes the Petersberg Process, which Germany helped initiate: Based on the European experience, five dialogue forums have so far drafted recommendations for international river basin management and pointed the way forward, e.g., for the further development of the Nile Basin Initiative (NBI) as an institution for transboundary water cooperation on the Nile.

With the International Freshwater Conference in Bonn in 2001, Germany made a key contribution to preparing the water theme for the World Summit on Sustainable Development in Johannesburg in 2002. The Bonn Keys were the major outcome of the conference. The “4th Key” calls for the development of cooperative arrangements in transboundary basins. This approach was reinforced through the creation of numerous international political initiatives and institutions. In 2002, the African Ministers’ Council on Water (AMCOW) was founded, among other things, to step up basin-based cooperation in Africa. In 2003, the G8 nations pledged to strengthen the management and development of transboundary waters as part of their Water Action Plan for Africa.

Under the auspices of the World Commission on Dams (WCD, 1998-2000), Germany supported worldwide discussion on developing recommendations for planning, building and operating dams. Germany now works towards their implementation, particularly in regions with transboundary water resources. One of the “strategic priorities” contained in the WCD recommendations is the sharing of rivers for peace, development, and security.

Germany also works towards improving donor harmonization. Germany is involved in the European Water Initiative (EUWI) and the G8 Africa Action Plan. Both initiatives are aimed at improved coordination of donor activities.

Improving regional cooperation

If peaceful shared use of water resources is to be attained, decisions must be taken jointly and on the basis of regional experience. This is why existing institutions should build networks among themselves at regional level in order to raise the effectiveness of their work. Cooperation experience to date shows that exchanging good practices, for example, amongst practitioners in river basin management at regional and international level has led to tangible progress in their practical work. The aim of German development cooperation in the water sector is therefore to set up networks that guarantee a continuous exchange of experience amongst basin organizations.

With a view to better linking the various program components of the NBI, which have been set up in a decentralized manner, Germany has been providing assistance, for example, to the Nile Secretariat in Entebbe, Uganda, in creating the requisite communication structures.

Germany also promotes the exchange of information amongst academics, decision-makers and practitioners in the water sector. For example, assistance is given to the UN Economic and Social Commission for Western Asia (ESCWA) and its 13 member countries in improving bilateral and multilateral cooperation related to transboundary groundwater resources.

Institutional and technical support for basin organizations

Experience has shown that international organizations for rivers, lakes and aquifers provide the best framework for effective cooperation on transboundary water resources. Given the growing political role of the water sector and the commitment to attain the MDGs, the tasks of regional organizations have increased. A major priority of German development cooperation is management consultancy and sector-specific technical support for the relevant organizations, which differ, in some cases greatly, in terms of their capacity, mode of operation and integration into regional political processes. The aim of cooperation is to build autonomous, effective organizations that operate in line with the principles of IWRM. The German government supports international commissions and cooperation endeavors in Southern Africa, the Middle East, South America, and Asia with a view to building their institutional and sector-specific technical capacity (Africa: Nile, Orange-Senqu, Limpopo, Chad, Senegal; Arab region: various river basins and aquifers; South America: Guaraní aquifer; Asia: Mekong River, etc.).

Investing in the protection and sustainable use of water resources

In order to make efficient use of water resources and to conserve them, investment measures are essential. In many cases, however, the players involved do not have the capacity to plan, implement or finance these investments on their own. German development cooperation therefore supports the sustainable use of resources in Southern Africa, the Middle East, South America, Asia, and Eastern Europe. German development cooperation provides stakeholders with advisory services and with the financial means for, e.g., improving water supply, building sewage treatments plants, carrying out afforestation and erosion control measures, facilitating efficient crop irrigation, and setting up national parks. It also supports the tapping of hydropower potential and the installation of interconnected power grids and contributes to flood control. The resulting impacts often extend beyond national borders. By supporting monitoring and measurement programs (water quality in Lake Ohrid, South-Eastern Europe) and studies to obtain information (Kampala Sanitation Master Plan, Lake Victoria, East Africa), German development cooperation contributes directly to efficient transboundary water cooperation. Individual bilateral projects frequently have positive impacts across borders as well. They form an agenda for initial consultations, bring partners together, help establish firmer contacts, deepen knowledge about the “other side” and set an example for future cooperation (e.g., Tulkarem Sewerage, Palestinian Territories and Israel).

4 Experience

The most important lessons learned in German development cooperation in the field of transboundary water cooperation are the following⁵:

1) *Transboundary water cooperation has an impact on sensitive policy issues.*

Successful transboundary water cooperation depends heavily on power relations and the political dynamics prevailing in a given region. Riparians often fear that they may have to surrender sovereign powers in transboundary water cooperation, limiting their options.

