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**STATEMENT ON THE “STRATEGIC PARTNERSHIP ON WATER FOR
SUSTAINABLE DEVELOPMENT – EASTERN EUROPE, CAUCASUS AND
CENTRAL ASIA COMPONENT OF THE EUROPEAN UNION WATER
INITIATIVE”**

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European Union Water Initiative

1. At the World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002 the European Union (EU) formally launched the global Water Initiative: Water for Life – Health, livelihoods, economic development and security (EUWI). The Council of the European Union has fully endorsed this initiative and it carries political support from the European Commission and the 15 Member States.
2. Political support for the initiative is reinforced by commitments to achieve key water-related targets and the EU has reconfirmed its firm commitment to contribute to:
 - By 2015, halving the proportion of people who do not have access to safe drinking water and basic sanitation;
 - By 2005, developing integrated water resources management (IWRM) and water efficiency plans in all countries.

3. The EUWI provides a platform for strategic partnerships to implement the programmes of actions for the WSSD and to contribute to meeting the Millennium Development Goals (MDG) on water. Under the initiative, the EU seeks to work with its partners to:

- Reinforce political will and commitment to action
- Make water governance effective and build institutional capacity
- Improve co-ordination and co-operation
- Increase the efficiency of existing EU aid flows

Challenges and issues of the water sector in the region of Eastern Europe, Caucasus and Central Asia (EECCA)

4. The EECCA countries face tremendous challenges in providing their populations with adequate water supply and sanitation services and in safeguarding and securing a sustainable management of the water resources.

5. Improved access to water supply and sanitation can make a major contribution to poverty eradication, health improvements, quality of life and protection of the environment but their contribution is often underestimated. Progress toward targets on water supply and sanitation has been slow, particularly with regard to sanitation, and a higher priority for these in poverty reduction strategies and sustainable development strategies is required.

6. Integrated water resources management with strong stakeholder participation, a pro-poor emphasis, and gender sensitivity is a key instrument to ensure the integration of water services within an overall water management framework. Integrated water resources management also provides a framework to promote peace and security in transboundary waters. As such the EU also has confirmed its support for initiatives that promote regional co-operation and economic development in transboundary waters.

7. Some of the major challenges facing the region relating to the two aforementioned water themes have been identified as part of the EECCA Environmental Strategy process:

- Low quality of water services, threats to public health and environmental risks
- Overuse of water resources
- Pollution originating from river effluent and coastal urban areas
- Overexploitation of living resources and habitat destruction
- Economic and financial crisis
- Unclear and weak institutional and regulatory framework
- Improvement of infrastructure and non-structural measures
- Monitoring and assessment
- Access to information, public participation and access to justice
- Development of concerted action programmes

8. These and other challenges are addressed by a plethora of programmes and projects sponsored by EU, EECCA countries and other bilateral as well as multi-lateral donors. However, the co-ordination and co-operation between stakeholders leave room for improvement, which leads to a sub-optimal use of available financial and human resources. Sometimes critical needs in the water sector are left unattended or under-funded, and sometimes duplication of efforts takes place.

9. The EUWI seeks to provide a vehicle to overcome these weaknesses in the way the problems of the water sector are currently addressed.

EU-EECCA Partnership

10. As part of the EUWI, a partnership was established in Johannesburg between EU and Ministers of the States of Eastern Europe, Caucasus and Central Asia (EECCA): “Strategic Partnership on Water for Sustainable Development” (EU-EECCA Partnership). This partnership builds on 1) the preparation for and follow-up of the WSSD Summit in Johannesburg, and 2) the on-going Environment for Europe process. The acknowledgement of the importance of contributions from all stakeholders in order to make water systems and their management more supportive of sustainable development objectives is a key aspect in the recommendations and consensus emerging from the WSSD process and an important feature of the partnership.

11. The EECCA Environmental Strategy process for the EECCA countries, under the auspices of the Environment for Europe process, was also transformed into the “East-West Environmental Partnership” as an outcome of the WSSD, paving the road for synergy and complementarity between the two partnerships. They both address similar issues; the East-West Partnership broader environmental issues and the EU-EECCA Partnership specific water issues.

12. As a result of meetings between EECCA and EU ministers and senior officials, the EU Water Initiative’s EECCA component is now accepted as a partnership between EECCA and EU for implementation of the water aspects of the EECCA Environmental Strategy. The EU-EECCA Water Initiative is an active follow-up on the WEHAB process of the WSSD and the East-West Partnership launched there. Thus, the EU-EECCA Partnership focuses on the two water themes identified as the key water problems/issues in the EECCA Environmental Strategy, namely “*Improving the management of municipal water supply and sanitation infrastructure*” and “*Integrated management of water resources, including problems of transboundary river basins and regional seas*”.

