

ENVIRONMENT FOR EUROPE
UN ENVIRONNEMENT POUR L'EUROPE
ОКРУЖАЮЩАЯ СРЕДА ДЛЯ ЕВРОПЫ
ЖИВОТНА СРЕДИНА ЗА ЕВРОПУ

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“ENVIRONMENT FOR EUROPE”

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THE EUROPEAN UNION WATER INITIATIVE – EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA

submitted by

the European Commission and the EUWI-EECCA Component Working Group

through the Ad Hoc Working Group of Senior Officials

BACKGROUND DOCUMENT



UNITED NATIONS

Introduction

1. This document informs participants of the 6th Ministerial Conference "Environment for Europe" about recent developments of the EU Water Initiative's (EUWI's) component for countries in Eastern Europe, Caucasus and Central Asia (EECCA).
2. Special attention is paid to the further involvement of international organizations such as the OECD and UNECE in the implementation of the EUWI-EECCA Component.
3. The participants in the 6th Ministerial Conference "Environment for Europe" may wish to:
 - (a) Take note of the achievements under the EU Water Initiative and in particular the organization of new National Policy Dialogues in Moldova and Armenia;
 - (b) Encourage Armenia and Moldova to carry out in the frame of the EU Water Initiative the National Policy Dialogues - and other EECCA countries to make appropriate preparations to initiate National Policy Dialogues;
 - (c) Encourage donors and EU member states to cooperate and coordinate ongoing and planned programmes and initiatives in EECCA in the water sector, and to promote the EUWI EECCA as an appropriate forum for this cooperation and coordination.
 - (d) Invite EU Member States to support the implementation of National Policy Dialogues in the frame of the EU Water Initiative;
 - (e) Invite EU Member States, donor organizations and IFIs to adapt, to the extent possible, existing assistance programmes to respond to the identified needs of National Policy Dialogues in Moldova, Armenia and other EECCA countries;
 - (f) Invite donor organizations and IFIs to launch new assistance programmes to support implementing the countries "policy packages" identified as priority actions of the National Policy Dialogues.
4. The document consists of three sections. Section 1 deals with the background of the EUWI-EECCA Component. Section 2 provides information about achievements made since the 5th Ministerial Conference "Environment for Europe". Section 3 concentrates upon the prospects.

Background

5. At the World Summit on Sustainable Development in Johannesburg, South Africa, in 2002, all EU Member States EU and the EC launched the EUWI designed to contribute to achieving the Millennium Development Goals (MDGs), most prominently targets 9 and 10 of Goal 7 to:
 - Integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources (MDG 7 -Target 9); and
 - Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation (MDG 7 - Target 10).

6. The EUWI is conceived as a catalyst and foundation, on which future action can be built to contribute to meeting the water and sanitation related MDGs. Its overall purpose is to bring together in a joint effort the EU Member States, civil society, private sector and financial institutions and draw on the expertise and investment potential of the EU water industry to implement the said MDGs. The key elements of the Initiative are to:

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

7. 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 EU 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 organisations, NGOs, academia, financing institutions, the private sector and other organizations and entities.

8. 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).

9. The key problems and challenges in the EECCA countries as outlined in the Programme Document of EUWI-EECCA 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.

10. Denmark led the work on the EUWI-EECCA Component from its launch until October 2004. From November 2004 onwards, the European Commission has been the chair, keeping momentum of the Initiative. The European Commission will continue to chair until the end of 2007. Under the European Commission’s chairmanship, a work programme for the EUWI-EECCA Component and principles for establishing National Policy Dialogues (NPDs) have been prepared and agreed upon.¹

¹ For further information, please visit: www.euwi.net.

Achievements Made

EUWI-EECCA framework is operational

11. Analytical studies to assess EECCA countries' needs, including country reports, identification of financial gaps and illustration of existing commitments from international donors, count has been undertaken and discussed at two high level meetings (2003 and 2004) and in working group meetings.

12. The work program of the EUWI-EECCA Component till 2015 lays down 8 objectives of the EUWI-EECCA Component. It was approved at the 5th meeting of the EUWI-EECCA Component Working Group in Chisinau, Moldova, in March 2005.

The 8 objectives of the EUWI-EECCA Component are:

- Improve institutional and regulatory framework.
- Ensure financial viability of utilities.
- Investment in water supply, sanitation and rehabilitation.
- Ensure access of the poor to water services as a basic human right.
- Safeguard public health.
- Protect the environment.
- Establish and implement national policies for IWRM.
- Develop the inter-state cooperative structures for river/lake basin management.

