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the Protection and Use of Transboundary
Watercourses and International Lakes**Working Group on Integrated Water
Resources Management****Tenth meeting**

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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 Organization for Economic Cooperation and Development***Summary*

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 (Water Convention) agreed to continue with the National Policy Dialogue (NPD) process on integrated water resources management (IWRM) (ECE/MP.WAT/37, para. 57 (d)), and designated the Working Group on Integrated Water Resources Management to oversee activities on the NPD in the programme of work for the Convention for 2013–2015 (see ECE/MP.WAT/37/Add.1, programme area 2).

The present document gives an outline of the objectives and current state of the NPDs on IWRM and on Water Supply and Sanitation (WSS). NPDs are the main operational instrument under the European Union Water Initiative in 10 countries of Eastern Europe, the Caucasus and Central Asia; the United Nations Economic Commission for Europe (ECE) is the strategic partner for NPDs on IWRM and the Organization for Economic Cooperation and Development is the strategic partner for WSS and financial



aspects of water resource management.

Important achievements over the past year include:

- (a) The elaboration of a new national water law and its by-laws in Georgia;
- (b) Ongoing processes in Armenia, Georgia, Kazakhstan and Turkmenistan to ratify the Protocol on Water and Health;
- (c) Activities to strengthen the use of economic instruments for water management at the national level (in Armenia and Kyrgyzstan), the subnational level (Republic of Buryatiya, Lake Baikal Basin, the Russian Federation) and the transboundary level (in Armenia, Azerbaijan and Georgia);
- (d) Recommendations were developed on a sustainable business model for water supply and sanitation in small towns and rural settlements in Kazakhstan.

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

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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 and 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 Organization for Economic Cooperation and Development (OECD) is the strategic partner for WSS and financial aspects of water resource management. 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 ECE in 10 countries.

3. NPDs on WSS and/or on the economic and financial dimension of water resource management are implemented in seven countries: Armenia, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, the Russian Federation (at subnational level, in the Republic of Buryatiya) and Ukraine. In late 2014 and early 2015, preparatory activities for the potential launch of an NPD on WSS in Belarus have taken place.

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 legal instruments.

5. The NPDs on WSS provide practical assistance to countries in Eastern Europe, the Caucasus and Central Asia in achieving the 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 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), regional and national 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 Asian Development Bank (ADB), the EU, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Food and Agriculture Organization of the United Nations (FAO), the Organization for Security and Cooperation in Europe (OSCE), the United Nations Development Programme (UNDP), the World Bank and the World Health Organization (WHO), as well as 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 the availability of resources, mapping reports on the IWRM situation, including international and national projects and programmes, are prepared and road maps to achieve IWRM are elaborated. 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 the 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, 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, three main directions of work under NPDs are: (a) the water-food-energy-ecosystems nexus; (b) the role of water in supporting the transition to green economy; and (c) transboundary cooperation. For countries in Eastern Europe, cooperating closely with the EU through the European Neighbourhood Policy and the EU Eastern Partnership, the implementation of the EU WFD principles are often the main focus of the NPDs. In Central Asia, work is conducted in close cooperation with the EC and EU Delegations in respective countries, as the EUWI NPDs form part of implementation mechanism of the EU Central Asia Strategy.² 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.³ 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) adapting the WSS sector to climate change; (b) sustainable e-business models for WSS and a supportive institutional and regulatory framework, 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 financially feasible investment plans; and (d) effective domestic financial support mechanisms in the water and sanitation sector.

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 exchange views. Outcomes include financing strategies and investment plans, road maps to reform water systems, reforms of tariff policies and accompanying social measures.

² See http://eeas.europa.eu/central_asia.

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

III. Implementation of the National Policy Dialogues until April 2015

A. Country activities

Armenia

18. The National 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 enables more synergies and better coordination of activities. Two Steering Committee meetings were held in 2014.

19. A project supporting the implementation of the Protocol on Water and Health started in December 2012 with support from Finland. Setting of national targets was completed in summer 2014 and, in December 2014, the Steering Committee adopted an action plan to support the implementation of targets and target dates. At the same meeting, a road map to the ratification of the Protocol on Water and Health by Armenia was agreed.

