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**Report on implementation of the European Union Water  
Initiative National Policy Dialogues on Integrated Water  
Resources Management and on Water Supply and Sanitation**

**Prepared by UNECE and OECD**

*Summary*

This document gives an outline of objectives and current state of the National Policy Dialogues on Integrated Water Resource Management and on Water Supply and Sanitation. National Policy Dialogues are the main operational instrument under the European Union (EU) Water Initiative in the countries of Eastern Europe, Caucasus and Central Asia (EECCA).

Important achievements in past year include:

- Turkmenistan acceded to the UNECE Water Convention and subsequently elaborated the new Water Code;
- New national Water Law was developed in Georgia;
- Work was carried out to set or implement national targets for water and health in Armenia, Kyrgyzstan, Moldova and Tajikistan;
- Work on strengthening the use of economic instruments for water management was conducted at national level (in Armenia, Kyrgyzstan and Russia) and at transboundary level (in Armenia, Azerbaijan and Georgia);
- EUWI National Policy Dialogue started in Kazakhstan.

## **I. Background and objectives of National Policy Dialogues**

1. National Policy Dialogues (NPD) on integrated water resources management (IWRM) and water supply and sanitation (WSS) are the main operational instrument of the European Union Water Initiative (EUWI) Component for Eastern Europe, the Caucasus and Central Asia (EECCA). The EUWI, including its EECCA Component, was launched at the World Summit on Sustainable Development in Johannesburg in 2002. It contributes to the implementation of Millennium Development Goals (MDGs). The United Nations Economic Commission for Europe (UNECE) is the strategic partner for support to the policy dialogue processes on IWRM, whereas the Organization for Economic Co-operation and Development (OECD) is the strategic partner for WSS and financial aspects of IWRM. All together, since 2006 the EUWI NPDs have been carried out in nine countries. The EUWI component for Eastern Europe, the Caucasus and Central Asia is presently chaired by Romania.

2. In 2006, NPDs/IWRM started in Armenia, the Republic of Moldova and Ukraine. In 2008, the NPD/IWRM started in Kyrgyzstan. In 2010 and 2011, policy dialogues on IWRM were initiated in Azerbaijan, Georgia, Tajikistan and Turkmenistan. In 2013 the NPD/IWRM was launched in Kazakhstan. Thus, NPDs/IWRM are presently implemented by the UNECE in nine countries.

3. NPDs on WSS and/or on the economic and financial dimension of water resource management are implemented in six countries: Armenia, Georgia, Kyrgyzstan, Russian Federation (in 2010), the Republic of Moldova and Ukraine. In 2012, the NPD in Russian Federation resumed focusing on the economic and financial dimension of water resources management.

4. The NPDs/IWRM provide practical assistance to strengthen IWRM implementation in EECCA countries. Activities build on the principles of IWRM as enshrined in the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention), the UNECE/WHO-Europe Protocol on Water and Health, the EU Water Framework Directive (WFD) and other relevant documents.

5. The NPDs/WSS provide practical assistance to EECCA countries in achieving water-related MDGs through improving the legal, institutional and regulatory framework in WSS and overall sector governance in line with international best practices and OECD expertise.

6. In those countries, where the NPDs cover both IWRM and WSS aspects and/or the economic and financial dimension of water resource management, the NPD process is implemented by UNECE and OECD in a coordinated way. In some countries, one of the partners takes the lead with the other partner providing inputs on selected issues. In the Russian Federation, OECD is paving the way. In Turkmenistan, the dialogue is currently implemented by UNECE only.

## **II. Activities and stakeholders involved**

7. Policy dialogues are based on consultations with relevant ministries, agencies and institutions (including science and academia), non-governmental organizations, parliamentary bodies and other national and international organizations. The dialogue process is usually conducted under the leadership of a high-level government representative such as the Minister/Deputy Minister of Environment or the Chairman of the State Water Committee. In the respective countries, national Steering Committees are established to guide and steer the NPD process. They include representatives of

relevant ministries, agencies and institutions, as well as non-governmental organizations.

8. The Steering Committees meet at least on an annual basis at the national level. They discuss key national water policy issues and adopt decisions on NPD activities. International and donor organizations, such as the EU, the United Nations Development Programme (UNDP), the Organization for Security and Cooperation in Europe (OSCE), the World Health Organization (WHO), the World Bank, the European Bank for Reconstruction and Development (EBRD) and bilateral donors are invited to the policy dialogue meetings.

