

# **Review of the European Water Initiative (EUWI)**

## **Volume II: Annexes**

**Final**

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## List of Abbreviations and Acronyms

ACP	Africa, Caribbean and the Pacific
AfDB	African Development Bank
AMCOW	African Ministers' Council for Water
CD	Country Dialogue
CSO	Civil Society Organisation
DAC	Development Assistance Committee of the OECD
DCI	Development Cooperation Instrument
DFID	Department for International Development (UK)
DG	Director General
DG	Directorate General
EC	European Commission
EDF	European Development Fund (for EC support to the ACP countries)
EECCA	Eastern Europe, the Caucasus and Central Asia (component of the EUWI)
ENPI	European Neighbourhood & Partnership Instrument
EU	European Union
EUWF	ACP-EU Water Facility
EUWI	European Union Water Initiative
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (German society for technical cooperation)
GWP	Global Water Partnership
IWRM	Integrated Water Resources Management
LA	Latin America (component of the EUWI)
MDG	Millennium Development Goal
MED	Mediterranean (component of the EUWI)
MS	Member State (of the EU)
MSF	Multi-stakeholder Forum
NGO	Non-Governmental Organisation
NIS	New Independent States
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
SG	Steering Group
ToR	Terms of Reference
UN	United Nations
USD	United States Dollar
WFD	Water Framework Directive (EU)
WG	Working Group
WPIEI	Working Party on the International Environment Issues
WSP	Water and Sanitation Partnership
WSS	Water Supply and Sanitation
WSSD	World Summit for Sustainable Development

WWC

WWF

WWC

World Water Forum

**Annex A****Terms of Reference for the Review Team****Background**

The EU Water Initiative (EUWI) was launched at the 2002 Johannesburg World Summit for Sustainable Development (WSSD) in response to the recognition that parts of the world were not on track to achieve the MDG target for water and most developing countries were off-track to achieve the sanitation target. The situation with regard to access to safe water and basic sanitation in sub-Saharan Africa was considered to be particularly grave. The EUWI is a concerted effort of the European Commission, the EU Member States, partner countries and other stakeholders including civil society, the private sector and local government organizations to work together to contribute to achieving the water-related MDGs and targets agreed at WSSD.

Criticism of the EUWI has been voiced, particularly by NGOs such as WaterAid and Tearfund<sup>1</sup>, but also by Member States. At a meeting of the EUWI Steering Group held on 17 May 2006 DFID presented a paper that set out a number of areas where actions to improve the effectiveness of the initiative might be considered – see Annex A. It was agreed at this meeting that a review, jointly funded by Germany and the UK, should be carried out. At a separate High Level Meeting of the Donors it was agreed that the EUWI needs to enter a new phase with radical improvement on focus and delivery and that the UK and Germany would develop a new strategy for the Africa component of the initiative.

These Terms of Reference for the Review of the EU Water Initiative have been prepared to take forward the actions agreed by the Steering Group, taking due account of the revised strategy for the Africa Component currently being developed by Germany.

**EUWI aims, structure and characteristics**

The EUWI is a political rather than a financial initiative that aims to improve coordination in the sector to deliver more effective development assistance in the water sector. The EUWI has five objectives:

- Reinforce political commitment to action
- Make water governance effective
- Improved water management through multi-stakeholder dialogue and coordination
- Support regional co-operation
- Identify additional financial resources and mechanisms

The value of the EUWI is that it is attempting to facilitate coordinated assistance to partner countries in order to develop and implement policies, strategies and priorities for the water sector and for delivery of services to the poor. In line with international agreements on development finance and aid effectiveness and the recent EU Consensus on Development, better national policies, strategies and priorities should lead to enhanced bilateral donor alignment, support and harmonization. The financial instruments to deliver improved water

<sup>1</sup> WaterAid and Tearfund jointly published 'An Empty Glass' in December 2005

management and access to water and sanitation to the poor are the MS and Commission programmes including the Water Facility.

Since mid-2004, the EUWI has had a governance structure involving (i) an annual Multi-Stakeholder Forum, (ii) a Steering Group, and (iii) seven Working Groups (four regional and three cross-cutting).<sup>2</sup> The Steering Group oversees the Working Groups which oversee country and regional processes. However, the Steering Group lacks accountability to political processes. The EUWI secretariat is housed within the European Commission and is responsible for reporting on the progress of the EUWI as part of the annual report on development assistance.

## Current Status of the EUWI

Progress of the EUWI has been mixed. Of the four regional working groups the **Africa Working Group** is the most advanced. It has piloted Country Dialogues in a number of countries (Zambia, Mozambique, Ethiopia, Ghana, Cap Verde, Central African Republic, Congo Brazzaville, and DRC) where individual Member States have taken the lead to assist the governments and donors to coordinate their activities around an agreed plan and to develop MDG Roadmaps. The most successful of these dialogues are those developed in Ethiopia, and Cap Verde, whilst those in Ghana and Mozambique have achieved some successes. However, Dialogues proposed to be piloted in Rwanda, Mauritania and Egypt have not started owing either to a lack of demand for the Dialogue process by the country itself, or because there has been a lack of interest by any EU MS to lead the process. The EUWI has also supported cooperation in five transboundary river basins (Volta, Niger, Lake Chad, Orange Senqu and Lake Victoria-Kagera) although progress has been relatively slow. In Africa, also, the EUWI has built strong relations with New Partnership for African Development (NEPAD) and the African Ministers Council on Water (AMCOW).

Other Regional Working Groups are less advanced and it will be important for the review to determine the potential for these groups to scale up their activities. Of the Cross-cutting working groups, the Finance Working Group has probably been the most active. The Research Group has achieved some notable successes including the establishment of an ERA-NET whilst the Monitoring Working Group has concentrated on establishing a framework for monitoring the progress of the EUWI and now needs to determine its future role.

Apart from the effectiveness of the seven working groups there are other aspects of the EUWI that need to be considered. **The EUWI Steering Group** is meant to guide the initiative and ensure that Member States and the European Commission advise on the various activities that are required to make the EUWI effective. However the large number of members of the Steering Group tends to militate against timely decision making as does the lack of strong leadership of the Group.

The EUWI lacks clear mechanisms to link its progress to political processes. **Reporting** of the EUWI including the activities it undertakes is not assessed at a high level and the lines of responsibility from the Steering Group to the Commission are weak. Progress on the EUWI is currently reported annually to the EUWI Multi-stakeholder Forum and also by the European Commission through Development Cooperation Working Group (which feeds into

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<sup>2</sup> Working Groups are: Africa, EECCA, Latin America, Mediterranean, Finance, Research and Monitoring

the General Affairs and Economic Relations Committee -GAERC) on an annual basis, under the report on EC activities in Development. The regional Working Groups (Africa, Latin America, Mediterranean and EECCA) also have reporting arrangements with regional partners. However more frequent and detailed reporting may be considered appropriate for an initiative as important as the EUWI. Similarly, effective mechanisms for ensuring **in-country implementation** of the EUWI where it is intended to operate are also lacking. Progress of many of the activities of the Working Groups and in-country activities, such as the Country Dialogues of the African Working Group, relies almost exclusively on the willingness of individual Member States to volunteer to take up and fund these activities. When progress is slow there is limited pressure to make things happen. **Accountability** for the success or failure of the activities of the Working Groups is also weak. **Monitoring** of the EUWI is also set to commence following the finalization of the proposal from the Monitoring Working Group. The Monitoring Working Group has been developing clear and measurable indicators for success of the various working groups and in-country programmes to increase the accountability of the EUWI.

Ways of **communicating** the objectives of the EUWI and the impact that it is having will be an important part of the Review. No communications strategy currently exists and it is considered a priority that one is finalized and implemented without further delay.

Finally links between the EUWI and the various funding mechanisms for water including bilateral programmes of the EU Member States, the Infrastructure Partnership and the EU Water Facility<sup>3</sup>, could be strengthened while it might also prove useful to learn lessons from the implementation of the EU Energy Initiative and consider how certain aspects might assist with developing a more effective EUWI.

## Purpose of the Review

The purpose of the Review is to make recommendations to the EUWI Steering Group on changes to the organizational structure and overall strategy that will lead to more effective implementation of the EUWI at regional level.

## Scope of work

The Review will report on all aspects of the EUWI including the workings of the Steering Group, the functioning of the seven working groups, the reporting and monitoring mechanisms, and how the EUWI can be more accountable to its stakeholders. The proposed Review was discussed at a meeting of the EUWI held during Stockholm Water Week at which it was agreed representation from Africa, Latin America, Mediterranean and EECA would be included. A Resource Person from each region will therefore be included as part of the Review Team.

The consultants will be expected to undertake the following tasks:

- interview members of the EC and Member States as well as representatives of the Stakeholder Forum to elicit views on how improvements can be made to the workings of the EUWI.

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<sup>3</sup> €500 m from EDF 9 was made available for water projects, research, and strengthening water resource management.

- The Review should take as a starting point the EUWI Strategy developed during 2005 through the SG – see Annex B and *inter alia*:
  - ◊ recommend how this might be taken forward and review options for a more effective institutional set-up that can do this. In particular, it should look at the regional components of the EUWI, their specific needs and identity, their stakeholders, and try to map the common interests of the SG members, the regional component stakeholders and their representation on the SG.
  - ◊ look at the cross-cutting components of the EUWI (finance, research and monitoring) and determine whether there is still any justification for these to remain as stand-alone components or whether they would better be incorporated into the regional components.
  - ◊ look at the institutional burden imposed by the current organizational structure and determine whether a more effective model could be used.

## **Methodology**

The Review Team will carry out an extensive programme of interviews of stakeholders from mid-October through to mid-December. Each Regional Resource Person will prepare an Issues Paper to help inform the Review Team of the past and proposed activities of the EUWI within their region and on the impact that the EUWI has had on the sector.

## **Timing & Output**

The Review will commence by 20 November 2006 with a draft final report being prepared by the end of January 2007 and presented to the Steering Group, set to take place in February 2007, for discussion. The consultants should reserve time for adjustments of that report during February and a final and corrected report should be submitted by the end of February."

October 2006

**Annex B****Terms of Reference for the Regional Experts****Background**

The EU Water Initiative was launched in Johannesburg in 2002 as a contribution from the EU to achieving the water-related Millennium Development Goals and targets agreed by the world community at the World Summit on Sustainable Development.

The EUWI is a mechanism for harmonisation, coordination and alignment of development resources but not a provider of such resources in its own right. The current strategy for development of the EUWI is attached as Annex 1. Further information on the EUWI can be found on its website [www.euwi.net](http://www.euwi.net).

One achievement resulting from the EUWI has been the launch in 2004 of the ACP-EU Water Facility providing €500 million for development of water and sanitation in ACP countries, primarily in Sub-Saharan Africa. The EUWI has also provided support to country dialogues on water policy, mostly in Africa but also in the MED and EECCA regions. In addition, support to financing strategies has been provided to some countries, and EU-financed research on water has been enhanced.

**The EUWI Review**

On the whole, progress of the EUWI to date has been judged to be mixed. DFID has therefore with support from GTZ launched a review of the EUWI. The draft review report will be presented to the EUWI Steering Committee in early February 2007. There will be one reviewer (Mr. Terry Lawrence) supported by a resource person (Mr. Johan Holmberg). There will also be a team of four experts, one from each of the regions where the EUWI is active, supporting the reviewer. Terms of Reference for the review is provided in Annex 2.

**Duties of Regional Resource Persons**

The regional resource persons will contribute perspectives from the Africa, MED, EECCA and LA regions respectively. Specifically, each of them will prepare a short issues paper covering the following subjects:

- Brief summary of the characteristics of each region in respect of water supply and sanitation
- How the EUWI is perceived in the region
- The role that the EUWI can potentially play in addressing important issues in each region and adding value to existing mechanisms and processes
- Principal strengths/weaknesses of the EUWI, as seen from the region, considered under the following headlines (others may be added)
  - Shared vision and understanding of the EUWI purpose
  - EUWI strategy
  - Country dialogue process

- Effectiveness of the regional EUWI working group
- Ownership by EU Member States
- Ownership by partner countries in the region
- Involvement of NGOs/CSOs
- How the EUWI could adapt to be better aligned with regional priorities

The paper should be no less than five pages long, written in English and submitted electronically in Microsoft Word, version 2000 or later.

In addition, the regional resource persons should be prepared to comment on specific questions that may be addressed to them by the reviewer. There may also be a meeting of the entire review team in Brussels or in London some time during January 2007.

### **Timeline**

Up to eight days will be allocated to this task. Up to five days should be allowed for preparing the paper and a further three days for attendance at a possible meeting in Brussels or London. The issues papers should be sent by email to Terry Lawrence ([terry.j.lawrence@btinternet.com](mailto:terry.j.lawrence@btinternet.com)) and Johan Holmberg ([johan.holmberg@skynet.be](mailto:johan.holmberg@skynet.be)) by 5 January 2007.

### **Contract**

A contract will be signed between DFID and each of the regional resource persons.

**Annex C****List of People Met<sup>4</sup>**

	Name	Designation
<b>European Commission:</b>		
<b>DG/Development</b>		
	André Liebaert	Senior Officer
	Martin Walshe	Senior Water Adviser
<b>DG/Environment</b>		
	Sylvie Detoc	Senior Officer
	Pierre Hecq	Senior Officer, Chair of EECCA WG
	Brigitte Fuchs	Administrative Assistant
<b>DG/Research and Technology Development</b>		
	Cornelia Nauen	Principal Scientific Officer
	Zissimos Vergos	Programme Officer
	Maria Luisa Tamborra	Specific international cooperation
	Christos Fragakis	Principal Scientific Officer
<b>DG/RELEX</b>		
	Márta Szilágyi	Administrator; Strategy, Coordination and Analysis
	Yrjö Mäkelä	Environmental correspondent for the ENP
	Steve Bullock	Regional programming for ENP East
	Pierre Borgoltz	Environmental correspondent for Central Asia and South Caucasus
	Mirek Levicek	Water contact person, MED part of ENP
	José Baiges	Environmental correspondent for LA
	Ramon Mestres	Environmental correspondent for Asia
<b>DG/AIDCO</b>		
	Monique le Genissel	Water Facility Unit
	Benoit Bazin	Water Specialist, EuropeAid Coordination Office
	Lena Nielsen	MED and Middle East
	Cristina Casella	MED and Middle East
<b>EU Member States</b>		
<u>Austria</u>	Anton Mair	Deputy Director General, Ministry for Foreign Affairs
	Gerald Eder	Consultant for the water sector, Austrian Development Cooperation, Ministry for Foreign Affairs
	Robert Zeiner	Director, Programmes and Projects, Austrian Development Agency
<u>Belgium</u>	Moussa Badji	Spécialiste Sectoriel Principal, Cooperation Belge au Développement
<u>Denmark</u>	Jan Møller Hansen	Danida, Danish Ministry of Foreign
<u>France</u>	Martin Parent	Ministry of Foreign Affairs
<u>Germany</u>	Dr Manfred Konukiewitz	Deputy Director General, Ministry of Economic Cooperation and Development
	Franz-Josef Batz	GTZ
	Martin Kipping	Ministry of Economic Cooperation and Development
<u>Greece</u>	Maria Papaioannou	Department of International Relations and EU Affairs, Ministry of Environment

<sup>4</sup> In several cases, those that were interviewed expressed opinions in their various capacities as: (i) representatives of the MS to which they belong; (ii) WG members; and (iii) SG members. Consequently members of the SG and the WGs are not identified separately in the list of people met.

