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

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INTEGRATED MANAGEMENT OF WATER AND RELATED ECOSYSTEMS

EUROPEAN UNION WATER INITIATIVE AND NATIONAL POLICY DIALOGUES

**PROGRESS REPORT ON NATIONAL POLICY DIALOGUES IN COUNTRIES IN
EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA**

Note by the secretariat

Summary

Since late 2006, the National Policy Dialogues on the integrated water resource management – one of the main operational instruments of the European Union Water Initiative, with the United Nations Economic Commission for Europe (UNECE) as a strategic partner – have been pursued in line with the requirements of the European Union Water Framework Directive, the Convention and the Protocol on Water and Health. The European Commission has provided major funding. Armenia, Kyrgyzstan, the Republic of Moldova and Ukraine currently participate in the Dialogues. The Dialogues have attracted the interest of Tajikistan, Azerbaijan, Georgia and Turkmenistan; the process will start in these countries in 2010. The document examines progress in implementing the National Policy Dialogues, analyses the role of the Parties and the UNECE secretariat in this process, considers governance and financing, suggests a number of lessons learned and proposes draft decisions for the Parties.

I. BACKGROUND AND PROPOSED ACTION BY THE MEETING OF THE PARTIES

1. The European Union Water Initiative (EUWI) and its component for the countries in Eastern Europe, Caucasus and Central Asia (EECCA) were launched at the World Summit on Sustainable Development in Johannesburg, South Africa, in 2002. The main objective of EUWI is to support countries' actions to achieve the water-related Millennium Development Goals on integrated water resource management (IWRM) and on water supply and sanitation. The National Policy Dialogues (NPDs) are the main operational instrument under EUWI and are mainly financed by the European Commission.
2. The NPD process on IWRM strengthens legal, institutional and managerial frameworks in line with the principles of the Convention, the Protocol on Water and Health, the European Union (EU) Water Framework Directive and other UNECE and EU instruments. The dialogue process also builds on UNECE-led water programmes in the EECCA subregion.
3. At its fourth session (Bonn, Germany, November 2006), the Meeting of the Parties to the Convention endorsed the role of the UNECE secretariat as a key strategic partner with respect to implementing the NPD process on IWRM¹ (see ECE/MP.WAT/2006/6). This decision was reconfirmed by the Meeting of the Parties to the Protocol on Water and Health at its first session (Geneva, 17–19 January 2007; ECE/MP.WH/2/Add.4 - EUR/06/5069385/1/Add.4). Both Meetings of the Parties requested the secretariat to inform the respective bodies under the Convention and under the Protocol about progress made, thereby facilitating synergies between the two instruments.
4. Since 2006, UNECE has been carrying out NPDs in four countries: Armenia, Kyrgyzstan, the Republic of Moldova and Ukraine. At its third and fourth meetings, the Working Group on Integrated Water Resources Management examined progress achieved vis-à-vis the implementation of the NPDs. It underlined that the chosen themes for the dialogues and the specific country objective(s) were of crucial importance for these EECCA countries in terms of meeting the water-related Millennium Development Goals.
5. The Meeting of the Parties may wish:
 - (a) To recognize that the NPDs give added value to the Convention's ongoing activities on IWRM, and that they provide an excellent opportunity for furthering implementation of the Convention and the Protocol;
 - (b) To acknowledge the EECCA countries' strong commitment and ownership, which is shown in the participation of high-level officials from different sectors in the NPD process;

¹ The Organisation for Economic Co-operation and Development (OECD), through its Task Force on the Environment Action Programme, acts as a key strategic partner on water supply and sanitation.