9. In addition to their original function of supporting the development of policies on IWRM and WSS, in several countries the NPDs and their Steering Committees have become national coordination mechanisms for water-related projects carried out under the auspices of international organizations (e.g. EC, UNECE, UNDP, World Bank, OECD) and donor countries (e.g. Finland, Germany, Norway, and Switzerland). This contributes to a more efficient use of available funds.

### **National Policy Dialogues on Integrated Water Resources Management**

10. In some countries where NPDs/IWRM are implemented, subject to availability of resources, the following components are included in the NPD work: the preparation of mapping reports on the IWRM situation, including international and national projects and programs, and the elaboration of roadmaps to achieve IWRM. These documents are important to avoid duplication of activities and to ensure clear and transparent communication and coordination with national and international organizations involved in the NPD process.

11. On the content side, an important outcome of the NPDs are so-called “policy packages”, such as legislative acts, strategies, ministerial orders and plans of implementation. In the selection of policy packages to support (upon request of the participating country) UNECE gives priority to the implementation of UNECE instruments, such as the Protocol on Water and Health, and to transboundary issues, including the application of different guidelines developed by UNECE (monitoring and assessment, flood management, climate change, etc.). The implementation of the relevant EU strategies and legislation, such as the EU-Central Asia Platform, EU Water Framework Directive, etc. is also an important framework for action. The amount of resources available largely dictates the ambition of the policy packages developed.

12. In coordination with UNECE or as stand-alone projects, the OECD promotes the use of economic instruments to manage water resources: economic instruments can trigger water efficiency and promote low-cost options; they can allocate water where it is most needed; they can generate revenues to fund water-related institutions, infrastructures and services. Because they promote flexible responses, economic instruments are particularly appropriate to adapt water infrastructures and services to climate change, a trend that particularly affects the Caucasus and Central Asia. OECD's contribution to NPDs/IWRM can lead to, *inter alia*, economically sensible river basin management plans or strategies to adapt to climate change, effective reforms of tariff policies (for irrigation, hydropower and other water uses), or sustainable business models for river basin councils or water users associations.

13. In terms of key topics, issues such as strategic water management plans based on IWRM principles (EU Water Framework Directive), drinking water quality (Protocol on Water and Health), management of transboundary waters (Water Convention) and adaptation of the water sector to climate change are high on the agenda of NPDs/IWRM in most EECCA countries. For countries in Eastern Europe cooperating closely with the European Union through the European Neighbourhood Policy (ENP) and the EU Eastern

Partnership, implementation of the EU WFD principles is often the main focus of the NPDs.

14. Although in different countries the NPDs follow the same methodology, the NPDs/IWRM processes in each country are unique as far as approaches for introducing IWRM principles, substantive agendas of the dialogues and dynamics of the process are concerned. Implementation depends on the objectives for water management in each country, the legislative and institutional framework, as well as the political and socio-economic situation.

### **National Policy Dialogues on Water Supply and Sanitation**

15. The MDGs on WSS remain a distant objective for activities in most EECCA countries<sup>1</sup>. Countries in the region are often plagued with oversized, costly to operate, and decaying infrastructures. Although several countries attract donors' attention to finance investment to rebuild or extend water supply networks and wastewater treatment plants, it is not clear how water utilities will ensure proper operation and maintenance of existing and new infrastructures: capacities and financial resources are scarce.

16. In that context, the OECD endeavours to bring some financial realism in investment and action plans. NPDs/WSS present EECCA governments with a menu of options to make the best of available resources and to attract additional public or private funds. Depending on the demand from the country, work focuses on: (a) the appropriate scale to organize water supply and sanitation services, and the incentives to reach the optimal level; (b) the appropriate business model for water utilities; this issue is particularly relevant in rural areas; (c) a realistic financial strategy, which combines water tariffs and accompanying measures to mitigate social consequences; (d) financially feasible investment plans.

17. NPDs/WSS rely on pilot projects, international best practices, reviews and/or modeling. Robust analyses feed into a policy process, where stakeholders meet and confront views. Outcomes include financing strategies and investment plans, roadmaps to reform water systems, reforms of tariff policies and accompanying social measures.