	Maria Peppa	Director, Department of International Relations and EU Affairs, Ministry of Environment, Chair of MED WG
	Vangelis Constantianos	Executive Secretary, GWP MED office
Netherlands	Dick van Ginhoven	Ministry of Foreign Affairs
	Paul Hassing	Deputy Director, Water and Environment Ministry of Foreign Affairs
Spain	Marta Cimadevilla	Infraestrutura y Ecología S.L., Madrid
	Miguel Antolín	Head of International Affairs, Directorate General for Water, Ministry of Environment
Sweden	Bengt Johansson	Head, Water Division, Department of Natural Resources & the Environment, Sida
	Veronica Wandt Danielsson	Minister, Swedish EU Representation, Brussels
UK	Gregory Briffa	DFID
	Ian Curtis	DFID
	Peregrine Swan	DFID
	Peter O'Neil	DFID
<b>NGOs</b>		
<u>TEARFUND</u>	Laura Webster	
<u>WaterAid</u>	Laura Hucks	Policy Officer, Development Finance
<u>Independent</u>	Chris Tydeman	Independent consultant (formerly Chief Scientific Officer, WWF) Member of the SG
<b>International Institutions</b>		
<u>DHI Water &amp; Environment</u>	Henrik Larsen	Head, Water Management Department
	Palle Lindgaard Jørgensen	Technical Secretariat
<u>GWP</u>	Björn Gutestam	Network Officer
<u>International Water &amp; Sanitation Centre (IRC)</u>		
<u>OECD</u>	Paul van Koppen	Director
	Peter Börkey	Programme Manager, Environment and Globalisation Division
	Xavier Leflaine	Principal Administrator, Environment and Globalisation Division
<u>International Water Institute</u>		
<u>UNECE</u>	Johan Kyulensierna	Project Director, Swedish Water House,
	Bo Libert	Senior Officer
<u>European Investment Bank</u>		
<u>Cowie Consult</u>	José Frade	Associate Director, Head of Water and Sanitation Division
	Monica Scatasta	Economist, Water and Sanitation Division
	Jesper Karup Pedersen	

**Annex D**

## **The Origins of the EUWI**

### **Chain of events and key documents**

1. In the early 1990s there was nobody in the European Commission directorate dealing with development cooperation, then called DGVIII, much concerned with policies for water supply and sanitation (WSS). The sector had very low priority and the expertise available was working on operational issues related to the planning and implementation of projects. Around the mid-1990s this began to change, as constructive discussions on the need for a water policy for the development cooperation of the Commission began first with the UK and later with Sweden (which joined the EU in 1995). Encouraged by representatives from these countries the Commission took the initiative to create an informal group of water experts from the MS aid agencies, a group that meets intermittently still today.

2. Discussions in this group and the interest taken by the concerned unit head in DGVIII led to a decision to prepare guidelines for Commission development cooperation in water resources development and management, including sanitation. This became a comprehensive document published in 1998 with the title Towards Sustainable Water Resources Management: A Strategic Approach. The contract to write that document was awarded to HR Wallingford in the UK in collaboration with Office International de l'Eau in France. To accompany this work an inter-service group was created within the Commission, giving added attention to the sector.

3. Building on these guidelines as well as the Framework for Action adopted at the Second World Water Forum in the Hague in 2000 a consensus emerged that the Commission needed a coherent policy for water. Sweden offered a consultant to help and the result was the report Water Management in Developing Countries – SIWI Recommendation for EU Development Cooperation published in 2001. This report underlined that “water is and should be a crucial aspect of EC development policy where the overarching objective is poverty eradication”. The report stressed the importance of emphasis and coherence for water in EC development priorities, the needs for an integrated water management approach and for transparent processes involving all stakeholders in water-related interventions, institutional strengthening, demand management accompanied by appropriate water pricing strategies, and the role of research to expand the knowledge base.

4. This report together with recommendations for action from the Bonn International Freshwater Conference in 2001 was the basis for the Communication presented to the Council in late 2001 with the title Water Management in Developing Countries – Policy and Priorities for EU Development Cooperation. The Communication outlined a comprehensive and integrated approach valid for all aspects of water resources management and for all users of water. The key policy message was to build strategies based on the overarching principles of integrated water resources management, and it argued for the EU to raise its policy profile with regard to water. It highlighted key actions on the way forward, including raised awareness and enhanced participation by all stakeholders in water resources management, management of water by demand, expanding the knowledge base through research, improved

coordination between donors and other actors, and more attention to sanitation and to the challenges arising out of urbanisation. The Communication mentioned “the development of an EU initiative as a key agenda point for the World Summit on Sustainable Development” but did not specify what such an initiative would entail.

5. The Communication was approved by the European Development Council on 30 May 2002. The Council endorsed the approach to water resources management outlined in the Communication and said that water sector cooperation with partners willing to adopt this approach should be given priority. It underlined that ownership by partners of national water strategies is essential to achieve results and said that the EU, given its extensive experience and resources, has an important role to play in the water sector.

6. The Council decision had an added section with three paragraphs labelled the EU Water Initiative. It said that the EU will be launching at the WSSD an initiative for a strategic partnership on water and sanitation developed in line with the priorities defined in the Council decision. The initiative would promote better governance arrangements and stronger partnerships between public and private sectors and local stakeholders. Key elements of the initiative would include capacity and institution building, provision of expertise and improved partnerships, and development of regional and sub-regional cooperation through river basin approaches to transboundary waters and support to river basin organisations. The initiative would be open to all developing countries and regions with an initial focus on Africa.

7. While the Council decision was being processed during the spring of 2002 work was proceeding within the Commission to define its priorities for the WSSD. Sustainable development is a wide field, many ideas were on the table each with its strong proponents, as always institutional rivalries within the Commission came to the fore. In the end water and sanitation came out as a top priority, principally on the ground of the substantive preparatory work done to define guidelines and policy directives for this sector. In these discussions a constructive partnership evolved between DG/Development and DG/Environment: the former had been the prime mover behind the Communication, while the latter helped ensure that water was moved to the top of the Commission agenda for the WSSD.

8. To underpin the decision to promote water and sanitation at the WSSD it was necessary for the Commission to produce a substantive document analysing the issues and providing an outline of the contents of the forthcoming initiative. This document was called “The EU Water Initiative: Water for Life” and was written by DG/Environment with support from DG/Development within the context of the evolving partnership between the two. It is labelled as ‘working document’ and the final draft version is dated August 2002. It was the closest approximation to a plan of operation for the EUWI.

9. The Water for Life ‘working document’ outlined objectives for the EUWI that closely resemble those still in force. It links the EUWI closely to achievement of the water-related Millennium Development Goals (MDGs). It talks about “a modular approach” which enables the EUWI to develop appropriate responses for different geographical regions and their priorities. It highlights an emerging “strategic alliance” between the EU and Africa on water, making a specific reference to AMCOW, and describing African components for WSS and IWRM respectively, and it mentions horizontal components for research and monitoring.

It also refers to a partnership between the EU and countries in the New Independent States (NIS) region to implement the water aspects of the NIS environmental strategy.<sup>5</sup>

10. On finance the paper mentions that the EU “spends close to €1,5 billion on water resource development and management projects per year”. It then goes on to say that the EUWI would “increase the efficiency of existing and future EU aid flows”. An annex to the paper on finance explains that commitments made by the EU at the Monterrey Conference on Development Funding in March 2002 would add USD16 billion ODA by 2006, and that these funds could make a significant contribution to meeting the MDGs if the water sector was treated as a key priority by partners and if the funds were spent more efficiently. The EUWI would seek to promote the inclusion of water in poverty reduction strategy papers (PRSP) and in budgetary support, encourage improved financial effectiveness, promote affordable access to basic WSS services for the poor, support financially viable IWRM institutions, and support the development of IWRM policies informed by economics to allocate water between competing demands.

11. Left unsaid but clearly implied was the EUWI would not as and of itself provide any additional finance, it was not intended as a financial institution. This reflected the concerns expressed by the MS in the deliberations within the Council in the spring of 2002 that commitments to be made at the WSSD should not be translated into new financial undertakings, the commitments already made at Monterrey should suffice. The message of the Water for Life ‘working document’, later reflected in the strategic partnership agreements signed at the WSSD with African and EECCA partners, was that the additional financial resources committed by the EU at Monterrey were available for water-related activities in response to partners actions to give priority to water in key planning documents, such as PRSPs and national budgets.

12. The working document included a brief section on the organisation of the EUWI. It said that the main body to develop the EUWI was the Multi-stakeholder Forum to be led by the Commission and including all interested parties. Working groups were to be established for all EUWI components and be led by a MS or a major stakeholder, and the document identified some working groups and their leads. The design phase of the EUWI would continue until the 3rd World Water Forum in March 2003, and stakeholders and partners were invited to come forward with proposals for activities and programmes to reinforce the overall goals outlined in the document.

13. AMCOW had been formally created in early 2002 and kept well informed about the EUWI to be launched at the WSSD. As preparations for the WSSD proceeded there was a feeling within the Commission that AMCOW should be encouraged through the provision of a concrete project involving several African partners. In a manifestation of the partnership that had evolved between DG/Environment and DG/Development respectively, the two commissioners in July 2002 signed a joint letter to the Nigerian minister of water resources, the current chair of AMCOW, informing him of the EUWI, proposing to launch a strategic Africa-EU partnership on water, and inviting proposals for a transboundary water management project costing about €10 million to be allocated from the 9<sup>th</sup> EDF.

14. Following the WSSD, the Water for Life ‘working document’ was revised into a glossy publication with the title Water for Life: EU Water Initiative, International

<sup>5</sup> Later referred to as EECCA (East Europe, Caucasus and Central Asia)

Cooperation from Knowledge to Action published in 2003 with a foreword by Romano Prodi, the President of the Commission. This report provides a much more comprehensive review of the issues in the water sector world-wide than the working document with the same title but is less specific on the functioning of the EUWI. It mentions that the EU “spends an average of €1,4 billion per year on water-related development aid and is ready to deliver additional resources according to the Monterrey commitment”. It concludes with a long list of water research and development projects supported by the Commission.

15. In the spring of 2003 an official from the cabinet of Commissioner Prodi contacted DG/Development to propose the launch of a financial arm of the EUWI. The official pronounced himself unimpressed with dialogue as the principal instrument of the Initiative and argued that there must be “money on the table”. As a possible source the €1 billion kept in reserve within the 9<sup>th</sup> EDF was soon identified. This led to the “Communication on the future development of the EU Water Initiative and the modalities for the establishment of a Water Facility for ACP Countries” and the final approval by the Council in March 2004 of the €500 million Water Facility. While not incremental as ODA, these funds did provide significant additional funding for the WSS sector, thus in one stroke attaining much of the fifth EUWI objective of “identifying additional funding”.

## **Assessment**

16. Several comments may be made regarding implications for the later development of the EUWI.

17. First, there was within DG/Development a commendable sequence of carefully designed actions that “raised the level of the game” in respect of the water sector. Over a period of perhaps 6-7 years the status of the sector was enhanced substantially through the gradual mobilisation of MS support, preparation of guidelines for water project implementation, development of a policy, and the Communication from late 2001 which later achieved broad support from the MS and led to the EUWI. By setting in train a series of carefully orchestrated actions, DG/Development successfully raised the profile of WSS in the development cooperation not only of the Commission itself but also of the EU. As such, this was a major accomplishment.

18. However, DG/Development would not have been likely to succeed in placing WSS on the WSSD agenda so firmly in the absence of support from DG/Environment. The close and productive partnership that evolved between these two directorates paved the way for the launch of the EUWI, and in that sense both have a rightful ownership claim to the Initiative. As the Commission usually operates, it is rare to have two Commissioners sign a joint letter, as happened in July 2002 when they wrote to the chair of AMCOW. But that has also led to the development/environment dichotomy in the EUWI that continues to this day, indeed three working groups are being led by MS ministries of the environment.

19. The underlying documents are interesting as much for what they do not say as for what they do say. The analysis of the WSS sector and its issues, challenges, and problems leaves little to be desired. But the papers that set out to describe what the EUWI, in particular the first Water for Life ‘working document’, are vague on important details, specifically on the organisational structure. Saying that the MSF would be responsible for developing the EUWI, and having convened the MSF already before the EUWI was formally launched and

before its modus operandi had been explained and clarified to the satisfaction of the real owners, the MS, proved to be a recipe for confusion and frustration.

20. Expectations had been raised in the minds of partners, both African governments and NGOs, fuelled by the repeated but unfortunate reference to the EU providing €1,5 billion per year for the WSS sector, creating the impression that this initiative launched at the highest political level with much publicity at the WSSD would soon generate new funding for projects and programmes.<sup>6</sup> Since MSF meetings continued to be held, driven by DG/Environment, with high frequency during 2002 and 2003, frustration eventually set in when it became obvious to all that the EUWI was no ready source of money and when the organisational issues continued to prove intractable.

21. That frustration could have been managed, perhaps, if stakeholders have been referred to Annex IV of the Water for Life ‘working document’ that deals with financial issues. This text explains that the EUWI will not be a financial institution, that the EU was making no financial commitments beyond those made in Monterrey, and that the focus of the EUWI is on improvement of the efficiency of current and future flows of ODA to the water sector. It lists several activities that the EUWI may undertake to mobilise new and innovative funding from other sources and to improve financial effectiveness, e.g. mentioning output-based aid. It calls for views from partners “to sharpen the financial component of the Initiative”. But it does not make any promise of new and additional financial resources (these would come later with the advent of the Water Facility).

