

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

The European Union Water Initiative National Policy Dialogues

Achievements and lessons learned

Water Series № **6**



UNITED NATIONS

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Water Series Nº 6

THE EUROPEAN UNION WATER INITIATIVE NATIONAL POLICY DIALOGUES

Achievements and lessons learned



UNITED NATIONS
New York and Geneva, 2013

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This publication is issued in English and Russian only.

All references to Internet sites and their URL addresses in this publication are as last accessed on 31 October 2012.

PHOTO CREDITS

Photos for the publication were provided by the UNECE Environmental Performance Review Team (pages iv, 2, 6, 7, 8, 10), National Policy Dialogues coordinators (pages 11, 14) and Fotolia (cover page, pages ii, vi, 1, 3, 4, 5, 8, 9, 12, 13, 14, 15, 16).



PREFACE

Launched at the World Summit on Sustainable Development in Johannesburg in 2002 with the aim of achieving the water-related Millennium Development Goals in partner countries, the European Union Water Initiative celebrates its 10-year anniversary this year. This offers a good opportunity to assess the achievements and lessons learned in the application of the partnership approach with national Governments, donors, the water industry, non-governmental organizations (NGOs) and other stakeholders for the improvement of water policies and water governance.

National Policy Dialogues (NPDs) are the main operational instrument under the European Union Water Initiative (EUWI) in the countries of Eastern Europe, the Caucasus and Central Asia. The objective of each NPD is to facilitate the reform of water policies in a particular country. The United Nations Economic Commission for Europe (UNECE)¹ is the strategic partner for NPDs on Integrated Water Resources Management; the Organisation for Economic Co-operation and Development (OECD) is the strategic partner for NPDs on Water Supply and Sanitation; it works on the economic and financial dimension of water policies as well.

This publication provides an overview of the objectives and current status of NPDs in each participating country, as well as plans for their future development. It is addressed to governmental authorities, regional institutions for water cooperation, NGOs and other stakeholders, as well as international organizations and agencies active in the countries of Eastern Europe, the Caucasus and Central Asia. It may also be of interest beyond the subregion, as the experience of conducting the policy dialogues can potentially be valuable for the development and implementation of water policies in other regions.

¹ The official acronym for the United Nations Economic Commission for Europe is ECE; however, UNECE also sometimes appears.



ACKNOWLEDGEMENTS

The publication was developed by Bo Libert, Francesca Bernardini, Iulia Trombitcaia and Elina Mirzoeva from UNECE and Xavier Leflaive, Tatiana Efimova and Alexandre Martoussevitch from OECD.

The publication was edited by Amy Edgar (UNECE). It was designed by Elina Mirzoeva and Yves Clopt (UNECE).

The UNECE and OECD secretariats gratefully acknowledge the funding provided to the NPDs by the European Union, bilateral donors and international organizations.

In particular, NPDs on Integrated Water Resources Management are financially supported by the European Union, the Governments of Denmark, Finland, Germany, Norway and Switzerland, and the Organization for Security and Co-operation in Europe. NPDs on Water Supply and Sanitation are financially supported by the European Union and the Governments of Austria, Czech Republic, Finland, Germany, Norway and Switzerland.

The UNECE and OECD secretariats wish to thank all national partners for their leadership and commitment to the NPD process; they have been the driving force for all activities and achievements described in this publication.

DISCLAIMER

This publication has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.





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LIST OF ACRONYMS

AIDCO	EuropeAid Co-operation Office
EAP	Environmental Action Programme
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECE	Economic Commission for Europe
ENVSEC	Environment and Security Initiative
EU	European Union
EUWI	European Union Water Initiative
GIZ	German Agency for International Cooperation
IWRM	Integrated Water Resources Management
MDG	Millennium Development Goal
NGO	Non-Governmental Organization
NPD	National Policy Dialogue
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
Water Convention	Convention on the Protection and Use of Transboundary Watercourses and International Lakes
WFD	Water Framework Directive
WHO	World Health Organization
WHO-Europe	World Health Organization Regional Office for Europe
WSS	Water Supply and Sanitation



There is a strong need for new water legislation in Georgia. The National Policy Dialogue helps us to build on the best practices and experience of the European countries when improving our national legal framework.

