



2011 ANNUAL REPORT

Based on 2010/2011 data

Foreword

On behalf of the Hungarian Presidency of the Council of the EU in the first semester of 2011 I have the pleasure and privilege to introduce the Annual Report of the EU Water Initiative (EUWI) for 2010-2011.

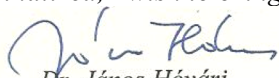
Given the ever increasing strategic and political importance of the sustainable use of freshwater resources at both European and global level, the Hungarian Presidency addressed the management and development of water resources as its priority theme during the presidency term. Sustainable water resources management has been a key priority for the Hungarian Presidency both as an environmental issue, as well as for development cooperation. On these grounds an issues paper was prepared on the specific role that water can play in inclusive growth and sustainable development for the EU's developing country partners. Mainstreaming of water into relevant policies and initiatives related to agriculture, energy, environment, health, education, peace and security, and gender can significantly contribute to poverty-reducing growth if done in parallel with water being moved higher on the development agenda. The provision of water and sanitation services is amongst the most efficient ways of addressing the objectives by EU development policy of reducing poverty and achieving the Millennium Development Goals and therefore water can no longer simply be regarded as a sector on its own.

Hungary believes that water should be at the heart of the future EU development policy, as a horizontal issue. This proposal received endorsement by Development Ministers at their meeting in May 2011 and will form a key component in development policy within the EU. The Council called for an updated and strengthened policy and implementation framework for sustainable water management in developing countries, recognizing the inter-linkages between water and other sectors of development policy and reinforcing the catalytic role of water in inclusive growth and for sustainable development. The Council conclusions stressed also the importance of a revitalized thematic strategy for the EUWI. Hungary remains hopeful of a fruitful follow up by the Polish and Danish Presidencies.

The EU has always placed considerable importance on access to water and sanitation as well as on the management of water resources in its development cooperation policy; the EU Water Initiative was established to be one vital element in making that goal operational. The strengthening of development policy in this area provides a major opportunity for the EUWI to more effectively serve its initial purpose and at the same time to move to a higher level with respect to the sustainable development and inclusive growth agenda as the 10-year anniversary of its launch in 2002 at the World Summit on Sustainable Development is approaching. A decision had already been made during 2010 to incorporate a significantly greater thematic element to the EUWI. This opportunity will be taken to link that process to the discussions on the future EU development policy and in this was to derive a New Strategic Framework for the Initiative to lead the way to and beyond reaching the Millennium Development Goals.

Through its different regional and thematic components the EUWI has operated in a truly multi-stakeholder manner and it will continue to work on that basis. We very much look forward to carry on the cooperation with partners across the spectrum in ensuring true integration of water and sanitation across the development agenda and in paving the way for an enhanced and strengthened role for the EU Water Initiative.

We await the new strategy with considerable anticipation and while preparations are being finalized, I wish to bring to your kind attention the Annual Report for 2010-2011.



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Abbreviations

ACP	Africa Caribbean Pacific
AMCOW	African Ministerial Council on Water
ANEW	African civil society network on water and sanitation
AWG	Africa Working Group
BMZ	German Federal Ministry for Economic Cooperation and Development
CODIA	Conference of Ibero-American Water Directors
Danida	Danish International Development Agency
DFID	Department for International Development (UK)
DWF	Danish Water Forum
EAP	Environmental Action Programme
EC	European Commission
EECCA	Eastern Europe Caucasus and Central Asia
ENRTP	Environment and Natural Resources Thematic Programme.
EU	European Union
EUWI	EU Water Initiative
FWG	Finance Working Group
GTZ	International Cooperation Agency (Germany)
GWP	Global Water Partnership
ICZM	Integrated coastal zone management
IWRM	Integrated water resources management
JRC	Joint Research Centre
MDG	Millennium Development Goals
MSF	Multi-Stakeholder Forum
MTEF	Medium Term Expenditure Framework
NPD	National Policy Dialogue
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
Sida	Swedish International Development Cooperation Agency
SIWI	Stockholm International Water Institute
SMB	Strategic Management Board
SWA/GF4A	Sanitation and Water for All, a Global Framework for Action
SWAp	Sector-wide approach
SWM	Strategy for Water in the Mediterranean
TAC	Technical Advisory Committee
TWRM	Transboundary water resources management
UfM	Union for the Mediterranean
UNDP	United Nations Development Programme
UNECE	United National Economic Commission for Europe
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational Scientific and Cultural Organisation
WB	World Bank
WB WSP	WB Water and Sanitation Programme
WFD	Water Framework Directive
WG	Working Group
WHO	World Health Organisation
WSS	Water supply and sanitation
WWW	World Water Week