## **III. Implementation of the National Policy Dialogues until September 2013**

### **A. Country activities**

#### **Armenia**

18. The Policy Dialogue was initiated in 2006. It facilitates implementation of the IWRM principles in the national legislative and institutional frameworks. In 2010, the UNECE and the OECD established a joint NPD/IWRM Steering Committee, which allows more synergies and better coordination of activities. Two Steering Committee meetings were held in 2012. Within the dialogue, a programme of water management measures was developed for the Marmarik river basin. The NPD/IWRM also focused on economic instruments and financing of water management; the OECD organized activities on IWRM financing in the Marmarik river basin and has completed similar activities in the

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<sup>1</sup> See OECD (2011), *Ten Years of Water Policy Reforms in EECCA*, for a recent assessment.

Debed river basin in 2012. This work, financed by the Government of Finland, focused on assessment of the sustainability of water management in the river basins and status and opportunities for the use of economic instruments for water management.

19. A Policy Brief “Summary of results and lessons learned from the implementation of the Armenian NPD on IWRM” was published in 2010.<sup>2</sup> Plans for the continuation of the NPD/IWRM include the economic and financial dimension of IWRM and pilot projects to support further implementation of IWRM principles in Armenia.

20. In 2009, a project proposal for an “Action plan on improving health in Armenia through target setting to ensure sustainable water management, access to safe water and adequate sanitation” was elaborated. The new project supporting the implementation of the Protocol on Water and Health started in December 2012 with support from Finland. Baseline study will be completed by the end of 2013, to be followed by setting of national targets.

21. The Armenian State Committee of Water Systems expressed demand for a new activity aimed at developing a national strategy for sustainable sanitation. The strategy should provide specific orientations to increase the coverage of the Armenian population by wastewater collection and treatment, in a financially realistic way. The OECD launched this work in June 2013.

### **Azerbaijan**

22. The First Steering Committee was organized in October 2010. The NPD/IWRM focuses on the development of a government strategy for the management of water resources (National Water Strategy). Transboundary water cooperation with neighbouring Georgia, specifically the preparation of a bilateral agreement on the management of shared transboundary waters of the Kura River supported by an Environment and Security Initiative (ENVSEC) project, is another important issue on the NPD agenda. The NPD/IWRM in Azerbaijan is funded by the EC and OSCE. The Government of Finland contributed with expert support to the preparation of the National Water Strategy. During the Second Steering Committee meeting in June 2012 a draft of the Strategy was adopted as a basis for its further development. In 2013 the implementation plan for the National Water Strategy was prepared.

23. In 2011, OECD implemented a project aimed at monitoring performance of water utilities in Azerbaijan. The work helped to improve policy making for WSS by providing good quality data and analysis. OECD activities include pilot projects on exploring potential transboundary costs and benefits from improved water management, and organisation of a regional conference on water security and economic aspects of IWRM in Azerbaijan.

### **Georgia**

24. The NPD/IWRM started in Georgia in September 2010 with meetings of the UNECE Water Convention Secretariat with the Ministry of Environmental Protection and Natural Resources and other stakeholders. The Memorandum on NPD implementation was signed by the Ministry of Environment Protection and Natural Resources and UNECE in October 2011.

25. The NPD/IWRM in Georgia focuses on three major topics: preparation of a National Water Law based on the IWRM principles and the EU Water Framework Directive; setting targets for the implementation of the Protocol on Water and Health; and transboundary activities, including cooperation with the neighboring Azerbaijan and

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<sup>2</sup> See <http://www.unece.org/index.php?id=25663>.

accession to the Water Convention. The first Steering Committee meeting (June 2012), which was followed by a Stakeholders Workshop, focused on new water legislation, as well as the EU Water Framework Directive, given the EU-Georgia Association Agreement currently under development. In addition to the EC grant, the NPD/IWRM in Georgia has been supported by the Government of Finland.

26. By Summer 2013 the draft new Water Law was developed by the interministerial working group. Ambitious new law introduces the river basin approach to water resources management, permitting and licensing for water use and discharge and clarifies the roles of the different State agencies involved in the management of the water resources. It is expected that the law will be adopted in late 2013.

27. A policy brief on results and lessons learned from the implementation of NPD/IWRM in Georgia was prepared in 2013.

### **Kazakhstan**

28. Preparatory missions for initiating of the National Policy Dialogue in Kazakhstan were conducted in May and September 2012. The first Steering Committee meeting for launching of NPD process took place in June 2013. The NPD process in Kazakhstan will address both IWRM and WSS issues.

29. Following the prioritization of activities at the first Steering Committee meeting, the UNECE will assist Kazakhstan in analysing the benefits of accession to the Protocol on Water and Health for Kazakhstan. Results of the analysis by national expert group are to be presented to the second Steering Committee meeting in Spring 2014.

