



9th World Water Forum – Dakar, Senegal

Voices of the River, Pathways to Peace Initiative

Creation of a Multi-stakeholder Participatory Platform at the OMVS to Promote Local Entrepreneurship, Job Creation and Social Cohesion: Blue Fund for Development and Peace

Strategic Note, March 2022

Water Security for Peace and Development

Water is, without a doubt, one of the major challenges of the 21st century. The world needs to fundamentally rethink its global approach to water - as a matter of survival (Global High-Level Panel on Water and Peace). To meet the challenges of the 21st century, it is increasingly urgent to act in an inclusive and sustainable manner from the local to the transboundary level in an integrated territorial development approach. Water, as a vital human and economic need, is a unifying element and a vector of peace. Peace today requires solid and creative mechanisms to strengthen global security and all forms of cooperation.

Mastering the water cycle and its natural and anthropogenic processes is fundamental to peace, development, and resilience. It is now recognized that the impacts of climate change will be channeled primarily through the water cycle, including droughts, floods, soil depletion and biodiversity. Effective and equitable conjunctive management of surface and groundwater, land, and ecosystems is essential for resilience, food security, and strengthening local economies, including sustainable agro-sylvo-pastoral and fisheries practices linked to water retention infrastructure.

Basin Organizations are peacemakers and accelerators of sustainable development. They are set up as multi-stakeholder platforms, both as national and transboundary entities, and offer spaces for dialogue for countries on a transboundary scale, and for direct or indirect water stakeholders on a sub-national scale. It is therefore fundamental to develop these two scales, which ensure sharing and solidarity to empower the role of water as an instrument of peace and prosperity, to accelerate the achievement of the Sustainable Development Goals (SDGs) and to meet climate challenges. Indeed, the potential of transboundary basin agencies as a structuring and a federating agent has been recognized by experts in the fields of development, humanitarian action, peace and security in the Sahel region.

The mission of the Senegal River Basin Development Organisation (OMVS), "to accelerate the economic development of Member States through the joint development of the opportunities offered by the basin", is therefore at the core of integrated water cycle management for peace and prosperity. Its integrated development mandate allows OMVS to act in a transboundary, territorial and intersectoral manner to catalyze sustainable and inclusive socio-economic development, to adapt to the effects of climate change, to prevent water-related conflicts, pollution, and disasters, and to foster

convergence between peace, humanitarian, and sustainable development agendas. Its mandate is fully in line with the global frameworks for sustainable development (Agenda 2030), financing (Addis Ababa Agenda), as well as the African Union's Agenda 2063. The OMVS is clearly at the forefront of the model of a basin organization, that is needed to meet the challenges of the 21st century in Africa and globally.

The "Nouakchott Declaration" adopted in 2003 by the OMVS Heads of State and Government called upon the OMVS to take action by enhancing the integrative nature of its programs and projects, by innovating and promoting sustainability while maintaining overall cohesion, by developing human resources and mastering new technologies. In addition, the Declaration called for "continuing and intensifying the implementation of small grants for income-generating activities, to strengthen the poverty reduction dynamic.

Mastering the Challenges and Opportunities of the 21st Century

As OMVS celebrates its 50th anniversary, the directions set out in the Nouakchott Declaration have never been more relevant in the context of climate change and the demographic dividend, which makes the creation of sustainable jobs and strengthening social cohesion the key to prosperity and peace in the Senegal River Basin and beyond. Indeed, according to the roundtable¹ of local stakeholders on water as a vector for peace in the Sahel, held in Ouagadougou in June 2021, it is the strengthening of trust between institutions, local authorities and local populations, and the realization of leveraging actions for local socio-economic development - in particular by strengthening the role of basin organizations in territorial development - that will be able to reverse the deterioration of security in the Sahel and prevent the emergence of new areas of fragility, the main source of armed violence.

To meet the current and future challenges in the Sahelian region, it is therefore necessary to strengthen the technical, human, and financial capacities of OMVS, as well as those of the other basin development organizations. The virtue of water as a vector of peace is already a historical reality in the OMVS basin, which has managed to build major infrastructures in a mutual manner, benefiting each State. The challenge is therefore to enhance these infrastructures through sustainable and inclusive local socio-economic development through community and small private sector development, to generate sustainable employment, especially for youth, women, and marginalized populations.

