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Item 4 (g) of the provisional agenda

**Review of past activities and discussion of future activities in
the different areas of work: European Union Water Initiative
and National Policy Dialogues**

Report on the Implementation of the National Policy Dialogues

**Prepared by the secretariat and the Organization for Economic
Cooperation and Development**

Summary

At its sixth session (Rome, 28–30 November 2012), the Meeting of the Parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) agreed to continue with the National Policy Dialogue (NPD) process on integrated water resources management (IWRM) (ECE/MP.WAT/37, para. 57 (d)), and designated the Working Group on Integrated Water Resources Management to oversee activities on the NPD in the programme of work for the Convention for 2013–2015 (see ECE/MP.WAT/37/Add.1, programme area 2).

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

The Meeting of the Parties may wish:

(a) To reconfirm the important role of NPDs in fostering the implementation and application of the Convention and its Protocol on Water and Health, progressive



approximation to European Union legislation and the enhancement of transboundary cooperation;

(b) To acknowledge the strong commitment to and ownership of the NPD process among countries in Eastern Europe, the Caucasus and Central Asia;

(c) To thank Romania and the European Commission for their leadership and support to this area of work, as well as other partner countries and organizations for their support to the NPD process;

(d) To agree to continue with the policy dialogue process on IWRM, and to include relevant activities in the programme of work for 2016–2018;

(e) To welcome the initiation of negotiations by the European Commission for continued financing for the implementation of the NPDs programme in 2016–2019, and to invite Parties to the Convention to consider providing additional funding for the activities, including in-kind contributions by experts or other kinds of arrangements for assistance, stressing the high cost-efficiency of the NPDs;

(f) To confirm the mandate of the Convention secretariat as the strategic partner on integrated water resources management of the EUWI process in countries in Eastern Europe, the Caucasus and Central Asia.

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I. Background and main achievements of National Policy Dialogues

A. Background

1. National Policy Dialogues (NPDs) on Integrated Water Resources Management (IWRM) and Water Supply and Sanitation (WSS) are the main operational instrument of the European Union (EU) Water Initiative Component for Eastern Europe, the Caucasus and Central Asia. The EU Water Initiative (EUWI), including its Component for countries in Eastern Europe, the Caucasus and Central Asia, was launched at the World Summit on Sustainable Development in Johannesburg in 2002 and contributes to the implementation of the Millennium Development Goals (MDGs). The United Nations Economic Commission for Europe (ECE) is the strategic partner for support to the policy dialogue processes on IWRM, under the umbrella of the ECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention), whereas the Organization for Economic Cooperation and Development (OECD) is the strategic partner for WSS and financial aspects of water resource management. The EUWI component for Eastern Europe, the Caucasus and Central Asia is presently chaired by Romania.

2. In 2006, NPDs on IWRM started in Armenia, the Republic of Moldova and Ukraine. In 2008, an NPD on IWRM started in Kyrgyzstan. In 2010 and 2011, policy dialogues on IWRM were initiated in Azerbaijan, Georgia, Tajikistan and Turkmenistan. In 2013 an NPD on IWRM was launched in Kazakhstan. Thus, NPDs on IWRM are presently implemented by ECE in nine countries.

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

4. The NPDs on IWRM provide practical assistance to strengthen IWRM implementation in the countries of Eastern Europe, the Caucasus and Central Asia. An important outcome of the NPDs are so-called “policy packages”, such as legislative acts, strategies, ministerial orders and plans of implementation. In the selection of policy packages to support (upon the request of the participating country), given its competence and comparative advantage, ECE focuses on the implementation of ECE instruments, such as the Protocol on Water and Health, and on transboundary issues, including the application of different guidelines developed by ECE (monitoring and assessment, flood management, climate change, etc.). In addition, the implementation of the relevant EU strategies and legislation, such as the EU-Central Asia Environment and Water Cooperation Platform, the EU Water Framework Directive (WFD),¹ etc., is an important framework for action. The amount of resources available largely dictates the ambition of the policy packages developed. Although in different countries the NPDs follow the same methodology, the NPDs on IWRM processes in each country are unique as far as approaches for introducing IWRM principles, the substantive agendas of the dialogues and the dynamics of the process are concerned. Implementation depends on the objectives for water management in each country, the legislative and institutional framework and the political and socioeconomic situation.

¹ Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy.

5. The NPDs on WSS provide practical assistance to countries in Eastern Europe, the Caucasus and Central Asia in achieving the water-related MDGs through improving the legal, institutional and regulatory framework for WSS and overall sector governance, in line with international best practices and OECD expertise. Although several countries attract donors to finance the rebuilding or extension of water supply networks and wastewater treatment plants, it is not clear how water utilities will ensure proper operation and maintenance of existing and new infrastructures, as capacities and financial resources are scarce. In that context, NPDs on WSS present Governments with a menu of options to make the best of available resources and to attract additional public or private funds. Depending on the demand from the country, work focuses on: (a) adapting the WSS sector to climate change; (b) sustainable e-business models for WSS and a supportive institutional and regulatory framework, an issue that is particularly relevant in rural areas; (c) a realistic financial strategy, which combines water tariffs and accompanying measures to mitigate social consequences, along with financially feasible investment plans; and (d) effective domestic financial support mechanisms in the water and sanitation sector. NPDs on WSS rely on pilot projects, international best practices, reviews and/or modelling. Robust analyses feed into a policy process, where stakeholders meet and exchange views. Outcomes include financing strategies and investment plans, road maps to reform water systems, reforms of tariff policies and accompanying social measures.