30. The first policy package to be developed with support of OECD in Kazakhstan will be on sustainable business models for WSS in rural areas and small towns.

### **Kyrgyzstan**

31. In Kyrgyzstan, the policy dialogue process started in 2008. Dialogue outcomes featured two policy packages, including a regulation for the establishment of a River Basin Council for the Chu River basin and an action plan to achieve the water-related Millennium Development Goals through the implementation of the Protocol on Water and Health.

32. In 2011 a joint Steering Committee for both IWRM and WSS issues was established. The dialogue process focused on the (a) implementation of river basin management approach through development of the river basin management plan for the Chu River; (b) setting targets and target dates at national level in the context of the UNECE/WHO-Europe Protocol on Water and Health (on the basis of preliminary study implemented in two pilot basins – the Chu River Basin and the Issyk-Kul Basin).

33. The Working Group on target setting in the context of the Protocol on Water and Health had several meetings in 2012-2013. The national targets were approved by NPD Steering Committee meeting in March 2013 and were in June 2013 formally adopted by the joint order of the Minister of Health and the Minister of Agriculture and Melioration of Kyrgyzstan.

34. An expert group to support the Chu River Basin Council was established which has compiled a report with background data about the basin. The first meeting of the Chu River Basin Council took place in February 2013.

35. A policy brief on results and lessons learned from the implementation of NPD/IWRM in Kyrgyzstan during 2008-2013 was published.

36. The work of OECD has concentrated on improving economic instruments for water resource management in Lake Issyk-Kul Basin.

37. In 2010-2013, the NPD/IWRM in Kyrgyzstan is supported by the EC and by the Government of Finland. The Danish Ministry of Foreign Affairs has provided an international expert who assists in the development of the policy package on the river basin management plan for the Chu River. The Government of Norway has provided support to the target setting process. The work on economic instruments for water resource management is supported by Switzerland and EC (Aidco).

#### **Republic of Moldova**

38. The NPD/IWRM in the Republic of Moldova started in 2006. The continuation of the NPD/IWRM supported by SDC in 2011-2014 is focusing on the monitoring of implementation of the targets established under the Protocol on Water and Health. The Steering Committee met in November 2012 and a stakeholder meeting was organized in April 2013. Action plan for achieving the targets has been drafted and will be presented to Steering Committee in October 2013. The work is done in close coordination with the NPD on WSS.

39. The NPD on IWRM and WSS started in 2006. The third phase of the NPD on WSS (from late 2011) focuses on two issues: adaptation of WSS to climate change and sustainable business models for sanitation in small towns and rural settlements in Moldova. They are facilitated by OECD. An expert workshop on Sustainable Business Models for Rural Wastewater Services was held in 2012. The ongoing phase is supported by the EC (DG ENV and Aidco) and the OECD/EAP Task Force. The NPD on WSS provided useful inputs to the revised Government strategy for WSS, and to the national adaptation strategy.

#### **Russian Federation**

40. The policy dialogue on WSS was launched in 2010 and focused on improving the legal, institutional and regulatory framework for private sector participation in WSS. Key outputs from the NPD were lessons learnt from the private sector participation in WSS in the Russian Federation and in EECCA and the Assessment of the framework for private sector participation in WSS in the Russian Federation, with respective recommendations. The two documents provided useful input to the process of developing a Federal law on WSS, adopted later in 2011, as well as the process of improving the Federal law on concession agreements and related subsidiary regulations. The policy dialogue on WSS was supported by the EC/Aidco, World Bank, Russia development bank (*Vnesheconombank*), *"Eurasijskij"* (large private operator) and by three Directorates of the OECD.

41. An exploratory mission for resuming the policy dialogue in Russia was organized in May 2012. Work has started in 2013 on the use of economic instruments for water resources management at regional level in the Republic of Buryatia. The interministerial coordination council has been established to guide the work in Buryatia. The OECD has commissioned a study on economic instruments for IWRM in Russia which will be published in October 2013.

#### **Tajikistan**

42. The NPD/IWRM in Tajikistan started in 2010. The main focus of the NPD/IWRM is support to the development of the water sector reform strategy, including development of the legal and institutional frameworks based on IWRM principles. In 2012, expert groups on the water sector reform strategy and on legislation were established. Water Sector Reform Strategy was prepared, as well as analysis on necessary changes in national legislation for implementation of IWRM principles. Two NPD Steering Committees were held in 2012 and one in 2013. In 2013 one stakeholder meeting was organised.