22. It is reasonable to hypothesize that the Water for Life ‘working document’ was not given wide circulation after the WSSD, since it was still only a draft and since it was later overtaken by the more ambitious and glossy other Water for Life document, confusingly with the same title. Had this been the case and the contents of Annex IV of this document been widely known, it is arguable that some, if not many of the difficult discussions that later took place in the working groups and in the Steering Group could have been avoided.

23. Annex II of the Water for Life ‘working document’ deals with IWRM and transboundary river basins. It refers to the EU Water Framework Directive (WFD) that provides a legal basis for management of transboundary river courses in the EU, saying that the EU experience “could be relevant for Africa”. But this was mistaken. The EU WFD requires a legal framework, strong institutions and active and enlightened stakeholder participation that is not yet achievable in much of the developing world, at least not in Africa. But it was based on the philosophy underlying the EU WFD, with its emphasis on stakeholder participation, that the MSF was created and convened already in June 2002. It was later this same philosophy, promoted by DG/Environment, that was the basis for the cumbersome EUWI organisation eventually decided in July 2004.

24. It seems evident that more attention should have been given at an early time, during 2003, to communicate the objectives and working method of the EUWI to a wide audience, i.e. carrying out the communication strategy that was mentioned as one of the priorities in a paper from December 2002 resulting from a high level meeting between the Commission and the EU MS. This strategy should have drawn on Annex IV to the Water for Life ‘working document’ which is quite clear on what the EUWI could and could not do.

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<sup>6</sup> Apparently, this figure was the result of a back of the envelope calculation by some EU officials in connection with the preparatory conference for the WSSD in Bali in May 2002. Its accuracy is hence likely to leave much to be desired, but it kept coming back in various EUWI papers.

Had this been done many of the confused discussions that occurred later could have been avoided.

25. The reason it was not done can probably be found in the excessive reliance on the Multi-stakeholder Forum to develop the EUWI. The multitude of meetings held of the MSF in 2002 and 2003 did not take matters forward. A variety of NGOs were given space to hold forth endlessly, and the requisite leadership was not exercised by the Commission. In the din of those meetings it seems that many of the priorities established in December 2002 were lost; what was certainly lost sight of was the need to communicate widely and clearly the intents and purposes of the EUWI.

**Annex E****Schedule of MSF Meetings****A. Multi-stakeholder Forum (MSF)**

<b>Meeting</b>	<b>Venue</b>	<b>Date</b>
First meeting of the expert forum	Brussels	22 April 2002
Second meeting of the expert forum	The Hague	21 May 2002
Third meeting of the expert forum	Brussels	26 June 2002
Fourth MSF	Brussels	7 August 2002
Fifth MSF	Brussels	2-3 October 2002
Sixth MSF	Brussels	3-4 December
Seventh MSF	Brussels	18-19 Feb. 2003
Eighth MSF	Athens	17-18 June 2003
Ninth MSF(1)	Brussels	25 November 2003
Tenth MSF	Brussels	16 March 2004
Eleventh MSF	Brussels	15 June 2004
MSF (new format)	Stockholm	15 August 2004
MSF	Stockholm	25 August 2005
MSF	Stockholm	24 August 2006

1) No minutes are available for this meeting

**B. Steering Group**

The Steering Group has met six times, always in Brussels:

1. 19 October 2004
2. 18 January 2005
3. 23 May 2005
4. 11 October 2005
5. 17 January 2006
6. 17 May 2006

**Annex F****The EUWI Components****Introduction**

The purpose of this annex is to provide a summary of the EUWI components, including their origin, progress, major achievements, and outstanding issues. It also includes a brief assessment and an indication of possible options. Short paragraphs summarize the papers contributed to the review by regional experts. The annex seeks to provide information concerning the often very substantial work that has been done while, at the same time, highlighting strengths and weaknesses.

**1. The Latin America Component**

Origin. The Second Forum of Ibero-American Environment Ministers meeting in July 2002 in Playa Bávaro, Dominican Republic, requested the EU to develop a Latin American component of the EUWI. Spain and Portugal jointly with Mexico would be the lead countries. In his address to the plenary of the WSSD President Prodi made a reference to the possibility of a Latin American component of the EUWI.

Progress. In the minutes from the 5<sup>th</sup> MSF in October 2002 Spain and Portugal “reported on a possible future Latin American component”, and Spain presented a first concept paper on the component to the 6<sup>th</sup> MSF in December 2002. There would be three themes: basic water supply and treatment, IWRM, and prevention and mitigation of extreme events. Use of water for irrigation was added later. Presentations were made to the 3<sup>rd</sup> WWF in Kyoto in March 2003 and later in 2003 and 2004 to Ibero-American meetings of heads of state, environment ministers and water directors in order to mobilise political support. An endorsement was given by the EU-LAC summit meeting in Mexico in May 2004 which called for the creation of a multi-stakeholder process in the region to identify priority actions and a donor survey as a basis for more funding from EU sources.

A preparatory meeting of the Latin American Working Group (LAWG) was held in Madrid in March 2005, and it met for the first time in Cartagena, Colombia, in June 2005. The LAWG consisted of the forum for Ibero-American water directors to which CSOs and other stakeholder representatives had also been invited. ToR for the LAWG were then agreed. A second meeting was held in Costa Rica in February 2006. At the 4<sup>th</sup> WWF in Mexico in April 2006 a joint declaration on a LA-EU strategic partnership on water and sanitation to achieve the MDGs and the targets established at the WSSD was signed by the EU Presidency and the Commission. The declaration called for the preparation of a financing strategy that would “consider Latin American particularities”. The Commission (RELEX) notes that the political momentum of the LA component has increased but that this has not been reflected in requests from partners for support to the water sector.

Achievements. The meetings to date have been mainly devoted to discussions about how the LAWG would operate and how its work might be funded. Some countries have expressed

interest in country dialogues (Bolivia, Peru, Guatemala, Honduras). Spain and Portugal from November 2004 through May 2005 carried out four assessments of relevant topics to be used by the LAWG as background documents: (i) Water supply and sanitation, the current situation; (ii) Analysis of IWRM in LA; (iii) Sustainable water use for agriculture in LA; and (iv) Extreme events, preliminary document.

Issues. The LAWG has suffered from two main problems. First, there has been a poor involvement by the EU MS. Other than the two MS in the lead, only the Netherlands participated in the preparatory meeting in March 2005. Even Portugal appears to have lost interest and is now only a passive participant, leaving Spain alone to lead the LAWG. Second, there is a shortage of funds. The Commission (RELEX) does not give priority to water in LA, the sector does not feature in the LA regional strategy document for 2002-2006 nor in the working paper prepared for the 2007-2013 regional programme. Of the 19 countries covered by the LAWG only two give priority to water in their cooperation programmes with the Commission. Mexico and other LA partners have made it clear that they expect increased financial resources to result from the LAWG and will likely lose interest if these are not forthcoming.

In Spain the LAWG is being led by the Ministry of Environment. The Minister visited Brussels in November 2006 to try to mobilise financial support from the Commission. However, all she achieved was the creation of a task force that would explore the matter further. The Commission (RELEX) also undertook to encourage its delegations in LA to include water within priority programmes for "social cohesion", provided that partner governments submit requests to that effect. Meanwhile, the Ministry of Environment is trying to get the Spanish development cooperation to raise its profile in the water sector, but this was still said to be "work in progress".

Comments by the regional expert, Dr. Carlos Tucci. Urbanisation dominates the issues related to water supply and sanitation in LA. Countries are generally on track to achieve the MDG on water supply, but the main challenge is in sanitation. The EUWI is not well known in LA. It is important that it avoids too much emphasis on process without measurable goals, leading to no benefits for people or for the environment. It is also important to engage independent institutions and NGOs/CSOs in its activities, since governments tend to change every 4-6 years and with them the senior officials. There is political awareness in the region about the EUWI but also a concern about its slow pace of implementation.

Assessment. Although significant problems remain, the LA countries are on the whole on track with regard to the water-related MDGs which probably explains the low priority given to the water sector by the Commission in its development cooperation in the region. In the absence of financial support and with low level of interest from all EU MS except Spain, it is difficult to see that the LA component has a sustainable future. The forum of Ibero-American water directors was created prior to the EUWI (at the initiative of Spain) and will likely continue even in the absence of the EUWI. At the same time, commitments have been made from the EU side, not only at the summit in Mexico in May 2004 but also with the signature of the strategic partnership in March 2006. A formula therefore needs to be found that adjusts the LA component in a manner that respects these commitments.

Options. In the absence of financial support from the Commission and with little involvement by other EU MS it would appear that the principal options for the future of the LA component are:

- (a) To continue as in the past and sustained mainly by resources from Spain. However, if the LA component is to deliver meaningful results, it is probable that a significant increase in resources provided by Spain will be required.
- (b) To be phased out, taking into account existing agreements and undertakings.

### WG meetings

Date	Venue	Comment
March 2005	Madrid	Preparatory meeting
June 2005	Cartagena	
Feb. 2006	Costa Rica	

## 2. The Mediterranean Component

Origin. The idea of setting up a MED component of the EUWI was first launched by the Greek Minister of Foreign Affairs at the WSSD in Johannesburg, where he announced that a MED Working Group (MEDWG) would be chaired by Greece. At the 5<sup>th</sup> – 7<sup>th</sup> MSF meetings after the WSSD Greece made presentations on the development of the MED component.

Progress. A first meeting of the MEDWG was organised in Brussels in February 2003 to discuss a concept note prepared by Greece. The note suggested that the MED component focus on four themes: (i) WSS, (ii) IWRM, (iii) water, food and environment interaction, and (iv) non-conventional water resources. There would also be cross-cutting themes relating to capacity building and education. Several activities were foreseen, including a presentation at the 3<sup>rd</sup> WWF in Kyoto in March 2003 and another at the European environment ministers' conference in Kiev in May 2003.

The period from February 2003 through May 2005 was dubbed the preparatory phase and used to reach consensus with partners and stakeholders on the objectives and modalities of the MED component, develop background documents, prepare work plans, raise awareness, and secure political endorsements, while initiating activities on the ground. Presentations were made on the MED component by Greece at a large number of different meetings, mostly on senior level and related to the environment, the progress report from May 2005 lists 15 such meetings in 2003 and 12 in 2004.

The MEDWG meetings have throughout been chaired by Greece and engaged a selection of partners and stakeholders from civil society and the private sector. For instance, the 4<sup>th</sup> meeting in Brussels in January 2005 had 26 participants, including three partner countries (Morocco, Egypt and Lebanon). In Rome in November 2005 the format was changed to include all MED region water directors with other stakeholders in attendance, a second meeting in this format was held in Athens in November 2006. Attendance at this most recent meeting was encouraging with 15 of the 18 partner countries in the region represented as well as a wide range of regional stakeholders and international organisations.

Achievements. The MED component has become a well established platform for the launch, implementation and debate of a host of water-related programmes linked to the region. In parallel, the WFD/EUWI Joint Process was launched at the initiative of the Commission (DG/Environment). It aims at developing synergies between the EU Water Framework Directive (WFD) and the EUWI MED component to promote exchange of experiences from implementation of the WFD and contribute to the development of good water management practices in a region neighbouring the EU. At the November 2006 meeting comprehensive

reports resulting from the Joint Process were presented in areas such as groundwater management and water scarcity and drought: in 2007 the Joint Process will include five thematic areas, each with a working group. Other programmes using the MED component include the EU Horizon 2020 Initiative to reduce pollution in the Mediterranean, the Euro-Mediterranean Water Information System (EMWIS) and the UNEP-supported MED strategy for sustainable development.

The MEDWG is also promoting country dialogues with partner countries. The first had a promising start in Lebanon in November 2005 but was brought to a halt by the war in July 2006, its prospects are uncertain in the present delicate political situation. The second dialogue started in Egypt in November 2006 with the involvement of the OECD to cover financial aspects. The inclusion of a third country is currently under consideration.

**Issues.** A problem in the MED region is that its country members are so diverse and, in some instances, in conflict with one another. At the November 2006 meeting Palestine, Jordan, Lebanon and Israel were all represented as were observers from Serbia, Bosnia & Herzegovina and Croatia. There were participants from EU MS, such as Greece, Cyprus, Italy, France and Spain as well as North African and Near East countries. Sometimes the common denominators from the subjects discussed at the meeting were not entirely evident. It would have been useful to develop a strategy for the MED component to explain how the interests of these different groups of countries may be brought together, but no such document has been prepared. Consideration should be given in such a strategy to whether the countries in the Western Balkans should also be covered, given their particular history and perspectives of future EU association.

Another problem has been a lack of financial support, since no other EU MS has been willing to contribute resources. The problem was resolved in 2006 when the Commission (RELEX) was able to allocate €1.5 million from savings under its MEDA water programme to be spent before the end of 2007. Part of these funds is currently being used to finance the country dialogue with Egypt.

For the countries in the MED region covered by the European Neighbourhood and Partnership Instrument (ENPI) RELEX is considering €33 million for the environment under the MED regional programme over 2007-2010. Water will be one of four priorities and synergies with the Horizon 2020 Initiative, an important and visible initiative in the region, will be important. In the MED region the Commission is also supporting bilateral ENPI programmes that include water, e.g. in Egypt, Morocco, Lebanon, and RELEX considers country dialogues in these countries as an important tool.

A strength of the EUWI MED component is the strong support it has enjoyed from the Greek government which during 2003 – 2006 provided about €700-750,000 in cash and in kind. Around €180,000 was provided in 2005 alone. Crucially, this support continued after the change of the Greek government in March 2004, and there is now a line for the MED component in the budget of the Greek Ministry of Environment. In addition, the component benefits from the administrative and technical assistance provided through the Global Water Partnership (GWP) core support given to its MED Secretariat which doubles as the MED WG secretariat. The documentation on the MED component has throughout been very comprehensive as a result of these stable institutional arrangements.

Comments by the regional expert, Dr. Mohamed Ait Kadi: Most countries in the MED region are on track to meet the MDGs, although service delivery is lower in rural than in urban areas. Most have also embarked on reforming their water sector, but the pace of implementation of the reforms is low. One distinctive feature of the region is that it is the crossroad of a host of water related processes and initiatives, and the number of players on the regional scene has increased greatly in recent years. Bringing them together in a structured manner is valuable, and the EUWI has benefited from the strong commitment of Greece and the support provided by the GWP MED office. Still, the EUWI MED has yet to carve out its identity and niche. Its background documents are not specific enough to ensure that the activities will be targeted on those areas where the initiative can have a clear added value, and it is not easy to gauge the value added of the activities initiated. The main water management challenge in the region is not “rhetoric” but more effective implementation.