I Highlights of 2010-2011

Since its creation in 2002 the EUWI has worked, in a catalytic role, to increase the political commitment to reach internationally agreed targets on water supply and sanitation and for better water resources management. The EUWI is based on a participatory multi-stakeholder approach and using strategic partnerships in specific regions the Initiative draws together government, civil society, private sector and other stakeholders to common ends.

Examples of EUWI results during the last year in relation to the overall objectives include:

I. Strengthening political commitment for an action and innovation-oriented partnership;

In Africa the Working Group (AWG) has continued to strengthen its ties with the African Ministerial Council on Water (AMCOW). A new strategic plan was adopted by the WG focusing on four main areas, including the strengthening of such partnerships, as with AMCOW, but including all stakeholders. Other elements are working towards improving aid effectiveness and efficiency; supporting implementation of declarations; and improving advocacy, knowledge sharing, dissemination and visibility – all of which contribute to the objective. A political briefing note was produced as an update for the ACP group of the EU Council on EU aid to water and sanitation in Africa.

In the EECCA (Eastern Europe, Caucasus and Central Asia) region National Policy Dialogues were started in five new countries so that the EUWI is now active in ten countries, in the region. All of the projects, which include National Policy Dialogues (NPD), have a strong emphasis on ownership and implementation. A number of key initiatives have been derived including policy briefs, a governmental order and regulation as well as action plans which will require follow up.

In the Mediterranean (MED) the EUWI provided technical and administrative support to the formal Water Expert Group for the elaboration of the Strategy for Water in the Mediterranean under the Union for the Mediterranean. This is the first such strategic policy document on water that was jointly prepared by officially appointed representatives from the Euro-Mediterranean countries with stakeholders' contribution.

In Latin America, the Conference of Ibero-American Water Directors (CODIA) has continued to strengthen its institutional and political link with the Ibero-American Forum of Ministers of Environment, and with the Ibero-American Summit of Heads of State and Government, which have endorsed the agreements and conclusions of the last CODIA meetings. Specific links were made to the global climate change agenda by presentation of a paper to UNFCCC COP 16 in Mexico.

The EUWI Finance Working Group (FWG) has worked even more closely with the regional WGs to raise awareness and increase understanding of financing issues, e.g. on strategic financial planning, financing for integrated water resources management (IWRM) and the benefits of water supply and sanitation (WSS). In particular it has strengthened its association with AMCOW during the reporting period.

II. Promoting better water governance, capacity building and awareness;

In Africa the WG has worked closely with AMCOW in improving awareness at a political level of the importance of water and sanitation to sustainable development. A new strategy on advocacy is being implemented.

The NPDs promoted by the EUWI EECCA component have made a strong impact in improving water governance in the region. In Azerbaijan the NPD has as its main focus the development of a government strategy for IWRM and also cooperation with Georgia and the preparation of a bilateral agreement on management of shared transboundary waters. In Georgia in addition the NPD will focus on the preparation of a National Water Law based on IWRM principles. In Tajikistan the main focus of the NPD is the development of a Water Sector Strategy based on IWRM principles. Transboundary water cooperation with neighbouring Kyrgyzstan, as well as Afghanistan (management of the Upper-Amu Darya Basin), is also being undertaken.