2) *Regional political organizations act as catalysts.*

Cooperation within basin organizations is more successful if they are integrated in regional organizations seeking political and/or economic regional convergence. In such regional integration communities, it is easier to offset power imbalances between countries, which is an important prerequisite for transboundary water cooperation.

3) *An international institutional framework facilitates transboundary water cooperation.*

As experience has shown, the inclusion of water cooperation issues in institutional frameworks such as the G8 Africa Action Plan or the EU Water Initiative (EUWI) provides riparians with incentives for cooperation. Similar results have been evident in international dialogue fora such as the Petersberg Process. They develop visions of how to organize transboundary water cooperation. Such dialogue platforms, which often take place

on neutral territory, are important because they offer a forum for building confidence, providing inspiration, and pointing out new avenues for policymakers and experts alike.

4) *The riparian states must themselves want and promote transboundary water cooperation.*

There is no lack of political declarations of intent. What counts, though, is concrete action with which riparians live up to their political statements of commitment. The international community can frequently provide useful impetus, but transboundary water cooperation can only emerge through efforts made by the riparians themselves.

5) *Benefit-sharing enhances players' readiness for cooperation.*

Transboundary water cooperation is to benefit all stakeholders. The clearer these advantages are made from the outset, the greater is the riparian states' willingness to cooperate. In order for these advantages to materialize, there is not only a need for transboundary dialogue but also for investment and regulation.

In a number of cases, it has proven expedient to tackle those activities first that yield beneficial results fast. This creates political and popular support for further activities.

In benefit-sharing, special attention must be paid to the different positive and negative effects of transboundary water cooperation on individual sections of the population within each riparian country. Accordingly, a differentiated approach must be taken in assessing the social, ecological and economic impacts of transboundary water cooperation. For transboundary infrastructure measures in particular, care must be taken to

⁵ This includes the findings of the study "Transboundary Water Management in Africa" undertaken by the German Development Institute on behalf of the BMZ.

ensure that poor sections of the population, too, benefit.

- 6) *Transboundary water cooperation is a long-term process.*

Transboundary water cooperation is a complex, long-term decision-making process. This is inevitable if the different views and positions of all stakeholders are to be made transparent and if the cooperation process is to be based on a sound political foundation. Sufficient time must be allowed to build mutual confidence amongst the parties and for all stakeholders to understand the advantages which transboundary water cooperation can afford.

- 7) *It is only in the long term that transboundary water cooperation leads to regional integration and conflict prevention.*

Transboundary water cooperation is also aimed at regional integration and conflict prevention. It is difficult to measure the accomplishment of these goals, because the impacts of transboundary water cooperation can only be seen in the long run. As the example of basin organizations makes particularly clear, such efforts alone do not

lead to regional integration or conflict prevention. Nor does transboundary water cooperation result in an immediate improvement in the living conditions of people living along rivers, lakes, or aquifers. Rather, the impacts of transboundary water cooperation depend on a vast variety of disparate factors, such as governance in the countries involved, prior regional cooperation, current national legislation, as well as decision-making and participation processes. Not least, the power balance between riparian states has a major influence on whether transboundary water cooperation will improve or deteriorate, for example in situations such as that of the Mekong River Commission (MRC), where China is a powerful upstream riparian which is, however, not part of the MRC.

- 8) *Good governance and transboundary water cooperation are closely interrelated.*

Good governance enhances cooperation: The rule of law and transparent government structures help to build confidence among the parties. Decentralized structures for transboundary water cooperation and participatory mechanisms guarantee that water users' interests are taken into account.

5 Instruments and areas for action

A look at Germany's advisory services for basin organizations shows that there is a vast variety of areas for action in water cooperation. A number of instruments have emerged from the provision of such advice that have proven useful in their respective contexts. In the following, we shall describe some of these instruments and areas for action in greater detail. This is, however, not a complete list; nor does every element need be included in every cooperation project. What is ultimately decisive is the specific regional context. Nor does the order of presentation indicate anything about the appropriate sequence in practice, as the natural, socioeconomic and institutional environment varies from case to case.

1) *Harmonizing water policies*

The aim of water policy harmonization is to align national water policies with joint cooperation goals. With German support, SADC, for example, has set up a task force to provide technical advice to member states on bringing water laws, strategies and frameworks in line with the joint SADC Water Protocol. In similar approaches, the Nile Basin states and the member countries of UN ESCWA are supported by German development cooperation in harmonizing their water policies. The first priority here, however, is to arrive at a shared understanding of how national water policies and regional challenges are related.

2) *Developing cooperation agreements*

In many cases, intergovernmental cooperation agreements have proven to be an effective basis for regulating water resource cooperation amongst riparian states. They define the framework for joint activities. Important aspects governed by international cooperation agreements include the purpose, objective and con-

tents of cooperation, the way it is financed, and the envisaged institutional arrangement with clearly defined roles and mandates for the respective players. The negotiations preceding such an agreement are at least as important as the accord itself. They have a formative influence on a shared vision of the objectives and purpose of cooperation amongst the stakeholders. As experience shows, involving as many relevant stakeholders as possible raises acceptance of the agreement and facilitates its subsequent implementation.