20. The Armenian State Committee of Water Systems indicated demand for an activity aimed at supporting development of a national strategy for sustainable sanitation. That work was undertaken in 2013–2014 and provided recommendations for the development of a national strategy on sustainable sanitation in Armenia. Recommendations cover institutional and regulatory reform, market structure and financing arrangements. This work derives from an assessment of the state of play for wastewater collection and treatment in Armenia and from a review of the level of ambition of the Armenian Government.

Azerbaijan

21. 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). Over the past few years, experts from Azerbaijan have been engaged in regional work on dam safety. In 2013–2015, ECE conducted a pilot project to test 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. In 2015, work started on setting the national targets and target dates under the Protocol on Water and Health. 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 February 2015, a process was agreed for the finalization of the National Water Strategy in close cooperation among several donors.

22. Transboundary water cooperation with neighbouring Georgia, specifically the preparation of a bilateral agreement on the management of shared transboundary waters, is another important issue on the NPD agenda. A bilateral agreement will hopefully be signed in 2015. OECD organized an expert workshop in January 2014 in Baku and in November 2014 in Tbilisi as a first step towards the assessment of the economic benefits to be gained from cooperative action in water management between Azerbaijan and Georgia. This work helps to assess mechanisms to share the costs and the benefits between the two riparian countries.

Georgia

23. The NPD on IWRM started in Georgia in September 2010 with meetings of the ECE Water Convention secretariat, 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.

24. The NPD on IWRM in Georgia focuses on three major topics: (a) preparation of national water legislation based on IWRM principles and the EU WFD; (b) setting targets for the implementation of the Protocol on Water and Health; and (c) transboundary activities, including cooperation with neighbouring Azerbaijan and accession to the Water Convention.

25. In 2012–2014 a new water law was developed under the NPD process. 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. In 2014–2015 a set of by-laws for implementation of the new draft law were drafted. It is expected that the new water law and the by-laws will be adopted in 2015. In 2014, the process of ratification of the Protocol on Water and Health was started in Georgia.

Kazakhstan

26. The NPD process in Kazakhstan addresses both IWRM and WSS issues. Preparatory missions for initiating the NPD in Kazakhstan were conducted in May and September 2012. The first Steering Committee meetings under the NPD process took place in June 2013 and April 2014. In December 2013 and October 2014 expert working group meetings and a national seminar on WSS were held to discuss interim results of ongoing work and the workplan for 2014–2015.

27. Following the prioritization of activities at the first Steering Committee meeting, ECE assisted Kazakhstan in analysing the benefits of accession to the Protocol on Water and Health. Based on the results of the analysis by a national expert group, a decision was taken at the second Steering Committee meeting in April 2014 to launch the ratification process of the Protocol on Water and Health.

28. The first policy package — recommendations on sustainable business models for WSS in rural areas and small towns in Kazakhstan — was developed in 2014 with OECD support.

Kyrgyzstan

29. In Kyrgyzstan, the NPD process started in 2008. In 2011, a joint Steering Committee for both IWRM and WSS branches of the NPD was established. The dialogue process focused on: (a) the implementation of the river basin management approach through development of a river basin management plan (RBMP) for the Chu River; (b) setting targets and target dates at the national level in the context of the Protocol on Water and Health; and (c) the use of economic instruments for water resources management.

30. A draft financing strategy for WSS was developed through the dialogue, triggering a number of positive institutional changes in 2011–2014 (foremost among them, the creation of a government agency with responsibility for both urban and rural WSS, the establishment of clear and realistic targets for WSS in the National Strategy for Sustainable Development and the development of a WSS sector strategy).

31. 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 strategically important water infrastructure in the basin was finalized. The first two meetings of the Chu River Basin Council took place in February 2013 and June 2014. At the March 2015

Steering Committee meeting a study on the most suitable water-saving technologies for Kyrgyz irrigation sector was presented.

32. The work of OECD has concentrated on improving economic instruments for water resources management. A mid-term action plan for reforming key instruments was prepared based on the proposed reform options and scenarios. It is expected that in the summer 2015 OECD will assist the Government of Kyrgyzstan in introducing surface water abstraction charges. This project and the future OECD work will contribute to improving coherence between the water and agricultural policies in Kyrgyzstan.