Although the challenges have increased, there are new opportunities for OMVS to strengthen its socio-economic development mandate from a perspective of subsidiarity to local and national bodies. OMVS can and should take advantage of recent advances in integrative approaches - especially between water and land² -, the economics of networks and digital platforms, innovative financing mechanisms, and best practices for representation and participation of local stakeholders in basin development. It is therefore necessary to build capacity and develop new financial instruments so that OMVS can fully play its role as a convener, facilitator, and catalyst of local initiatives.

The Voices of the River, Pathways to Peace Initiative (www.voixdufleuve-voiedelapaix.org)

On the road to the 9th World Water Forum in Dakar in March 2022, the initiative "Voices of the River, Pathways to Peace" led by OMVS aims to organize a strategic and creative reflection on issues related to water, land, and adaptation to climate change, focused on perceptions and voices of local populations and the creation of local jobs for peace and prosperity. The project is also supported by artists from the four countries of the Senegal River Basin in the fields of music, cinema, theater, and photography, calling for a commitment to water and peace between peoples.

The initiative aims at the "trptych": economic growth, social progress and environmental preservation stated in the Nouakchott Declaration. It will take advantage of both international best

¹ Geneva Water Hub, « Roundtable of local stakeholders on water as a vector for peace in the Sahel », 2021 (in French) <https://genevawaterhub.org/fr/actualite/table-ronde-des-acteurs-locaux-sur-leau-comme-vecteur-de-paix-au-sahel#impact>

² OMVS and IPAR, Policy note, « Advocacy for the adoption of the Senegal River Basin Land Charter: An opportunity for peaceful management of the transboundary space », 2021 (in French) : https://cda-omvs.org/wp-content/uploads/2021/12/14904_charte_fonciere_-_bassin_du_fleuve_senegal_0.pdf

practices and local knowledge in terms of enhancing the use of water for job creation and strengthening social cohesion. It will therefore explore with basin stakeholders, and in particular women, youth, and marginalized populations, which approaches, tools and instruments of facilitation and financial incentives would be the most effective in strengthening the socio-economic development mandate of the OMVS.

It is therefore proposed to create a "Blue Fund for Development and Peace" that integrates and complements the existing management and financing ecosystem, based on a financial incentive mechanism for job creation, and coupled with support for local actors that emphasizes heeding and social cohesion. The support of the local actors will take advantage of the resources and capacities present in the 4 OMVS countries in the local communities as well as in the academic, NGO and associative sectors. Furthermore, and through the pooling of these resources within the transboundary framework of the OMVS, costs will be reduced through economies of scale, and local exchanges and transboundary cooperation at the local level will strengthen the circular economy.

Proposed OMVS Blue Fund for Development and Peace

The Blue Fund will not be a traditional Fund but a *Shared Financing Space* that brings together local, national, and global players around a digital platform with a streamlined support service. The Blue Fund will thus enable any player in the basin's financial ecosystem to have "virtual window" access to the financing of supervised projects. It will encourage the syndication of the basin's financial actors and promote group financing and solidarity to manage risks, building on local savings practices as well as on digital connectivity and electronic money that are booming in Africa. It will thus promote the emergence of "moral leaders", development catalysts with a strong social and environmental impact. In this way, the OMVS Blue Fund will be able to realize the visionary anticipation of the Nouakchott Declaration.

The Blue Fund will be able to generate short-term impacts through targeted small grants for income and employment generating activities, according to the Nouakchott Declaration and the positive experiences already achieved by OMVS with the support of UNDP and GEF. These small grants for local projects led by communities or the private sector will be designed to encourage sustainable job creation while strengthening social cohesion, and enhancing the positive role of water from the local to the transboundary level. To create a positive momentum while managing expectations, activities will focus on short-term local impacts while contributing to a strategic vision of OMVS' commitment to local populations, and thus serve as an incubator for a new engagement of the Organisation.