(c) To agree to continue with the policy dialogue process beyond the fifth session of the Meeting of the Parties to the Convention, and to include relevant activities in the workplan for 2010–2012;

(d) To welcome the intention of more EECCA countries to join the process and note that this would require extra resources for the activities in addition to available extrabudgetary contributions from the European Commission;

(e) To invite Parties to the Convention to consider providing additional funding for the activities, including in-kind contributions by experts and the conclusion of cooperation agreements, if appropriate, or other kinds of arrangements for assistance, stressing the high cost-efficiency of the NPDs;

(f) To acknowledge the UNECE secretariat's important responsibility in providing key services to its partners in EECCA countries, and mandate it to continue its role as the key strategic partner of the NPD process in EECCA countries;

(g) To encourage other Parties to the Convention to consider co-chairing, together with Romania, the EUWI EECCA Working Group in the period 2010–2012.

II. THE KEY ROLES OF THE PARTIES TO THE CONVENTION AND THE SECRETARIAT

6. The key roles of the Parties to the Convention and the UNECE secretariat in the NPD process relate to the implementation of one or more of the pillars of IWRM:

(a) Moving toward an enabling environment of appropriate policies, strategies and legislation for sustainable water resources development and management;

(b) Putting in place an institutional framework conducive for the implementation of these policies, strategies and legislation;

(c) Setting up the management instruments required by the institutional framework to carry out the institutions' tasks;

(d) Dealing with cross-cutting issues such as financing, capacity-building, awareness-raising, and stakeholder information and consultations.

7. To this aim, technical and strategic guidance documents have been drawn up under the Convention and its Protocol on Water and Health and are now being used. These include guidance documents on setting targets and target dates on sustainable water management, safe drinking water supply and sanitation, water and adaptation to climate change, sustainable flood management, monitoring and assessment of waters, joint bodies (including their national constituents such as river basin organizations and councils), public involvement in water management, and payment schemes for ecosystem services.

8. A second key role stems from the UNECE-led water projects carried out with organizations such as the United Nations Development Programme (UNDP), the Organization for Security and Co-operation in Europe (OSCE), the Regional Environmental Center for Central Asia (CAREC) and international river basin commissions. These projects cover a range of issues including dam safety, water quality management and transboundary information systems as well as setting up and supporting international river basin organizations (e.g. Dniester, Chu-Talas), whose output and experience became a substantial basis for the NPD process.

9. The third key role stems from the ongoing UNECE-led NPDs (in Armenia, Kyrgyzstan, Republic of Moldova, Ukraine), which have resulted in policy packages (e.g. wastewater discharge regulations, terms of reference of river basin councils, and approaches to applying the principles of the EU Water Framework Directive) that will be shared with other countries that will commence the NPD process from 2010 onwards.

10. The fourth key role is linked to arrangements under the Protocol on Water and Health that allow EECCA countries to profit from the established Ad Hoc Project Facilitation Mechanism, which helps countries with the formulation of international assistance projects (“non-infrastructure projects”) and facilitates access to financing sources.

11. A fifth key role is coordination with other partners. UNECE has already entered into arrangements for a coordinated approach between the NPD process and ongoing TACIS² projects, e.g. those concerning water governance on the western fringe of EECCA and in Central Asian countries. A coordinated approach between UNECE, the European Commission, OECD and UNDP has resulted in a framework for joint water-related action in Central Asia. The latter is a “living document”, which will be updated in the light of the forthcoming water-related activities and projects in Central Asia.

12. A sixth key role relates to the financial and in-kind support of the NPD process by the Parties to the Convention. In carrying out NPDs on IWRM, UNECE relies exclusively on extrabudgetary resources provided under grant/contribution agreements with the European Commission (the European Community is a Party to the Convention) as well as a financial contribution by Estonia in 2008. Parties to the Convention have also been providing in-kind country contributions, such as expert advice during NPD meetings and expertise for drawing up policy packages. Examples include assistance by two countries on river basin councils and flood management as well as the conclusion of a cooperation agreement on technical assistance between a French water authority and Armenia.