Khatuna Gogaladze, Minister of Environment Protection of Georgia

CHAPTER 1

Background and objectives of the National Policy Dialogues

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 Eastern Europe, the Caucasus and Central Asia, was launched at the World Summit on Sustainable Development in Johannesburg in 2002 with the aim to support the implementation of the water-related 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 Organisation for Economic Co-operation and Development (OECD) is the strategic partner for WSS and economic and financial aspects of IWRM. Altogether, since 2006 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.

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

NPDs on WSS and/or on the economic and financial dimension of water resources management are implemented in six countries: Armenia, Georgia, Kyrgyzstan, Russian Federation (in 2010), the Republic of Moldova and Ukraine. The NPD in Russian Federation is expected to resume in 2012, focusing on the economic and financial dimension of water resources management. In addition, OECD, in cooperation with the World Bank and, recently, the European Bank for Reconstruction and Development (EBRD), facilitated the regional policy dialogue

on private sector participation in WSS in countries in Eastern Europe, the Caucasus and Central Asia. A regional policy dialogue meeting on this topic was held in January 2010 in Moscow involving most of the countries of the subregion and their international partners.

The NPDs on IWRM provide practical assistance to strengthen IWRM implementation in countries of the subregion. 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/World Health Organization Regional Office for Europe (WHO-Europe) Protocol on Water and Health, the EU Water Framework Directive² (WFD) and other relevant documents.

The NPDs on WSS provide practical assistance to countries of the subregion through improving the legal, institutional and regulatory framework in WSS and overall sector governance, in line with international best practices and OECD expertise.

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 jointly by UNECE and OECD. 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 Tajikistan and Turkmenistan, the dialogues are currently implemented by UNECE only.

Following the request by the Government of Kazakhstan on the initiation of a NPD, the NPD in Kazakhstan started with a joint UNECE/OECD preparatory mission in May 2012 and an inter-governmental preparatory meeting in September 2012. The NPD will cover both IWRM and WSS issues.



² Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for the Community action in the field of water policy.



The National Policy Dialogue in the Republic of Moldova addresses water quality and health, investments in water supply and sanitation, and adaptation of the water sector to climate change. These issues are crucial for the lives and well-being of the population.

Gheorghe Salaru, Minister of Environment, Republic of Moldova

CHAPTER 2

Activities and Stakeholders involved

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 Chairman of the State Water Committee. In the respective countries, national Steering Committees or Coordination Councils are established to guide and steer the NPD process. They include representatives of relevant ministries, agencies and institutions, as well as NGOs.

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 European Union (EU), the United Nations Development Programme (UNDP), the Organization for Security and Co-operation in Europe (OSCE), the World Health Organization (WHO) and bilateral donors are invited to the policy dialogue meetings.

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., the EU, UNECE, UNDP, the World Bank and OECD) and donor countries (e.g., Finland, Norway, Switzerland and the United States of America). This contributes to a more efficient use of available funds.

NATIONAL POLICY DIALOGUES ON INTEGRATED WATER RESOURCES MANAGEMENT

In countries where NPDs on IWRM are implemented, subject to the availability of resources, the following components are included: 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.

On the content side, an important outcome of the NPDs are so called “policy packages”, such as legislative acts, strategies, ministerial orders and plans for implementation. In the selection of policy packages to support (upon the 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 (on 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 a priority framework for

action. The amount of resources available largely dictates the ambition of the policy packages developed.



In coordination with UNECE or as stand-alone projects, OECD promotes the use of economic instruments to manage water resources: economic instruments can trigger water efficiency and promote low-cost options; they can contribute to an allocation of water to where it is most needed; they can generate revenues to fund water-related institutions, infrastructure and services. Because they promote flexible responses, economic instruments are particularly appropriate to adapt water infrastructure and services to climate change, a trend that particularly affects the Caucasus and Central Asia. The OECD contribution to the 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.