In the longer term, the Blue Fund can help creating entrepreneurship and wealth in the basin, thereby creating a stable revenue base for OMVS to finance its investments by accessing capital markets directly, in addition to traditional financing. These investments in transboundary and local infrastructure (e.g., development of irrigated areas and rural electrification based on renewable energy) will in turn allow the development of businesses and employment for young people, thus creating a virtuous circle of self-financing for the OMVS and socio-economic development of the basin. It is therefore necessary to develop an ambitious long-term vision, but to start with a simple, modular, and adaptable concept that allows for a gradual up-grade in activities, starting with a pilot phase for which at least two countries must be involved (e.g., the Senegal-Mauritania tandem).

Strategic Elements of the Blue Fund

The OMVS Blue Fund for Development and Peace is therefore a thoughtful and organized response to the challenges of meeting water-related needs and strengthening the economic resilience of the Senegal River Basin. The Blue Fund is aimed at the riparian population, which constitutes the existing economic actors and in particular women and young people, project leaders, associations and groups, and non-governmental organizations working for sustainable development. The targeted activities are projects with a strong social and environmental impact, aimed at creating sustainable jobs and generating inclusive and sustainable wealth, preserving the environment, and strengthening the natural ecosystem integrated into an existing or potentially structured value chain or one that can be structured, in line with the economic and social development projects of the four countries of the basin.

The Blue Fund will therefore include a support mechanism for the targeted activities (*Support and Coaching Space*) coupled with an incentive and participatory mechanism for the financing of the local economy (*Financing Space*). Indeed, regional, and global experience³ has shown that the main challenge is not the financing but rather the insufficient support, the lack of viable projects and, in particular the mismatch between supply and demand as well as the disruption of supply chains. However, there are now sharing tools that connect financing with participation and support of the stakeholders, so that initiatives are structured to clarify roles in the value chains, to better manage risks and to create sustainable impact. In this way, the financial mechanism will be able to contribute to the creation of sustainable jobs, the securing of water resources and the optimization of their use, and thus encourage resilient economic and social cohesion.

The support system will aim at strengthening the capacities of local economic actors and setting up an efficient information system including a directory of sectors and value chains, as well as a territorial information platform on employment opportunities, income, internships, and trades. The Fund will be managed locally and be accessible to the target population virtually and physically. It will provide to the "financing space" *plug and play* projects that have benefited from the "support space" as well as better knowledge and visibility of the sectors financed. Project support will work with mobile counters for structuring value chains, a rating or scoring system to ensure the viability of the system and dematerialized and physical spaces for capacity building.

An inter-operable digital platform will create a participatory and proximity *financing space*, connecting investors and project holders in need of financing, by promoting innovations such as virtual windows and electronic wallets. Initially, the Blue Fund will stimulate *co-financing* from multiple sources (donors, foundations, diaspora, private sector, individuals) by institutionalizing the positive experiences already achieved by the OMVS. Co-funding *based on results* could also be envisaged, for example in support of local OMVS coordination committees or as an incentive to forge agreements and alliances, particularly between landowners and investors (water-land link). In a second stage, a mechanism for small loans will be developed through collaboration with micro-finance institution(s). The financing area will consider the profitability and risk profiles of the sectors and will be endowed with (i) borrowing resources, (ii) subsidies or equalization payments for more social activities, and (iii) special resources such as philanthropic funds, sustainable development funds, social and environmental impact investment funds.

An inter-operable digital platform has many benefits, which should be leveraged without neglecting the cybersecurity and digital inclusion issues that must be anticipated and managed. The shared platform would allow to: (i) synergize on a shared platform the three functions of the Blue Fund (listening, incentive financing and accompaniment), (ii) bring together investors, communities, associations/NGOs and the private sector in a logic of proximity participatory financing complementary to traditional financing, (iii) connect and federate existing initiatives and promote transboundary and intersectoral cooperation, (iv) facilitate the management and provision of funds through an open system of applications and monitoring by the communities, and (v) visualize the quality of territorial governance by mapping the projects, in order to propose actions where necessary to strengthen inclusion and social cohesion.