43. Strengthening transboundary water cooperation with neighbouring Kyrgyzstan, as well as Afghanistan (management of the Upper Amudarya Basin), is another important issue on the NPD agenda. In 2010-2013, the NPD/IWRM in Tajikistan was funded by the EC and the German Society for International Cooperation (GIZ). The Danish Ministry of Foreign Affairs has provided an international expert who assisted the Government of Tajikistan in preparing the water sector reform strategy.

44. OECD has recently been asked to contribute to the ongoing NPD and the water sector reform strategy by strengthening financing of the water sector in Tajikistan through development of a sound tariff policy. The Antimonopoly Agency (AMA) of Tajikistan is in charge of setting tariffs for water supply and sanitation and holds responsibility for economic regulation. It called on the OECD to strengthen its capacity in several areas. As a response, the OECD organised a technical workshop on water pricing in Tajikistan in 2013, building on good practice in the region and elsewhere.

### **Turkmenistan**

45. The NPD/IWRM kick-off meeting was held in December 2010, followed by the first Steering Committee meeting in April 2011. As part of the NPD/IWRM in Turkmenistan, an inter-ministerial expert group was established with a task to review the national legislation of Turkmenistan in light of the adoption of the standards of the UNECE Water Convention, including IWRM principles enshrined in the Convention. UNECE organized two missions to Turkmenistan in 2012 where consultations were held with different ministries and agencies in order to facilitate the implementation of the policy recommendations. This work culminated in the decision of the Parliament of Turkmenistan on 4 August 2012 on the country's accession to the Water Convention.

46. A report on the opportunities to introduce river basin management approach in Turkmenistan was published in 2013. Following the decisions of the second Steering Committee of September 2012, the NPD inter-ministerial expert group started work on the new national Water Code. The expert group had 12 meetings and prepared a draft new Water Code which is expected to be passed to the national Parliament for adoption in 2014. In 2012-2013 the NPD/IWRM in Turkmenistan has been supported by Norway, the EC and GIZ.

### **Ukraine**

47. In Ukraine, the dialogue process on IWRM started in late 2007. Two policy packages were developed within the NPD/IWRM, namely (i) a draft concept on adaptation of water policy in Ukraine to climate change, based on the UNECE Guidance on Water and Adaptation to Climate Change, and (ii) terms of references for the future project on climate change impacts on water resources in the Dniester River Basin. In addition, a proposal has been submitted to the Ministry of Economy on harmonization of national legislation with the EU Floods Directive. These policy packages facilitated the development of a pilot project on reducing vulnerability to extreme floods and climate change in the Dniester basin, which is now implemented under the framework of ENVSEC by UNECE, OSCE and UNEP. The final Steering Committee meeting of NPD/IWRM under the EC grant was organized in November 2010.

48. OECD launched a NPD on WSS in Ukraine in 2009, with the Ministry of Regional Development, Construction and Housing and Communal Economy of Ukraine as a leading partner. The OECD supported the development of a roadmap of reforms to create a legal and institutional context that supports inter-municipal cooperation in the water sector. A pilot project on alternative options as regards the appropriate scale and scope of WSS systems was implemented in two regions (Cherkassy and Kiev) in 2011. Further work is being considered on the incentives which can promote inter-municipal

cooperation for WSS in Ukraine. This work is relevant for most EECCA countries and there are opportunities for replication.

## **B. Coordination and communication activities**

### **Side-event at the Sixth Meeting of the Parties (MOP) to the Water Convention**

49. The side event “EU Water Initiative National Policy Dialogues: Identifying good practices and lessons learned, shaping ideas for the future” was organized on 29 November 2012 during the Sixth Meeting of the Parties (MOP) to the Water Convention in Rome, Italy, by the Romanian Ministry of Environment and Forests, EC, UNECE and OECD.<sup>3</sup> The side event provided an opportunity for participating EECCA countries to report on results achieved through the NPD process. Other international organisations and stakeholders also expressed their satisfaction about the work done and underlined the need for good coordination between participating institutions.

### **Annual meeting of the EUWI EECCA Working Group**

50. The annual meetings of the EUWI EECCA Working Group provide an important platform for the exchange of experience between EECCA countries on the implementation of NPDs. The 16th meeting of the EUWI EECCA Working Group took place on 2 July 2012 in Geneva, Switzerland. The meeting was organized by the UNECE, the OECD and the Romanian Ministry of Environment and Forestry (as Chair of the EUWI EECCA Working Group). It brought together over 60 officials from the EECCA countries and EU Member States, representatives of NGOs, private sector, IFIs and international organisations, as well as experts from the WSS sector.