Assessment. The MED component has created a role for itself as a valuable platform for a variety of initiatives related to water in the broad sense albeit but not always directly related to the EUWI objectives. Since the countries in the MED region are largely on track with regard to the MDGs, its focus is strongly on IWRM and less so on WSS. In view of the importance of the environment of the MED region to all of southern Europe, the MED component includes other sets of issues only indirectly related to the EUWI mission, such as the marine environment. This should be more clearly reflected in its objectives.

Its progress is due largely to the consistent support from the Greek government. The involvement of other EU MS governments in the region is limited, although a variety of public institutions and CSOs from those MS participate actively. There are UN agencies active to conserve the Mediterranean environment, notably UNEP and UNECE, and they collaborate with the EUWI MED component.

Due to shortage of funds for operating requirements it has not been possible for the MEDWG to initiate all activities scheduled in its work programme, and its impact in terms of achievement of the MDGs in partner countries has been limited. Now it is supported for another year using savings from a programme supported by the Commission. To secure the longer term future of the MED component and increase its impact it would be necessary to find more sustainable finance from the ENPI.

Options. The MED component is being supported by the Greek government as a vehicle for dialogue and action related principally to water and the environment. The following options may be considered:

1. To continue present arrangements as in the past.
2. To close down the component, if sustainable financial support is not forthcoming.
3. To continue present arrangements as in the past, while seeking to ensure adequate financial support from the ENPI.

#### WG meetings

Date	Venue	Comment
Feb. 2003	Brussels	Kick-off meeting
June 2003	Athens	
March 2004	Brussels	
Jan. 2005	Brussels	

June 2005	Athens	
Nov. 2005	Rome	New format with water directors from all 18 MED countries
Nov. 2006	Athens	2nd meeting in new format

### 3. The EECCA Component

Origin. Already at the 2<sup>nd</sup> MSF meeting in May 2002 Denmark through its Ministry of Environment volunteered to develop and lead what was then called a Newly Independent States (NIS)<sup>7</sup> component of the EUWI. At the two subsequent MSF meetings prior to WSSD Denmark developed the component further, based on a concept note from June 2002. The component was seen as a contribution to a NIS environment strategy under preparation as part of the Environment for Europe process that would culminate with the ministerial conference in Kiev in May 2003. From the outset it was foreseen that the OECD Environment Action Programme (EAP) Task Force, United Nations Economic Commission for Europe (UN/ECE) and GWP would be involved in implementation of the component.

Progress. At the WSSD in September 2002 an agreement was signed on a strategic partnership between the EU and the 12 countries in the EECCA region on “water for sustainable development”. The agreement refers to the MDGs and the action plan adopted at the WSSD and to the financial commitments made by the EU at Monterrey earlier in the year. After the WSSD, Denmark took the lead in developing a programme document and four WG meetings were held between November 2002 and April 2003 to prepare for presentations at the Kiev conference in May. The component would focus on two principal themes: WSS, including financing of water infrastructure and IWRM, including transboundary river management and regional seas. The Kiev conference welcomed the EUWI EECCA component and confirmed the strong linkage between the EECCA environment strategy and the EUWI.

An important part of the programme document developed by Denmark was the creation of a database on about 270 projects, so called building blocks in the two focal areas, 60 % of them addressing IWRM and 40 % WSS. Some of these projects were ongoing while others were in the planning stage or mere proposals, and their total un-financed cost was estimated at €775 million. A document prepared by the Commission (DG/Environment) in 2004 concluded that “the quality and feasibility of these proposals is ... low and heterogeneous”.

The approach to prepare a long list of projects for finance from unsecured sources was mistaken since it presupposed completely unrealistic financial resources to be mobilised with the help of the EUWI. In sharp contrast, the EC programme TACIS had only €5 million for water related activities for 2004-2006. When it became clear to EECCA partners that finance was not going to be available, disappointment set in and the EECCA component lost its momentum. Russia had been co-chairing the WG but lost interest and stopped attending meetings, while Denmark resigned as WG chair handing over to DG/Environment in October 2004.

<sup>7</sup> The republics constituting the former Soviet Union except Russia. The acronym NIS was later replaced by EECCA (East Europe, Caucasus and Central Asia).

DG/Environment then set about to build a technical secretariat for the WG and to prepare a new work programme, based on priorities expressed by the countries in the region, and this was presented to the WG in March 2005. These priorities were (i) support to national IWRM policies and institutional arrangements and (ii) strengthening WSS services, including institutional and regulatory frameworks, the financial viability of utilities, and identification of investments.

**Achievements.** The work programme included country dialogues as an implementation tool. At first this idea met with scepticism but it gradually gained acceptance, and at the November 2006 WG meeting this was one of the main agenda items. A dialogue was initiated in Moldova in September, one commenced in Armenia in December, and two additional countries (Ukraine and the Kyrgyz Republic) have expressed interest. OECD and UN/ECE are actively engaged in these processes on finance and on IWRM respectively. Countries viewed the dialogues as an instrument to improve their coordination mechanisms for water, one of the priorities in the work programme. However, there was little progress on another priority, that of supporting preparation of national IWRM plans, and GWP participated in the WG for the first time in November 2006. The 2007 work programme foresees a Joint Process with the EU Water Framework Directive similar to that which is ongoing in the MED region.

The technical secretariat has prepared status reports on WSS and IWRM in partner countries which provide background information for country dialogues. By January 2007 such reports had been written on nine of the 12 countries and all of them been posted on the EUWI website, although only one (on Russia) had been printed.

**Issues.** The November 2006 WG meeting was reasonably well attended with eight partner countries and several NGOs participating. However, only three EU MS (and Switzerland) were present. One of the major problems of the WG has throughout been the poor interest by the MS, although several of them support water programmes in the region. The Commission (DG/Environment) had agreed to take over the chair from Denmark until the end of 2006 with a view to passing it on to an MS, but in the absence of any interested MS it has reluctantly agreed to continue through 2007. No apparent exit strategy exists after that year.

Another problem is that EU MS participants come from ministries of environment and hence are unable to influence any aid allocations to projects discussed at WG meetings. Bilateral support for water from the EU MS in EECCA is said to be “dwindling” and being replaced by lending from development banks.

Conservation of the environment will be an important priority for the Commission’s financial instruments for the EECCA region in 2007-2013, and water will be a key issue. The regional programmes for both Central Asia and the seven countries covered by the ENPI have been aligned by RELEX in order to ensure similar priorities, regardless of the geographical definition of these two sub-regions.

The Commission (RELEX) has received “a strong request” for support to the water sector from the countries in Central Asia and is now creating a working group to take this further in the context of the EUWI. About €16.5 million will be available for regional cooperation on the environment in Central Asia for 2007-2010 under the Development Cooperation Instrument (DCI). In the countries covered by the ENPI a preliminary allocation of €50-70 million for the years 2007-2010 is being considered for the environment under the eastern regional ENPI programme, part of which can be used to finance actions in the water sector.

Comments by the regional expert, Mr. Ilya Trombitsky: WSS needs in EECCA focus on support and modernisation of existing infrastructure, rather than total construction, as well as non-sustainable consumption due to over-consumption and leakages caused by aging infrastructure. Transboundary water management is a high priority in the region. An important asset is a substantial pool of professionals with high education in technical subjects, although many of them lack knowledge about economics and finance as well as English language skills. The EUWI was welcomed in the region, but the work to develop the building blocks was a waste of time which gave a very negative message. In the second phase the focus is on country dialogues, they seem to have made a good start but it is premature to make judgements about their results. The EUWI could contribute by helping overcome the inter-departmental contradictions, overlapping goals and competition in EECCA countries. But the EUWI needs to become better known in the region, the information on its website is poor and lacks substance, and its strategy document is not well known and not translated into Russian.

Assessment. Several countries in the EECCA region experience serious problems in the water sector of a similar nature with decaying infrastructure and poor capacity of utilities to raise financial resources for investments and maintenance. Water is an emerging priority in the cooperation programmes of the Commission in the region, and in the view of RELEX the WG has an important role to play by initiating country dialogues in selected countries. The different financial instruments available to the Commission may call for dividing the WG into two, one for Central Asia and one for the neighbourhood region.

The WG now seems to attract interest from partners after the setback of the building blocks, but it is not yet an acknowledged institutional platform for water directors in the countries concerned. OECD and UNECE play useful roles but do not provide a EU identity to ongoing processes. The lack of interest by the EU MS therefore creates a serious problem of sustainability for the EECCA component, one report from the WG meeting in Yerevan in November 2005 said that “everyone hoped that someone else would take the lead”. In the absence of any commitment by the EU MS the most viable possibility for the WG to continue beyond 2007 would seem to be for resources to be allocated from the ENPI for a regional programme, roughly on the theme “support to water policy dialogues and institutions”.

Options. Water is becoming increasingly important in the cooperation programmes of the Commission in EECCA, but the interest of the EU MS is weak. The following options may be considered:

1. To continue as in the past with the WG chaired by DG/Environment.
2. To close down the EECCA component, relying on other existing institutions, such as GWP, UNEP and UNECE, for dialogue on water policy.
3. To contract with either OECD or UNECE to run the WG, possibly using finance from the ENPI and the Development Cooperation Instrument (DCI) covering Central Asia.
4. Under options (a) and (c) above divide the component into two sub-regions.

### WG meetings

Date	Venue	Comment
July 2002	Brussels	Preliminary meeting

Nov. 2002	Brussels	
Jan. 2003	Copenhagen	
March 2003	Moscow	High level meeting
April 2003	Copenhagen	
Feb. 2004	Moscow	High level meeting
Aug. 2004	Stockholm	
March 2005	Chisinau	Jointly with OECD EAP Task Force
Nov. 2005	Yerevan	
April 2006	Almaty	Jointly with OECD EAP Task Force
Nov. 2006	Bonn	

#### 4. The Africa Component

Origin. Already at the 1<sup>st</sup> MSF meeting in April 2002 it was decided that the EUWI would have an initial focus on Africa, that it would include IWRM and WSS as two priority thematic areas, and that the EU MS in the lead would be France and Denmark (Ministry of Foreign Affairs) respectively. WGs were soon created in each of these areas and convened before the end of 2002. By 2004 it had become apparent that one of the reasons for the lingering lack of clarity surrounding the EUWI was the separation of IWRM from WSS which seemed to be in conflict with both the received professional wisdom and the background documentation of the EUWI. From 2006 these two WGs were therefore merged into the Africa WG (AWG).

Progress: the Africa IWRM WG. The WG set about to disseminate internationally agreed principles for IWRM, explore new financing mechanisms and support consultations with CSOs on a rights-based approach. However, its added value relative to established organisations such as GWP and the International Basin Organisation (INBO) is not apparent from the documentation from the early meetings in 2002. In February 2004 the WG approved ToR with the main objectives to: (i) support African countries to achieve the WSSD target of IWRM national plans; (ii) support development of transboundary basin management plans; (iii) strengthen coordination between European donors; and (iv) raise financial resources. The ToR stressed that the WG should be demand-driven and collaborate to the extent possible with existing river basin organisations and sub-regional economic organisations (ECOWAS, SADC etc.). Active in the WG from the outset were 6-7 EU MS, African organisations such as AMCOW and NEPAD and several European NGOs.

Soon the focus of the WG shifted to preparation of the project involving five African transboundary basins. The project cost was estimated at €10 million and was to be financed from the 9<sup>th</sup> EDF as agreed in the joint letter from the EC Commissioners for environment and development to the Nigerian chair of AMCOW before the WSSD (see Annex D, paragraph 13). This became a protracted process that in the end was a source of frustration to all. First AMCOW had difficulties deciding on the basins involved, and the issue was only resolved when one more basin was added in West Africa with no addition to the project cost. Then identification missions were sent to all five basins, each with support from one EU MS, and this took time and had to be repeated in some cases because of criticism of the reports submitted. In early 2005 the identification reports were consolidated into one project proposal and given to the Commission for further processing and final approval. That in turn took time, since approvals had to be at hand from all five sub-regional economic

organisations, and there were new delays. The EDF Committee finally approved the project in September 2006.

Issues. When this project had been handed over to the EC for further processing there did not appear to be much further role for the WG. Nothing had been done to promote IWRM national plans, which was a shortcoming but in any case seemed to be the task of GWP and similar organisations. Funding for any additional transboundary or IWRM projects would have to derive from the EDF and should therefore be prepared according to existing EC procedures. In hindsight it is questionable whether it should have been the task of the WG to become so operationally involved in planning a complicated project involving a multitude of African organisations and EC delegations, but it did serve the purpose of bringing the EU and AMCOW closer on an operational matter.

Progress: the Africa WSS WG. After the WSSD, Denmark went ahead to develop the WG and draft ToR were presented to the 6<sup>th</sup> MSF in December 2002. However, at the 8<sup>th</sup> MSF in June 2003 concerns were expressed about lack of progress. At a joint meeting with AMCOW in October 2003 it was agreed that the WG would promote country dialogues in ten countries to be selected by AMCOW in recognition of the country specific nature of actions to develop WSS (see Annex G for details). The initial outcomes of these dialogues were defined as: (i) briefing of concerned parties at country level about the Africa-EU strategic partnership signed in Johannesburg; (ii) a workshop to discuss the relevance of the EUWI in that particular country; (iii) creation of a participatory approach to outline actions in line with the Johannesburg Declaration; and (iv) report back to the EUWI WGs on the outcome at country level. This approach was presented to the 9<sup>th</sup> MSF in November 2003 and again at the Pan-African Conference on Water in Addis Ababa in December of that year and generally accepted.

In late 2004 Denmark relinquished the WG chair to the Netherlands. The WG meetings in 2005 were devoted principally to the country dialogues and to links with the African Caribbean Pacific (ACP)-EU Water Facility and its first Call for Proposals.

Issues. Getting agreements on the dialogues and matching African partner countries with EU MS to take the lead absorbed much of the energy of the WG during 2004. The first country dialogue was initiated in Zambia in April 2004 and Ghana followed later in 2004. But by then a number of questions regarding the dialogues had started to emerge. For example, it was not clear precisely what their purpose was, how they would relate to the EUWI objectives, what link there should be to IWRM, what procedures should be followed, and what the relationship should be to non-EU donors. In a presentation to AMCOW in November 2004 EU sought to address these questions and link the dialogues more clearly to the preparation of a road map to achievement of the MDGs.