6. In those countries where the NPDs cover both IWRM and WSS and/or the economic and financial dimension of water resource management, the NPD process is implemented by ECE and OECD in a coordinated way. In some countries, one of the partners takes the lead with the other partner providing inputs on selected issues. In the Russian Federation, OECD is paving the way. In Turkmenistan, the dialogue is currently implemented by ECE only.

7. Policy dialogues are based at national level on consultations with relevant ministries, agencies and institutions (including science and academia), regional and national non-governmental organizations (NGOs), parliamentary bodies and other national and international organizations. The dialogue process is usually conducted under the leadership of a high-level Government representative such as the minister/deputy minister of environment or the chair of the State water committee. In respective countries, national Steering Committees are established to guide and steer the NPD process. They include representatives of relevant ministries, agencies and institutions, as well as NGOs.

8. The Steering Committees meet at least on an annual basis at the national level. They discuss key national water policy issues and adopt decisions on NPD activities. International and donor organizations, such as the Asian Development Bank (ADB), the EU, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Food and Agriculture Organization of the United Nations (FAO), the Organization for Security and Cooperation in Europe (OSCE), the United Nations Development Programme (UNDP), the World Bank and the World Health Organization (WHO), as well as bilateral donors, are invited to the policy dialogue meetings.

B. Main achievements in 2013–2015

9. To assist in the implementation of IWRM principles, support has been provided for drafting new legislation and policy packages through the NPDs. In Turkmenistan, a new water code was drafted and in Georgia, a new water law and a set of by-laws were developed. In Azerbaijan assistance was provided for the development of a national water sector strategy; in Tajikistan, support was given for the elaboration of a water sector reforms programme. Since irrigated agriculture is by far the largest water user in Central

Asia, two studies on the application of the most suitable and economically feasible irrigation technologies have been commissioned in Kyrgyzstan. In Tajikistan, the irrigation sector development strategy has been initiated through the NPD process.

10. Analyses of the use of economic instruments for water management have been completed by OECD as part of the WSS component at the national level (in Armenia and Kyrgyzstan), at the subnational level (in the Lake Baikal Basin, Republic of Buryatiya, Russian Federation) and at the transboundary level (in Armenia, Azerbaijan and Georgia). In all countries the presentation of these findings resulted in commitments to pursue the reform. Analysis of sustainable business models for WSS in small towns and rural settlements in Kazakhstan was completed in 2014 and approved by the Kazakh authorities.

11. Strengthening of interlinkages with other programme areas of the Convention, such as the nexus work, and other ECE treaties have been a priority for the NPD process. In Armenia, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, Tajikistan and Turkmenistan the NPD process has promoted accession to and implementation of the Protocol on Water and Health. In Kazakhstan, Tajikistan and Turkmenistan, cooperation with the ECE Convention on the Transboundary Effects of Industrial Accidents (Industrial Accidents Convention) has started. The work on ECE the Environmental Performance Review Programme in Kazakhstan was integrated into national an NPD project on water sector management, funded by the EU Delegation to Kazakhstan in 2015–2018.

12. The regularity of the NPD process and its stable institutional frameworks have been key to its success. The political leadership provided by the EU and by the Chair of the EUWI component, and cooperation with OECD as strategic partner for water supply and sanitation, has enabled solid policy advice for necessary water sector reforms and contributed to the achievement of the water-related Millennium Development Goals in the subregion. Three EUWI Working Group meetings were organized for key stakeholders from NPD beneficiary countries to steer the NPD process. In all eight target countries, multi-stakeholder Steering Committees meet regularly to provide guidance and oversight to NPD processes at the national level; 26 such high-level meetings were held in the intersessional period. Two policy dialogue meetings were organized in the Russian region of Buryatia where the model of the NPD process is being piloted at the sub-national level. The latest Steering Committee was established in Kazakhstan in 2013 as the NPD process got started there.

13. In addition to their original function of supporting the development of policies on IWRM and WSS, in several countries the NPDs and their Steering Committees have become national coordination mechanisms for water-related projects carried out under the auspices of international organizations (e.g., ECE, the European Commission, OECD, UNDP and the World Bank) and donor countries (e.g., Finland, Norway and Switzerland). This contributes to a more coherent actions and efficient use of available funds.

14. Three key publications have been released jointly with OECD, *The European Union Water Initiative National Policy Dialogues: Achievements and lessons learned* (ECE/MP.WAT/38)² in 2013, *Integrated Water Resources Management in Eastern Europe, the Caucasus and Central Asia: European Union Water Initiative National Policy Dialogues progress report 2013* (ECE/MP.WAT/44)³ and *Water Policy Reforms in Eastern Europe, the Caucasus and Central Asia*⁴ in 2014. In addition, three issues of the “Update

² Available from www.unece.org/env/water/publications/euwi_npd.html.