51. The objectives of the meeting were to share the experience of target countries on issues of regional relevance, to review progress and set priorities for implementation of the EUWI in EECCA, and to endorse the work plan for the next year. Particular attention was paid to (1) awareness and application of IWRM principles, including cost-recovery; (2) adapting the water sector to climate change at the national and transboundary levels; and (3) approximation to European and international water law instruments.

### **World Water Week 2013**

52. The EUWI Multi-Stakeholder Forum, organized during the World Water Week in Stockholm (4 September 2013), provided an opportunity for stakeholders to be updated on recent developments within EUWI and to explore the opportunities of work within the water-energy-food security nexus. The highlights of the EUWI in the Eastern Europe, the Caucasus and Central Asia subregion were presented and received positive feedback.

### **Communication activities**

53. In January 2013 the publication “The European Union Water Initiative National Policy Dialogues: Achievements and lessons learned” was published. The publication reviews the work carried out in the framework of EUWI NDPs in the EECCA region and lists the main achievements country-by-country. The publication is available both in

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<sup>3</sup> For agenda see [www.unece.org/fileadmin/DAM/env/water/mop\\_6\\_Rome/Side\\_events/Side\\_event\\_NPD\\_final\\_Eng.pdf](http://www.unece.org/fileadmin/DAM/env/water/mop_6_Rome/Side_events/Side_event_NPD_final_Eng.pdf)

English and Russian and is being distributed to partner organisations, donors and stakeholders in the region.<sup>4</sup>

54. A newsletter, "Update on National Policy Dialogues", ensures dissemination of information on NPDs in EECCA countries to policy makers and stakeholders and serves to promote the EUWI, as well as share the experience accumulated in EUWI implementation in the EECCA region. Six issues of the newsletter were published from mid-2011 to mid-2013 in English and Russian.<sup>5</sup>

55. Leaflets on NPDs/IWRM were printed in English and Russian in November 2012.<sup>6</sup> Information has been regularly updated on UNECE and OECD websites ([www.unece.org/env/water/npd](http://www.unece.org/env/water/npd) and [www.oecd.org/water](http://www.oecd.org/water)). Websites give access to presentations made in the meetings, meeting reports, other relevant reports, newsletters and press releases. Both websites are extensively used in the EECCA region as a source of information on IWRM and WSS issues. In addition, introduction to the NPDs and short interviews on the implementation of NPDs/IWRM in Kyrgyzstan, Tajikistan and Turkmenistan in Russian language were recorded by UNTV and displayed at YouTube in 2012 and 2013.<sup>7</sup> Press releases covering the NPD Steering Committee meetings are regularly issued by UNECE in English and Russian languages to ensure the visibility of the EUWI NPDs.<sup>8</sup>

56. A benchmarking study about the implementation of the IWRM principles in the EECCA region has been drafted by UNECE and OECD. The study provides overview of the situation in 9 countries. Study is based on responses to a questionnaire, provided by experts from all countries. The final version of the study will be launched in late 2013 and a second benchmarking report is envisaged for the end of 2015.

#### IV. Lessons learned and challenges ahead

57. Implementation of EUWI in EECCA countries through NPDs on IWRM and WSS has made important contributions to the development of water sector reforms and the achievement of water-related MDGs. The importance of the EU Water Initiative and the role of NPDs as powerful tools to promote reform of the water sector, the development of modern water strategies and legislation and intersectoral cooperation was acknowledged and welcomed at the Seventh Ministerial Conference "Environment for Europe" (Astana, Kazakhstan, 21-23 September 2011).<sup>9</sup>

58. The political leadership by the EC and by the EUWI Chair is very important for the implementation of the NPDs. The participation of Heads of EU Delegations and of the EU Special Representative for Central Asia in the Steering Committee meetings has ensured and demonstrated such political leadership. Close coordination of NPD activities with EU

<sup>4</sup> See respectively

[http://www.unece.org/fileadmin/DAM/env/water/publications/NPD\\_Publication\\_2013/EUWI\\_NPD\\_Achievements\\_and\\_lessons\\_learned\\_High\\_Resolution\\_Eng\\_NEW.pdf](http://www.unece.org/fileadmin/DAM/env/water/publications/NPD_Publication_2013/EUWI_NPD_Achievements_and_lessons_learned_High_Resolution_Eng_NEW.pdf) and