Progress: the Africa WG. The first opportunity for dialogue between the EU and Africa after the WSSD was the Pan-African water conference organised by AMCOW in Addis Ababa in December 2003. It was also the first (and so far only) occasion after the WSSD for a joint political declaration on the EUWI. In a paper prepared by the EU the outline of a comprehensive work programme to follow up the Africa-EU strategic partnership was presented, it was explained how the various EUWI components would work in Africa, and it was stressed that the EUWI is “no financial institution or source of finance”.

By mid-2005 it had become obvious that the EUWI was not delivering any additional financial resources to Africa. Several African ministers had changed, and the new AMCOW members were not so conversant with what had been agreed in Johannesburg. At a meeting in Tunis the ministers complained about lack of progress of the EUWI. Further contacts between EU and AMCOW in August and September 2005 led to a joint decision to carry out a review of the EUWI in the form of a facilitated workshop. This took place in Entebbe in February 2006 with good participation both by the EU MS and AMCOW/Technical Advisory Committee (TAC) members. By that time Germany had taken over the chair of the merged Africa WG.

A WG meeting was called in Brussels in May 2006 to discuss the outline of a work programme for the AWG. Following the meeting the MS heads of water in development cooperation decided that it was time for the EUWI Africa component to change course, a new strategy was needed placing less emphasis on country dialogues and linking more clearly with the emerging EU-Africa Infrastructure Partnership (IP) to be approved by the EU in the autumn. One feature of the new Africa strategy would be an annual high-level forum for water policy dialogue between Africa and the EU, the Water Policy Dialogue Forum (WPDF). Protracted discussions about the revised strategy ensued, concerns were expressed about a draft presented to the WG in Stockholm in August, and further revisions were made to the text following the approval of the IP by the Council in October.

At a meeting in late October 2006 the MS heads of water decided that “the AWG should be reformed to be a High Level Policy Forum for water resource management, WSS, with a selective approach to activity at country level”. The WPDF would be organised annually and should aim, at least every second year, to engage EU development cooperation ministers. It would be supported by a “sector expert level forum”, essentially with existing AWG membership, meeting twice per year.

Since the creation of the Water Facility in 2004, itself an achievement of the EUWI, the Africa component had not been directly involved in its Calls for Proposals. In fact, within the Commission the Water Facility was generally seen as the main thrust of the EUWI, although the perspective should have been the reverse: through policy dialogue the preconditions for better project submissions to the Water Facility could be created.

Throughout the 2004-2006 period much attention was devoted by the WG chairs and by the Commission (DG/Development) to dialogue with AMCOW, principally with its Technical Advisory Committee (TAC) consisting of water directors from African countries. A proposal from the United Nations Environment Programme (UNEP) for support to AMCOW from the Water Facility was disallowed on formal grounds but was subsequently revised, resubmitted, and eventually approved, and an agreement for €2.6 million over four years was signed between the Commission (EuropeAid) and UNEP in November 2006. Strengthening AMCOW/TAC and enhancing its legitimacy is one of the achievements of the EUWI Africa component.

**Issues.** Despite good personal relations communications between AMCOW and the EU have not worked well and continue to be less than satisfactory. As of December 2006 the views of AMCOW on the draft strategy are still not at hand despite several reminders. Strangely, the support given by GTZ to the AMCOW/TAC Secretariat has not helped to improve communications.

One reason for the poor communications is the weak administrative capacity of the AMCOW/TAC Secretariat which, for example, led to the cancellation on less than a week's notice of meetings scheduled to take place in Brazzaville in mid-January, including an opportunity for dialogue on the EUWI. It will take time to strengthen the capacity of the AMCOW/TAC Secretariat.

A hiatus was created when work on the new Africa strategy commenced, and the AWG effectively ground to a halt for much of 2006. It is likely that questions are now asked within AMCOW about the value added of the EUWI which, perhaps, explains the failure of the AMCOW/TAC Secretariat to respond to messages related to the strategy.

As of late 2006 country dialogues had been contemplated or initiated in ten African countries (including Egypt where the dialogue was part of the MED component), but there was a basic disagreement within the AWG on the value of the dialogues. This has been resolved through the wording in the new Africa strategy but may still be an issue when the strategy is to be implemented in 2007.

The Africa component has generally attracted strong interest from EU MS and stakeholders and the WG meetings have been well attended. In October 2006 the MS decided that the EUWI Africa component should continue, and France agreed to take the AWG forward in 2007. It was also agreed that the "trojka" arrangement, in which the former chair and a future chair and the Commission (DG/DEV) act in a support role, would continue, as would the International Water and Sanitation Centre (IRC) in Delft as a facilitating institution.

Comments by regional expert: Although the views of AMCOW on the draft Africa strategy have been awaited for some time, nothing has yet been received.

Assessment. Of all the EUWI components it is Africa that attracts the most attention of the EU MS and where there is the greatest potential for the EU to make a difference. However, despite some achievements, this potential has not been fully realised, a situation that has led to frustration on all sides. The challenge now is to strike the right balance between, on the one hand, returning the EUWI to being the political initiative that it originally set out to be and, on the other, being operationally relevant where specific action is called for in certain country situations.

AMCOW is likely to welcome the opportunity for regular high level dialogue with the EU set to be provided under the new Africa strategy. But for this to be meaningful it will be necessary for the EU to be able to manifest its continued political support for the EUWI and to engage in this dialogue at an appropriate level. If that political involvement is not forthcoming, partners will lose interest and the EUWI become irrelevant in Africa, the region where it is most needed.

Much time has been lost in 2006 while work was ongoing on the new Africa strategy. It is possible that time and resources would have been saved if more attention had been given to following up the conclusions from the Entebbe review meeting. It is now imperative for the Africa component to become active and for the EU to demonstrate its continued interest. One way for the AWG to become more operationally relevant may be to align its activities more closely with those of the EUWI finance component by always having finance on the agenda for AWG meetings.

Options. The EU MS have decided to continue their involvement in the Africa component, but delays during 2006 means that the interest of African partners needs to be invigorated. The following options may be considered:

1. To close down the component and maintain only a mechanism for consultation between the MS and the Commission on support for water development in Africa.
2. To withdraw gradually from all operational involvement and focus only on intermittent high level policy dialogue (as agreed by the EU MS Heads of Water for Development Cooperation in October 2006).
3. To continue the Africa component with added focus on high level policy dialogue and on closer alignment with the finance component, while providing encouragement and support to country dialogues in response to real demand.

#### WG meetings

Date	Venue	Comment	Date	Venue	Comment
Nov. 2002	Copenhagen	AfWSS	Nov. 2002	Madrid	AfIWRM
Aug. 2003	Copenhagen	AfWSS	March 2003	Paris	AfIWRM
June 2004	Brussels	AfWSS	Sept. 2003	Paris	AfIWRM
Jan. 2005	Brussels	AfWSS	Feb. 2004	Paris	AfIWRM
June 2005	Accra	AfWSS	Aug. 2004	Stockholm	AfIWRM
Aug. 2005	Stockholm	AfWSS	March 2005	Paris	AfIWRM
			Aug. 2005	Stockholm	AfIWRM
May 2006	Brussels	Merged AWG			
Aug. 2006	Stockholm	AWG, informal meeting			

## 5. The Finance Component

Origin. Already at the 1<sup>st</sup> MSF in April 2002, DFID volunteered to develop an EUWI component on water financing. This was initiated with considerable speed and at the 5<sup>th</sup> MSF in October 2002 a comprehensive paper prepared by ERM consultants was submitted on the financial issues facing the EUWI. The paper gathered existing estimates of the financial challenge raised by the EUWI's objective of achieving the water-related MDGs and tried to demonstrate how official development assistance (ODA) could be used as a catalyst for triggering additional sources of financing. It was based on questionnaires circulated to the EU MS and included annexes projecting funding needs for the water sector, a summary of existing financing instruments, and background information on related initiatives and institutions.

Progress. The report was further refined at a series of meetings of the Finance WG (FWG) and submitted in October 2003 as the final report of the first phase of the EUWI financial component. It was largely a desk-based study but provided a comprehensive overview of EU sources of finance for the water sector. It was made available on the web but never printed in hard copy.

Since the first phase report had a strong focus on the supply of finance it was decided that the second phase should be a demand-side assessment of financial mechanisms with an objective to use country experiences of FWG members to identify the constraints, called "blockages", hindering financing flows from reaching beneficiaries and the means by which those constraints might be overcome, the "blockage busters". The report from the second phase,

submitted in February 2005, identified the constraints under five sets of issues: (i) the absence of a sector strategy and accompanying financial plan, (ii) ineffective projects due to poor project preparation, (iii) inadequate capacity to prepare, fund and implement projects, (iv) inefficiencies in existing financial flows and in mobilising additional flows, and (v) insufficient capacity to mobilise additional sources of finance.

In the third phase from 2005 it was decided to focus the FWG on support to the country dialogues, collaboration with the ACP-EU Water Facility, and development of a website for finance mechanisms. Three countries were identified as suitable for engagement with country dialogues: Ghana, Mozambique and Zambia. In Ghana nothing happened because the FWG contact, a NGO representative, took no initiative to raise the matter locally, and in Zambia the circumstances were not appropriate with an unresolved competence conflict between two ministries.

In mid-2006 a small secretariat for the FWG was moved from DFID to GWP in Stockholm. DFID has signed an agreement with GWP to provide financial support to the FWG through 2008. In addition, a proposal has been submitted by the FWG to the Water Facility, it has been approved in principle but is awaiting word from AMCOW on the new EUWI Africa strategy.

**Achievements.** In Mozambique work started on a financing strategy with involvement by WSP, a process that is expected to be concluded by May 2007. Meanwhile, the FWG in August 2005 received a request for help with a financing strategy in Ethiopia, and this was completed in October 2006. This was a key component of the country dialogue in Ethiopia which is regarded as the most successful of those carried out to date.

Support was extended by the FWG to the Water Facility in the preparation of ToR for a consultant study on private sector finance of water, later advice was given on the design of evaluation guidelines, and key sheets were prepared for applicants for the second Call for Proposals. A prototype website for finance mechanisms was developed, but in May 2006 it was decided to modify the approach to make it more user friendly for African partners, and the project is now taken forward by the World Water Council in cooperation with the IRC. An early achievement was the aforementioned survey of EU ODA for water carried out in 2003.

**Issues.** FWG meetings have generally been well attended but mostly by interested civil society stakeholders, among the EU donor agencies only DFID, the European Investment Bank (EIB) and, at times, Agence Francaise pour le Developpement (AFD) have been active. In its second phase the FWG appears to have become a debating forum, the minutes from the meeting in December 2004 say that “there was an extended discussion about the Group’s purpose which the Chairman referred to as the Group’s customary ‘identity crisis’ which had surfaced at every meeting”. This indicates a lack of purpose which persisted during the second phase and was reinforced by the lack of interest of the EU MS in whose absence discussions at the meetings tended to be shallow. For example, a discussion on sector support programmes in water at the August 2006 meeting was technically interesting but not very operationally useful in the absence of most EU donor agencies.

The FWG would be able to undertake new activities, e.g. providing support to financing strategies in additional countries, but it has been constrained by the delay regarding the Africa strategy.

Assessment. Experiences from the country dialogues suggest a strong interest from partners in financing strategies, and here the FWG could make a constructive contribution. Partner countries have difficulties reconciling their MDG road maps for WSS with financial realities and are struggling to include the necessary commitments in annual budgets. The FWG could assist in providing simulation models that may be helpful in that regard, which is the focus of the ongoing work in Mozambique (and also in Egypt and Moldova). The finance component has produced a number of useful products and services but could play a more constructive role, if linked closely to the AWG and focused on operational issues at country level, as indeed was the intention of its third phase.

Options. The finance component is well resourced through 2008 and can provide a potentially useful service to African partners. The following options may be considered:

1. To continue operating the finance component separately.
2. To close down the finance component and operate it as a funded programme hosted by the GWP, retaining its original objectives.
3. To align the finance component closely with Africa WG. Assess scope to extend support to other regions – but merge with Africa WG if scope proves to be limited.

#### WG meetings

Date	Venue	Comment	Date	Venue	Comment
Dec. 2002	Brussels	Preparatory meeting	Oct. 2004	London	
Jan. 2003	London		Dec. 2004	Paris	
March 2003	London		March 2005	Brussels	
May 2003	London		Aug. 2005	Stockholm	
July 2004	London		Feb. 2006	Brussels	
Aug. 2004	Stockholm		Aug. 2006	Stockholm	

#### **6. Monitoring & Reporting Component**

Origin. There was early awareness of the need to include in the EUWI a component to monitor progress. The ‘Water for Life’ draft document of August 2002 states that “each component and partnership of the Initiative will have a tailor-made monitoring and reporting system with appropriate indicators”, the minutes from the 5<sup>th</sup> MSF in October 2002 stress that such indicators need to be urgently developed. But this issue was not considered again until the 10<sup>th</sup> MSF in March 2004 when it was pointed out that “due to its high level commitment in Johannesburg, the EU had the responsibility to be able to quantify the progress of the EUWI”. Italy offered to convene a Working Group to take this forward, and its first meeting was held in September 2004.

Progress. The challenge was to design a monitoring & reporting (M/R) system that could measure the contribution of the EUWI to achievement of the water-related MDGs without duplicating the existing systems, principally the Joint Monitoring Programme (JMP) of Unicef/WHO, monitoring changes in actual delivery of basic WSS services. This meant the creation of a set of indicators on the five EUWI objectives, design of a system to report on those indicators, field testing of this system, and eventual implementation.

Achievements. In 2005 a methodology was developed to measure the progress made by the EUWI toward its stated objectives. It used a set of quantitative indicators of four different types and another set of qualitative/participatory indicators measuring eight variables. While logical in its construct the methodology is complex and cumbersome to use, developing it took more time than expected, and it proved impossible to carry out the envisaged field testing. For the compilation of the EUWI annual report 2006 DG/Environment therefore hired a consultant who made an assessment based on 24 indicators derived from this methodology.

Issues. When a full presentation of the methodology was made to the MSF in August 2006 the main response was that simplifications would be necessary to make it workable in practice. The trade-off between complete coverage and operational feasibility will require more attention before the methodology can be introduced. A second phase of the WG has been proposed by Italy to focus on implementation, presumably taking on board this message.