³ Available from <http://www.unece.org/index.php?id=35306>.

⁴ ECE, EU, OECD, 2014. See www.unece.org/env/water/publications/euwi_ecca_brochure_2006-2014.html.

on National Policy Dialogues” newsletter published in English and Russian since the sixth session of the Meeting of the Parties to the Water Convention in 2012.

II. Implementation of the National Policy Dialogues in 2013–2015

15. NPDs are held at the national level. Priorities of the process are thus agreed with the respective national authorities and oversight is provided by the national Steering Committees. There are also annual meetings of the EUWI Working Group for Eastern Europe, the Caucasus and Central Asia, where experiences are shared and regional priorities are discussed for the coming years.

A. National activities

Armenia

16. The NPD was initiated in 2006 in Armenia. It facilitates implementation of IWRM principles in the national legislative and institutional frameworks. In 2010, ECE and OECD established a joint NPD on IWRM Steering Committee, which enables more synergies and better coordination of activities. Two Steering Committee meetings were held in 2014.

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

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

Azerbaijan

19. The first meeting of the Azerbaijani NPD Steering Committee was organized in October 2010. The NPD on IWRM focuses on the development of a Government strategy for the management of water resources (National Water Strategy). Over the past few years, experts from Azerbaijan have been engaged in regional work on dam safety. In summer 2015, work started on setting the national targets and target dates under the Protocol on Water and Health. The NPD on IWRM in Azerbaijan has been funded by the European Commission and OSCE. The Government of Finland contributed with expert support to the preparation of the National Water Strategy. During the third Steering Committee meeting, in February 2015, a process was agreed for the finalization of the National Water Strategy in close cooperation among several donors.

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

helps to assess mechanisms to share the costs and the benefits between the two riparian countries.

21. In 2013–2015, ECE conducted a pilot project to test the approach of the thematic assessment on the water-food-energy-ecosystems nexus in the transboundary Alazani/Ganykh River Basin, shared by Azerbaijan and Georgia. The NPD platform has been used to discuss the preliminary findings of an assessment report with relevant national stakeholders.

Belarus

22. In October 2014, during the OECD mission to Belarus, the Ministry of Economy expressed interest in starting an NPD. That interest was confirmed in a letter sent by Ministry of Economy to OECD in December 2014. Priorities and potential projects were discussed among the relevant Government agencies, OECD and ECE during a follow-up mission in March 2015. The first activity, related to developing a national strategy for WSS, will be launched in the first half of 2016.

Georgia

23. The NPD on IWRM started in Georgia in September 2010 with meetings of the ECE Water Convention secretariat, the Ministry of Environmental Protection and Natural Resources and other stakeholders. The Memorandum on NPD Implementation was signed by the Ministry of Environment Protection and Natural Resources and ECE in October 2011.

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

25. In 2013–2015 a new water law was developed under the NPD process. The ambitious new law introduces the river basin approach to water resources management, permitting and licensing for water use and discharge and clarifies the roles of the different State agencies involved in the management of water resources. In 2014–2015 six by-laws for implementation of the new law were drafted in cooperation with EU-funded project “Environmental Protection of International River Basins Project”. ECE is helping to develop two further by-laws in autumn 2015. It is expected that the new water law and the by-laws will be adopted by national parliament at the end of 2015. In 2014, the process of ratification of the Protocol on Water and Health was started in Georgia, but remains to be completed.

26. A policy brief on the results and lessons learned from the implementation of the NPD on IWRM in Georgia was published in December 2013, funded by Finland.⁵ The European Commission has also contributed to the NPD process in Georgia.

Kazakhstan

27. The NPD process in Kazakhstan addresses both IWRM and WSS issues. Preparatory missions for initiating the NPD in Kazakhstan were conducted in May and September 2012. The Steering Committee was established by the order of the Prime Minister of 10 April

⁵ *Results and lessons learnt from Georgian National Policy Dialogue on Integrated Water Resources Management under European Union Water Initiative* (Tbilisi, Ministry for Foreign Affairs of Finland, 2013). Available from <http://www.unece.org/env/water/npd/countrydialogues/ge..>

2013 and it has met for three sessions: in June 2013, April 2014 and May 2015. In December 2013, October 2014 and September 2015, expert working group meetings and a national seminar on WSS were held to discuss interim results of the ongoing work and the workplan for 2014–2015.

28. Following the prioritization of activities at the first Steering Committee meeting, ECE assisted Kazakhstan in analysing the benefits of accession to the Protocol on Water and Health. Based on the results of the analysis by a national expert group, a decision was taken at the second Steering Committee meeting in April 2014 to launch the ratification process of the Protocol on Water and Health. In autumn 2015, the process of setting national targets and target dates under the Protocol is starting, assisted by ECE and financed by the EU.

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

30. NPD activities have been supported by the European Commission through the Directorate-General for International Cooperation and Development in 2013–2015. Starting in autumn 2015, part of NPD activities are being financed by the EU Delegation to Kazakhstan as part of a four-year project for strengthening green economy in the field of water resources management.