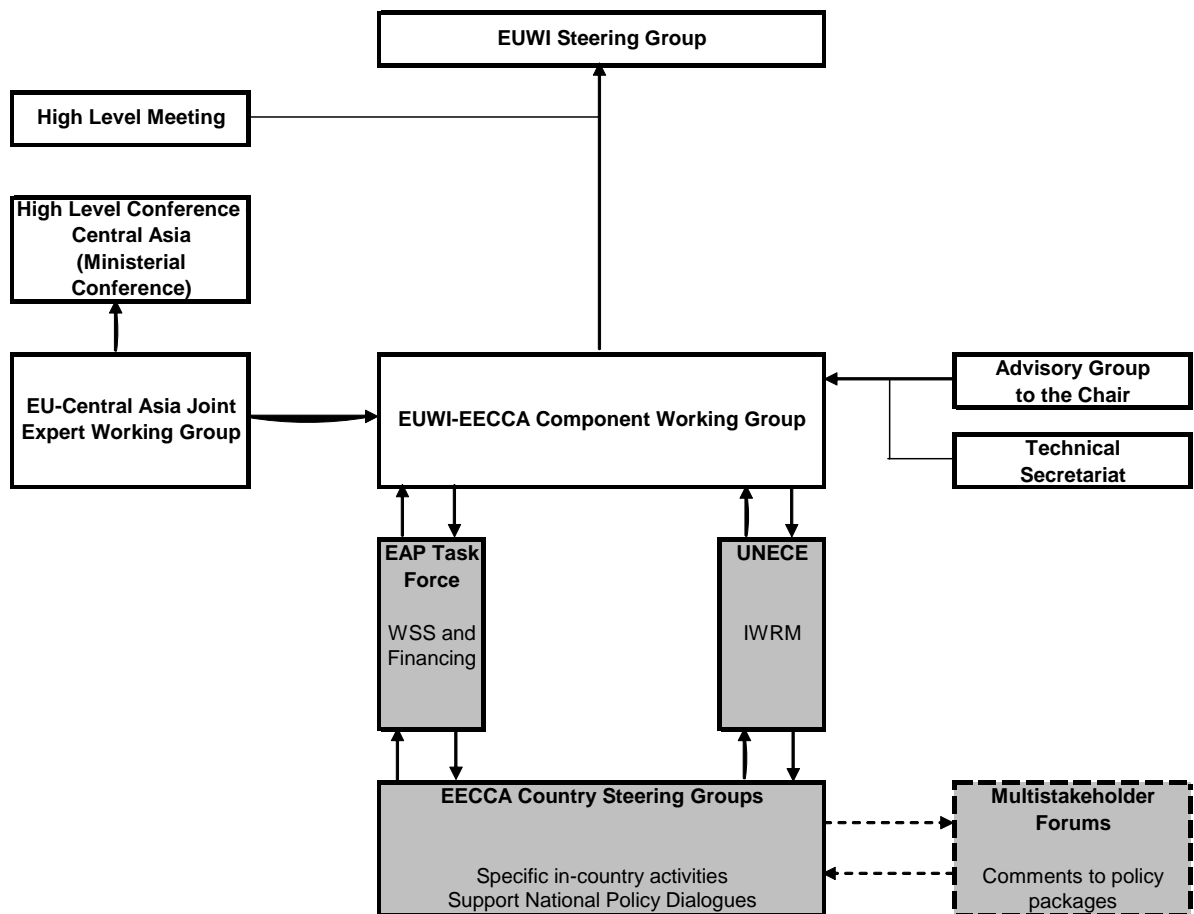
13. Each year the EUWI-EECCA Component Working Group approves an annual work program for the next year. The current Annual Work Program 2007 was approved at the 8th meeting of EUWI-EECCA Component Working Group held in Bonn, Germany, in November 2006. It highlights the following major activities to be carried out in 2007:

- Preparations for launch of additional NDP's in EECCA countries (preparatory meeting in Ukraine)
- Two Working Group meetings
- Joint process with the EU Water Framework Directive
- EU-Central Asia Joint Expert Group meetings
- Monitoring of progress of the EUWI-EECCA component as part of the EUWI progress report
- Reinforcing the communication with the EUWI-Financing group, Water Investment Support Facility and IFI's.
- 6th Ministerial Meeting "Environment for Europe" in Belgrade October, 2007.
- Preparations for hand-over to a new chair of EUWI-EECCA from 2008.

