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Working Group on Integrated Water Resources Management

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Item 5 of the provisional agenda

European Union Water Initiative and National Policy Dialogues

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

Prepared by the United Nations Economic Commission for Europe and
the Organisation for Economic Co-operation and Development

Summary

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

Important achievements over the past year include:

- (a) The development of a new national Water Code in Turkmenistan;
- (b) The elaboration of a new national Water Law in Georgia;
- (c) Work was carried out to set or implement national targets for water and health in Armenia, Kyrgyzstan, the Republic of Moldova and Tajikistan;
- (d) Activities to strengthen the use of economic instruments for water management were conducted at the national level (in Armenia, Kyrgyzstan and the Russian

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Federation) and at the transboundary level (in Armenia, Azerbaijan and Georgia);

(e) Institutional changes were implemented in Tajikistan to better apply integrated water resources management (IWRM).

The Working Group on Integrated Water Resources Management is invited to discuss progress in the implementation of the NPD programme, as well as provide comments and recommendations for the future implementation of NPDs.

At its sixth session (Rome, 28–30 November 2012), the Meeting of the Parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes agreed to continue with the NPD process on IWRM, and to include relevant activities in the programme of work for 2013 (ECE/MP.WAT/37, para. 57 (d)).

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I. Background and objectives of National Policy Dialogues

1. National Policy Dialogues (NPDs) 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. The EUWI, including its Component for countries in Eastern Europe, the Caucasus and Central Asia, was launched at the World Summit on Sustainable Development in Johannesburg in 2002. It contributes to the implementation of the Millennium Development Goals (MDGs). The United Nations Economic Commission for Europe (ECE) is the strategic partner for support to the policy dialogue processes on IWRM, whereas the Organisation for Economic Co-operation and Development (OECD) is the strategic partner for WSS and financial aspects of water resource management. 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 on IWRM started in Armenia, the Republic of Moldova and Ukraine. In 2008, an NPD on IWRM started in Kyrgyzstan. In 2010 and 2011, policy dialogues on IWRM were initiated in Azerbaijan, Georgia, Tajikistan and Turkmenistan. In 2013 an NPD on IWRM was launched in Kazakhstan. Thus, NPDs on IWRM are presently implemented by the ECE 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, the Russian Federation (in 2010), the Republic of Moldova and Ukraine. In 2012, the NPD in the Russian Federation resumed, focusing on the economic and financial dimension of water resources management.

4. The NPDs on IWRM provide practical assistance to strengthen IWRM implementation in the countries of Eastern Europe, the Caucasus and Central Asia. Activities build on the principles of IWRM as enshrined in the ECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention), the ECE/World Health Organization Regional Office for Europe (WHO-Europe) Protocol on Water and Health, the European Union (EU) Water Framework Directive (WFD)¹ and other relevant documents.

5. The NPDs on WSS provide practical assistance to countries in Eastern Europe, the Caucasus and Central Asia in achieving water-related MDGs through improving the legal, institutional and regulatory framework for 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 ECE 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 ECE only.

¹ Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy.

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 (NGOs), 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 chair of the State water committee. In 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 NGOs.

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 Co-operation in Europe (OSCE), the World Health Organization (WHO), the World Bank, the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB) 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., ECE, the European Commission (EC), OECD, UNDP and the World Bank) 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 on 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 programmes, and the elaboration of road maps 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) ECE gives priority to the implementation of ECE instruments, such as the Protocol on Water and Health, and to transboundary issues, including the application of different guidelines developed by ECE (monitoring and assessment, flood management, climate change, etc.). The implementation of the relevant EU strategies and legislation, such as the EU-Central Asia Platform, the EU WFD, 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 ECE 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; and 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. The OECD contribution to NPDs on 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 WFD), 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 on IWRM in most countries of Eastern Europe, the Caucasus and Central Asia. For countries in Eastern Europe, cooperating closely with the EU through the European Neighbourhood Policy (ENP) and the EU Eastern Partnership, the implementation of the EU WFD principles are often the main focus of the NPDs. Application of the principles of the EU Water Diplomacy Initiative is equally important throughout the region.