33. In 2010–2015, 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 the EU, Finland, Norway and Switzerland.

Republic of Moldova

34. The NPD on IWRM and WSS in the Republic of Moldova started in 2006. The NPD on IWRM is supported by the Swiss Agency for Development and Cooperation, and in 2012–2015 the focus is on the monitoring and implementation of the targets established under the Protocol on Water and Health. In October 2013, the Clearing House on the Protocol was established, which sets an outstanding example for the entire region. This work is done in close coordination with the NPD on WSS.

35. The present phase of the NPD on WSS is focused on improving domestic financial support mechanisms in WSS. These activities are facilitated by OECD and sponsored by the EC and the OECD Environment Action Programme (EAP) Task Force. The NPD on WSS provided useful inputs to the revised Government strategy for WSS, as well as the national adaptation strategy.

Russian Federation

36. In the Russian Federation a policy dialogue on WSS was launched in 2010, focusing on improving the legal, institutional and regulatory framework for private sector participation in WSS. An exploratory mission for resuming the policy dialogue in the Russian Federation was organized in May 2012. OECD commissioned a study on economic instruments for water resource management in the Russian Federation, which was published in October 2013. The work on improving the use of economic instruments at the sub-national level (in the Republic of Buryatia, Lake Baikal Basin) started in 2013. An interministerial coordination group was established by the government of Buryatia to guide the work. A policy package was developed, with support from OECD, on improving economic instruments for water resource management in the Republic of Buryatia, especially in the Lake Baikal Basin. In 2015, a national seminar will be organized to disseminate the project results and facilitate the implementation of the policy package. These activities were supported by the EU (Directorate-General for International Cooperation and Development) and Germany.

Tajikistan

37. The NPD on IWRM in Tajikistan started in 2010, and two NPD Steering Committee meetings were held in 2014. The main focus was to support 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 prepared. Its implementation started in late 2013 with the key institutional change: the separation of

policymaking and operational functions. The water sector reform strategy was further elaborated in early 2015 is expected to be adopted by the Government in summer 2015. A separate strategy for the development of the irrigation sector is being drafted in 2015. National targets in context of the Protocol on Water and Health have also been drafted and implementation of selected targets will be funded by Finland in 2015–2017.

38. Strengthening transboundary water cooperation with neighbouring Kyrgyzstan, as well as Afghanistan (management of the Upper Amu Darya Basin), is another important issue on the NPD agenda. In 2010–2015, the NPD on IWRM in Tajikistan was funded by the EC. The Danish Ministry of Foreign Affairs has provided an international expert who assisted the Government of Tajikistan in preparing the water sector reform strategy, while Germany and Switzerland have also provided funding.

39. 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 the development of a sound tariff policy. The Antimonopoly Agency of Tajikistan is in charge of setting tariffs for WSS and has the 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, building on good practice in the region and elsewhere.

Turkmenistan

40. 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 to review the national legislation in the light of the adoption of the standards of the ECE Water Convention, including the IWRM principles enshrined in it. 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 to accede to the Water Convention.

41. A report on the opportunities to introduce the river basin management approach in Turkmenistan was published in April 2013.⁴ Following the decisions of the Steering Committee at its second meeting in September 2012, the NPD interministerial expert group started work on a new national water code, which is now ready, and parliament is expected to adopt the new code in 2015. At its April 2015 meeting, the Steering Committee decided to initiate development of a national IWRM strategy. In 2012–2015, the NPD on IWRM in Turkmenistan is being supported by the EC, the German Agency for International Cooperation (GIZ) and Norway.

Ukraine

42. 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 the adaptation of water policy in Ukraine to climate change, based on the ECE *Guidance on Water and Adaptation to Climate Change*;⁵ and (b) preparatory work for the projects on climate change impacts on water resources in the Dniester River Basin.⁶ These policy

⁴ See <http://www.unece.org/env/water/npd/countrydialogues/tm>.

⁵ United Nations publication, Sales No. 09.II.E.14. Available from <http://www.unece.org/index.php?id=11658>.