Kyrgyzstan

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

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

33. An expert group to support the Chu River Basin Council was established and has starting developing the RBMP using a step-by-step approach. In 2013 it compiled a report with background data about the basin. By March 2014, the assessment of the strategically important water infrastructure in the basin was finalized. The first two meetings of the Chu River Basin Council took place in February 2013 and June 2014. At the March 2015 NPD Steering Committee meeting a study on the most suitable water-saving technologies for the Kyrgyz irrigation sector was presented. As a follow-up activity, specific recommendations on the use of efficient irrigation techniques are being prepared in autumn 2015, supported by ECE.

34. A working group on target setting in the context of the Protocol on Water and Health had several meetings in 2012–2013. The national targets were approved by the NPD Steering Committee in March 2013 and in June 2013 were formally adopted by the joint order of the Minister of Health and the Minister of Agriculture and Melioration of Kyrgyzstan. In autumn 2015, a project for implementation of national targets started, financed by Finland.

35. The work of OECD has concentrated on improving economic instruments for water resources management. A mid-term action plan for reforming key instruments was prepared based on the proposed reform options and scenarios. In June 2015, OECD launched a

project aimed at assisting Kyrgyzstan in introducing surface water abstraction charges, as well as in reforming the current approaches to estimating the monetary value of damage to surface water bodies caused by industrial activities. This project and the future OECD work will contribute to improving coherence between the water and agricultural policies in Kyrgyzstan.

36. A policy brief on the results and lessons learned from the implementation of the NPD in Kyrgyzstan during 2008–2013 was published with financing from Finland.⁶

37. In 2010–2015, the NPD in Kyrgyzstan has been supported by the European Commission and by the Government of Finland. The Danish Ministry of Foreign Affairs has provided an international expert who assists in the development of the policy package on the RBMP for the Chu River. The Government of Norway has provided support to the target-setting process. The work on economic instruments for water resource management is supported by the EU, Finland, Norway and Switzerland.

Republic of Moldova

38. The NPD on IWRM and WSS in the Republic of Moldova started in 2006. The NPD on IWRM is supported by the Swiss Agency for Development and Cooperation. In the period 2012–2015 the focus is on monitoring and implementation of the targets established under the Protocol on Water and Health. In autumn 2015, the national programme on implementing national targets, including the draft action plan and draft financial mobilization strategy, will be finalized. In October 2013, the Clearing House on the Protocol was established, which sets an outstanding example for the entire region. Experience of Clearing House has been shared by Moldovan experts also at NPD seminars in Kazakhstan (April 2014) and in Turkmenistan (October 2014). This work is done in close coordination with the NPD on WSS.

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

Russian Federation

40. In the Russian Federation a policy dialogue on WSS was launched in 2010, focusing on improving the legal, institutional and regulatory framework for private sector participation in WSS. An exploratory mission for resuming the policy dialogue in the Russian Federation was organized in May 2012. OECD commissioned a study on economic instruments for water resource management in the Russian Federation, which was published in October 2013. The work on improving the use of economic instruments at the sub-national level (in Lake Baikal Basin, the Republic of Buryatia) started in 2013. An interministerial coordination group was established by the government of Buryatia to guide the work. A policy package was developed, with support from OECD, on improving economic instruments for water resource management in the Republic of Buryatia, especially in the Lake Baikal Basin. OECD plans to organize a policy seminar at the national level in the second half of 2015 to communicate the results and recommendations of the project to the national authorities and mobilize political support for their

⁶ *National Policy Dialogue on Integrated Water Resources Management: Process and results for the period of 2008–2013* (Bishkek, Ministry for Foreign Affairs of Finland, 2013). Available from <http://www.unece.org/env/water/npd/countrydialogues/kg>.

implementation. These activities are supported by the EU Directorate-General for International Cooperation and Development and Germany.

Tajikistan

41. The NPD on IWRM in Tajikistan started in 2010, and eight NPD Steering Committee meetings have been held since then. The main focus was originally to support the development of the water sector reform strategy, including development of the legal and institutional frameworks based on IWRM principles. The legal working group worked in the second half of 2013 on proposing necessary legal changes to support the institutional reform. It finalized a detailed report in December 2013 on the necessary changes to the Water Code and other key legal acts for implementation of IWRM.⁷ By spring 2013, the first round of the water sector reform strategy was finalized and implementation started in late 2013 with a key institutional change: the separation of policymaking and operational functions in the water sector. The reform strategy was further elaborated in early 2015 and is expected to be adopted by the Government in autumn 2015. A separate strategy for the development of the irrigation sector is being drafted with assistance from ECE in 2015. Legislative work in Tajikistan under the NPD process has been funded by the European Commission.

42. National targets in context of the Protocol on Water and Health have also been drafted and implementation of selected targets will be funded by Finland in 2015–2017.

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

44. OECD has recently been asked to contribute to the ongoing NPD and the water sector reform strategy by strengthening financing of the water sector in Tajikistan through the development of a sound tariff policy. The Antimonopoly Agency of Tajikistan is in charge of setting tariffs for WSS and has the responsibility for economic regulation. It called on OECD to strengthen its capacity in several areas. In response, OECD organized a technical workshop on water pricing in Tajikistan, building on good practice in the region and elsewhere.