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

National Policy Dialogues on Water Supply and Sanitation

15. The MDGs on WSS remain a distant objective for activities in most countries of Eastern Europe, the Caucasus and Central Asia.² Countries in the region are often plagued with oversized, costly to operate and decaying infrastructure. 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, OECD endeavours to bring some financial realism in investment and action plans. NPDs on WSS present 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 WSS services, and the incentives to reach the optimal level; (b) the appropriate business model for water utilities, an issue that is particularly relevant in rural areas; (c) a realistic financial strategy, which combines water tariffs and accompanying measures to mitigate social consequences; and (d) financially feasible investment plans.

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

² For a recent assessment see OECD, *Ten Years of Water Sector Reforms in Eastern Europe, the Caucasus and Central Asia*, OECD Studies on Water (September 2011), available from doi: 10.1787/9789264118430-en.

III. Implementation of the National Policy Dialogues until April 2014

A. Country activities

Armenia

18. The Policy Dialogue was initiated in 2006 in Armenia. It facilitates implementation of IWRM principles in the national legislative and institutional frameworks. In 2010, ECE and OECD established a joint NPD on IWRM Steering Committee, which allows more synergies and better coordination of activities. Two Steering Committee meetings were held in 2013. A pilot River Basin Management Plan (RBMP) was developed for the Marmarik River Basin, in line with the principles of IWRM and the EU WFD, establishing the processes and institutions required. The Armenian authorities are now equipped to replicate and scale up this pilot.

19. A policy brief, “Summary of results and lessons learned from the implementation of the Armenian NPD on IWRM”, was published in 2010.³ Plans for the continuation of the NPD on 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. The baseline study was completed at the end of 2013 and the setting of national targets is to be completed in summer 2014.

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. OECD launched this project in June 2013.

Azerbaijan

22. The first meeting of the Azerbaijani NPD Steering Committee was organized in October 2010. The NPD on 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, has been another important issue on the NPD agenda. In 2013, ECE started a pilot project for testing the approach of the thematic assessment on the water-food-energy-ecosystems nexus in the transboundary Alazani/Ganykh River Basin, shared by Azerbaijan and Georgia (see ECE/MP.WAT/WG.1/2014/6). The NPD on IWRM in Azerbaijan has been funded by the EC and OSCE. The Government of Finland contributed with expert support to the preparation of the National Water Strategy. During the third Steering Committee meeting in January 2014 a process was agreed for the adoption of the draft National Water Strategy.

23. In 2011, OECD implemented a project aimed at monitoring performance of water utilities in Azerbaijan. The work helped to improve policymaking for WSS by providing

³ See <http://www.unece.org/index.php?id=25663>.

good quality data and analysis. OECD activities include pilot projects on exploring potential transboundary costs and benefits from improved water management, and organization of a regional conference on water security and economic aspects of IWRM in Azerbaijan.

Georgia

24. The NPD on IWRM started in Georgia in September 2010 with meetings of the ECE 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 ECE in October 2011.

25. The NPD on IWRM in Georgia focuses on three major topics: preparation of a National Water Law based on IWRM principles and the EU WFD; setting targets for the implementation of the Protocol on Water and Health; and transboundary activities, including cooperation with neighbouring Azerbaijan and 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 WFD, given the EU-Georgia Association Agreement currently under development. In addition to the EC grant, the NPD on IWRM in Georgia has been supported by the Government of Finland.

26. By Autumn 2013 the draft new Water Law was developed by the interministerial working group. The 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 water resources. It is expected that the law will be adopted in 2014. In spring 2014 the process of ratification of the Protocol on Water and Health was started in Georgia.

27. A policy brief on results and lessons learned from the implementation of NPD on IWRM in Georgia was published in December 2013.⁴

Kazakhstan

28. Preparatory missions for initiating the NPD in Kazakhstan were conducted in May and September 2012. The first Steering Committee meeting launching the NPD process took place in June 2013. In December 2013 the first meeting of an enlarged NPD was held to discuss preliminary results of ongoing work and the draft work plan for 2014–2015. The NPD process in Kazakhstan is addressing both IWRM and WSS issues.

