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**MEETING OF THE PARTIES TO THE CONVENTION ON
THE PROTECTION AND USE OF TRANSBOUNDARY
WATERCOURSES AND INTERNATIONAL LAKES**

Fourth meeting
Bonn (Germany), 20–22 November 2006
Item 6 (d) of the provisional agenda

**EU WATER INITIATIVE IN EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA:
NATIONAL POLICY DIALOGUES***

Prepared by the secretariat in cooperation with the European Commission

1. This document informs the Meeting of the Parties about the recent developments under the EU Water Initiative's component for countries in Eastern Europe, Caucasus and Central Asia (EECCA), the involvement of UNECE and the opportunity for mutual strengthening of the EU Water Initiative and the Water Convention through the involvement of the Parties to the Convention and the Convention's secretariat in the implementation of the EECCA Component of the EU Water Initiative.
2. The Meeting of the Parties may wish to:
 - (a) Take note of the achievements under the EU Water Initiative and the organization of National Policy Dialogues in Moldova and Armenia;

* This document was submitted on the above date because of processing delays.

- (b) Approve work plan element 2.1.5 of the draft work plan 2007–2009 on the EU Water Initiative and the National Policy Dialogues and ensure that the needed resources are mobilized to support this activity until 2009 and beyond;
- (c) Encourage Moldova to carry out, Armenia to initiate, and Tajikistan and Ukraine to make appropriate preparations for National Policy Dialogues in the framework of the EU Water Initiative;
- (d) Invite Parties that are EU Member States to assist the secretariat in carrying out the National Policy Dialogues through, *inter alia*, designation of national experts on legal, institutional and economic aspects of establishing and operating river basin management authorities and participation in countries' missions;
- (e) Invite countries and donor organizations to adapt, to the extent possible, existing assistance programmes to respond to the identified needs of National Policy Dialogues in Armenia, Moldova and other EECCA countries;
- (f) Invite countries and donor organizations to launch new assistance programmes to support implementation of the countries' "policy packages".

Background

3. At the World Summit on Sustainable Development, the European Union launched the Water Initiative, which is designed to contribute to achieving the Millennium Development Goals (MDGs), especially targets 9 and 10 of Goal 7, which are:

- To integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources; and
- To halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation.

4. The EU Water Initiative was conceived as a catalyst and foundation for future action to contribute to meeting the water- and sanitation-related MDGs. Its overall purpose was to bring the European Community Member States together with the civil society and financial institutions and draw on the expertise and investment potential of the EU water industry to implement the said MDGs. The key goals of the Initiative are to:

- Reinforce political commitment to action;
- Promote better water governance arrangements;
- Improve coordination and cooperation;
- Improve regional and subregional cooperation in the way that water-related interventions are developed and implemented;
- Encourage regional and subregional cooperation on water management issues; and
- Catalyse additional funding.

5. The EECCA component of the EU Water Initiative (EUWI-EECCA Component) is a partnership arrangement that seeks to improve the management of water resources in the EECCA region. This partnership between the European Union and the EECCA countries, also established at the World Summit for Sustainable Development, aims to build on and reinforce existing partnerships and bilateral and regional programmes by bringing these partners and programmes together within a common framework. This framework is open to all stakeholders – Governments, inter-governmental organizations, NGOs, academia, financing institutions, the private sector and other organizations and entities.

6. The programme document of the EUWI-EECCA Component was endorsed at the fifth Ministerial Conference “Environment for Europe”, held in Kiev in 2003 (ECE/CEP/105/Rev.1).

7. The key problems and challenges in the EECCA countries are addressed through two thematic pillars:

- The water supply and sanitation (WSS) pillar, including financing of water infrastructure; and
- The integrated water resources management (IWRM) pillar, including transboundary river basin management and regional seas issues.