⁶ “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>.

packages facilitated the development of a pilot project on reducing vulnerability to extreme floods and climate change in the Dniester Basin, implemented in 2010–2014 within the framework of the Environment and Security Initiative by ECE, OSCE and UNEP. The NPD process in Ukraine has been on hold for few years because of the political instability in the country; however, preparatory missions by ECE have taken place in September 2014 and April 2015 to prepare for its resumption.

B. Coordination and communication activities

EUWI Working Group for Eastern Europe, the Caucasus and Central Asia

43. 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 Geneva on 24 June 2014 gathered over 40 representatives from the region and donors. The discussion was built around three main components: transboundary cooperation; managing water for green growth; and the water-climate-food-energy nexus.⁷

World Water Week

44. During World Water Week in Stockholm (31 August 2014), the EUWI Multi-Stakeholder Forum provided an opportunity for stakeholders to be updated on recent developments within EUWI. Opportunities for work on management of water infrastructure in support to green growth were discussed. The highlights of the EUWI activities in Eastern Europe, the Caucasus and Central Asia were presented and received positive feedback.

OECD Global Forum on Environment

45. As part of the OECD Global Forum on Environment, held in Paris in November 2014, a side event, “New Perspectives on the Water-Energy-Food Nexus in Eastern Europe, Caucasus and Central Asia” was organized on 27 November 2014. The aim of the event was to take stock of the ongoing work on the energy-food-water nexus under the NPDs. Several case studies were presented by Government officials from countries of Eastern Europe, the Caucasus and Central Asia.

Communication activities

46. In January 2013 the publication, *The European Union Water Initiative National Policy Dialogues: Achievements and lessons learned*⁸ 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.

47. A newsletter, “Update on National Policy Dialogues”, ensures dissemination of information on NPDs in countries of Eastern Europe, the Caucasus and Central Asia to policymakers and stakeholders and serves to promote the EUWI, as well as share the experience accumulated in EUWI implementation in the region. Eight issues of the newsletter were published from 2011 to 2014 in English and Russian.

⁷ Meeting documents are available from <http://www.unece.org/index.php?id=35405>.

⁸ 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.

48. Leaflets on NPDs on IWRM were printed in English and Russian in November 2012.⁹ Information has been regularly updated on the ECE¹⁰ and OECD¹¹ websites. 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 the English and Russian languages to ensure the visibility of the EUWI NPDs.¹²

49. A benchmarking study on the implementation of IWRM principles in Eastern Europe, the Caucasus and Central Asia was published in 2014 jointly by ECE and OECD.¹³ The study, which provides an overview of the situation in 10 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.

50. 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 was published in May 2014 and updated in November 2014.¹⁴ It was complemented by overviews of several NPDs in the region (e.g., Kyrgyzstan)¹⁵ published in 2013–2015

IV. Lessons learned and challenges ahead

51. 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).¹⁶ With water prominently positioned in the draft post-2015 Sustainable Development Goals (SDGs), the NPD process is expected to contribute to implementation of SDGs through policies and projects in the WSS sector.

52. 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 to respective countries 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 European Neighbourhood Policy, the EU Central Asia Strategy and the EU Water Diplomacy Initiative), should be maintained.

⁹ Available from <http://www.unece.org/env/water/npd/publications>.

¹⁰ See www.unece.org/env/water/npd.

¹¹ See www.oecd.org/env/outreach/npd-water-eecca.htm.

¹² See <http://www.unece.org/env/water/npd/news>.

¹³ ECE/MP.WAT/44; available from <http://www.unece.org/env/water/npd/publications>.

¹⁴ See http://www.unece.org/env/water/publications/euwi_eecca_brochure_2006-2014.html.

¹⁵ See <http://www.unece.org/env/water/npd/countrydialogues/kg>.

¹⁶ See ECE/ASTANA.CONF/2011/2/Add.1, para. 4, and ECE/ASTANA.CONF/2011/2/Add.2, paras. 25 and 63, both available from <http://www.unece.org/env/efe/Astana/documents.html#/>.

53. The experience in implementing 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 and Belarus in 2014). Donors and international organizations are also interested in NPDs as, in many instances, NPDs provide a platform to share expertise and coordinate initiatives.

54. 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.