III. MAIN COUNTRIES’ ACTIVITIES, ACHIEVEMENTS AND FURTHER PROSPECTS

13. While the NPD process in EECCA countries deals with country-specific themes, the underlying principles are the same in all participating countries, namely the strengthening of IWRM in line with the Convention, the Protocol on Water and Health, the Water Framework Directive and other UNECE and EU instruments.

² Technical Aid to the Commonwealth of Independent States.

A. Country-specific themes related to integrated water resources management

14. The NPD in Armenia, which started in late 2006, is helping put in place the principles of IWRM in line with the Water Framework Directive and relevant conventions and other international agreements, with an emphasis on financial issues. This includes pilot basin activities. The NPD process in Armenia will continue at least until 2010.

15. In Kyrgyzstan, the NPD started in mid-2008 and is contributing to strengthening the IWRM framework to achieve sustainable use of water resources. Currently, it focuses on the setting-up of a river basin council for the Chu basin. At a later stage, the NPD will also cover sustainable use of water resources, taking into account climate change, the protection of water ecosystems, and water and health issues. This will include transboundary issues, most notably in the Chu and Talas basins. CAREC has expressed its wish to share its experience, particularly in the NPD process in Kyrgyzstan, regarding payment for ecosystem services in the Lake Issyk Kul basin. The NPD process in Kyrgyzstan will continue at least until 2011.

16. The NPD in the Republic of Moldova contributes to and facilitates implementation of the principles of the Water Framework Directive and the Convention, with a link to financing issues. New governmental regulations on wastewater discharge, plans for the establishment of river basin management authorities and river basin councils, and action plans to achieve safe drinking water supply and adequate sanitation have been drawn up and approved by the Government or are in the phase of governmental approval. The NPD process there will continue at least until 2010.

17. In Ukraine, the NPD started in late 2007 and is contributing to strengthening legal, institutional and managerial frameworks so that water management authorities, river basin organizations and other water-related entities can better cope with the challenges of climate change and variability. It also supports the development of reform and adaptation measures (e.g. adaptation of water management to climate change, safe drinking water supply and adequate sanitation under changing climates). The NPD process in Ukraine will continue at least until 2010 and will produce an evidence base on climate change issues as well as a draft implementation plan on adaptation to climate change in water management.

18. The NPD process is expected to start in Azerbaijan, Georgia, Tajikistan and Turkmenistan in 2010. Preliminary discussions with country representatives have indicated preferences for the following country-specific themes:

(a) In Azerbaijan, the NPD should focus on transboundary water management issues in the Alazani basin, shared by Azerbaijan and Georgia;

(b) In Georgia, the NPD should focus on two specific themes, namely (i) a plan to achieve sustainable water management, safe drinking water and adequate sanitation; and (ii) transboundary water management issues in the Alazani basin, shared by Azerbaijan and Georgia;

(c) In Tajikistan, the NPD will strengthen the framework for IWRM at the local, national and transboundary levels; the latter may include joint activities with Kyrgyzstan;

(d) In Turkmenistan, specific emphasis will be placed on IWRM policy issues with respect to the country's river basins, notably the Murgab and Tejen transboundary basins. In addition, such issues for the NPD process should include, inter alia, reduction of water loss and improved water efficiency, new technologies for water monitoring, irrigation for agriculture, and capacity-building of ministerial staff, agencies' staff, and water users (including farmers). To respond to specific needs identified at the national level by the competent authorities, water supply and sanitation issues could also be considered.