8. Denmark led the work on the EECCA component of the EU Water Initiative from its launch until October 2004, laying the groundwork for the implementation of the Initiative by preparing and convening high-level meetings and carrying out analytical studies to assess EECCA countries’ needs, identify financial gaps and illustrate existing commitments from international donors. The European Commission has chaired the Initiative since November 2004 and will continue to do so through 2007. Under the European Commission’s chairmanship, a work programme for the EUWI-EECCA Component and principles for establishing National Policy Dialogues have been prepared and agreed upon.¹

National Policy Dialogues: objectives, activities, outputs and leadership

Objectives

9. National Policy Dialogues (NPDs) are the main mechanism for implementing the work programme of the EUWI-EECCA Component. The overall objectives of NPDs are to initiate country-specific activities regarding WSS and IWRM to improve regulatory and administrative frameworks; to help set country priorities; and to identify projects and develop capacity in the EECCA region through a dialogue that, among others, involves public authorities and representatives of civil society. Thereby NPDs contribute to the development of road maps for achieving the water-related MDGs and IWRM targets.

10. For what concerns the IWRM pillar of the EUWI-EECCA Component, NPDs are intended to assist countries – through a multi-stakeholder dialogue – to analyse IWRM reform needs, identify priority action and define action plans to attain the agreed targets.

¹ For more information, please visit www.euwi.net.

Activities

11. Potential activities include developing and carrying out measures that support the development of IWRM plans and facilitate their implementation, such as:

- The analysis of existing institutional structures and reform needs;
- The establishment of adequate legal and institutional frameworks;
- The assessment of the financial sustainability of IWRM plans;
- The development of sustainable financing;
- Stakeholder consultation on water management issues;
- Decentralisation and development of local responsibility and local government capacity; and
- The establishment of, and support to, appropriate mechanisms of coordination on water issues.

12. Although these activities primarily aim to support IWRM, it is of particular importance to address also the links between IWRM, water supply and sanitation, and financing.

13. During the National Policy Dialogues, “policy packages” will be developed in the relevant EECCA countries on the basis of country-specific designed joint activities, including those mentioned under the previous paragraph. These activities will pay particular attention to policy reforms towards sustainable water management, including conservation of the environment, water as a polluted natural resource, strengthening regulatory services, and capacity building.

Outputs

14. The final outputs of the National Policy Dialogues are **implemented** “policy packages” addressing one or more of the above-mentioned issues.

Leadership

15. The UNECE secretariat, with the assistance of the Meeting of the Parties to the Convention, will act as lead partner of specially designed joint activities facilitating National Policy Dialogues regarding IWRM.

16. To this aim the European Commission will provide a grant of 108,000 EURO. The grant will cover the salary of a part-time (50%) staff member of the UNECE secretariat responsible for the facilitation of NPDs and other related costs (country missions, organization of workshops, local consultancies, etc). The grant will cover the period November 2006 – October 2007. The European Commission is also considering renewing the grant for the following year.

17. The Organisation for Economic Co-operation and Development (OECD) through its Task Force for the Implementation of the Environmental Action Programme for Eastern Europe, Caucasus and Central Asia (EAP Task Force) will act as lead partner of specially designed joint activities facilitating the National Policy Dialogues regarding WSS and Financing.

18. In each country, Steering Groups will be established to design the NPDs and oversee specific in-country activities (or specially designed joint activities) facilitating the NPDs. They will assess achievements made, advice on necessary changes in envisaged activities and make recommendations to launch, to the extent possible and based on achievements, certain reforms.

19. By the sixth Ministerial Conference “Environment for Europe” (Belgrade, 10–12 October 2007) a NPD will be established and specific identified activities will be implemented in one EECCA country, while another NPD will be initiated in a second country. Initial analyses by the European Commission, UNECE and OECD of countries’ needs and informal countries’ interest in NPDs have shown Armenia, Moldova, Tajikistan and Ukraine as potential candidate countries for NDPs in 2006 and 2007.