In Latin America, the work programme has a high capacity building element and 18 training courses were held; 391 professionals participated, (out of 1.216 applications received) most of them from Public Institutions, from 19 countries in the region. The FWG provided support to AMCOW and AfDB, in collaboration with the GWP as co-convenor of the theme '*Exploiting opportunities for financing water and sanitation*' at the 3rd Africa Water Week held in Addis Ababa in November 2010. The series of regional financing workshops continued with the 6th and 7th held in Central and Mediterranean regions organised by the FWG. The aim to bring together water practitioners with finance experts was successful. A training guide entitled: '*Financing water and sanitation: a primer for students and practitioners in developing countries*' was developed in 2010 and published in early 2011.

The Research component SPLASH findings have demonstrated that research managers' capacities to manage large, international research programs may be insufficient. Therefore a research management training course targeted at young researchers was developed.

III. Improving the efficiency and effectiveness of water management through multi- stakeholder dialogue and coordination;

All EUWI components consult widely with stakeholders and partners through active participation in numerous international water sector events and the importance of stakeholder participation comes across strongly in the lessons learnt by the Working Groups.

The EUWI EECCA projects are based on NPD and a major effort is dedicated to involving all major stakeholders, to increase efficiency of water policies and coordination with other areas (e.g. health, agriculture, finance).

The Research component SPLASH convened a workshop with the Niger Basin Authority in Niamey at the end of May 2010 to bring together researchers, policy makers and practitioners to coordinate and share experiences related to basin management.

In the MED Balkans, two local dialogue and capacity building workshops on aspects of IWRM planning at transboundary level were organized on public participation issues in support of the Sava River Basin management.

In Africa the EUWI, together with AMCOW has strengthened its collaboration with the African civil society network on water and sanitation, ANEW, bringing together hundreds of civil society's representatives to discuss critical water and sanitation issues.

The WG held a number of meetings in Africa, all with a high degree of multistakeholder involvement, the promotion of which has been identified as a priority for the Group.

In Latin America, CODIA meetings gather the Water Directors of the 22 Ibero-American countries, as well as representatives of local, national and international public and non-governmental organizations.

IV. Strengthening cooperation by promoting river-basin approaches in national and transboundary waters;

Much of the work in EECCA is geared towards promoting water resource management at a basin level. Many of the projects are designed specifically to provide for IWRM often in a transboundary context and leading to river basin management authorities and legislation.

In the MED the elaboration of a **joint integrated coastal zone management (ICZM)/ IWRM Plan** was launched for the transboundary river Buna/Bojana shared between Albania and Montenegro using an Integrative Methodological Framework specially elaborated for assisting in getting into place a new generation of joint ICZM/IWRM plans.

In Latin America the Ibero-American Water Programme has as a major priority the provision of training in IWRM throughout Latin America, at political, managerial and technical levels.

The FWG carried out case studies on financing IWRM in developing countries that complemented those organised by OECD. The first study, for South Africa, was very comprehensive and is a useful guide for others interested in such studies. A similar study in Kenya was not completed owing to political upheaval and sensitivities on information but it did indicate the need and difficulty of doing such work. The FWG prepared a report on transboundary issues of IWRM which highlighted the need for a more comprehensive study of this topic.

V. Identifying additional sources of funding and mechanisms to ensure sustainable financing.

Identifying additional sources of funding is a key component of all the Working Groups, as is maximising the management and effectiveness of existing sources. The Finance WG plays a key role in this mainly in respect of funding for programmes and projects and is now working closely across all the regional WGs. New work has commenced on the potential use of micro-finance initiatives and the role of the private sector in general. Specific projects have been undertaken in the MED region to look at private sector partnerships in several countries.

In the EECCA area it is clear that considerable additional funds have been obtained for all of the projects running there which is also the case in the Mediterranean.

While funding both globally and within the EU, has been increasing for the water sector in recent years it is still insufficient to meet the priority that should be afforded to the sector. Political will must be increased in order to generate increase in availability of funds for water and one of the main priorities of the Communications Strategy is to do just that. Additionally, the EUWI is in the process of deriving a new strategic framework around an expanded thematic basis and relating to the upcoming changes in EU Development policy following on from initiatives of the Hungarian Presidency on water. Thus interest in finance in the EUWI will, if anything, continue to increase.