3) *Promoting communication and cooperative relations*

Intensive exchange amongst the various players in transboundary water cooperation is of vital importance. This is not just a matter of communication between national governments; frequent exchange of experience between different basin organizations, too, is beneficial in that it enhances such institutions' efficiency and capacity. Dialogue between academics and policy-makers is also important. Germany supports such communication between experts and decision-makers and civil society interest groups in the transboundary water sector by holding international dialogue fora.

4) *Building knowledge management capacity*

As data is often connected with strategic political interests, stakeholders tend to have misgivings about sharing it, thus presenting obstacles to efforts for the exchange of information among players in a given basin. However, joint projects are not feasible without reliable data and information on the basin concerned. Experts and executive personnel in the basin commissions and regional integration communities need a coherent pool of sector-specific technical knowledge

in order to be able to perform their tasks competently. Successful knowledge management not only calls for a stable basis of confidence but also for operational organizational structures that institutionalize knowledge, and for qualified specialists to generate, select, analyze and document information.

Modern data processing technologies can help considerably in systematizing, documenting and transmitting information.

If a basin organization is already in place, riparian states are typically more willing to establish a joint database. As umbrella bodies, such organizations play a decisive role in overseeing agreements on data exchange. Other tasks include the standardization of data collection and presentation, the supervision and operation of monitoring systems, and the development of regional databases. The latter can considerably improve the exchange and shared use of basin information.

German development cooperation provides training on knowledge management to the staff of basin organizations through seminars and courses concerned with the different aspects of the IWRM approach and the application of modern IT technologies. German development cooperation also provides organizational and technical support to institutions in setting up knowledge management units and assists in procuring and installing the measuring instruments needed for knowledge and information management.

5) *Drawing up integrated water management plans*

A major task of basin organizations is to support member countries in developing a regional water management plan in line with the principles of Integrated Water Resources Management (IWRM). The plan lays the foundation for harmonized management of the shared watershed. Based on a joint analysis of the status quo, the

plan serves the joint definition of objectives, priority areas for action, and activities. At present, German development cooperation is assisting in preparing water management plans in the Orange-Senqu and Limpopo basins. The plans are to reflect the positions and needs of all major stakeholders and serve the overarching purpose of making the best possible use of the river basins in an integrated way. Consultation must take place early on regarding sensitive undertakings, for example the planning of dams, so as to minimize adverse impacts, such as conflicts. The data and information collected in the development stage are compiled for access and use by everyone.

6) *Investing in the implementation of integrated water management plans*

In many basins, players are often unable to implement integrated water management plans on their own. Such plans may therefore center around extensive investment measures. Always taking account of the cross-border aspect, German development cooperation can make a substantial contribution to implementing water management plans by supporting measures in water supply, sewage treatment, erosion control, afforestation, irrigation, hydropower use, and in setting up national parks. Measures in flood and drought control will also assume a greater role in the future.

7) *Monitoring and evaluating projects*

Projects in support of transboundary water cooperation must be assessed in terms of their impacts. This particularly applies to the reporting on the implementation of intergovernmental agreements. Progress and setbacks must be reviewed on a regular basis, for example with the help of systematic data collection and sample surveys, for players to be able to adapt projects at any time and to make sure they are geared to achieving the agreed objective. Completed projects are evaluated to provide lessons for the future.

8) *Improving donor coordination*

There is a need for enhanced coordination of development measures in transboundary water cooperation. This is emphasized, among other things, in the 2005 Paris Declaration. Political initiatives such as EUWI and the G8 initiative highlight this need. Coordination is required, in particular, with regard to the priorities and strategies donors define with regard to specific regions and focal aspects. The effectiveness of assistance can be enhanced and transaction costs, reduced, by means of participation in international programs. German development cooperation participates actively in such initiatives and is highly involved in in-country donor coordination. Harmonized donor positions are also needed with a view to intensifying policy dialogue with partners and raising riparian states' awareness of their responsibility for matters beyond their national borders.

9) *Promoting South-South exchange*

Basin organizations can benefit considerably from the knowledge and experience of their

counterparts in other basins. This area for action comprises the exchange of knowledge and experience amongst these organizations, which increases the efficiency and effectiveness of the relevant activities in transboundary water cooperation. German development cooperation regards the promotion of South-South exchange as an important task aimed at raising the impact and efficiency of measures in this area.