Turkmenistan

45. In Turkmenistan, the NPD on IWRM kick-off meeting was held in December 2010, followed by the first Steering Committee meeting in April 2011. As part of the NPD, an interministerial expert group was established to review the national legislation in the light of the adoption of the standards of the ECE Water Convention, including the IWRM principles enshrined in it. This work culminated in the decision of the parliament of Turkmenistan on 4 August 2012 to accede to the Water Convention.

46. The NPD process has also been used to introduce other relevant ECE legal instruments. Capacity-building seminars for national stakeholders on the Protocol on Water and Health and the Industrial Accidents Convention were organized by ECE in October 2014 and April 2015.

⁷ See <http://www.unece.org/index.php?id=35028> (in Russian).

47. A report on the opportunities to introduce the river basin management approach in Turkmenistan was published in April 2013.⁸ Following the decisions of the Steering Committee at its second meeting in September 2012, the NPD interministerial expert group started work on a new national water code, which is now ready, and parliament is expected to adopt the new code in 2015. At its April 2015 meeting, the Steering Committee decided to initiate development of a national IWRM strategy.

48. In 2012–2015, the NPD on IWRM in Turkmenistan is being supported by the European Commission, the German Agency for International Cooperation (GIZ) and Norway.

Ukraine

49. In Ukraine, the dialogue process on IWRM started in late 2007. Two policy packages were developed within the NPD on IWRM, namely: (a) a draft concept on the adaptation of water policy in Ukraine to climate change, based on the ECE *Guidance on Water and Adaptation to Climate Change*;⁹ and (b) preparatory work for the projects on climate change impacts on water resources in the Dniester River Basin.¹⁰ These policy packages facilitated the development of a pilot project on reducing vulnerability to extreme floods and climate change in the Dniester Basin, implemented in 2010–2014 within the framework of the Environment and Security Initiative by ECE, OSCE and UNEP.

50. The NPD process in Ukraine has been on hold for few years because of the political instability in the country; however, preparatory missions by ECE have taken place in September 2014 and April 2015 to prepare for its resumption.

B. Regional activities

Plenary discussion at the Third Meeting of the Parties to the Protocol on Water and Health dedicated to the National Policy Dialogues

51. Activities in support of the Protocol on Water and Health implemented under the NPD process were presented at the third session of the Meeting of Parties to the Protocol (Oslo, 25–27 November 2013). A presentation was made by the Romanian delegation as the Chair of the NPD working group. NPDs are involved in the field of water and health by supporting the target-setting process and providing a platform for feedback and reporting at the national level through regular NPD Steering Committee meetings.

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

52. The annual meetings of the EUWI Working Group for Eastern Europe, the Caucasus and Central Asia provide an important platform for the exchange of experience between countries on the implementation of NPDs. In the intersessional period, three Working Group meetings have been organized. Around 50 representatives from the region and donor community have been attending the meetings to discuss results of the NPD work and agree upon future priorities.

⁸ See <http://www.unece.org/env/water/npd/countrydialogues/tm>.

⁹ United Nations publication, Sales No. 09.II.E.14. Available from www.unece.org/index.php?id=11658.

¹⁰ “Reducing vulnerability to extreme floods and climate change” and “Climate change and security in the Dniester River Basin”, see www2.unece.org/ehl/platfom/display/ClimateChange/Dniester.

Meetings of the Working Group on IWRM

53. At the annual meetings of the Working Group on IWRM in 2013, 2014 and 2015 in Geneva, the achievements and plans of the NPD process have been presented. These meetings have provided a good platform to communicate the results of NPD work to a wide audience as the Working Group on IWRM is attended also by delegates from beyond the Eastern Europe, the Caucasus and Central Asia subregion.

World Water Weeks

54. ECE and OECD presented the successes and challenges of the NPD work during EUWI Multi-Stakeholder Forums at World Water Week in Stockholm in 2013, 2014 and 2015. These meetings have provided an opportunity for stakeholders to be updated on recent developments within the EUWI in Eastern Europe, the Caucasus and Central Asia.

OECD Global Forum on Environment

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

EBRD water sector seminar for Central Asia

56. The NPD process and opportunities for cooperation were presented at an EBRD water sector seminar held in Bishkek on 3 July 2013. EBRD representatives already participate in most of the Steering Committee meetings, but better exchange of information on practical work, such as basin planning or studies on economic instruments, can be improved.

Conference on Water Resources Management in Central Asia

57. A regional conference on “Prospects for Water Resources Management in Central Asia: from Basin Approach to Regional Cooperation”, held on 27 and 28 May 2014 in Almaty, Kazakhstan, was attended by high-level delegations from all Central Asian countries and marked the completion of stage 2 of the GIZ regional project. The ECE secretariat presented the achievements and plans for NPDs in four Central Asian countries at the conference.

