

## **Outlining the economic foundations of regional cooperation on water in Central Asia**

**Webinar organized on 15 April in the framework of the Programme “Water as a driver of sustainable recovery: economic, institutional and strategic aspects of regional cooperation on water in Central Asia”**

The webinar was the third event in a program of four virtual and one traditional workshop. The Center for Central Asia Research of Corvinus University, Budapest has initiated and prepared the Programme and is responsible for its implementation with support by the Blue Peace Central Asia Initiative of the Swiss Development Cooperation, the Stockholm International Water Institute and the Regional Environmental Center for Central Asia.

The three webinars organized so far in the framework of the Programme "Water as a driver of sustainable recovery" are following a global trend of a declining predominance of engineering approaches. There is increasing focus on the economic and financial sustainability of the water sector, in order to enhance and sustain its contribution to socioeconomic development. The first two webinars identified 30 years of underinvestment in infrastructure as the biggest problem of the sector. Needs are huge: estimates of minimum annual investment needed range from 20-25 billion USD to 33-38 billion USD. These amounts clearly exceed the capacity of the economies of individual countries.

Keynote speakers at the webinar included Mr. Sulton Rahimzoda, the Chairman of the Executive Committee of the International Fund for Saving the Aral Sea and the regional programme directors of the European Union and GiZ, the German Development Agency. Speakers emphasized that climate change is not only putting increasing pressure on the sector but also offers opportunities in the form of rapidly increasing availability of green and climate financing. President Biden invited 40 world leaders to a Leaders Summit on Climate on 22-23 April. One of the objectives of the summit is to mobilize public and private sector finance and help vulnerable countries to cope with climate impacts. Legislation and policies in developed countries bring climate risks and resilience into the heart of financial and business decision making.

Several speakers pointed out that Central Asia has a better chance of attracting climate financing by developing a smart regional investment concept. It could identify regional investment opportunities when they are superior in efficiency to national solutions. Pooling capabilities and resources would ensure better positions vis a vis investors and help shed risks. Displaying a strong commitment to regional cooperation would help increase long-term stability and develop a favourable regional investment climate. This is especially important in the case of investment in water infrastructure with very long break-even periods. Forming regional consortia for investment would, as an additional advantage, require increased transparency and accountability. Participation of water, energy, environmental, economic and financial experts of international development partners would ensure a balanced and professional outcome.