Overarching issues 2010-2011

The results highlighted above show some considerable achievements during the course of the year, however the Coordination Group believed that another look was required at the functioning and effectiveness of the EUWI. The niche of the EUWI has been centred on increasing aid effectiveness within the overarching objectives of poverty reduction and sustainable development. Coordination and complementarity of policies and activities are the cornerstones of this approach, within international agreements such as the Paris Declaration and the Accra Agenda. The varying extent to which the latter happened added to a picture of regional and thematic fragmentation for the EUWI as a whole and of decreasing political relevance and impact - despite the EU community being one of the biggest donors in the water sector. This was one of the reasons to look at thematic approaches and to develop a funding proposal under the second thematic strategy (2011-2013) of the Environment and sustainable management of Natural Resources Thematic Programme (ENRTP), in order to introduce greater coherence. The application was successful and consultants appointed to undertake the work.

Meanwhile, in response to the 2010 Green Paper on '*EU Development Policy in Support of Inclusive Growth and Sustainable Development*', the Hungarian Presidency initiated actions in early 2011 to raise the profile of water within EU development policy. Based on consultations with EU Member States, the EC and key external actors, the Presidency stimulated a policy debate on how the EU can:

- Better integrate water and sanitation into future European development policy;
- Strengthen result-oriented implementation of existing and future EU development policy in the area of water resources management as a catalyst for pro-poor growth;
- Increase international recognition of the importance of water in sustainable development, in particular with regard to the Rio+20 Conference in 2012.

The Development Council agreed with this proposal to better integrate the role of water as a key element in inclusive growth and sustainable development, by drawing up a comprehensive policy framework on Water in EU Development Cooperation. That Policy Framework should reinforce the interlinks between water and the productive sectors building on the catalytic role of water management in economies and integrating sustainable water resources management into agricultural and energy programs supported by EU development assistance, and developing countries' Plan of Action.

That policy process will be accompanied by instruments and implementation mechanisms to overcome factors hindering efficient policy implementation. Actual implementation, increasing results and high-impact would build on the experiences from the EU Water Initiative and the Water Facility through a 2nd Generation Initiative focusing on 'Water for Growth and Development' linking dialogue with partner countries to coordination, policy making and implementation. The emergence of a new wider development paradigm and the recent and strong support to water by the EU Presidency, have created real possibilities for revision and strengthening the EUWI. Thus the original proposal on thematic approaches has been modified in the light of the above to be expanded into provision of a new strategic framework for the EUWI.

A situation analysis has been prepared together with a roadmap and there has been ongoing consultation with key players. The new strategy is intended to be formally presented at the World Water Forum in Marseille in March 2012.

2. Background

2.1 The EUWI Context

A third of the earth's population suffers from water-related ills, particularly lack of access to safe drinking water and poor or non-existent sanitation. Improving the situation calls for commitment and action at all levels of society from national governments to the grassroots. It requires coherent policies and coordinated and effective use of donor funds for WSS programmes. This is the challenge that the EUWI exists to address.

The EUWI was launched by the EU member states and the European Commission at the 2002 World Summit on Sustainable Development in Johannesburg, South Africa. Its purpose is to help mobilise an integrated approach to WRM with a view to attaining the Millennium Development Goals (MDG) for drinking water and sanitation.

The EUWI is primarily a **political initiative**, using a partnership approach, working with different actors - ranging from governments and regional organisations to civil society organizations and the water industry in both Europe and partner countries.

2.2 The EUWI Objectives

The EUWI has five specific objectives:

1. strengthening political commitment to action and innovation-oriented partnership;
2. promoting better water governance, capacity building and awareness;
3. improving the efficiency and effectiveness of water management through multi-stakeholder dialogue and coordination;
4. strengthening cooperation by promoting river-basin approaches in national and transboundary waters; and
5. identifying additional sources of funding and mechanisms to ensure sustainable financing.