C. Communication activities

58. In January 2013 the publication, *The European Union Water Initiative National Policy Dialogues: Achievements and lessons learned* (ECE/MP.WAT/38)¹¹ was published. The publication reviews the work carried out in the framework of EUWI NDPs in the countries of Eastern Europe, the Caucasus and Central Asia and lists the main achievements country by country. The publication is available both in English and Russian and has been distributed to partner organizations, donors and stakeholders in the region.

59. A newsletter, “Update on National Policy Dialogues”, ensures dissemination of information on NPDs in countries of Eastern Europe, the Caucasus and Central Asia to

¹¹ Available from www.unece.org/env/water/publications/euwi_npd.html.

policymakers and stakeholders and serves to promote the EUWI, as well as share the experience accumulated in EUWI implementation in the region. Eight issues of the newsletter were published from 2011 to 2015, in English and Russian.

60. Leaflets on NPDs on IWRM were printed in English and Russian in November 2012.¹² Information has been regularly updated on the ECE¹³ and OECD¹⁴ websites. Websites give access to presentations made in the meetings, meeting reports, other relevant reports, newsletters and press releases. Both websites are extensively used in the countries of Eastern Europe, the Caucasus and Central Asia as a source of information on IWRM and WSS issues. Press releases covering the NPD Steering Committee meetings are regularly issued by ECE in the English and Russian languages to ensure the visibility of the EUWI NPDs.¹⁵

61. A benchmarking study on the implementation of IWRM principles in Eastern Europe, the Caucasus and Central Asia was published in 2014 jointly by ECE and OECD.¹⁶ The study, which provides an overview of the situation in 10 countries, is based on responses to a questionnaire provided by experts from the countries covered. A second benchmarking report is envisaged for the end of 2015.

62. A brochure, *The Reform of Water Policies in Eastern Europe, the Caucasus and Central Asia in 2006–2013* has been compiled by OECD and ECE to highlight the successes of the NPDs in the region. The brochure was published in May 2014 and updated in November 2014.¹⁷ It was complemented by overviews of several NPDs in the region (e.g., Kyrgyzstan)¹⁸ published in 2013–2015.

III. Lessons learned and plans for the future

A. Lessons learned

63. Implementation of EUWI in the countries of Eastern Europe, the Caucasus and Central Asia through NPDs on IWRM and WSS has made important contributions to the development of water sector reforms and the achievement of the water-related MDGs. The importance of the EUWI and the role of NPDs as powerful tools to promote reform of the water sector, the development of modern water strategies and legislation and intersectoral cooperation was acknowledged and welcomed at the Seventh Environment for Europe Ministerial Conference (Astana, Kazakhstan, 21–23 September 2011).¹⁹ With water prominently positioned in the post-2015 Sustainable Development Goals (SDGs), the NPD process is expected to contribute to implementation of SDGs through policies and projects in the WSS sector.

64. The political leadership by the European Commission and by the Chair of the EUWI component for the countries of Eastern Europe, the Caucasus and Central Asia is very important for the implementation of the NPDs. The participation of heads of EU

¹² Available from www.unece.org/env/water/npd/publications.

¹³ See www.unece.org/env/water/npd.

¹⁴ See www.oecd.org/env/outreach/npd-water-eecca.htm.

¹⁵ See www.unece.org/env/water/npd/news.

¹⁶ ECE/MP.WAT/44; available from www.unece.org/env/water/npd/publications.

¹⁷ See www.unece.org/env/water/publications/euwi_eecca_brochure_2006-2014.html.

¹⁸ See www.unece.org/env/water/npd/countrydialogues/kg.

¹⁹ See ECE/ASTANA.CONF/2011/2/Add.1, para. 4, and ECE/ASTANA.CONF/2011/2/Add.2, paras. 25 and 63, both available from www.unece.org/env/efe/Astana/documents.html#.

Delegations to respective countries and of the EU Special Representative for Central Asia in the Steering Committee meetings has ensured and demonstrated such political leadership. Close coordination of NPD activities with EU Delegations and embassies of EU member States in the countries, as well as coordination of NPD activities with other EU activities (e.g., under the European Neighbourhood Policy, the EU Central Asia Strategy and the EU Water Diplomacy Initiative), should be maintained.

65. The experience in implementing the NPDs demonstrated that the dialogues respond to countries' needs and are much requested: countries in which the NPDs were supposed to end requested their continuation; countries which were not initially interested asked to start NPDs (e.g., Kazakhstan in 2012 and Belarus in 2014). Donors and international organizations are also interested in NPDs as, in many instances, NPDs provide a platform to share expertise and coordinate initiatives.

66. The topics of the NPDs evolve over time, reflecting the developing needs of the respective countries. NPDs need to thoroughly take into account and align with the relevant reform processes at different levels. Support for the dialogues needs to be flexible enough to accommodate new demands. The NPDs should focus on policy issues rather than on technical ones. They should be designed as national platforms where representatives of all relevant sectors and key stakeholders meet and discuss water policy.

67. The political instabilities and/or a high "turnover" of senior staff in partner ministries in some target countries are major concerns. Supporting and, when needed (in case of changes in governments), re-establishing an NPD are long and resource-consuming processes. Flexibility in the planning is necessary to ensure the most efficient use of resources and processes in the respective countries. Liaising with a wide array of policymakers in each country and engaging EU Delegations in the countries of Eastern Europe, the Caucasus and Central Asia are proven ways to mitigate the consequences of political instability in the region.