B. Achievements under the National Policy Dialogue process

19. Outputs of the NPDs include implemented policy packages, as follows:

(a) Legislative acts:

(i) Order of the Government of the Republic of Moldova on wastewater discharges from municipal sources, adopted on 10 October 2008;

(ii) Draft Order on the implementation of the above legislative instrument (foreseen in 2010);

(iii) Draft order of the Government of the Republic of Moldova on the composition and work of river basin councils, finalized in October 2008 and circulated among governmental entities in preparation for its approval by the Government;

(b) Ministerial orders:

(i) Order of the Water Department of the Ministry of Agriculture, Water and Processing Industries of Kyrgyzstan on the composition and work of the River Basin Council for the Chu basin, examined at the first Steering Committee meeting in October 2008 and finalized at the second meeting in June 2009; its finalization as Order of the Ministry is expected in the course of 2009;

(c) Strategy documents:

(i) Draft strategy on the implementation of the principles of the EU Water Framework Directive in Armenia, which so far has consisted of three interrelated policy packages:

- a. Baseline conditions for IWRM in the Marmarik River basin, adopted in March 2008;
- b. Identification of desired conditions for water uses and functions in the Marmarik River basin, adopted in October 2008;
- c. Identification of measures, outcome of public consultations and preliminary cost estimates, adopted in October 2008;

- (d) Plans for implementation:
 - (i) Plans for implementation of sustainable water management, safe drinking water and adequate sanitation were adopted by Armenia in June 2009, by Kyrgyzstan in June 2009, by the Republic of Moldova in June 2008 and by Ukraine in April 2008;
- (e) Recommendations and good practice documents:
 - (i) Recommended practice for adaptation to climate change in water management in Ukraine, considered at Steering Group meetings in 2008; finalization is expected in the course of 2010.

IV. GOVERNANCE AND FINANCING

A. Governance at the national and regional levels

20. At the national level, the NPD process is usually conducted under the leadership of the Minister of Environment or the Chairman of the State Water Committee. In the respective countries, national Steering Committees have been established that comprise all relevant ministries (usually at the level of vice minister), agencies and institutions (including science and academia) and non-governmental organizations (NGOs). As an important aim of the NPD process is the implementation of policy packages, this broad representation is crucial in all countries. Representatives of UNECE, the European Commission and OECD, as well as UNDP, project donors (e.g. the German Society for Technical Cooperation (GTZ), the Swiss Agency for Development and Cooperation) and other competent stakeholders, usually participate in the Steering Committee meetings.³

21. At the regional level, there are two formal bodies for management, follow-up and/or evaluation, whose work is interlinked: (a) the EUWI EECCA Working Group and (b) the Meeting of the Parties to the Convention:

(a) Work under the NPD process is overseen by the EUWI EECCA Working Group, which meets at least once per year and is currently chaired by Romania. The EUWI EECCA Working Group brings together senior officials from EECCA responsible for water issues, key donors, international financial institutions, NGOs and the private sector. The Chair of the EUWI EECCA Working Group⁴ is being supported by an advisory body that includes the European Commission, the EUWI EECCA technical secretariat, key donors (i.e. EU Member States), and UNECE and OECD as strategic partners in the NPD process. This Working Group decides on directions for the work (e.g. annual workplans based on recommendations from partner countries) and provides guidance on the selection of NPD countries. The Working Group also monitors and oversees the NPD process and its outputs;

³ Further details on the governance structure can be found in the document, "European Union Water Initiative and National Policy Dialogues: progress report on the implementation of the national policy dialogues" (ECE/MP.WAT/WG.1/2008/8).

⁴ Romania currently chairs this Working Group; no other country is yet ready to act as co-chair.

(b) The Meeting of the Parties to the Convention (including its Working Group on Integrated Water Resources Management), with key representatives from the “Dialogue countries”, is a platform for sharing the experience of these countries with other EECCA countries as well as countries in Western and South-Eastern Europe. The Parties also agree on UNECE involvement, provide guidance regarding the selection of “Dialogue countries”, and monitor and oversee the NPD process and its outputs.

B. Financing the dialogue process

22. The NPD process is mainly financed by the European Commission. Its contributions are a means to carry on the NPD process and are not intended as a funding mechanism for technical projects.

