

Financing capacity building for IWRM

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Financing IWRM capacity building

- ◆ The presentation:
 - Will discuss the need for capacity building,
 - Will identify the economic benefit from capacity building,
 - Give some crude cost estimates
 - How to address the financing challenge.

(Information significantly lacking on this issue)

The need for capacity building.

- ◆ Major reform of water management systems in many countries (GWP, 2006)
- ◆ New legal and institutional arrangements.
- ◆ New procedures.
- ◆ Achieving the MDGs: capacity to absorb and manage investment.

Economic benefit from CB

- ◆ Capacity building
 - Improves operational efficiency
 - Often the difference between success and failure
 - See UNDP report on the failures of the past
 - But benefit hard to quantify.
- ◆ Indonesian example: economic rate of return increased approx 32% from capacity building component of irrigation investment. (UN/World Bank)

Cost of Capacity Building

- ◆ MDG estimate at 12bnUS\$ for 2006 of 121bnUS\$ (to be financed from ODA)
- ◆ Capacity building is a modest cost but with a big impact (10% of development budget)
- ◆ Cost of not doing it is higher,
- ◆ Capacity building as continuing process built into operational costs.

Capacity building is a service.

- ◆ Different expectations – should be free or subsidised, result is reluctance to pay real cost.
- ◆ Not adequately budgeted.
- ◆ Poor identification of capacity building needs.

Addressing the financing challenge

- ◆ Where does the funding come from?
 - Government, donors, projects?
- ◆ Strategy makes a difference
 - UNDP experience– local ownership
 - Cap-Net networks for capacity building
- ◆ Capacity building from local level
 - Improves impact, relevance and sustainability
 - Reduced cost
 - Cost recovery
 - Build leverage and synergy

Concluding

- ◆ Developing national capacity has proved an elusive goal (UNDP 2002).
- ◆ Strategy is important, we cannot look at financing separately from method, process and impact of capacity building.

Thank you

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