29. Following the prioritization of activities at the first Steering Committee meeting, ECE will assist Kazakhstan in analysing the benefits of accession to the Protocol on Water and Health. Results of the analysis by a national expert group were presented to the second Steering Committee meeting in April 2014. The NPD Work Plan for 2014–2015 was also adopted at the second Steering Committee meeting.

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

⁴ See http://www.unece.org/fileadmin/DAM/env/documents/2013/wat/NPD_meetings/Georgia/ge_policy_brief_en_final.pdf.

Kyrgyzstan

31. In Kyrgyzstan, the NPD process started in 2008. Regarding IWRM, the 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 MDGs through the implementation of the Protocol on Water and Health. Also, a draft financing strategy for WSS was developed through the dialogue, triggering a number of positive institutional changes in 2011–2014 (foremost, the creation of a government agency with responsibility for both urban and rural WSS, establishment of clear and realistic targets for WSS in the National Strategy for Sustainable Development and development of a WSS sector strategy).

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

33. A 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 the NPD Steering Committee in March 2013 and in June 2013 were 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 and has starting developing the RBMP using a step-by-step approach. In 2013 it compiled a report with background data about the basin. By March 2014, the assessment of the state of water reservoirs in the basin was finalized. The first meeting of the Chu River Basin Council took place in February 2013 and the second one is expected to be held in summer 2014.

35. A policy brief on the results and lessons learned from the implementation of the NPD in Kyrgyzstan during 2008–2013 was published.⁵

36. The work of OECD has concentrated on improving economic instruments for water resource management in the Lake Issyk-Kul Basin and in the country as a whole. A mid-term action plan was prepared based on the proposed reform options. It is expected that in the summer 2014, the plan will be submitted to the Government of Kyrgyzstan for consideration and eventual endorsement.

37. In 2010–2014, the NPD in Kyrgyzstan has been 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 RBMP 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 Norway, Switzerland and the EC (through its Directorate-General for Development and Cooperation — EuropeAid).

⁵ See http://www.unece.org/fileadmin/DAM/env/water/publications/NPD_Publication_2013/NPD_IWRM_KG_2013_en.pdf

Republic of Moldova

38. The NPD on IWRM and WSS in the Republic of Moldova started in 2006. A draft Government Order was produced on the establishment of river basin management authorities and river basin councils in 2009. The new Water Law has been discussed at the NPD Steering Committee meetings. The law, which incorporates the principles of the EU WFD, was adopted by the parliament in 2011. A set of by-laws have also been developed by the Government. The continuation of the NPD on IWRM supported by the Swiss Agency for Development and Cooperation in 2012–2015 is focusing on the monitoring of implementation of the targets established under the Protocol on Water and Health. In October 2013, the Clearing House on the Protocol was established as an outstanding example for the entire region. The work is done in close coordination with the NPD on WSS.

39. The third phase of the NPD on WSS (from late 2011) has focused on two issues: adaptation of WSS to climate change and sustainable business models for sanitation in small towns and rural settlements in the Republic of Moldova. These activities were facilitated by OECD and sponsored by the EC (through the Directorate-General for Environment and Directorate-General for Development and Cooperation — EuropeAid) and the OECD/the Environment Action Programme (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. In the Russian Federation 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 learned from the private sector participation in WSS in the Russian Federation and in the countries of Eastern Europe, the Caucasus and Central Asia 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 EC/Aidco, the World Bank, the Russian Development Bank (Vnesheconombank), *Evrasijskij* (a large private operator) and by three Directorates of OECD.

41. An exploratory mission for resuming the policy dialogue in the Russian Federation was organized in May 2012. Work has started in 2013 on the use of economic instruments for water resources management at the regional level in the Republic of Buryatia. An interministerial coordination group has been established to guide the work in Buryatia. OECD commissioned a study on economic instruments for IWRM in the Russian Federation, which was published in October 2013. In 2014, the policy dialogue on economic instruments for water resources management in the Republic of Buryatia (Lake Baikal Basin) will continue, exploring options to combine water resource protection and economic development.