The regional EUWI components have not engaged with the M/R component which is one explanation why the monitoring methodology has not been introduced. There has been much criticism of details in the methodology but few constructive contributions.

There has also been a shortage of financial resources to develop the monitoring methodology beyond the theoretical stage. Together with the apparent disinterest of the regional components, this has meant that it has not been possible to field test the methodology in partner countries.

Assessment. It is imperative for the credibility of the EUWI that it is provided with a robust M/R system that can be applied independently by each EUWI component. This is already long overdue. Field experience provides compelling evidence that simplicity is key to any successful M/R system. The methodology developed by the WG may provide a solid theoretical basis for such a system, but it has the character of an academic research project. It has not yet yielded the requisite information and needs further work to be ready for implementation. If the WG is to continue it should focus on making the system operational within a defined and relatively short time span, and if it cannot do so a consultant should be hired by the EUWI Secretariat to complete this task.

Options. This would suggest the following options for the future:

1. To continue the M/R WG but with a focus on implementation by the EUWI regional components.
2. To close down further work on the M/R component and request the EUWI Secretariat to issue guidelines for monitoring and reporting to all EUWI components.
3. To create a consultancy to design broad guidelines for monitoring and reporting for subsequent adaptation by the individual regional components based on their individual circumstances and objectives.

#### WG meetings

Date	Venue	Comment
Sept. 2004	Brussels	
Nov. 2004	Rome	

Jan. 2005	Brussels	
April 2005	Rome	
Aug. 2005	Stockholm	
June 2005	Brussels	
Aug. 2005	Stockholm	Presentation to MSF

## 7. The Research Component

Origin. The importance of the contribution of research and scientific cooperation to the objectives of the EUWI was recognised in the EC Communication to the Council from March 2002. Research has been an integral component of the EUWI from the inception and was discussed in the Water for Life working document from August 2002. The Commission (DG/RTD) took the lead in developing this EUWI component which was conceived as a means to promote research on water and related subjects within the EC funded 6<sup>th</sup> Research Framework Programme (FP6) covering the 2002-2006 period. The existence of the FP gave research a head start over other EUWI components, since finance was available from the outset to support the EUWI objectives.

Progress. A preparatory meeting to create a Research WG was held in December 2002 and there was a full-scale meeting in January 2003. Since that time there has only been one additional meeting of the WG, but DG/RTD organized a variety of seminars and other activities to promote the EUWI research component, as outlined below. When the decision was taken to create the coordination mechanism known as European Research Area network (ERA.net), a succession of meetings was held with the EU MS on this subject.

ToR for the research component were prepared in November 2004, outlining in some detail the functions, membership and structure of the EUWI Research WG that scarcely met. Three specific objectives for the EUWI research component are stated in the ToR: (i) “facilitation of coordination ... between the EU MS and the EC FP”; (ii) “streamlining European research and scientific cooperation on water issues ...”; and (iii) “promotion of visibility of the European role and contribution in international research and scientific cooperation on water issues”.

Because of FP6 the EUWI research component had access to a substantial EC funded financial instrument. It is identical, in principle, to the ACP-EU Water Facility in that both are funded collectively by the EU and subject to commonly agreed procedures and operating principles, including a degree of managerial influence by the EU MS. Under FP6 a total of €15 million had been allocated for scientific cooperation with developing countries and another €285 million made available for active participation of scientists from developing countries in all thematic priorities of FP6.

While water was only one of the priorities in FP6, it was highlighted as one of the important focal topics. The same priority is being given to water in FP7 for 2007-2012.

Achievements. As a result of the priority given to water, almost €100 million has been allocated as EC contribution to water-related research in FP6 under the “Global Change and Ecosystem” priority compared to very little under FP5. The supported projects are all networks dominated by European research institutions but including scientists from third

countries. They cover water in the broad sense, including irrigation, seawater desalination and groundwater, and hence go somewhat beyond the EUWI objectives. In addition, the EC contribution to research funded under the DG/RTD International Cooperation Programme (INCO) was €32 million under FP6. This programme has a balanced participation from EU and third country scientists and focuses essentially on IWRM. This adds up to over €130 million from FP6, a major increase in EC funded of research for water and a substantial achievement.

There have been several other results of the EUWI research component, including the following:

- A mapping of European research and scientific cooperation in the water sector was carried out by DG/RTD staff in early 2003 in response to a decision taken at the first WG meeting.
- The DG/RTD EUWI website (<http://ec.europa.eu/research/water-initiative>) was created already in 2003, well before the EUWI CIS was operational.
- The DG/ENV annual event, “the Green Week”, in June 2003 had a focus on water and DG/RTD organised a half-day session on the EUWI research component.
- Seminars were held at the World Water Week in Stockholm in 2004, 2005 and 2006.
- An ambitious review, using a panel of ten international experts, of EC funded research on IWRM was carried out in 2005 and resulted in the reports “EU-INCO water research from FP4 to FP6 (1994-2006) – a critical review” and “Directing the flow – a new approach to IWRM”.
- These reports were used for a promotional event at WWF4 in Mexico in March 2006, the only presentation by the Commission of the EUWI at that conference.
- African Water was a low budget support action launched in 2006 to increase the involvement of African scientists in European water research, including the website <http://www.africanwater.net>.
- The creation of the EUWI-ERA.net from 1 January 2007 as a consortium of European ministries, funding agencies and national RTD authorities. The EUWI-ERA.net will seek to transfer the knowledge generated by research to development practitioners and society at large. The Commission (DG/RTD) is providing €2.8 million over four years to DFID to operate a secretariat for the EUWI-ERA.net to coordinate EU MS research programmes related to water in developing countries. All EU MS active in the EUWI (except Sweden) have signed up to participate in the EUWI-ERA.net.

Issues. The EUWI research component has been used mainly to promote water in the FP6. The absence of an active WG has meant that the EU MS have not been much engaged. However, it is expected that the EUWI-ERA.net will result in increased interaction between the EU MS on water-related research in developing countries.

Despite stated intentions by DG/RTD there have been minimal contacts between the research component and the regional WGs. This has meant that the opportunity to guide Calls for Proposals under FP6 to specific regional priorities has been missed.

Assessment. The objectives in the ToR are formulated so vaguely that it is difficult to measure the degree of goal achievement of the research component, and the EUWI annual report records no data on progress in 2005. Nonetheless, it would appear that the research component is one of the hidden success stories of the EUWI. Water-related research under FP6 has increased substantially, possibly making the EU the world’s largest supporter of

such research. The research component has done so not only by drawing attention to water in the Calls for Proposals under FP6 but also by a series of promotional events that have contributed to highlight both research and the EUWI in general. The creation of the EUWI-ERA.net to involve the EU MS in coordination of water-related research is an achievement that goes some way toward compensating for the lack of an active WG.

However, the positive outcomes of the research component have largely been hidden from the view of the other EUWI components. These outcomes have not been well understood or appreciated by them, and the collaboration with the regional components, that DG/RTD tried to initiate, has not happened. The research component has operated its own website but made poor use of the EUWI website. The benefits of research seem to have been taken for granted and no attempt has been made to explain them to the EUWI regional components. The result is a regrettable communication failure for which all parties are responsible, perhaps explained by the different cultures that exist in research/scientific cooperation and development communities respectively.

The role of coordinating the efforts of the EU MS will be the responsibility of the EUWI-ERA.net, and what is left of the EUWI research component would then be a programme to highlight water in FP7, which should continue to be done by DG/RTD as in the past. But it will be essential to improve the information flow from the research component to regional EUWI components, if the research component is to remain an integral part of the EUWI.

Options. The following options may be considered:

1. To continue give priority to water in FP7, as in FP6.
2. To declare that the objectives of the EUWI research component have been largely achieved and discontinue the component.
3. To revive the research WG and give it a role to promote the benefits of research and scientific cooperation and bridge the communication gap.
4. To continue give priority to water in FP7, as in FP6, but with an added effort to improve communications with other EUWI components, and to close the research WG in view of the creation of the EUWI-ERA.net.

#### WG meetings

Date	Venue	Comment
Dec. 2002	Brussels	Preparatory meeting
Jan. 2003	Brussels	
Jan. 2005	Brussels	

### **8. The EUWI Communication & Information System**

Origin. At the 9<sup>th</sup> MSF in November 2003 attention was drawn to the need to create a communication and information system (CIS) for the EUWI, and Austria responded at the 10<sup>th</sup> MSF in March 2004 declaring its intention to provide such a system. It would seek to: (i) increase the visibility of the EUWI; (ii) strengthen transparency and mutual trust; (iii) secure the cohesion of all regional and thematic components; and (iv) facilitate EUWI administration by enhancing coordination and providing services.

Progress. As planned, the CIS went online in connection with the MSF in Stockholm in August 2004 and has remained operational since then. It provides a working environment for EUWI actors and a source of information for the public. The portal distinguishes between the public and different levels of internal users from the EUWI Secretariat and the WGs. The community environment is entirely web based and provides access to data from any source and for any type of end user equipment. Within the community area restricted to internal users there is a protocol concerning the editing of documents in order to secure effective publishing on the public side of the portal. Technical support for operating the CIS has been provided throughout by Austria, and operational responsibility has been given to a staff member at DG/Environment linked to the EUWI Secretariat.

Once the CIS was installed training of administrators started, and through much of 2005 training was provided to representatives of the EUWI Secretariat and the WGs, for some on several occasions. The response of the WGs has varied but on the whole been positive, satisfactory use of the system has been made by the LAWG, the FWG, the AWG and the SG (through the EUWI Secretariat) while other WGs have been less active.

An indicator of the interest in the EUWI is the number of visitors to the website. The number of visitors to the public portal increased from 3,800 in December 2004 to 5,200 in December 2005 and 11 200 in December 2006. The number of internal visitors increased from September 2005 and averaged 277 per month until the contract of the Austrian technical support expired after August 2006 and then fell to 97 per month, as the site deteriorated.

Austria agreed in April 2006 to fund the CIS for another 12 months in order to enable it to be incorporated in the Europa website of the Commission. However, for what is said to be “bureaucratic” reasons there has been a break in continuity, and as of January 2007 there was still no new contract for the technical support. There is now an urgent need to update the contents of the site and the procedures for operating it, clean it from spam, and take the technical steps required for its transfer to the Europa website.

The total Austrian support to the CIS has so far amounted to about €60,000, and it is estimated that another €50,000 will be required to support the transfer to the Europa website.

Issues. Efforts should be made to update the CIS and provide it with all relevant material on the EUWI. For example, as a result of looking for material for this review it became apparent that within DG/Environment data on the MSFs in 2002 and 2003 had been removed from the electronic archives. This material has now been recovered and should be added to the website. Much material on the work of the research WG is not on the website either. Keeping the CIS current calls for a central leadership within the EUWI that has not been sufficiently in evidence.

Attention should be given to making use of the CIS in the implementation of the monitoring system as well as a communication strategy for the EUWI.

It is important that the CIS be a one stop shop for EUWI related information. Currently, the MED component has its own websites as does the research component and the Italian embassy in Addis Ababa for the Ethiopia country dialogue process. These should all be better linked to the EUWI website.

Assessment. The CIS is an invaluable tool that the EUWI could not do without. It is therefore a pity that it has been allowed to deteriorate, but this is explained in part by the lack of clear responsibilities within the EUWI Secretariat.

There is little evidence that the CIS has been used by partners in the regions. Some of them have problems with connectivity and are unlikely to be much interested but many do not, and it would be of interest to explore how the CIS could be of more use to them.

As the EUWI CIS is moved to the Europa website it may lose its identity and be more difficult to find, and a separate effort will be required to enhance its visibility. It will be equally important to ensure continuity, lest users and administrators be confused by changes in functionality and structure.

Options. As long as the EUWI continues, there are no options to continuing the CIS, this is an essential operating tool. Finance for maintaining it will need to be found by the Commission from the thematic budget line available from 2007.

**Annex G**

## **The Country Dialogues**

### **Development of the Country Dialogues**

Policy dialogues between the EU and partner country governments emerged in 2003 in the Africa Working Group (AfWG) on water supply and sanitation (WSS) as the principal working instrument of the EUWI. The rationale was that the EUWI had no financial resources of its own but would mobilise the EU donors in support of improved plans for WSS. The way forward was to engage with individual partners and identify impediments to better planning in a transparent manner with involvement of all stakeholders.

Proposals for the conduct of the Country Dialogues (CDs) were prepared in 2003 by Denmark as chair of the AfWG on WSS. A presentation to the MSF in November 2003 made some tentative suggestions for African countries to be targeted by CDs and for a MS to take the lead on behalf of the EU in each of them. The same presentation said that the immediate outcome of the CDs was expected to be an improved understanding of the relevance of the EUWI and the creation of a participatory approach to develop an outline of country level actions consistent with the Johannesburg Declaration. Expected outcomes of the CDs at later stages included support to countries for the preparation of “the socio-economic justification for increased spending on water sector development”, a shift from traditional project support to more programmatic approaches eventually leading to budget support, improved harmonization of donor procedures, and development of innovative financing mechanisms.

Discussions about the CDs continued with AMCOW at the Pan-African conference in Addis Ababa in December 2003 and through much of the first half of 2004. The purpose of the CDs was not well understood by African partners. Some of them believed that being selected for a CD was an inside track to increased EU support, while others felt that dialogue amounted to a waste of time. Still, there was some jostling to be on the list of countries selected for the CDs, and AMCOW resorted to the usual African formula to ensure geographical equity and selected two countries from each of Africa’s five sub-regions (North, East, West, Central and South). The final selection of 10 pilot countries for the CDs was the outcome of a closed discussion within AMCOW that seemed to have little to do with the actual purpose of the CDs, which was to improve sector planning for those countries most in need.

On the EU side there were hesitations with several MS reluctant to take on the role as lead in the pilot countries, mostly because this entailed an added workload that nobody was enthusiastic about. There was also lack of clarity about the CDs and what they would do, e.g. whether they would engage non-EU donors. In the autumn of 2004 it was obvious that the CDs were not taking off as intended. In a presentation to the AMCOW meeting in Entebbe in November 2004 the EU admitted that there had been a lack of progress, that the purpose and intended outcomes of the CDs were not well understood, that there had been insufficient communication of the objectives of the EUWI and the role of the CDs, that there was no guideline to help carry out the CDs, and that it had proven to be cumbersome and time consuming to bring the parties together and launch the CDs.