In terms of key topics, issues such as water management plans/strategies 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 the NPDs on IWRM in most countries in the subregion. For countries in Eastern Europe cooperating closely with the EU through the European Neighbourhood Policy and the EU Eastern Partnership, implementation of the EU WFD principles is often the main focus of the NPDs.

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 and the legislative and institutional framework, as well as the political and socio-economic situation.

NATIONAL POLICY DIALOGUES ON WATER SUPPLY AND SANITATION

The MDGs on WSS remain a distant objective for activities in most countries in Eastern Europe, the Caucasus and Central Asia.³ Countries in the subregion 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 infrastructure: capacities and financial resources are scarce.

In that context, the OECD endeavours to bring some financial realism in investment and action plans. NPDs on WSS present subregional 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, 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.

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.



³ For a recent assessment, see OECD, *Ten Years of Water Sector Reform in Eastern Europe, Caucasus and Central Asia*, OECD Studies on Water (2011), available from http://www.oecd-ilibrary.org/environment/ten-years-of-water-sector-reform-in-eastern-europe-caucasus-and-central-asia_9789264118430-en.





The National Policy Dialogue on Integrated Water Resources Management in the Republic of Tajikistan has proved to be a useful platform for discussion of the most urgent water policy issues, such as the water sector reform strategy, intersectoral coordination, and development of water and energy cooperation with neighbouring countries.

Rahmat Bobokalonov, Minister of Melioration and Water Resources of the Republic of Tajikistan

CHAPTER 3

Implementation of the National Policy Dialogues

ARMENIA

The NPD in Armenia was initiated in 2006. It facilitates implementation of the IWRM principles in the national legislative and institutional frameworks. In 2010, UNECE and OECD established a joint NPD on IWRM with one Steering Committee, which allows more synergies and better coordination of activities. Within the dialogue, a programme of water management measures was developed for the Marmarik River Basin. The NPD on IWRM has also focused on economic instruments and financing of water management; OECD organized activities on IWRM financing in the Marmarik River Basin and completed similar activities in the Debed River Basin in 2012. This work, financed by the Government of Finland, focused on the assessment of the sustainability of water management in the river basins and the status and opportunities for the use of economic instruments for water management. A pilot project on payments for ecosystem services in the Razdan River Basin was implemented in 2010–2011 with the support from the Government of Switzerland through UNECE.



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. This project supporting the implementation of the Protocol on Water and Health started in the end of 2012 with support from Finland.

A policy brief, “Summary of results and lessons learned from the implementation of the Armenian NPD on IWRM” was published by UNECE in 2010.⁴ 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.

AZERBAIJAN

The First Steering Committee meeting for the NPD on IWRM in Azerbaijan was organized in October 2010. The NPD 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 on IWRM in Azerbaijan has been funded by the European Commission (EC) and OSCE. The Government of Finland contributes 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.

The NPD in Azerbaijan benefits from the related activities implemented by UNECE and OECD. The recently completed second UNECE Environmental Performance Review of Azerbaijan has developed recommendations, which feed into the dialogue.

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. Planned 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.



⁴ See <http://www.unece.org/index.php?id=25663>.

GEORGIA

The NPD on 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 of Understanding on the NPD implementation was signed by the Ministry of Environment Protection and UNECE in October 2011.

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. A report with an overview of ongoing activities in the water sector in Georgia was finalized in June 2011.⁵ This report serves as a tool for planning future NPD activities. The first Steering Committee meeting (June 2012), which was followed by a Stakeholders Workshop, focused on the new water legislation inspired by the EU WFD, given the EU-Georgia Association Agreement currently under development. In addition to support from the EC, the NPD on IWRM in Georgia is supported by the Government of Finland.