10) *Paying more attention to transboundary groundwater resources*

Africa has 38 large transboundary aquifer systems. Only in a few of these, initial attempts at cross-border cooperation have been made. This is why promoting transboundary cooperation on shared groundwater resources is an increasingly important area for action in international cooperation. In view of the risks and opportunities involved in using groundwater resources, particularly in the arid to semi-arid areas of Africa and the Middle East, German development cooperation deems support for the management of international groundwater systems very important for sustainable development.

German development cooperation organizations in transboundary water cooperation

Technical Cooperation (TC) and Financial Cooperation (FC) are tried and tested instruments for carrying out German development cooperation, which is implemented along pluralistic and decentralized lines, with different organizations each providing their own specific range of services. The water sector is a particularly good example of how FC and TC complement each other.

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH conducts the bulk of Technical Cooperation (TC) on behalf of the BMZ. At international level, it supports the BMZ with strategic and organizational assistance in conducting worldwide policy dialogues on transboundary water management. At project level, GTZ supports the establishment and development of river basin organizations and provides sector-specific advice as they implement their programs (e.g., harmonization of water policies, data management, regional water resource management plans, etc.). Projects are currently under way with the Nile Basin Initiative and the basin organizations for Orange-Senqu, Limpopo, Congo and Lake Chad. The African Ministers' Council on Water (AMCOW) receives support with regard to networking between African river basin organizations. GTZ also supports river basin cooperation outside Africa, e.g., on the Mekong, the Rio Artibonito and in the Andean states.

KfW Entwicklungsbank (KfW development bank) carries out Financial Cooperation (FC) on behalf of the BMZ. It finances investment in economic and social infrastructure, in effective financial systems, in the agricultural sector, and in resource protection. FC-financed activities in the areas of drinking water supply, sanitation and resource protection also have a beneficial effect on resource use in watersheds, often stretching beyond national borders. Examples include the transboundary development of a drinking water system in the Kunene river basin (Angola/Namibia) and the construction and rehabilitation of sewage treatment plants and the establishment of a biosphere reserve at the World Heritage site of Lake Ohrid (Albania/Macedonia). FC also finances advisory services to accompany investment measures in support of transboundary water cooperation as well as measurement programs and studies (e.g., Sanitation Master Plan, Kampala, Uganda, with a view to protecting Lake Victoria, Nile basin). FC can create incentives for transboundary cooperation by making investment measures contingent on progress in transboundary water cooperation in line with the principles of Integrated Water Resources Management.

On behalf of the BMZ, **InWEnt – Internationale Weiterbildung und Entwicklung gGmbH (Capacity Building International, Germany)** carries out concerted dialogue and training measures for all stakeholders in transboundary water cooperation, i.e., policymakers in ministries or regional organizations, specialists working in planning and management as well as representatives of user groups, advocates or disseminators in learning and knowledge networks. In line with needs, support is provided to local, national, transboundary (both bilateral and multilateral) and regional initiatives (such as SADC) at the political, strategic and operational levels. Additionally, river basin organizations are assisted in strengthening their human resource capacities. Major learning modules concern water governance, public participation, conflict transformation, data and information management, as well as basin-based IWRM.

The **Federal Institute for Geosciences and Natural Resources (BGR)** implements, on behalf of the BMZ, Technical Cooperation in the area of sustainable geo-resource use and protection. In the water sector, the focus is on groundwater resources. BGR advises the BMZ and other German federal ministries on international groundwater policy. Advisory services in TC comprise the exploration and assessment of water resources, development and implementation of sustainable management strategies, as well as quality assurance and water resource monitoring. One focus of current projects is support for regional cooperation: In the MENA region, BGR is providing assistance to UN ESCWA and ACSAD; in sub-Saharan Africa, to OSS and SADC. In South America, BGR is a partner in the World Bank's trans-regional cooperation project managing the Guaraní aquifer, the largest groundwater resource in Latin America.

Abbreviations

ACSAD	Arab Center for the Studies of Arid Zones and Dry Lands
AMCOW	African Ministers' Council on Water
BGR	Federal Institute for Geosciences and Natural Resources (Bundesanstalt für Geowissenschaften und Rohstoffe)
BMZ	Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)
ESCWA	United Nations Economic and Social Commission for Western Asia
EU	European Union
EUWI	EU Water Initiative
FC	Financial Cooperation
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ILC	International Law Commission
InWEnt	InWEnt – Internationale Weiterbildung und Entwicklung gGmbH (Capacity Building International, Germany)
IWRM	Integrated Water Resources Management
KfW	KfW Entwicklungsbank (KfW development bank)
MDG	Millennium Development Goal
MENA	Middle East and North Africa
MRC	Mekong River Commission
NBI	Nile Basin Initiative
NGO	Nongovernmental organization
OSS	Observatoire du Sahara et du Sahel

SADC	Southern African Development Community
TC	Technical Cooperation
UN	United Nations
WCD	World Commission on Dams

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