68. Leadership and the commitment of national actors are important for the successful implementation of the NPDs. The involvement of representatives of parliamentary and governmental bodies is crucial for the discussion and adoption of the new policy packages. NGOs are important drivers for policy reform discussions and should be actively involved in the dialogue processes.

69. Good coordination with development partners often helps to ensure the sustainability of the results of NPDs in the medium term: e.g., in several instances, the European Commission and bilateral donors followed up on specific priority actions and technical assistance needs identified in the policy dialogue process on WSS. Cooperation with other international organizations active in the subregion of Eastern Europe, the Caucasus and Central Asia is also important to ensure that reforms in the water sector are developed and effectively implemented.

70. The NPDs on IWRM are successfully building on multiple ECE activities, including: (a) activities under the ECE environmental conventions, in particular the Water Convention; (b) the ECE Environmental Performance Reviews programme; and (c) ECE projects and activities on the ground, such as those implemented by the Regional Adviser on the Environment. For example, close coordination with activities of other programme areas under the Water Convention have given valuable results for the NPDs. Such coordination will be strengthened, especially with activities on the water-food-energy-ecosystems nexus and within the framework of the Protocol on Water and Health. Direct contacts and the regular cooperation of ECE in different United Nations forums with the Governments of the countries in Eastern Europe, the Caucasus and Central Asia help to achieve the political commitment of these Governments to NPD implementation and ensure their long-term sustainability.

71. NPDs are policy processes, which evolve over time. They are typically set for several years and require a medium- to long-term perspective. It is important that financial support reflects this dimension. The contribution of the European Commission is critical, as it is one of the very rare contributors whose assistance has spanned several years, thus supporting the financial stability of the programme. Funding by various donors since 2006 has helped to launch and develop the NPD processes in 10 countries. The current level of funding enables the maintenance of the political process, i.e., organizing regular meetings and exchange between relevant stakeholders on water policy reform issues. To assist countries in their legislative and capacity-building activities for practical implementation of IWRM, increased funding would be necessary.

B. Plans for the future

72. The NPD programme has been providing policy guidance to the countries of Eastern Europe, the Caucasus and Central Asia on improving water management through its work on the institutional, economic and financial responses to the water challenge. There is clear demand from the respective Governments, expressed at the 2014 and 2015 meetings of the EUWI Working Group for Eastern Europe, the Caucasus and Central Asia, to continue NPD activities in the three main areas: (a) the water-food-energy-ecosystems nexus; (b) the role of water in supporting the transition to green economy; and (c) transboundary cooperation.

73. In the field of water-food-energy-ecosystems nexus, NPDs can continue its support to the proposed programme area 3 of the Water Convention for 2016–2018 (the water-food-energy-ecosystems nexus in transboundary basins). The scope of NPDs will be further developed so as to ensure coordination of water policies with other policies, foremost with energy, food and social policies. The work under the nexus approach requires, inter alia, an assessment of subsidies that impact the water sector (water quality, availability and use; financial sustainability of water systems and affordability of water services, etc.); development and sustainable operation and financing of multipurpose water infrastructures; and adequate governance processes at different levels.

74. It is foreseen that OECD will take lead in NPD activities related to managing water for inclusive green growth in the subregion of Eastern Europe, the Caucasus and Central Asia. Work on green growth means fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which human well-being relies. Green growth also needs to be inclusive in order to reverse the trend of growing income disparities in the region. Green-growth policies in the water sector need to encourage water-related innovation and investment in green infrastructures that will underpin sustained growth and give rise to new economic opportunities. They also need to be integrated with policies in sectors that have an impact on water availability, quality and use — especially agriculture, energy, and land use. Sustainable financing, effective governance and policy coherence are key for this.

75. Transboundary cooperation is foreseen as a third pillar in NPD work for the coming years. So far, the NPD process has promoted policy reforms mostly at the national level. It has contributed to a regional approach, providing a platform where countries meet and share experience related to water management. In 2016–2018, greater prominence will be given to transboundary water diplomacy and regional cooperation. Work to support cooperation on key transboundary river basins will be deepened and extended. This includes water allocations between countries, assessment of the economic benefits of cooperative action, water quality monitoring and the exchange of data.

76. Exchange of experience between policymakers from different countries of Eastern Europe, the Caucasus and Central Asia will receive increased attention in designing future

activities within NPDs. Equally important is sharing the experience gathered with the NPD process with other components of the EUWI, such as with the Mediterranean component.

77. There is need to further diversify the work of the NPD programme in different areas of Eastern Europe, the Caucasus and Central Asia. For countries in Eastern Europe and the Caucasus, transboundary cooperation, implementation of IWRM principles and legislative work will be the priority. Among these countries, for the four countries that have signed Association Agreements with the EU in 2014, the NPD process is expected to play role in aligning their national water legislation with the relevant EU legislation. In Central Asia, introduction of IWRM principles, strengthening of the transboundary and regional exchange and cooperation are to remain the focus. Cooperation in the framework of relevant international frameworks such as Water Convention and the Protocol on Water and Health will remain part of the NPD workplan for all the countries of Eastern Europe, the Caucasus and Central Asia.