OECD activities under the NPD are dedicated to broadening the discussions and to covering the financing of water resources management or some aspects thereof. Work in 2012 has started by discussing the possible scope of the dialogue in more detail and developing the analytical work to support the process. In this perspective, the work done to promote the use of economic analysis in water management in the Kura River Basin countries has contributed to the ongoing discussions in Georgia.

KAZAKHSTAN

Following the request by Kazakhstan to initiate an NPD on IWRM, the NPD process started in the country in 2012. It will address both IWRM and WSS issues.

An intergovernmental preparatory meeting was organized in Astana in September 2012 to prioritize the topics for the NPD in the country on the basis of a list of topics proposed during bilateral consultations with ministries and agencies in May 2012. An additional objective was to discuss the composition of the future NPD Steering Committee.

The meeting prioritized such topics as a benefit analysis for Kazakhstan's accession to the Protocol on Water and Health, sustainable business models for WSS in rural areas and small towns, and private sector participation in WSS. Opportunities for addressing transboundary cooperation issues and IWRM governance may also be explored during the NPD process.

KYRGYZSTAN

In Kyrgyzstan, the policy dialogue process started in 2008. The NPD on IWRM in 2008–2010 focused on setting up a River Basin Council for the Chu Basin and developing an action plan to achieve sustainable water management, safe drinking water supply and adequate sanitation in accordance with the Protocol on Water and Health. Three Steering Committee meetings were organized in 2008–2010. 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.

In 2008–2010, the NPD on WSS focused on developing a strategic financial plan for WSS. During that period, five meetings of the NPD Coordination Council on WSS, chaired by the Deputy Minister for Economic Development, were organized. Key outputs included the draft of the national financing strategy (a strategic financial plan) for WSS and draft annotated outline of the WSS sector policy paper.



⁵ Report on mapping major issues, stakeholders and processes in [the] water sector in Georgia, available from <http://www.unece.org/index.php?id=27186>.



REPUBLIC OF MOLDOVA

The NPD on IWRM in the Republic of Moldova started in 2006. The dialogue resulted in three policy packages adopted in 2009–2010, including a Governmental Order on wastewater discharges from municipal sources (2009), a Draft Order of the Agency “Apele Moldovei” on the establishment of river basin management authorities and river basin councils (2009), and an Action Plan to achieve the water-related MDGs under the Protocol on Water and Health. In 2009–2010, with financial assistance from the Government of Switzerland under an agreement between the Swiss Agency for Development and Cooperation and UNECE, the dialogue focused on the setting of targets and target dates on water and health in accordance with the Protocol on Water and Health. It resulted in a Government Decision on the targets under the Protocol that was adopted on 20 October 2010.⁶ The continuation of the NPD on IWRM supported by the Swiss Agency will focus on monitoring of implementation of the targets established and supporting the achievement of certain targets set, in particular in relation to the management of small-scale water supplies and public information. This work will be done in close coordination with the NPD on WSS.

The NPD on WSS also started in 2006. Its first phase (2006–2007) was devoted to developing a National Financing Strategy for Urban and Rural WSS in the Republic of Moldova. This output helped to identify the need to revise the governmental strategy for WSS, taking into account financial aspects. The dialogue process in 2006–2007 was supported by EC/AIDCO and the Department for International Development of the United Kingdom of Great Britain and Northern Ireland.

The second phase of the NPD on WSS (2009–2010) was devoted to developing a mid-term Action and Investment Plan as a tool to operationalize the implementation of the Financing Strategy and as a realistic mid-term building block of the revised Government strategy for WSS. In this phase, the dialogue was supported by EC/AIDCO, Austria and the Czech Republic.

The ongoing third phase of the NPD on WSS (from late 2011) focuses on developing an adaptation strategy for WSS to make it more resilient to climate change, and on sustainable business models for sanitation in small towns and villages in the Republic of Moldova. The ongoing phase is supported by EC (Directorate General for the Environment and AIDCO) and the OECD/Environmental Action Programme (EAP) Task Force. The NPD on WSS will provide useful inputs to the revised Government strategy for WSS, and to the national adaptation strategy.