Organisational set-up

14. The implementation and co-ordination mechanisms of the EUWI-EECCA component build upon existing institutions as appropriate. The organisational set-up, co-ordination and management mechanisms are illustrated below. The Working Group of the Partnership is responsible for overseeing the implementation of EUWI-EECCA which includes two components: a) Water supply and sanitation, and b) integrated water resources management, including transboundary river basin management and regional seas issues. For each component,

existing supporting mechanisms will be relied upon, as appropriate, and the WG will provide for liaison with key stakeholders. The Working Group is responsible for approving, monitoring and overseeing the implementation of the EUWI-EECCA Work Programme.



15. The UNECE Secretariat, with the assistance of the Meeting of the Parties to the Convention, is the lead partner of specially designed joint activities facilitating NDP's regarding IWRM..

16. 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) is the lead partner of specially designed joint activities facilitating the NDP's regarding WSS and Financing.

17. In countries where NDPs have been launched Steering Groups have been 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.

18. A work program of the EUWI-EECCA Component till 2015 as well as annual work programs has been approved, an organizational set-up of the initiative is operational, and NPDs

have been initiated in Moldova and Armenia and has become the main operational instrument within the EUWI-EECCA Component.

National Policy Dialogues

19. NPDs has been developed as the main operational instrument to implement the work program 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, help setting country priorities, and identify projects and develop capacity in the EECCA region through a dialogue that, among others, involves public authorities and representatives of the civil society. Thereby NPDs contribute to the development of road maps for achieving the water-related MDGs and IWRM targets.

20. 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.

21. As an element of the NDP's, "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. The final outputs of the NDP's Dialogues are implemented "policy packages" addressing one or more of the above-mentioned issues.

National Policy Dialogues in Moldova and Armenia

22. In 2006, Moldova formally expressed its interest in the NDP 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 the request of Moldova to initiate the NPD process could be best met.

23. The outline of the NDP in Moldova is 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, Ministry of Economy, Ministry of Agriculture, Ministry of Justice, Ministry of Finance, Ministry of Local Public Administrations, Ministry of Health, Agency of 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 will act as Chair, whereas the Apele Moldovei will act as Co-Chair.
- Closely linked to the NPD, a multi-stakeholder process involving civil society, private sector, donors, international financing institutions (IFIs) and other stakeholders is about to be established, in an expected 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 is devoted to the ongoing work of OECD on WSS and Financing;
- A proper 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.

24. A NDP was initiated in Armenia early December 2006. The outline of the NDP in Armenia is as follows:

- The objectives of the NPD are: i) to develop financing strategy for rural water supply and sanitation with water-related MDG's as the target, ii) to facilitate implementation of the principles of Integrated Water Resources Management in line with the EU Water Framework Directive, relevant international conventions and other international agreements with and emphasis on financial issues, and iii) development of a pilot project for a selected river basin, taking into account EU countries experience.
- Key institutions of the NPD are State Committee of Water System, Ministry of Nature Protection and Water Resources Management Agency.
- A Steering Committee with multi-stakeholder representation has been set-up to oversee the implementation of the NDP in Armenia. The Steering Committee has members from State Committee of Water Systems, Ministry of Nature Protection and Water Resources Management Agency, Ministry of Finance and Economy, Ministry of Labour and Social Issues, Ministry of Agriculture, Public Services Regulatory Commission, Public Sanitary Supervision Service and State Statistical Service. Donors and IFIs active in Armenia have also been invited to nominate participants to the Steering Committee of the NDP.
- The NDP will be coordinated with other ongoing projects in the water sector in Armenia including foreign financed projects. Full account will be taken of past and ongoing work of the EAP Task Force to this project.

- A reporting of the achievements under the NPD in Armenia to the forthcoming “Environment for Europe” Ministerial Conference will be ensured by the institutions engaged in the NDP.