The targets groups of the Blue Fund are the youth and women of the Senegal River Basin, the local authorities of the basin and the local private sector. The Blue Fund could therefore include support funds for an incentive entrepreneurial ecosystem, for the reinforcement of skills and expertise, for the incubation and impetus of young start-up entrepreneurs, and consolidation funds for young and women entrepreneurs. The Fund may finance inter-community and/or cross-border projects linking several territories of the basin, strengthening territorial support mechanisms for employment and employability of young people, as well as socio-cultural activities promoting the culture of peace and social cohesion. The Fund may also support local private sector economic projects (agriculture, fishing, livestock), as an example through a guarantee fund for SMEs and through a support fund for the structuring of local markets and local industries.

³ See the conclusions of Building Bridges, the conference on finance and sustainable development which took place in Geneva in November 2021: <https://www.buildingbridges.org/2021-edition/building-bridges-summit/>

Co-Design Methodology of the Blue Fund

Under the aegis of OMVS, the Blue Fund will be developed by a multidisciplinary group with the support of an advisory group, benefiting from a peer review. This group will include the Pôle Eau Dakar (Dakar Water Hub), a reference framework in Africa to catalyze cooperation, dialogue and innovative solutions on water in the footsteps of the 9th World Water Forum; the IPAR, a leading think tank specialized in agriculture, land governance and job creation in the Senegalese basin; the Geneva Water Hub, a center of excellence in hydropolitics and hydrodiplomacy at the University of Geneva; the International Network of Basin Organizations (INBO) as well as the International Secretariat for Water.

The Blue Fund will be designed and developed through a consultative and participatory process of co-construction, to ensure its pertinence and ownership by the actors. On the demand side, the process will aim to leverage local knowledge and international best practices by exploring with territorial and underrepresented stakeholders which approaches, tools and instruments for facilitation and financial incentives would be most effective in achieving the objectives of the Blue Fund. This process will include consultations at the Open Sahel Festival (February 2022) and at the World Water Forum in Dakar (March 2022), through dialogue with youth, workshops in the pilot area(s), and exchanges of experiences, for example on incubators and digital platforms. In addition, IPAR will produce an analysis note on the potential use of the Fund for one or more cross-border pilot zones. On the supply side, potential financiers, and investors - notably from the Sustainable Finance Geneva ecosystem - will be invited to contribute to the process of co-construction of the Blue Fund, and then to make the first investments.

The process of co-design of the Blue Fund will be based on comparative analysis (benchmarking), particularly regarding the options of governance and institutional anchoring in the OMVS. The examples of the Economic Development Services⁴ of the Tennessee River Basin Organization (TVA) and the Compagnie Nationale du Rhône (CNR) could be studied and lead to exchanges of experiences, as well as the review prepared by INBO in December 2021 of the best practices of basin organizations in terms of consultation and inclusion of local stakeholders in the decision-making processes. The Blue Fund's financing space will be able to draw inspiration from recent platforms that have revolutionized the Network Economy and from innovations in Africa, including the participatory digital platform for the West Africa Coastal Areas Management Program (wacaprogram.org) and the Sahel Analysis, Monitoring and Learning Platform (PASAS). To support work in fragile areas, an exchange of institutional practices could be organized, notably with the High Authority for the Consolidation of Peace in Niger (HACP), which is an actor recognized for its expertise in working with marginalized populations.

A Call for Action at the 9th World Water Forum: Opportunities for Support, Resource Mobilization and Financing

The concept will be presented and discussed during the Dakar World Water Forum to generate interest and technical and financial support from public, private, and civil society partners to develop and then implement this innovative initiative. Local, national, and international actors are invited to join this initiative:

- ✓ By joining the peer and advisory group for the concept and development of the OMVS Blue Fund for Development and Peace
- ✓ By financing the development activities of the Blue Fund, and in particular its digital platform and its mechanisms for supervising local projects
- ✓ By investing in the Blue Fund

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⁴ The Tennessee Valley Authority (TVA) has generated over the past five years approximately 341,000 jobs and over US\$45.4 Billion in capital investment in the 7 States of the Tennessee River Basin, <https://www.tva.com/about-tva/learn-about-tva/economic-development>