[http://www.unece.org/fileadmin/DAM/env/water/publications/NPD\\_Publication\\_2013/EUWI\\_NPD\\_Achievements\\_and\\_lessons\\_learned\\_High\\_Resolution\\_Rus\\_NEW.pdf](http://www.unece.org/fileadmin/DAM/env/water/publications/NPD_Publication_2013/EUWI_NPD_Achievements_and_lessons_learned_High_Resolution_Rus_NEW.pdf)

<sup>5</sup> See <http://www.unece.org/index.php?id=20848>.

<sup>6</sup> See

[http://www.unece.org/fileadmin/DAM/env/water/publications/brochure/Brochures\\_Leaflets/NPD\\_en\\_web.pdf](http://www.unece.org/fileadmin/DAM/env/water/publications/brochure/Brochures_Leaflets/NPD_en_web.pdf)

<sup>7</sup> See <http://www.youtube.com/watch?v=fBZlzHP7zO0> (general NPD overview),

<http://www.unece.org/index.php?id=30351> (Kyrgyzstan, Tajikistan, Turkmenistan).

<sup>8</sup> See <http://www.unece.org/env/water/npd/news.html>.

<sup>9</sup> Ministerial Declaration ECE/ASTANA.CONF/2011/2/Add.1, paragraph 4 and the Chair's Summary ECE/ASTANA.CONF/2011/2/Add.2, paragraphs 25 and 63.

Delegations and embassies of EU member States in the countries, as well as coordination of NPD activities with other EU activities (e.g. under EU-Central Asia Platform and in the framework of projects supported by the EC) should be maintained.

59. The experience with implementation of the NPDs demonstrated that the dialogues respond to countries needs and are much requested: countries in which the NPDs were supposed to end, requested for their continuation; countries which were not initially interested, requested to start NPDs (Kazakhstan). Donors and international organizations also find an interest in NPDs as, in many instances, NPDs provide a platform to share expertise and coordinate initiatives.

60. Implementation of policy packages (e.g. new governmental regulations) is one of the key objectives of the NPDs. At the same time, individual policy packages should be well-defined and not overly ambitious.

61. The topics of the NPDs evolve over time reflecting the developing needs of the respective countries. NPDs need to thoroughly take into account and align with the relevant reform processes at different levels. Support to the dialogues needs to be flexible enough to accommodate new demands.

62. The NPDs should focus on policy issues rather than on technical ones. They should be designed as national platforms where representatives of all relevant sectors and key stakeholders meet and discuss water policy.

63. The political instabilities in some target countries are one of the major concerns. Supporting and, when needed (in case of changes in governments), re-establishing an NPD are long and resource consuming processes. Flexibility in the planning is necessary to ensure the most efficient use of resources and processes in the respective countries. Liaising with a wide array of policy makers in each country, and engaging EC delegations are ways to mitigate the consequences of political instability in EECCA.

64. Leadership and commitment of national actors are important for successful implementation of the NPDs. The involvement of representatives of parliamentary and governmental bodies is crucial for the discussion and adoption of the new policy packages. NGOs are important drivers for policy reform discussions and should be actively involved in the dialogue processes.

65. Good coordination with development partners often helps to ensure sustainability of the results of NPDs in the medium term: e.g. on several instances, EC and bilateral donors followed up on specific priority actions and technical assistance needs identified in the policy dialogue process on WSS. Cooperation with other international organizations active in the EECCA region is important to ensure that reforms in the water sector are developed and effectively implemented.

66. The NPDs/IWRM are successfully building on the multiple UNECE activities, including (a) activities under the UNECE environmental conventions, in particular the Water Convention (e.g. the programme of pilot projects on adaptation to climate change in transboundary basins) and its Protocol on Water and Health, (b) UNECE environmental performance reviews (EPR) programme; (c) UNECE projects and activities on the ground, such as those implemented by the Regional Adviser on the Environment. Such synergies should be maintained and extended. Direct contacts and regular cooperation of UNECE in different UN fora with the governments of the EECCA countries help to achieve political commitment of these governments to NPD implementation and ensure their long-term sustainability.