Tajikistan

42. The NPD on IWRM in Tajikistan started in 2010. The main focus of the NPD on IWRM is support to the development of the water sector reform strategy, including development of the legal and institutional frameworks based on IWRM principles. By spring 2013, the water sector reform strategy was completed. Its implementation started in late 2013 with the key institutional change: the separation of policymaking and operational functions. The legal working group worked in the second half of 2013 on proposing

necessary legal changes to support the institutional reform. It finalized a detailed report in December 2013 on the necessary changes in the Water Code and other key legal acts for implementation of IWRM.⁶ Two NPD Steering Committee meetings were held in 2012 and one in 2013. In 2013, one stakeholder meeting was organized.

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 on IWRM in Tajikistan was funded by the EC and the German Agency 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 of Tajikistan is in charge of setting tariffs for WSS and has responsibility for economic regulation. It called on OECD to strengthen its capacity in several areas. In response, OECD organized a technical workshop on water pricing in Tajikistan in 2013, building on good practice in the region and elsewhere.

Turkmenistan

45. In Turkmenistan, the NPD on IWRM kick-off meeting was held in December 2010, followed by the first Steering Committee meeting in April 2011. As part of the NPD, an interministerial expert group was established with a task to review the national legislation of Turkmenistan in the light of the adoption of the standards of the ECE Water Convention, including IWRM principles enshrined in the Convention. ECE 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 the river basin management approach in Turkmenistan was published in April 2013.⁷ Following the decisions of the second Steering Committee of September 2012, the NPD interministerial expert group started work on the new national Water Code. The expert group had 12 meetings and prepared a draft new Water Code in 2013. The plans for legal changes in water sector were discussed at the fourth Steering Committee meeting in April 2014. In 2012–2014, the NPD on 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 on IWRM, namely (a) a draft concept on adaptation of water policy in Ukraine to climate change, based on the ECE *Guidance on Water and Adaptation to Climate Change*,⁸ and (b) preparatory work for the projects on

⁶ See <http://staging.unece.org/index.php?id=35028> (in Russian).

⁷ See

http://www.unece.org/fileadmin/DAM/env/water/meetings/NPD_meetings/2013/Turkmenistan/TM_basins_report_EN.pdf

⁸ United Nations publication, Sales No. 09.II.E.14. Available from <http://www.unece.org/index.php?id=11658>.

climate change impacts on water resources in the Dniester River Basin.⁹ In addition, a proposal has been submitted to the Ministry of Economy on the harmonization of national legislation with the EU Floods Directive.¹⁰ 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 being implemented in 2010–2014 under the framework of ENVSEC by ECE, OSCE and UNEP. The final Steering Committee meeting of NPD on IWRM under the EC grant was organized in November 2010.

48. OECD launched an 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. OECD supported the development of a road map 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 Kyiv) 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 countries of Eastern Europe, the Caucasus and Central Asia and there are opportunities for replication.

B. Coordination and communication activities

Plenary discussion at the Third Meeting of the Parties to the Protocol on Water and Health, dedicated to the National Policy Dialogues (Oslo, 26 November 2013)

49. Activities in support of the Protocol on Water and Health implemented under the EUWI NPD process were presented at the third session of the Meeting of Parties to the Protocol (Oslo, 25–27 November 2013). A presentation was made by the Romanian delegation as the Chair of the NPD working group. NPDs are involved in the field of water and health by supporting the target-setting process and providing a platform for feedback and reporting at the national level through regular NPD Steering Committee meetings. Cooperation between the NPD programme and the water and health-related activities at the national level are currently ongoing in Armenia, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova and Tajikistan.

Annual meeting of the EUWI Working Group for Eastern Europe, the Caucasus and Central Asia (Helsinki, 24–25 October 2013)

50. The annual meetings of the EUWI Working Group for Eastern Europe, the Caucasus and Central Asia provide an important platform for the exchange of experience between countries on the implementation of NPDs. The annual meeting in Helsinki on 24 and 25 October 2013 gathered around 50 representatives from the region and donors. Discussions concentrated on the possibilities provided by the development of a new global policy framework, including future United Nations sustainable development goals, the water-climate-food-energy nexus, green growth and the EU Water Diplomacy initiative. Delegates gave preliminary approval for the ECE/OECD programme of work

⁹ “Reducing vulnerability to extreme floods and climate change” and “Climate change and security in the Dniester River Basin”, see <https://www2.unece.org/ehlm/platform/display/ClimateChange/Dniester>.