It was therefore proposed “to organise the CDs as Multi-stakeholder Fora”, bringing all stakeholders together for a process to identify bottlenecks and arrive at an agreed “road map” for MDG achievement. To reduce the workload for the local mission of the MS in the lead it was agreed to engage a facilitating organization which for the most part was assumed to be the Water and Sanitation Programme (WSP). To eliminate the confusion arising out of the separation of WSS and IWRM in the EUWI, each with its own Africa WG, it was emphasized that the CDs would be consistent with IWRM.

Despite this revised approach intended to clarify and facilitate, progress continued to be slow. There remained a lack of clarity on many issues, one being the fundamental one of whether the MS would be willing to respond to improved sector plans resulting from the CDs. MS field missions remained unenthusiastic about shouldering what seemed like a multi-year commitment, even with involvement of the facilitating organization. The value added was questioned in some of the pilot countries where adequate planning and coordination was said to be at hand. There was a clear need for a guideline describing how the CDs should be conducted, and such a document was eventually prepared by the IRC and submitted to the August 2005 meeting of the AfWG on WSS.

By mid-2005 the match of MS in the lead in the pilot countries selected by AMCOW was as follows:

<b>Pilot country</b>	<b>EU lead country</b>
Ghana	Denmark
Cape Verde	The Commission
Ethiopia	Italy with UK support
Rwanda	Belgium
Mozambique	Netherlands
Zambia	Germany
Congo/Brazzaville	The Commission
Central African Republic	The Commission
Egypt	TBA; later Greece <sup>8</sup>
Mauritania	France

CDs were being planned not only in Africa but also in the EECCA, MED and LA regions. Progress there was slower for several reasons, in particular the reduced role of the EU as a donor compared to the situation in Africa. The first CD outside Africa was in Lebanon in late 2005, the first in the EECCA region was initiated in Moldova in September 2006, and there are yet vague plans to initiate CDs in LA.

In the spring of 2006 Germany was chairing what had become a joint Africa WG, merging IWRM and WSS, and expressed discontent with the CDs. After much discussion the revised EUWI Africa strategy, still not discussed with AMCOW as of January 2007, said that CDs would only be conducted selectively and in countries where they were considered to add value, a somewhat self-evident statement that reflected underlying disagreements.

## Progress in the pilot countries

<sup>8</sup> The Commission had ruled that Egypt belonged to the MED region since it was not an ACP country, and Greece therefore later took the lead in the CD, see below.

In what follows there is a brief summary of progress of the country dialogues in each of the 13 countries where such dialogues have been attempted. Nine are in the Africa, two in MED and two in EECCA. The countries are listed in approximately the chronological order in which the dialogues were initiated (or given consideration).

### 1. Zambia

The first CD was launched in Zambia with Germany in the lead on behalf of the EU. GTZ was having problems with its water programme, and it was thought that the CD could contribute to their solution. The local GTZ mission was closely involved throughout and hired a consultant who visited the country for about two weeks in May 2004. He started by preparing a water sector status report which was later incorporated into a “Country Dialogue Process Report” issued in June 2004. In late May a workshop was held with broad participation by government agencies, donors and stakeholders.

The status report outlined planned and ongoing undertakings in the sector, using a “building block” approach. Major gaps were identified, those gaps which the EUWI could address were highlighted, and on that basis an action plan was outlined. Findings included the following:

- The Zambian PRSP devoted a full chapter to WSS, making the sector visible and providing earmarked funds and measurable indicators.
- The WSS sector had a forward-looking and adequate governance framework.
- Possibly succumbing to hyperbole, the report said that “the sector is served by some of the most competent and committed professionals in the world”.
- The most critical challenge facing the sector was the conflict of competence between the Ministry of Local Government & Housing and the Ministry of Energy & Water Development, both of which claimed ownership of the sector. As a result of this conflict, the report stated, WSS in rural areas is “close to being dysfunctional” with “massive inefficiencies” and in urban areas “seriously compromised”.
- Policies and strategies were in place but not universally complied with and in need of updating.
- Donor coordination was found to be satisfactory

At the concluding workshop a set of recommendations was discussed, including an institutional anchorage of the continuing process estimated to require another six months. From the presentation made by the consultant it is evident that a number of basic questions remained as to the purpose, conduct and finance of the CD. He reflected that “strict interpretation of where the Africa-EUWI can add value (in a way that cannot be done by existing players) could lead to very little or nothing to be done by the Initiative at country level (other than through the EU-ACP fund acting purely as a source of funding)”.

At a meeting in Brussels in July 2004 German representatives announced that the CD had been brought to a close. Their position was that it had resulted in a number of valuable recommendations that the government should now take forward, some were being acted upon already. With WSS covered comprehensively in the PRSP, policies and strategies for the most part in place, and donor coordination labelled satisfactory, there was a sense that the EUWI could add little value. The main issue facing the sector, the rivalry between the two ministries, was a matter for the government to address.

Comment. The German position presented to the July meeting was never widely communicated within the AfWG on WSS, creating an impression that the Zambian CD slowly fizzled out. It is conceivable that GTZ was unwilling to carry the CD forward because of a reluctance to tackle the sensitive issue of the ministerial rivalry, since it was collaborating with one of the two ministries and did not want to jeopardize its working relations. But it does appear that the German position came close to the reflection made by the consultant at the concluding workshop, i.e. a narrow interpretation of where the EUWI could add value.

## 2. Ghana

In July 2004 the government requested support for a CD from the Danish mission in Accra. Following a favourable response ToR for a consultant were prepared in September and a first multi-stakeholder forum was organised in November. Participants included a wide range of government institutions, civil society stakeholders and donors. Subjects discussed included how to provide a good understanding not only of the EUWI but also of the ACP-EU Water Facility, the creation of a working group to pursue the CD, and how a country action plan for Ghana could be developed. Responsibility for the CD was vested in the Water Directorate of the Ministry of Works & Housing.

The government was under the impression that the EUWI and the Water Facility were closely linked and that proposals to the Water Facility would succeed if they resulted from the CD. From Ghana 15 proposals were sent after having all received clearance by the Water Directorate. A letter was sent from the Water Facility Unit of the Commission to the Water Directorate explaining the procedure for review of proposals and making it plain that the government had little influence. The Water Directorate took umbrage at this letter, calling it “insulting”. In the end, none of the 15 proposals submitted by Ghana found favour when funds for the First Call of the Water Facility were allocated in January 2006.

Because of this incident, the Water Directorate effectively lost interest in the CD. However, the process continued with the preparation of a WSS sector status report which was ready in July 2005. This report identified several challenges, including the need to mobilise more financial support from the government for the sector which was seen as too donor dependent, more visibility for sanitation and hygiene promotion, conclusion of the ongoing work on a national water policy, better data on sector performance, a stronger role for the private sector, better ways of financing the sector, and an assessment of the country’s groundwater resources. It also provided the outline of a road map toward achievement of the MDG and summarized the potential for further involvement by the EUWI. At a second meeting of the multi-stakeholder forum in November 2005 it was decided to continue work on several of the challenges identified in the report. This included creation of a working group on harmonisation between different actors with a view to developing a SWAp for donor funding.

At a workshop in April 2006 it was decided to bring the CD to a close. It was said that the Water Directorate together with Denmark as lead donor would follow up as necessary “as a natural part of the in-country coordination process”. It was noted that in a country “where the donor coordination mechanisms are mature, the initiative should be quickly handed over to

in-country processes led by the national authorities and the established donor group in the sector”<sup>9</sup>.

An outstanding issue related to support for the development of a sector investment plan and a financing strategy. From the outset the EUWI Finance Working Group (FWG) had expressed a readiness to assist with this matter. Responsibility to follow up had been given by the FWG to a representative from WaterAid who took the position that he would only passively await initiatives from the local authorities. As a result, nothing happened in the CD process. A year later the FWG may yet revisit the matter on the basis of expressions of interest made informally by representatives from Ghana at the meetings in Stockholm in August 2006.

Comment. The authorities in Ghana mistakenly made an association between the CD initiated under the EUWI and allocation of project support from the Water Facility (in truth, they were not alone in misunderstanding the relationship between the EUWI and the Water Facility). When they found out that no such link existed, they lost interest in the CD. It is true, as said at the concluding workshop, that existing processes in Ghana, including a forum for stakeholder involvement and donor coordination, are “mature” and on that ground Ghana perhaps should never have been selected for the CD by AMCOW. However, the CD in Ghana was completed as planned, it involved a variety of stakeholders in a participative process, and it generated useful information on the sector. It also evidenced a need for a sector investment plan and a financing strategy that is yet to be addressed.

### 3. Mozambique

DGIS had agreed to lead the CD in Mozambique on behalf of the EU and organised a preliminary mission in May 2005. Care was taken to learn from experiences in Zambia and Ghana, and DGIS had therefore engaged the same consultant involved in those two countries and invited a representative from Ghana to participate. The objective of the mission was said to arrive at an agreed MDG road map.

When the mission started work in Maputo it soon became evident that the Dutch embassy did not appreciate the CD. It claimed that all Dutch support to the water sector was devoted to budget support, and that there were not even funds available to support a CD process (in the end DGIS used funds allocated to the IRC). There was already a water sector plan as well as a donor coordination mechanism. The CD was portrayed as an initiative from Brussels, that the embassy did not want to have anything to do with.

Still, the mission prepared a brief status report and outlined possible steps for a road map. This served as the basis for a workshop that was constructive and well attended by major donors and the government. A number of challenges facing the WSS sector were identified, but the Dutch embassy view was that the EUWI did not have a unique role in addressing them and hence no legitimacy to try to do so.

However, one of the recommendations from this workshop was to prepare a water sector financing strategy. With involvement of the WSP this was taken forward and in February 2006 supported by DFID with a grant of USD75,000 channelled through the FWG. WSP engaged consultants, and work on the strategy is expected to be concluded by May 2007.

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<sup>9</sup> Quotes from Danish presentation made to the workshop on 24 April 2006 in Accra.

Comment: The experiences from Mozambique illustrate the power delegated by most aid agencies to their country missions and hence the necessity of involving them from the outset in any CD.

#### 4. Cape Verde

This was one of the pilot countries for which the Commission already in 2004 had accepted to lead the CD process. A framework consultant was contracted by DG/Development and carried out four missions to the country during the first half of 2005. He prepared a sector status report which included the findings that

- the sector strategy was split into several different documents which should be better harmonised,
- the institutional framework for urban WSS needed improvement,
- currently foreseen financial flows should suffice to attain the MDGs,
- building capacity was most needed in the urban water utilities,
- monitoring of sector status and performance was inadequate.

A meeting with broad multi-stakeholder participation was organised in late June 2005 and was generally considered successful. It resulted in an agreed sector road map for MDG achievement with designated actions and responsibilities for 2005-2008. A steering group was created to oversee the process with participation of the EC delegation and Austria, the biggest MS donor to the water sector in Cape Verde. A coordination unit was proposed in the Water Directorate to be reinforced by technical assistance to be provided by the Commission.

Follow up was to be taken in hand by the EC delegation and Austria but does not seem to have been given the requisite attention, as no formal request had been forwarded to Austrian representatives as of December 2006.

#### 5. Ethiopia

In 2004 DFID had agreed to be the EU lead in the CD process. However, the DFID mission in Addis Ababa was against this idea on the ground that water was not a priority in British development cooperation with Ethiopia. Since a British commitment had already been made the dilemma was solved by the mission promising to fund a facilitating consultant, provided that another MS could be found to take the lead.

In April 2005 it was confirmed that Italy would take on this role. A task force was created co-chaired by the government and Italy and with participation of the donors interested in water (not only EU). In August the government approached the FWG and requested support for a financing strategy. Shortly thereafter an important step for institutional harmonisation was taken by the signature of a Memorandum of Understanding between the three ministries principally involved in the water sector, those of water resources, health and education. Consultants were recruited to work in partnership with WSP, and the CD was officially launched in December 2005.

In the spring of 2006 consultants carried out a review of the WSS sector and prepared ToR for the financing strategy which was written in August/September by other consultants. This was the basis for a multi-stakeholder forum organised in October 2006 with over 200 participants from all over the country. The meeting was opened by a statement from a civil

society representative in the presence of senior government officials, highly unusual in Ethiopia. It resulted in nine commitments on which there was broad agreement by government ministries, civil society stakeholders and donors, in effect the outline of a road map to achievement of the MDGs. These included

- making the master plan for universal access to WSS operational,
- disseminating existing WSS policies widely,
- increasing private sector involvement,
- enhancing and harmonising financing mechanisms,
- introducing a monitoring and evaluation system for WSS.

As a result of this meeting, there is now a momentum for reforms in the sector and increased support from donors, and the process is set to continue with the task force intact.

Meanwhile, DFID had announced its intention to contribute no less than GBP100 million in support of WSS in Ethiopia, somewhat paradoxical given the stance of the DFID mission at the outset of the process. While this decision had been prompted by political considerations, its implementation will be much facilitated by the successful progress of the CD.

Comment: In a report by OECD prepared for the Paris conference on donor harmonisation and alignment in March 2005 donor coordination in the water sector in Ethiopia had been judged to be poor. The government had prepared a master plan for universal access of basic WSS services that was not widely known (it was available only in the local language) and needed to be made operational. This was the background to the government's interest in the CD. It has been successful so far, mainly because of determined leadership by the government (led by an official within the Ministry of Water Resources) and effective support provided by the Italian mission in Addis Ababa. By eventually involving all MS active in the water sector it has been seen as a genuine EU effort, while inclusive of non-EU donors as well.

## 6. Rwanda

In early 2005 it had been confirmed that Belgium would take the lead on behalf of the EU in Rwanda, and contacts were initiated between the Commission and Belgian development cooperation about how to proceed. Initially, there was confusion because ToR were drafted by the EC delegation in Kigali without consultation with the Belgian local mission. This mission refused all involvement because of lack of capacity but later changed its position when staff reinforcements were in prospect. The idea was then that Belgium would take the lead using the local WSP office for support.

Meanwhile, it emerged that the government had already in 2004 taken all the major steps of a water sector policy dialogue, including presentation of a road map followed by a consultation with the donors. Generally, the water sector was considered to perform well in 2005, as priority expenditures and outcomes increased significantly. The government was moving from project based finance to a sector-wide approach, and sector coordination and donor harmonisation was making significant progress. The outstanding need related to a water sector financing strategy, and on that issue the government was in contact with WSP. It appears that Rwanda should never have been selected as one of the pilot countries for CD.