13. The EU-EECCA Partnership builds on existing water initiatives and mechanisms of implementation. The initiative is intended to reinforce existing partnerships and bilateral and regional programmes, by bringing partners with related water activities together under a common framework and co-ordination. Indeed the initiative strongly recognises the importance of on-going and planned activities and views these as “building blocks” under the overall umbrella of the initiative. Similarly, the importance of existing networks and partnerships (e.g. GWP’s Regional and National Water Partnerships) is fully recognised and the aim is to co-ordinate closely, not duplicate, such activities. The initiative will only add to the existing mechanism where it is absolutely necessary to fulfil the objective of the initiative.

14. Initial partners from the European side include the EU Member States, the European Commission, international organisations, European civil society and the private sector. Political commitment and stakeholder support has already been secured from the EECCA countries. As the initiative goes beyond the responsibilities of the Ministries of Environment the initiative also involves ministries of water, infrastructure, etc.

Strengthening of EU-EECCA Partnership

15. The EU-EECCA Partnership seeks guidance from environment ministers on shaping the initiative, especially in the following fields:

How could water related issues and challenges be put higher on the political agenda in the EECCA region?

16. The water crisis is not high on the agenda of many political leaders. The initiative seeks to support governments in understanding the links between water, poverty and sustainable development and to help translate this into firm commitments for action. Good governance, political and sectoral reforms are necessary. Indeed, it has been stated that *'the water crisis is mainly a crisis of governance'* and making water governance effective is a major challenge for most countries. Better governance arrangements and measures to safeguard against corruption and financial and operational mismanagement are important.

How could the initiative add value to existing efforts?

17. The initiative seeks to provide an umbrella under which a range of activities can be designed and implemented. It offers several mechanisms by which on-going and future actions can be complemented through improved co-operation and co-ordination, increased efficiency and effectiveness and promotion of sector-wide approaches.

18. The EU can draw on a wealth of experience and knowledge in many fields of water related activity and has much to offer in promoting change and best practice. The Water Framework Directive sets clear environmental objectives and requires that all partners in a given river basin manage their waters in close co-operation irrespective of administrative borders. The EU experiences show that at an integrated river basin management level, participation by all stakeholders together with knowledge and information exchange will promote economic development, institutional sustainability and conflict prevention. This experience of water management is not only confined to Europe itself; however, due consideration should be given to local conditions when transferring experiences from the EU WFD to other regions. Lack of knowledge and experience sharing can engender economic inefficiency and social inequity in water allocation and use and thus come with potentially high social and economic costs.

19. The initiative seeks to promote a range of financial mechanisms already available to water projects and to draw from relevant EU and partner experience. It actively seeks to locate the gaps in the provision of financing and to take co-ordinated and joint action to fill them. The EU WI will be leveraging finance from all sources including private sector and international financing institutions, banks and so on – not just donor finance. The idea is to use donor money to create the conditions (governance, capacity) that will allow private finance to be attracted to the sector. Overall, the aim is to seek the right mix of financing options both for capital finance and cost recovery programmes. The initiative also provides a strong lobby calling for additional financing into the sector and could serve as leverage to direct some of the Monterrey Commitments to action programmes on water.

How could the involvement in the initiative by a broad range of stakeholders be ensured?

20. Although the primary responsibility for ensuring equitable and sustainable water services and water resources management integrated into development strategies rests with

local and national governments, it is essential to involve a broader range of stakeholders. Other financing sources than government budgets are required in order to cope with the accelerating need for improved water services and management, given the competition for scarce resources from other sectors. Partnerships between public, private and civil society actors have to be promoted, ensuring that those partnerships remain equitable, transparent, safeguard consumers' and investors' interests and maintain high standards of environmental protection. Many non-governmental organisations have a valuable expertise and a broad resource base to offer as a complement to government measures.

21. Initially, the partners of the initiative were the governments of EU and EECCA countries but the process has reached out to a broader stratum of the water community in EU and EECCA, including, among others, the private sector and civil society. With the regional High-Level Meeting in Moscow in March a true participatory process, responding to demands of EECCA partners, has been secured.

How should the initiative be implemented and what should be the reporting/monitoring mechanism?

22. With its close linkage to the EECCA Environmental Strategy, the further development and implementation of the EU-EECCA Partnership depends very much on the future of the Strategy. There is a need for a mechanism to co-ordinate, follow up and monitor the initiative during the implementation phase, starting in 2003 and lasting until 2015.

23. Additionally, given the direct links to the EECCA Environmental Strategy there is a need to establish a reporting schedule to the "Environment for Europe" process. Therefore, the progress of the initiative will be reported regularly to the task force to be established for the implementation of the EECCA Environmental Strategy, and the initiative will, to the extent possible, use and benefit from existing mechanisms and institutions in its implementation.