67. Similarly, NPDs can build on the work on water developed by the OECD and on the wide array of expertise in OECD countries. It is noteworthy that current work on water at the OECD covers policies to enhance water security, adaptation of water policies and infrastructures to climate change, managing water from a green growth

perspective, mechanisms to allocate water, water and urbanization, and private sector participation in WSS. In each of these areas, OECD pays particular attention to making the best use of water and financial resources. It analyses best practices in OECD countries and beyond. Synergies between NPDs in EECCA and OECD work on water go both ways: NPDs can build on this vast array of expertise, and they contribute hands-on experience on making water policy reforms happen.

68. There are increasing synergies established between, on one hand, national and, on the other hand, transboundary and regional cooperation activities in the EECCA region. The number of activities within NPDs supporting national policies for transboundary cooperation with neighboring countries is growing. Coordination with regional initiatives such as the Aral Sea Basin Programme-3 opens possibilities to support regional cooperation processes through the national dialogues.

69. NPDs are policy processes, which evolve over time. They are typically set for several years and require a medium/long term perspective. It is important that financial support reflects this dimension. The contribution of the EC is critical, as it is one of the very rare ones to span over several years and contribute financial stability of the programme. Recurrent and stable funding from Finland, Germany, Norway and Switzerland are similarly important.

## Annex I. Funding of the National Policy Dialogues

1. In 2010-2013, the NPDs on IWRM and WSS were financed by the EC, bilateral donors and international organizations.
2. Several governments provide support to NPDs/IWRM, implemented by UNECE. The Government of Finland supported in 2012-2013 the continuation of the NPD in Kyrgyzstan and the development of the NPD in Georgia. The Government of Norway supports NPD/IWRM activities in Turkmenistan and the target setting activities in Kyrgyzstan. The Danish Ministry of Foreign Affairs through DANIDA provided expert support for NPDs/IWRM in Tajikistan and Kyrgyzstan. The Government of Germany through GIZ provided additional funds for meetings in Kyrgyzstan, Tajikistan and Turkmenistan.
3. For the ongoing period, with regard to the NPDs on WSS, the Government of Norway supports work on the use of economic instruments for water resources management in Kazakhstan, Kyrgyzstan and/or Tajikistan. The Government of Switzerland supports work on water resources management in Kazakhstan, Kyrgyzstan and/or Azerbaijan. Germany renewed its support to water-related work in the context of the EAP Task Force.

**Table 1. NPDs funding in 2012-2015**

<b>Funding government or agency</b> <i>2012-2015 - amount in Euros</i>	<b>Joint OECD-UNECE</b>	<b>UNECE</b>	<b>OECD</b>
European Union (DG DevCo)	<sup>(1)</sup> 3,200,000	-	-
Government of Denmark	-	40,000	-
Government of Finland	-	120,000	-
Government of Germany (BMU)	-	-	200,000
Government of Germany (GIZ)	-	30,000	-
Government of Norway	-	<sup>(4)</sup> 210,000	<sup>(2)</sup> 390,000
Government of Switzerland	-	-	<sup>(2)</sup> 60,000
UNECE	-	<sup>(3)</sup> 200,000	-
OECD	-	-	n.a.
<b>Total estimated</b>	<b>3,200,000</b>	<b>600,000</b>	<b>650,000</b>

Notes:

- <sup>(1)</sup> covering the period February 2012 – January 2016.
- <sup>(2)</sup> equivalent to the share of a larger grant allocated to water projects in EECCA.
- <sup>(3)</sup> estimated for 2013-2015 – including input by UNECE regular budget staff.
- <sup>(4)</sup> committed for 2013-2015.

4. Following the application by OECD and UNECE, the EC Directorate for Development Cooperation provided funding for the Second Phase of the NPDs in the period from February 2012 to January 2016 in the total amount of EUR 3'202'854. These resources are provided for implementation of the NPDs on WSS and IWRM in ten EECCA countries: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan, Turkmenistan and Ukraine. Should Belarus and Uzbekistan signal their interest in implementing NPDs, a proportion of funds should be used to launch and implement NPDs in these countries. The main activities in the second phase include: (i) promoting the political commitment in EECCA countries at national level towards action- and innovation-oriented partnership; (ii) development of a robust analytical basis to substantive policy dialogues: elaboration of the policy packages; (iii) benchmarking and exchange of experiences; (iv) dissemination of the project information and stakeholder involvement. Apart from country activities, transboundary policy dialogue on IWRM and other regional activities are envisaged.

5. This contribution sets the programme on a solid basis. Additional contributions from bilateral donors and other institutions are needed to ensure the success of on-going projects, and respond to new requests from EECCA governments.

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