¹⁰ Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks.

under the Eastern Europe, the Caucasus and Central Asia component of the EUWI for 2014.¹¹

World Water Week 2013 (Stockholm, September 2013)

51. The EUWI Multi-Stakeholder Forum, organized during 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 for work within the water-energy-food security nexus. The highlights of the EUWI in the Eastern Europe, Caucasus and Central Asian subregion were presented and received positive feedback.

Communication activities

52. In January 2013 the publication, *The European Union Water Initiative National Policy Dialogues: Achievements and lessons learned*¹² was published. The publication reviews the work carried out in the framework of EUWI NDPs in the countries of Eastern Europe, the Caucasus and Central Asia and lists the main achievements country by country. The publication is available both in English and Russian and is being distributed to partner organizations, donors and stakeholders in the region.¹³

53. A newsletter, "Update on National Policy Dialogues", ensures dissemination of information on NPDs in countries of Eastern Europe, the Caucasus and Central Asia to policy makers and stakeholders and serves to promote the EUWI, as well as share the experience accumulated in EUWI implementation in the region. Seven issues of the newsletter were published from mid-2011 to mid-2014 in English and Russian.

54. Leaflets on NPDs on IWRM were printed in English and Russian in November 2012.¹⁴ Information has been regularly updated on the websites of ECE and OECD (www.unece.org/env/water/npd and 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 countries of Eastern Europe, the Caucasus and Central Asia as a source of information on IWRM and WSS issues. Press releases covering the NPD Steering Committee meetings are regularly issued by ECE in English and Russian languages to ensure the visibility of the EUWI NPDs.¹⁵

55. A benchmarking study on the implementation of the IWRM principles in Eastern Europe, the Caucasus and Central Asia was published in 2014 jointly by ECE and OECD.¹⁶ The study, which provides an overview of the situation in nine countries, is based on responses to a questionnaire provided by experts from the countries covered. A second benchmarking report is envisaged for the end of 2015.

¹¹ See meeting documents at <http://www.oecd.org/env/outreach/euwi-ecca-working-group-meeting-helsinki.htm>.

¹² United Nations Economic Commission for Europe, Water Series No. 6 (ECE/MP.WAT/38); available from http://www.unece.org/env/water/publications/euwi_npd.html.

¹³ 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 and
http://www.unece.org/fileadmin/DAM/env/water/publications/NPD_Publication_2013/EUWI_NPD_Achievements_and_lessons_learned_High_Resolution_Rus_NEW.pdf.

¹⁴ Available from <http://www.unece.org/env/water/npd/publications.html>.

¹⁵ See <http://www.unece.org/env/water/npd/news.html>.

¹⁶ ECE/MP.WAT/44; available from http://www.unece.org/fileadmin/DAM/env/water/npd/Publications/2014/IWRM_Benchmarking_2013.pdf.

56. A brochure, “The Reform of Water Policies in Eastern Europe, the Caucasus and Central Asia in 2006–2013” has been compiled by OECD and ECE to highlight the successes of the NPDs in the region. The brochure will be published in May 2014.

IV. Lessons learned and challenges ahead

57. Implementation of EUWI in the countries of Eastern Europe, the Caucasus and Central Asia through NPDs on IWRM and WSS has made important contributions to the development of water sector reforms and the achievement of the water-related MDGs. The importance of the EUWI 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 “Environment for Europe” Ministerial Conference (Astana, Kazakhstan, 21–23 September 2011).¹⁷

58. The political leadership by the EC and by the Chair of the EUWI component for the countries of Eastern Europe, the Caucasus and Central Asia 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 Delegations and embassies of EU member States in the countries, as well as coordination of NPD activities with other EU activities (e.g., under the EU-Central Asia Platform and the EU Water Diplomacy Initiative) should be maintained.

