

Benefit Sharing in International River Basins



Photo: Jonas Kjellstrand

In today's discourse on transboundary waters, the concept of "benefit sharing" is gaining increased attention. While benefit sharing is often referred to, it is generally hard to pin down what it means in reality. Some analytical work has been done, but clearly much remains to be done to develop, conceptualise and implement the approach. Since in certain international river basins it seems hard to reach an agreement on water rights and subsequent water allocations for each riparian, the proponents of the benefit sharing concept see the need to move beyond the discussions on the actual sharing of water to the sharing of the benefits that may be derived from the use of the water.

The benefit sharing approach has in particular been developed within and through the Nile Basin Initiative, which is supported by the World Bank and the United Nations Development Programme (UNDP) as well as a number of bilateral donors. Rather than focusing on the water *per se*, the riparians should engage in a dialogue about how to share the benefits that may be derived from the river. Examples of such benefits might be hydropower, improved environmental stewardship, regional integration and increased trade as well as increased development, stability and peace.

Benefits could be made real in terms of increased production, jobs, income, etc., but also through savings, e.g. reduced spending on security measures and lower expenditure for each national unit of joint services covering the basin. One shall also take into account the "intangible" benefits which would stem from increased trust between the riparians in the basin.

In a pioneering article on benefit sharing in international river basins, Sadoff and Grey (2002) have argued that the riparians engaged in cooperation over shared waters must be able to perceive the potential for a range of benefits that are not only to do with water management *per se*. They iden-

tified four basic cooperative benefits. The first is benefits to the river, which entails a better management of the ecosystems. The second is benefits from the river such as increased food and energy production. The third is the benefit of reduction in costs because of the river, since the tensions between riparian states that inevitably will exist over a shared river will be lowered by cooperation in the management thereof. The reduction of tensions will also result in a reduction of costs. The fourth example is the benefits beyond the river which cover the positive results that cooperation over a shared river can have in terms of spill over effects such as increased economic integration between two or more countries.

The largely economic framework proposed by Sadoff and Grey (2002) for understanding cooperation and benefit sharing needs to be complemented by an account of the wider political and institutional aspects involved in the joint management of international rivers. An understanding of the political dynamics driving development in a basin is a key aspect to be able to make an assessment of whether the benefit sharing approach will succeed. It is important also to recognise that the private sector, donors and non-governmental or-

ganisations (NGOs) play a prominent role in generating benefits and also as agents in terms of distributing the benefits within and between societies in a basin.

A recent paper noted that, in general, riparians in an international river basin tend to opt for either an approach in which they aim to agree on their respective volumetric allocations of the resource or to enter into broader arrangement involving the sharing of benefits arising from the water resources such as those outlined above (Phillips and Jägerskog, 2006). While the approaches are not mutually exclusive, riparians tend to focus on one of these two approaches.

The reason for that might be that it is highly problematic to focus on the two approaches at the same time. In an analysis by Wolf and Hamner (2000) it was concluded, somewhat surprisingly perhaps, that out of 145 agreements analysed only 37% dealt with volumetric allocations. As a matter of fact, hydroelectricity was more often the major focus of the agreement. Thus many agreements deal already today with benefits rather than water allocations *per se*.

The Nile Basin Initiative has since its inception in 1999 moved towards the sharing of benefits. Still, a pertinent issue is how the

benefits that are generated in connection with, for instance, a hydroelectric project are distributed, within the basin and locally. Equally important, how are the costs associated with development projects shared? From the debate so far, it is hard to see how benefits and costs are distributed at different layers in the basin, and beyond. It is, of course, important that both the pros and the cons are identified and made tangible for the various groups of people living in the basin.

A recent study of the benefit sharing approach initiated by the Expert Group on Development Issues at the Swedish Ministry for Foreign Affairs (Phillips et al, 2006) concludes that benefit sharing should not be considered a panacea in transboundary water management. The authors argue that in certain basins the benefits sharing approach is highly relevant (primarily those

in which security concerns are not at centre stage) while in other circumstances it is not as appropriate. Furthermore they point to the problem that what they call “basin hegemons” (i.e. the stronger states in a shared basin) tend to dominate and may “hijack” the benefit sharing discourse so as to make it suit their interests. It is therefore imperative that donors and international financial institutions take note of the need to support weaker states in transboundary settings so as to “level the playing field”.

Conclusions

The area of benefit sharing of international waters is a promising field of work and it is important that the theoretical discourse concerning the principles of benefit sharing incorporate the range of issues that are intimately linked.

It is well to remember that in poor re-

gions, the generation of benefits requires more than good will and politically sanctioned institutional and other cooperation. Huge investments are often required and, as indicated, there are considerable risks and social and environmental costs involved in these types of ventures. There is no such thing as “a free lunch”, as little as there are free benefits, ready to be reaped. In reality, the ambitions to work according to the principle of “benefit sharing” are, of course, blended with discussions and negotiations for sharing of risks, investments, etc.

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Photo: Mats Lannerstad, Jonas Kjellstrand, and SIWI

Benefits that could be derived from sharing a river include hydropower, improved environmental stewardship, regional integration and increased trade.

Resources:

- Jägerskog and Phillips (2006), Background paper on Transboundary Waters for the Human Development Report 2006. Accessible at: www.siwi.org
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- Sadoff, Claudia W. and David Grey. (2002). "Beyond the river: the benefits of cooperation on international rivers" in *Water Policy*, 4, 5: 389-403.
- Wolf, Aaron T. and Hamner, Jesse H., 2000. 'Trends in transboundary water disputes and dispute resolution', *Water for Peace in the Middle East and Southern Africa*. Geneva: Green Cross International.