## 7. Central African Republic (CAR)

Early in 2005 the Commission agreed to take action to initiate the CD in this country. The perspective was that France, the dominant EU donor, would later take the lead. An exploratory mission to the country was carried out by a consultant assigned by DG/Development in June 2005 and evidenced a strong interest from the government. Because of previous political disturbances several donors have closed down their activities in the CAR and the government hoped that the CD might attract them back to the WSS sector. On the French side the position was hesitant with the embassy being more supportive than the AFD.

Using a contribution of €200,000 from the Water Facility, DG/Development in October 2005 selected a consultant to initiate the CD in the CAR (and in the Congo). He carried out a first visit in March 2006 and noted the same positive attitude on the part of the government. The national parliament had just adopted a water law, the first in the country. But there were misunderstandings regarding an apparently parallel process to develop a national IWRM plan with involvement by the GWP. Work on a sector status report was initiated but hampered by lack of local institutional capacity.

In August the government decided to create a working group, staffed mostly by civil servants but with involvement of representatives of civil society, a major step to make progress. An agreement had been reached to finance the working group with a contribution from a UNICEF project supported by the Water Facility under its first Call for Proposals. At a meeting in Paris in August with representatives from the AFD, the French Ministry of Foreign Affairs, the Commission and the consultant several issues relating to the CD were resolved. The misunderstandings with GWP were also cleared up. The consultant is now working toward the preparation of a MDG road map and a multi-stakeholder meeting in the spring of 2007. The process looks robust with adequate funding and strong local interest.

**Comment:** The experiences from the CAR suggest the importance of an external catalyst not linked to the major donors active in the country to bring about the necessary dialogue between these donors and the government.

## 8. Republic of the Congo

The CD process in the Republic of the Congo has followed essentially the same path as that of the CAR. The same consultant was used with support from the allocation from the Water Facility. During 2006 this consultant carried out several missions to the country. A working group with civil society involvement has been created to prepare a status report of the WSS sector. This report is being compiled by the consultants into an action plan, a MDG road map, that will be submitted to a multi-stakeholder forum for discussion. The consultant envisages organising this forum early in 2007. On that occasion the continuation of the CD over the medium term would be raised. From 2007 the Congo will assume the presidency of AMCOW which raises the importance of a positive outcome of the CD.

The process has been assisted by French support to a civil society dialogue forum which has been involved from the outset. It is envisaged that support from the African Water Facility may be used to prepare a national water policy which would be facilitated by the CD. The EC delegation has been actively supporting organisation of the multi-stakeholder forum. The AFD is said to be planning to make water a concentration sector for French bilateral support, but it is not known whether that decision is linked to the CD.

## 9. Mauritania

In late 2004 France advised through its Ministry of Foreign Affairs that it would be willing to lead the CD in Mauritania. In the absence of any progress during the first half of 2005 DG/Development indicated that it was willing to send a consultant on an exploratory mission. In September 2005 discussions about the modalities for this mission were under way between DG/Development and the Ministry of Foreign Affairs in Paris which thought the CD in Mauritania could be “useful” and said it was “in the process of convincing” the AFD office in Nouakchott. In the event that effort failed, the AFD refused to cooperate, the exploratory mission was never carried out, and no CD has been launched in Mauritania. No explanation has ever been clearly communicated to DG/Development, but there must have been lively debate since the French embassy in Nouakchott was said to be “keen to go ahead” in late September 2005.

## 10. Lebanon

The dialogue in Lebanon was launched in November 2005 during the “Beirut Water Week”. There were many scattered organisations involved in the water sector, planning was under way to better define roles and responsibilities, and the Lebanese government wanted assistance to prepare a water policy. The interest of the government was very strong at the highest level, and the EUWI MED Secretariat had meetings with the President, the Speaker of Parliament, and the Prime Minister, including a long discussion with the latter. Some momentum was lost in the subsequent months, as it took time for the finance from the EC to come through, but discussions between the Lebanese water agencies continued. Then the war came in July 2006 and everything changed. Now the EUWI MED Secretariat is trying to redirect the focus of the dialogue on reconstruction, but it is difficult. A first approximate list of needs has been prepared, and efforts are being made to sensitize donors to the need to develop a new water policy taking these needs into account.

It appears that the Lebanese government was interested in the CD as a means to get all parties and stakeholders in the country to talk constructively on an important subject affecting everyone. Now after the war this is both more important than ever but also more difficult than ever. The minister of water was one of two Hezbollah representatives in the cabinet<sup>10</sup>, while the Water Director is a Maronite Christian. The situation is very delicate but the MED Secretariat now has a contribution from the EC MEDA programme to fund the work to find a solution.

## 11. Moldova

The Commission in August 2006 received a request from the government of Moldova for a CD and in late September carried out an exploratory mission with participation of the OECD EAP Task Force and UN/ECE. The mission report states that the overall objective of the CD “is to contribute to and facilitate the implementation of IWRM principles and the principles of the EU WFD in Moldova with a link to financing issues relevant for the implementation of IWRM”. The Commission has given UN/ECE responsibility for facilitating the CD, while OECD will design the financing strategy. A Steering Group with civil society participation will guide the preparation of the CD. Closely linked to the CD there will be a multi-

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<sup>10</sup> All Hezbollah members of the government have since resigned.

stakeholder process involving civil society, the private sector, donors and other stakeholders, seeking collaboration with the GWP country partnership. A workplan for the first year of the CD will be prepared by UN/ECE and approved by the Steering Group. The CD will in the main be financed from TACIS funds made available to the EECCA WG, while the FWG is covering the costs of the financing strategy using a grant from DFID of GBP48,000. At the EECCA WG meeting in Bonn in November 2006 it was announced that the Czech Republic would lead the CD process in Moldova on behalf of the EU.

## 12. Egypt

Egypt is a member state of the African Union and also a member of AMCOW, and it was one of the ten pilot countries selected by AMCOW in 2004. However, from the EU perspective Egypt is not covered by the EDF, the principal funding instrument for African countries, but as a North African country part of the Barcelona process initiated in 1995 and hence covered by the MEDA funding mechanism, from 2007 to be replaced by the European Neighbourhood Policy Instrument (ENPI). In a letter to AMCOW in January 2005 the Commission therefore resolved that North African countries can be involved "in both African and Mediterranean components of the EUWI" but that "it is essential that North Africa be involved in the Mediterranean component of the Initiative in order to be able to access related funding". This has meant that Egypt from then on was covered by the EUWI MED component, and that the CD would be lead by Greece on the EU side.

In February 2006 the Egyptian Ministry of Water Resources & Irrigation submitted a request to the EUWI MED Secretariat for a CD process to be initiated. Following preliminary contacts comprehensive ToR for a country dialogue in Egypt were drafted in October and the dialogue was launched on 22 November in the presence of high level representatives from five ministries. The OECD will assume responsibility for the financing strategy that will be an important part of the dialogue.

It was evident at the MED WG meeting in Athens in November 2006 that the Egyptian government attaches considerable importance to the CD. It wishes the dialogue to support preparation of a master plan for provision of WSS basic services to the entire population, such a plan does not yet exist. The financing strategy will be an essential feature of that plan. The work will proceed in parallel, Egyptian experts will work on the master plan while OECD is designing the financing strategy using its FEASIBLE model. The Egyptian government also sees the dialogue as a catalyst to improve the cooperation between the ministries concerned with water. The EC delegation in Cairo welcomes the dialogue because it provides an ongoing €80 million budget support for water and participates in a large programme for development of WSS supported by several donors. Prospects for the CD in Egypt therefore appear promising.

The process in Egypt is said to require about 16 months, but that is a very approximate timeframe. A Steering Group will be created with involvement of Egyptian government institutions, stakeholders and donors which will meet 4-5 times during the process. The cost is estimated at €300,000 to be covered by the EC contribution to the MED WG.

## 13. Armenia

The CD process in Armenia was initiated in December 2006 at the request of the government. A first mission was led by DG/Environment with participation by UNECE and OECD, but no information on its result has yet been made available.

## Assessment

It is evident from the above summaries that the CDs have evolved in many different ways, and that it is difficult to rate the outcomes. Nevertheless, an attempt is made in the table below which shows outcomes in five different categories in descending order:

Outcome to date	Countries
1. Reached objective of generating more ODA for WSS in line with J-burg Declaration (its last paragraph stating the readiness of EU to increase support for WSS in response to better sector planning)	None
2. Successful and seems likely to achieve the above objective	Ethiopia
3. Ongoing or about to start, promising so far but premature to predict outcome	CAR, Congo/B., Egypt, Moldova, Lebanon, Armenia
4. CD concluded with some useful results but little apparent impact on the above objective	Zambia, Mozambique, Ghana, Cape Verde
5. CD never initiated	Rwanda, Mauritania

Several qualifications must be made. For example, the CD in Lebanon started out in a very promising way with high level government interest but was overtaken by the war and the outcome is today impossible to predict. The processes were much more comprehensive in Ghana and in Cape Verde than they were in Zambia and Mozambique but in all these cases concluded in an orderly fashion. CDs in Rwanda and Mauritania were never initiated but for very different reasons, in Rwanda because the government saw no need and in Mauritania because of the refusal of the AFD to get involved despite apparent interest of the government.

Several comments can be made based on this analysis and the foregoing summaries of how the different CDs have evolved:

1. A seemingly modest success rate. To date, over four years after the launch of the EUWI, the objective of generating additional ODA for the WSS sector has not been attained anywhere and appears, on available evidence, likely to be reached only in one country (Ethiopia). In two of the pilot countries there was no activity at all, in another four the CDs have been completed with little apparent impact, at least to date, on the objective. This rate of success must, at first sight, be termed modest.
2. But also necessarily slow and sensitive processes. Examination of how the different processes have evolved shows that they are slow virtually out of necessity with multiple parties involved, all with de facto veto power over progress. A few key individuals can have a decisive influence and the outcomes are sensitive to the stance adopted by them: for example, there is no doubt that some individuals were instrumental for the successful outcome in Ethiopia (the director of international relations in the Ministry of Water Resources and the Italian cooperation mission director) and for the negative outcome in Mozambique (the Dutch mission director).

To get a CD off the ground a variety of decisions are required from partners and MS alike, and this takes time. For example, the CD in the CAR was initiated with the exploratory mission by the Commission in June 2005, planned from March of that year, and its first

phase may be concluded by a multi-stakeholder meeting during the first half of 2007, about two years later. During this period there have not been inordinate delays in any of the necessary steps (contracting consultants, obtaining all requisite agreements, allowing the consultants to mobilise, planning and executing field trips etc), and the CAR is not a fast moving country. It may be concluded that the CD is a slow moving instrument sensitive to a number of obstacles along the way, but that the time required in several of the pilot countries have not been excessive, given all the steps required.

It has been alleged that the CDs are too slow and cumbersome, but that is, arguably, putting the issue in the wrong light. If the CD is the principal instrument of the EUWI, then it will necessarily be a time consuming instrument to work with. At issue is whether the parties involved have the requisite patience.

**3. Possible intangible indirect outcomes.** Because of the time required, it is still early to draw conclusions from several of these processes. Some are likely to yield benefits only in the long term and perhaps in unexpected ways. For example, through their emphasis on broad multi-stakeholder involvement the CDs have in several countries been viewed very positively by NGOs and may, in some cases, have meant a breakthrough for their possibilities to participate in policy dialogue with the government. The impact of more active civil society involvement in the water sector is difficult to predict. There may also be donors who indirectly pick up details from the status reports prepared for the CDs and use them in support of new funding initiatives.

A review of the status reports prepared for the pilot countries reveal several common denominators, such as the need for better monitoring of sector performance, an enhanced role for the private sector, better management of urban utilities, and new financing strategies. Some of these may be picked up for regional initiatives.

**4. Clear need for better financing strategies.** As said, one of these common issues relates to the need to prepare realistic financing strategies to reconcile ambitious basic services access plans with financial realities. Work on such strategies has in some cases proceeded beyond the CDs, in others from the outset been seen as an important component of the CD, examples include Mozambique, Ghana, Ethiopia and Egypt. In Rwanda there was no need for a CD but for a financing strategy. The FWG is attending to this need in some of the pilot countries and could support similar work in others, a concrete albeit indirect outcome of the CDs.

**5. On the whole strong demand from partners.** In the internal EU discussions it has been alleged that the EU was imposing the CDs on partner countries without much active demand from them. The new EUWI strategy for Africa therefore states that “Country Dialogues should be based on the explicit demand of a partner country”. It is true that some of the countries in the sample selected by AMCOW in 2004 were not suited for the CDs, since they already had an adequate policy framework and a mechanism for donor coordination, and that they therefore became disinterested in the CDs, Rwanda and Ghana being examples. However, this can be attributed more to the lack of a clear understanding at the time within AMCOW (and within the EU) of the purpose of the CDs rather than to a general lack of demand.

With a few exceptions the majority of the CDs have been launched at the explicit request of partners. Some perceive them as a catalyst to bring together competing interests within their own civil service, a perfectly legitimate objective. Others see them as a means to bring about

improved donor coordination as well as an improved policy framework in the hope that this will lead to increased aid flows, fully in line with objective of the Johannesburg Declaration. Others again seem to feel that they have potentially a lot to gain and little to lose from engaging in a CD. On the whole, demand for the CDs from partner countries has been present.

That demand is obviously influenced by the position adopted by the local aid mission of the MS expected to take the lead. Mistakes were made in the first CDs not to anchor the initiative carefully with the local mission, one obvious example being Mozambique, another is Ethiopia (in the early stage of the process).

6. But disinterest from many MS. A factor much more constraining the progress and outcomes of the CDs than the alleged lack of demand from partners has been the disinterest of the MS, at country level and in some cases also at headquarters level. There are notable exceptions, the Italian mission in Addis Ababa has already been cited, the EC delegations in Bangui and Brazzaville have been very helpful. But more common has been a posture closely aligned with the statement of the consultant in Zambia about what he called the “minimalist” approach to the EUWI and the CD: just because a WSS policy is in place as well as a donor coordination mechanism it is said that there is little further that the EUWI can do. One explanation may be a reluctance to take on another work assignment, another perhaps an unwillingness to accept initiatives perceived to emanate from the centre. The scepticism of some of the MS has been particularly evident. Their attitude seems to be that “we are already as big in the sector as we can be and we talk to others all the time, so what is the point?”