Moldova’s National Policy Dialogue

20. In autumn 2006, Moldova formally expressed its interest in the National Policy Dialogue and its willingness to start the NDP process as soon as possible. On 26–27 September 2006, representatives of the European Commission, UNECE, OECD and the EUWI-EECCA Component’s Technical Secretariat visited Moldova and agreed with Government authorities and other potential partners on how to best respond to Moldova’s request to initiate the National Policy Dialogue process.

21. During the mission, a common understanding was achieved on the further development of the NDP in Moldova, as follows:

- The overall objective of the NPD is to contribute to and facilitate the implementation of IWRM principles and the principles of the Water Framework Directive in Moldova, with a link to financing issues relevant for the implementation of IWRM.
- The NPD in Moldova is expected to provide a basis, including legal, institutional and financial planning aspects, for the establishment of river basin management authorities for the protection, use and management of water and water-related resources.
- Key institutions in the NPD in Moldova will be the Ministry of Environment and Natural Resources, Apele Moldovei and UNECE. The UNECE will – at least until November 2007 – act as strategic partner and provide support to these two institutions to facilitate and implement the NPD in Moldova.
- A Steering Group with multi-stakeholder representation will oversee the implementation of the NDP in Moldova and approve relevant documents, including the final agreement on the focus area of the NPD in Moldova and the detailed work plan until November 2007.
- The Steering Group will most likely be composed of representatives of the Ministry of Environment and Natural Resources, Apele Moldovei, the Ministry of the Economy, the Ministry of Agriculture, the Ministry of Justice, the Ministry of Finance, the Ministry of Local Public Administrations, the Ministry of Health, the Agency for Construction and Territorial Development, selected municipalities, competent NGOs and the Global Water Partnership. The Steering Group may include representatives of other entities. Most likely, the Ministry of Environment and Natural Resources will act as Chair and Apele Moldovei as Co-Chair.

- Closely linked to the NPD, a multi-stakeholder process involving civil society, the private sector, donors, international financing institutions and other stakeholders will be established, if possible, in collaboration with the Global Water Partnership in Moldova.
- Activities under the NPD and its outputs will be coordinated with other ongoing projects in the water sector in Moldova, including foreign-financed projects. Particular attention will be devoted to the ongoing work of OECD on WSS and financing.
- Appropriate reporting of the achievements under the NPD in Moldova to the forthcoming “Environment for Europe” Ministerial Conference will be ensured by the Ministry of Environment and Natural Resources, Apele Moldovei and UNECE.

Armenia’s National Policy Dialogue

22. At the time of writing, preparations by the European Commission, UNECE, OECD and the EUWI-EECCA Component’s Technical Secretariat had started for the National Policy Dialogue in Armenia. Representatives of these entities are planning to organize a first mission to Armenia in December 2006.

Conclusions

23. NPDs appear to be the appropriate process for fostering IWRM and WSS reforms in EECCA countries. The definition of priorities and action plans through a participatory process will make it possible to tailor the mechanism to needs and conditions in the different countries, ensuring sustainable step-by-step implementation. The strong interest expressed by EECCA countries proves that the EUWI-EECCA Component is on the right track.

24. The UNECE secretariat and the Meeting of the Parties certainly have a role to play in meeting these expectations. Embedding NPD development in the Convention’s workplan will provide a framework to ensure the continuity of the process, make it possible to identify the best partners for each of the NPDs and relevant policy packages, and streamline Parties’ assistance activities in the EECCA countries.

25. At the same time, the NPD will foster the implementation of the Water Convention in EECCA countries and will support other activities under the Convention’s workplan, such as activity 2.1.1 on strategic guidance on integrated management of transboundary water resources and activity 2.2.2 on synergies between the Water Convention and the EU Water Framework Directive.

26. It should be stressed that the success of the EUWI-EECCA Component and the NPDs depends on a long-term commitment until 2015. As UNECE facilitation of NPDs relies completely on extrabudgetary funds, Parties and other partners should ensure that the needed resources are made available in the long term. As a first step, agreement is needed on how to mobilize resources for an initial period of four to six years.