78. Joint implementation of NPD activities by ECE and OECD will continue, as the fields of competence of the two organizations complement each other and allows for valuable policy advice across a broad policy spectrum to be made available to Governments in the region. At ECE it is foreseen that additional staff resources will be made available for 2016–2019 to support the NPD activities.

Annex

Funding of the National Policy Dialogues

1. In 2010–2015, the NPDs on IWRM and WSS were financed by the European Commission, bilateral donors and international organizations.
2. Several Governments provide support to NPDs on IWRM implemented by ECE. In 2012–2013, the Government of Finland supported the continuation of the NPD in Kyrgyzstan and the development of the NPD in Georgia. In 2015, Finland started its three-year support to NPD activities in Kyrgyzstan and Tajikistan. The Government of Norway is supporting NPD on IWRM activities in Turkmenistan with an ongoing grant until 2017. The Danish Ministry of Foreign Affairs, through the Danish International Development Agency, provided expert support for NPDs on IWRM in Tajikistan and Kyrgyzstan for 2011–2013. The Government of Germany, through GIZ, provided additional funds for meetings in Kyrgyzstan, Tajikistan and Turkmenistan in 2013. The Government of Switzerland, through Helvetas, provided funds for a Steering Committee meeting in Tajikistan in 2014.
3. For the ongoing period, with regard to the NPDs on WSS and the economic and financial dimensions of IWRM, the Government of Norway supports work on the use of economic instruments for water resources management in Kazakhstan, Kyrgyzstan and/or Tajikistan. The Government of Switzerland supports work on water resources management in Kazakhstan, Kyrgyzstan and/or Azerbaijan, as well as the work on WSS in Kazakhstan. Germany renewed its support to water-related work in the context of the EAP Task Force.

NPD funding in 2012–2015

(in euros)

<i>Funding Government or agency</i>	<i>Joint OECD-ECE</i>	<i>ECE</i>	<i>OECD</i>
EU (DG DEVCO)	3 200 000	—	—
EU (Delegation in Kazakhstan)	—	115 000 ^a	—
Government of Denmark	—	40 000	—
Government of Finland	—	120 000	—
Government of Germany (BMU)	—	—	200 000
Government of Germany (GIZ)	—	30 000	—
Government of Norway	—	210 000 ^b	390 000 ^c
Government of Switzerland	—	10 000	60 000 ^c
ECE	—	200 000 ^d	—
OECD	—	—	N/A
Total estimated	3 200 000	725 000	650 000

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

^a Estimate for 2015.

^b Funds for 2013–2015.

^c Equivalent to the share of a larger grant allocated to water projects in the countries of Eastern Europe, the Caucasus and Central Asia.

^d Estimated for 2013–2015, including input by ECE regular budget staff.

4. Following the application by ECE and OECD, the European Commission Directorate-General for International Cooperation and Development — EuropeAid provided funding for the second phase of the NPDs in the period from February 2012 to January 2016 in the total amount of €3,202,854. These resources are provided for implementation of the NPDs on WSS and IWRM in 10 countries of Eastern Europe, the Caucasus and Central Asia: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan, Turkmenistan and Ukraine. Should Belarus and Uzbekistan signal their interest in implementing NPDs, a proportion of the funds should be used to launch and implement NPDs in these countries. The EU Delegation to Kazakhstan is financing a project on green economy, implemented jointly by ECE and UNDP, which supports certain NPD activities in Kazakhstan in 2015–2018. Discussions are ongoing with the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations and the Directorate-General for International Cooperation and Development, respectively, on the continuation of funding for EUWI NPDs in the Eastern Neighbourhood countries and in Central Asia beyond 2015. The Government of Finland is supporting both work streams — on IWRM and WSS — in Kyrgyzstan and in Tajikistan in 2015–2017.

Foreseen NPD funding in 2016–2019

(in euros)

<i>Funding Government or agency</i>	<i>Joint OECD-ECE</i>	<i>ECE</i>
EU (DG NEAR) ^a	7 000 000	—
EU (Delegation in Kazakhstan)	—	926 000 ^b
Government of Finland	—	280 000 ^c
Government of Norway	—	130 000 ^d
Total estimated	7 000 000	1 336 000

Abbreviations: DG NEAR = Directorate-General for Neighbourhood and Enlargement Negotiations.

^a The process of project finalization is ongoing.

^b Estimate for 2016–2018.

^c Estimate for 2016–2018.

^d Estimate for 2016–2017.

5. Foreseen contributions for 2016–2019 set the programme on a solid basis. As support from Directorate-General for Neighbourhood and Enlargement Negotiations of the European Commission is to be used for the NPD process only in Eastern Europe and the Caucasus, funding for the NPD process in Central Asia is still to be secured. Additional contributions from bilateral donors and other institutions are therefore needed, especially to ensure the success of ongoing projects and to respond to new requests from the Governments of the countries of Central Asia.