Following the interruption of the NPD process in 2010 due to the political changes that occurred in the country, the dialogue process on water policy in Kyrgyzstan resumed in mid-2011. A joint Steering Committee for both IWRM and WSS issues was established. The Steering Committee met three times in 2011 and twice in 2012. The dialogue process focuses on (a) the implementation of a river basin management approach through the development of the river basin management plan for the Chu River; (b) setting targets and target dates at the national level in the context of the 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); and (c) improving economic instruments for water resource management in the Issyk-Kul Basin. In 2010–2012, the NPD on IWRM in Kyrgyzstan has been supported by 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 is providing support to the target-setting process. The work on economic instruments for water resource management is supported by Switzerland and EC (AIDCO).

⁶ The full description of the targets adopted by the Republic of Moldova, including the rationale and baseline for each of them, is included in the publication, *Setting targets and target dates under the Protocol on Water and Health in the Republic of Moldova* (2011), available online in English from http://www.unece.org/fileadmin/DAM/env/water/publications/documents/guidelines_EW_H-book-MD-En-2011.pdf.

RUSSIAN FEDERATION

The policy dialogue on WSS was launched in 2010 in the Russian Federation 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), "Eurasiskij" (a large private operator) and by three Directorates of OECD.

An exploratory mission for resuming the policy dialogue in the Russian Federation was organized in May 2012. It is anticipated that new work will develop on the use of economic instruments for water resources management, at the national and/or basin levels. This would be very timely, as the Russian authorities are introducing river basin management plans.

TAJIKISTAN

The NPD on IWRM in Tajikistan started in 2010. Two Steering Committee meetings took place in 2011 and another two in 2012. The road map for the NPD on IWRM, which describes the content and workplan of the NPD, was prepared in 2010 and is regularly updated. The main focus of the NPD on IWRM in Tajikistan is to support the development of the water sector reform strategy, including the development of the legal and institutional frameworks based on IWRM. An expert group on the water sector reform strategy regularly meets to this end.



Strengthening transboundary water cooperation with neighbouring Kyrgyzstan, as well as Afghanistan, is another important issue on the NPD agenda. In 2010–2012, the NPD on IWRM in Tajikistan was funded by EC and the German Agency for International Cooperation (GIZ). The Danish Ministry of

Foreign Affairs has provided an international expert who assists the Government of Tajikistan in developing a report mapping IWRM stakeholders and a road map.

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.

TURKMENISTAN

The kick-off meeting for the NPD on IWRM in Turkmenistan was held in December 2010, followed by the first Steering Committee meeting in April 2011. As part of the NPD on IWRM, an interministerial expert group was established to review the national legislation of Turkmenistan in the light of the adoption of the standards of the Water Convention, including the IWRM principles enshrined in the Convention. The group developed a detailed analysis of the national legislation and concluded that the Water Convention corresponds to the interests of Turkmenistan. In August 2012 Turkmenistan acceded to the Water Convention.



In November 2011, a national workshop on IWRM was organized to familiarize the participants with IWRM implementation in the EU and in other countries of the Eastern Europe, the Caucasus and Central Asia subregion, as well as to discuss the tools and opportunities for application of IWRM principles in Turkmenistan. An international consultant was commissioned to prepare a report on the opportunities to introduce a river basin management approach in Turkmenistan.

The second Steering Committee meeting in September 2012 empowered the interministerial expert group to develop proposals for strengthening national legislation in line with IWRM principles and to review the opportunities for river basin management in the country. It also specified capacity building activities which would be instrumental for the advancement of IWRM in Turkmenistan.

During the period 2010–2012, the NPD on IWRM in Turkmenistan has been supported by Norway, EC and GIZ.