23. In the course of the NPD process, technical project descriptions may be developed, as was the case with plans on sustainable water management, safe drinking water and adequate sanitation in Armenia, Kyrgyzstan, the Republic of Moldova and Ukraine. To implement these technical projects – a direct outcome of the NPD process – two mechanisms are available: (a) funding mechanisms under EU/TACIS and similar financing schemes; and (b) the Ad Hoc Project Facilitation Mechanisms under article 14 of the Protocol on Water and Health.

24. Recent developments in the European Commission suggest that new projects developed and financed under its external cooperation programmes related to water management should be coordinated with activities under the NPD process.

25. For activities from 2006 to 2008, grant agreements were concluded between the European Commission and UNECE totalling €308,000. For the same period, UNECE contributed with staff time equivalent to €36,000 and Estonia provided US\$ 20,000.

26. For the period 2009–2012, a Contribution Agreement between OECD and UNECE was signed on 27 July 2009, under which the European Commission will provide funds to UNECE (through OECD) totalling €675,000. Based on this funding as well as contributions to be sought from other donors, activities may involve up to 8 of the 12 EECCA countries. Further details are given in the draft workplan for 2010–2012 (ECE/MP.WAT/2009/L.1).

V. ADDED VALUE OF THE NATIONAL POLICY DIALOGUE PROCESS AND LESSONS LEARNED

27. The specific country objective(s) for the NPD process in Armenia, Kyrgyzstan, the Republic of Moldova and Ukraine are of crucial importance for these countries to meet the water-related Millennium Development Goals, most notably targets 9 and 10 of Goal 7.

28. NPDs are also an essential means of implementing national obligations under the Convention. The NPD process focuses on the provisions of the Convention that constitute obligations of a national/local dimension, most prominently those of article 3. NPDs also provide guidance to riparian Parties on obligations under the Convention’s part II, as the work of joint

bodies, consultations among Parties, and joint monitoring and assessment require strengthening institutional and management frameworks at the national and local levels.

29. Moreover, NPDs are an essential means of implementing national obligations under the Protocol on Water and Health, most obviously its articles 6 and 7. They are a reliable platform for drawing up, examining and approving non-infrastructure projects to be submitted under article 14 to the Ad Hoc Project Facilitation Mechanism to find sources for financing under the Protocol.

30. NPDs also contribute to strengthening international environmental governance in accordance with the requirements of existing EU directives, notably the implementation of principles and approaches of the Water Framework Directive and other relevant directives or documents related to flood management, adaptation to climate change, groundwater management and urban wastewater treatment.

31. Despite their rather short duration and limited resources, the NPDs have produced outputs that are both solid and politically successful. The strong commitment of “Dialogue countries” and the good cooperation with international organizations (e.g. the European Commission, OECD, UNDP, WHO) have stimulated an increasing number of Parties to provide in-kind and/or financial support (e.g. Finland, France, Germany, Hungary, the Netherlands, Norway, Romania and Switzerland).

32. The NPD process builds on a holistic, rather than piecemeal, consideration of issues. A given country’s objectives are of relevance to all water-related sectors and cover one or more of the four pillars of IWRM (see para. 6). It is therefore imperative to understand that the focus of the NPD process should be on policy issues rather than technical problems, and the process should be designed as a platform where the representatives of all competent sectors and the public can meet.

33. As the NPD process involves all major stakeholders in the participating countries, including NGOs and the private sector as well as representatives of relevant international organizations, institution and programmes, it offers itself as a very useful framework to promote coordination and harmonization of the different international and assistance projects being carried out in the countries.

34. Since in EECCA countries the NPD process deals with specific themes, cross-fertilization of these NPDs becomes a necessity. This can be achieved through the participation of key players from EECCA countries (and also from EU Member States, as is the case with Estonia, France and Romania) in the national Steering Committees as well as in meetings under the Convention and the Protocol.

35. Given that an important aim of the NPD process is the implementation of policy packages (e.g. new governmental regulations), the involvement of representatives of the parliamentary bodies responsible for environmental issues is crucial in all countries.