59. The experience with the 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 their continuation; countries which were not initially interested asked to start NPDs (e.g., Kazakhstan in 2012). Donors and international organizations are also interested 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 policymakers in each country, and engaging EU Delegations in the countries of Eastern Europe, the Caucasus and Central Asia are ways to mitigate the consequences of political instability in the region.

¹⁷ See ECE/ASTANA.CONF/2011/2/Add.1, para. 4, and ECE/ASTANA.CONF/2011/2/Add.2, paras. 25 and 63.

64. Leadership and the commitment of national actors are important for the 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., in 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 region of Eastern Europe, the Caucasus and Central Asia is also important to ensure that reforms in the water sector are developed and effectively implemented.

66. The NPDs on IWRM are successfully building on the multiple ECE activities, including: (a) activities under the ECE 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) the ECE Environmental Performance Reviews (EPR) programme; and (c) ECE 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 ECE in different United Nations forums with the Governments of the countries in Eastern Europe, the Caucasus and Central Asia help to achieve the 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 OECD and on the wide array of expertise in OECD countries. It is noteworthy that current work on water at 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 the NPDs and OECD work on water go both ways: NPDs can build on this vast array of expertise, and they contribute hands-on experience on how to make water policy reforms happen.

68. Increasing synergies are being established between, on the one hand, national and, on the other hand, transboundary and regional cooperation activities in the countries of Eastern Europe, the Caucasus and Central Asia. The number of activities within NPDs supporting water diplomacy and national policies for transboundary cooperation with neighbouring 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- to long-term perspective. It is important that financial support reflects this dimension. The contribution of EC is critical, as it is one of the very rare contributors whose assistance has spanned several years, thus supporting the financial stability of the programme. Recurrent and stable funding from Finland, Germany, Norway and Switzerland are similarly important.

Annex

Funding of the National Policy Dialogues

1. In 2010–2014, the NPDs on IWRM and WSS were financed by EC, bilateral donors and international organizations.
2. Several Governments provide support to NPDs on IWRM, implemented by ECE. 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 on IWRM activities in Turkmenistan and the target-setting activities in Kyrgyzstan. The Danish Ministry of Foreign Affairs, through the Danish International Development Agency, provided expert support for NPDs on IWRM in Tajikistan and Kyrgyzstan. The Government of Germany, through GIZ, provided additional funds for meetings in Kyrgyzstan, Tajikistan and Turkmenistan in 2013.
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.

NPD funding in 2012–2015

(in euros)

<i>Funding Government or agency</i>	<i>Joint OECD-ECE</i>	<i>ECE</i>	<i>OECD</i>
EU (DG DevCo)	3 200 000 ^a	—	—
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	—	210 000 ^b	390 000 ^c
Government of Switzerland	—	—	60 000 ^c
ECE	—	200 000 ^d	—
OECD	—	—	N/A
Total estimated	3 200 000	600 000	650 000

Abbreviations: BMU = Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety of Germany; DG DevCo = Directorate General for Development and Cooperation — EuropeAid.

^a Covering the period February 2012–January 2016.

^b Committed for 2013–2015.

^c Equivalent to the share of a larger grant allocated to water projects in the countries of Eastern Europe, the Caucasus and Central Asia.

^d Estimated for 2013–2015, including input by ECE regular budget staff.

4. Following the application by ECE and OECD, the EC Directorate for Development Cooperation — EuropeAid 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 10 countries of Eastern Europe, the Caucasus and Central Asia: 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 the funds should be used to launch and implement NPDs in these countries. The main activities in the second phase include: (a) promoting the political commitment in countries at the national level towards action- and innovation-oriented partnership; (b) development of a robust analytical basis for substantive policy dialogues: elaboration of the policy packages; (c) benchmarking and exchange of experiences; and (d) dissemination of the project information and stakeholder involvement. Apart from country activities, transboundary policy dialogues 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 ongoing projects and to respond to new requests from the Governments of the countries in Eastern Europe, the Caucasus and Central Asia.