UKRAINE

In Ukraine, the dialogue process on IWRM started in late 2007. A first policy package, approved by the Steering Committee in 2008, was a plan to achieve sustainable water management, safe drinking water and adequate sanitation under the Protocol on Water and Health. The plan was implemented in 2009–2010 with financial support from Norway and in-kind contributions from Israel. The NPD on IWRM also focused on strengthening the legal and institutional framework for water management with a view to tackling the impacts of climate change.

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 Water Convention's *Guidance on Water and Adaptation to Climate Change*,⁷ and (b) terms of reference 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.⁸ 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 the United Nations Environment Programme.

OECD launched an NPD on WSS in Ukraine in 2009, with the Ministry of Regional Development, Construction and Housing and Communal Services 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 that can promote inter-municipal cooperation for WSS in Ukraine. This work is relevant for most countries in Eastern Europe, the Caucasus and Central Asia and there are opportunities for replication.

In 2012, OECD extended activities in Ukraine to water resources management and launched a project on strengthening the economic and financial dimensions of water resources management of the Kalmius River Basin (Donetsk region) and development of a sustainable business model for the Kalmius basin council.



⁷ United Nations publication, Sales No. 09.II.E.14. Available from <http://www.unece.org/index.php?id=11658>.

⁸ Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks.



The National Policy Dialogue process has greatly contributed to the strengthening of interagency and intersectoral cooperation on water resources in Kyrgyzstan, as well as increased coordination of work among international organizations and donors.

Abdybay Dzhailoobaev, Deputy Director, Department of Water Management and Melioration of the Ministry of Agriculture and Melioration of the Kyrgyz Republic

CHAPTER 4

Lessons learned and challenges ahead



Implementation of the EUWI in countries of the 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 water-related MDGs in the subregion. 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 were acknowledged at the Seventh “Environment for Europe” Ministerial Conference.⁹

The political leadership of EC and the Chair of the EUWI Working Group for 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 in the framework of projects supported by EC) has proven effective and should be continued.



The experience demonstrates that the dialogues respond to countries needs and are much requested: countries in which the NPDs were supposed to end have requested continuation and countries that were not initially interested have in several cases requested the start of NPDs (Kazakhstan). Donors and

international organizations show a considerable interest in NPDs as a platform to share expertise and coordinate initiatives.

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.

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

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

The lack of political stability in some target countries is 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 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 EC delegations are ways to mitigate the consequences of political instability in countries of the subregion.

Leadership and the commitment of national actors are important for successful implementation of 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.

⁹ See the Ministerial Declaration (ECE/ASTANA.CONF/2011/2/Add.1, para. 4) adopted by Conference and the Chair's Summary (ECE/ASTANA.CONF/2011/2/Add.2, paras. 25 and 63).

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 have 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 sub-region is important to ensure that reforms in the water sector are developed and effectively implemented.

The NPDs on IWRM are successfully building on 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) the UNECE Environmental Performance Review (EPR) Programme; and (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 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.

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 infrastructure 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 Eastern Europe, the Caucasus and Central Asia and OECD work on water go both ways: NPDs can build on this vast array of expertise, and they contribute hands-on experience of making water policy reforms happen.

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



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The European Union Water Initiative National Policy Dialogues

Achievements and lessons learned

The European Union Water Initiative was launched at the World Summit on Sustainable Development in Johannesburg in 2002. The Initiative takes a partnership approach with national Governments, donors, the water industry, non-governmental organizations and other stakeholders. Through National Policy Dialogues (NPDs) in the countries of Eastern Europe, the Caucasus and Central Asia, the Initiative aims to strengthen coordination and cooperation between sectors to improve water management and facilitate more effective development assistance in the water sector.

The United Nations Economic Commission for Europe, through the secretariat of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes, is the strategic partner of the European Union to support NPDs on Integrated Water Resources Management. The Organisation for Economic Co-operation and Development is the strategic partner for NPDs on Water Supply and Sanitation, as well as economic and financial aspects of water resources management.

This publication describes the activities and achievements of the NPDs, as well as plans for their future development. It aims to inspire further progress in developing effective partnerships and enhancing multi-stakeholder cooperation for the improvement of water policies.