Water Investment support facility (WISF)

25. A Water Investment Support Facility with a budget of EUR 2.7 million has been established to promote the MDGs and the EUWI-EECCA Component by assisting IFIs in preparing water projects in the EECCA region. Separate to the WISF EuropeAid is providing EUR 13.5 million co-financing for implementation of water projects in the EECCA region. By mid 2007 8 WISF studies have been carried out - in Armenia with the EBRD as IFI partner (1 project), in Azerbaijan with the World Bank as IFI partner (2), in Georgia with the EBRD as IFI partner (3) and in Uzbekistan with the ADB and World Bank as IFI partners (2). The projects comprise WSS and IWRM projects. The WISF will run until December 2007.

Prospects

A continued need for a partnership between EU and EECCA countries

26. The MDG's on water supply and sanitation aims to reduce by half the number of people without sustainable access to safe drinking water and basic sanitation by 2015, using 1990 as the base line year. While EECCA countries since the Soviet time have a fairly high coverage of water supply and sanitation in urban areas the coverage in rural areas are generally low. In EECCA there is no baseline against which progress can be measured since population data are missing for 1990. Further a number of studies indicate that urban water supply and sanitation infrastructure has significantly degraded and that while infrastructure exists, it may not be able without significant rehabilitation to provide the safe drinking water and basic sanitation as expected in the MDG declarations. As such there is a continued need for rehabilitation of existing infrastructure, new infrastructure in particular in rural areas and for identifying a sustainable financing of this.

27. Since 2003 progress most EECCA countries have embarked on reform processes in the water sector. National Water Policies and water legislation has been revised introducing stakeholder participation, polluter and user pays principles, development of bodies for cross-sector participation and river basin management and increasing the institutional and human capacities for water management. Most of reform processes in the water sector are introducing the principles of Integrated Water Resources Management and there is an increased interest in EECCA countries on the principles and management approaches of the EU Water Framework directive. There is a continued need for a long term partnership between EU and EECCA countries to support the implementation of the water reform process in EECCA countries.

28. EU Commission and EU Member States provide Official Development Assistance and other official flows both to water supply and sanitation and IWRM in EECCA.

29. The EUWI-EECCA and in particular the NPDs appear to be an appropriate process to foster IWRM and WSS reforms in EECCA countries. The definition of priorities and action plans through a participatory process will allow tailoring the mechanism to needs and conditions in the different countries, ensuring a sustainable step-by-step implementation. The high interest expressed by EECCA countries proves that the EUWI-EECCA Component is on the right track.

EUWI-EECCA builds on and strengthens existing mechanisms

30. The UNECE secretariat and the Meeting of the Parties have certainly a role to play to meet these expectations. Embedding the NPD development in the Convention's work-plan will provide a framework to ensure continuity of the process, allow to identify the best partners for each of the NPDs and relevant policy packages, and streamline Parties assistance activities in the EECCA countries. At the same time, the NPD will foster the implementation of the Water Convention in EECCA countries and will support other activities in the Convention's work-plan - such as activity 2.1.1 on Strategic guidance on integrated management of transboundary water resources or activity 2.2.2 on Synergies between the Water Convention and the EU Water Framework Directive.

31. It should be stressed that the success of the EUWI-EECCA Component and of the NPDs depends on a long-term commitment until 2015. As UNECE facilitation of NPDs relies completely on extra budgetary funds, Parties and other partners should make sure that the needed resources are also made available in the long-term. As a first step, it should be agreed how to mobilize the resources for an initial period of four to six years.

32. There is an opportunity of mutual strengthening of the EUWI and the recently established Member-lead Team on "Sustainable Financing to Ensure Affordable Access to Water Supply Sanitation" within the OECD through the involvement of the EAP Task Force in the implementation of the EUWI-EECCA Component - and also of the EUWI and the Water Convention through the involvement of the Parties to the Convention and the Convention's secretariat.

33. There is a further opportunity for strengthening of donor harmonisation in the water sector through EUWI EECCA Working Group as this group has participants from relevant ministries and stakeholders from EECCA as well as donor organisations.

EUWI-EECCA introduces new water management and financing mechanism

34. EUWI-EECCA has a potential to introduce new water management procedures in EECCA through the introduction to the EU Water Framework Directive. This can be achieved through i) cross-boarder projects where a river crosses a border between an EECCA country and an EU member state, ii) through a NPD where e.g. an EU member state may share its experience on the implementation of the EU Water Framework Directive with an EECCA country, and iii) through the Joint Process with the EU Water Framework Directive through e.g. networks of water experts.

35. Financing, including possible new financing mechanisms (e.g. joint lending schemes) is increasingly important for EECCA countries to finance new infrastructure and to rehabilitate existing infrastructure.