55. 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 for the dialogues needs to be flexible enough to accommodate new demands. 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.

56. In terms of the future priorities of work under NPDs, three main directions have merged: (a) the water-food-energy-ecosystems nexus; (b) the role of water in supporting the transition to green economy; and (c) transboundary cooperation. However, differentiated approaches are needed for countries with different needs. As Georgia, the Republic of Moldova and Ukraine signed Association Agreements with the EU in 2014, EUWI is expected to play role in aligning their national water legislation with the relevant EU legislation. For countries of Central Asia, transboundary cooperation will get higher priority to implement principles of water diplomacy.

57. The political instabilities and/or a high "turnover" of senior staff in partner ministries in some target countries are 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 proven ways to mitigate the consequences of political instability in the region.

58. 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.

59. Good coordination with development partners often helps to ensure the sustainability of the results of NPDs in the medium term: e.g., in several instances, the 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.

60. The NPDs on IWRM are successfully building on multiple ECE activities, including: (a) activities under the ECE environmental conventions, in particular the Water Convention; (b) the ECE Environmental Performance Reviews programme; and (c) ECE projects and activities on the ground, such as those implemented by the Regional Adviser on the Environment. For example, close coordination with activities of other programme areas under the Water Convention have given valuable results for the NPDs. Such coordination will be strengthened, especially with activities on the water-food-energy-

ecosystems nexus and within the framework of the Protocol on Water and Health. Direct contacts and the 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.

61. Similarly, NPDs can build on the work on water developed by OECD and on the wide array of expertise in OECD countries. 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.

62. 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.

63. Exchange of experience between policymakers from different countries of Eastern Europe, the Caucasus and Central Asia will receive increased attention in designing future activities within NPDs. Equally important is sharing the experience gathered with the NPD process with other components of the EUWI, such as with the Mediterranean component.

64. 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 the 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. Funding by various donors since 2006 has helped to launch and develop the NPD processes in 10 countries. The current level of funding enables the maintenance of the political process, i.e., organizing regular meetings and exchange between relevant stakeholders on water policy reform issues. To assist countries in their legislative and capacity-building activities for practical implementation of IWRM, increased funding would be necessary.

Annex

Funding of the National Policy Dialogues

1. In 2010–2015, the NPDs on IWRM and WSS were financed by the EC, bilateral donors and international organizations.
2. Several Governments provide support to NPDs on IWRM implemented by ECE. In 2012–2013, the Government of Finland supported the continuation of the NPD in Kyrgyzstan and the development of the NPD in Georgia. In 2015, Finland started its three-year support to NPD activities in Kyrgyzstan and Tajikistan. The Government of Norway is supporting NPD on IWRM activities in Turkmenistan with an ongoing grant until 2017. The Danish Ministry of Foreign Affairs, through the Danish International Development Agency, provided expert support for NPDs on IWRM in Tajikistan and Kyrgyzstan for 2011–2013. The Government of Germany, through GIZ, provided additional funds for meetings in Kyrgyzstan, Tajikistan and Turkmenistan in 2013. The Government of Switzerland, through Helvetas, provided funds for a Steering Committee meeting in Tajikistan in 2014.
3. For the ongoing period, with regard to the NPDs on WSS and the economic and financial dimensions of IWRM, 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, as well as the work on WSS in Kazakhstan. 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	—	—
EU (Delegation in Kazakhstan)	—	115 000 ^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	—	10 000	60 000 ^c
ECE	—	200 000 ^d	—
OECD	—	—	N/A
Total estimated	3 200 000	725 000	650 000

Abbreviations: BMU = Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety; DG DEVCO = Directorate-General for International Cooperation and Development.

^a Estimate for 2015.

^b Funds 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-General for International Cooperation and Development — EuropeAid provided funding for the second phase of the NPDs in the period from February 2012 to January 2016 in the total amount of €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. Discussions are ongoing with the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations and the Directorate-General for International Cooperation and Development, respectively, on the continuation of funding for EUWI NPDs in the Eastern Neighbourhood countries and in Central Asia beyond 2015. The Government of Finland will support both work streams — on IWRM and WSS — in Kyrgyzstan and in Tajikistan in 2015–2017.

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.