2.3 The EUWI Organisation and Management

The EUWI operates through working groups and these have either a regional focus (Eastern Europe, Caucasus and Central Asia (EECCA), Africa, the Mediterranean and Latin America) or on cross-cutting thematic issues (Research and Finance).

The EUWI Coordination Group and the annual Multi-Stakeholder Forum (MSF) exist to ensure coherence of all EUWI activities. The EUWI Coordination Group meets twice a year to give feedback on results and plans and to promote exchange of experiences between the regional and thematic components. The annual MSF takes place during the World Water Week (WWW) in Stockholm each year. The European Commission provides the secretariat for the EUWI.

2.4 Evolution of the EUWI

Since its establishment in 2002 the EUWI has made a significant impact globally in the water sector. Some examples are that the EUWI has:

- promoted establishment of the EU-ACP Water Facility, with a total commitment of funds of 700m Euro so far;
- brought together the European Commission and member states' officials to coordinate actions on water and establish a regular contact group;
- assisted in starting a very successful dialogue on sanitation in Africa which contributed to declarations by the African Union in Sharm el Sheik in 2008;
- set up country level dialogues and assisted related regional processes to improve water governance in Africa, EECCA and MED regions;
- developed knowledge products, guides and informed policy processes related to financing issues and research;
- facilitated improved aid effectiveness by analysing EU and Member State (MS) aid contributions to water and helped establish the Global Annual Assessment for Sanitation and Water (GLAAS);
- is now reviewing its strategic approach and incorporating a higher thematic element to its work.

Over time the working groups have gradually adapted their work to their specific context and opportunities, so that:

- In the EECCA and MED regions, demand has mainly been for providing tools for tackling priority water governance issues and for exchanging knowledge and building related capacity. The main instrument has been national policy dialogues, resulting in better policies and financing strategies. The work has contributed to development of policy recommendations and strategic orientations on integrated water resources management including on water governance and climate change adaptation and water financing.
- The EUWI has evolved into a recognized multi-stakeholder platform for dialogue between Africa and the EU on policy and strategy, aid effectiveness and donor coordination. The membership of the AWG has grown to almost 100 active members, from different stakeholder groups. At the Africa-EU Summit end of 2010, the Africa-EU Partnership on water and sanitation was formally recognised as part of the Joint Africa-EU Strategy, in particular for its contributions to the Partnerships on MDG, Infrastructure and Climate Change.
- In Latin America the EUWI has collaborated with regional organisations to support training programmes. The 22 countries participating in CODIA have strengthened ties and have worked together through multilateral and bilateral projects to share common interests and discuss the deficiencies in water resources that exist in the region.
- To support improved coordination of research activities the EUWI/SPLASH has developed searchable online tools on European research programs and institutions. Guidance notes for research programmers have been developed and a research management course is currently being developed. In cooperation with key stakeholders SPLASH has also developed an agenda for future joint research activities within water for development. EUWI has also strongly contributed to strengthen water-related research in the EC programmes.
- Often good technical and policy ideas do not get translated into action due to the lack of focus on financing for water and sanitation. The FWG has supported the regional Working Groups to ensure financing issues are taken into account and given a higher priority. This started in 2004 with a review of aid contributions to water by the EC and Member States. The FWG has also developed knowledge

products on financing and built capacities in financing for water professionals in various regions.

3 EU Support to Water and Sanitation

Although the EUWI is not in itself a source of funding it seeks to increase funding and funding effectiveness to the water sector through its activities. Thus one of the measures of success is through the allocation of EU development funds to support water and sanitation, and water resources management.

In the report for 2009-2010 which covered up to 2008 results were presented which showed that European official development assistance (ODA) to the water **and** sanitation sector had almost tripled since 2002 when the EUWI was launched. The biggest increase being the support delivered through the creation of the EU-ACP Water Facility to which in total €700 million has been allocated.

However, the share of aid allocated to large water supply and sanitation systems decreased from 57% in 2002 to 36% in 2008, whilst the share that goes to basic systems has increased from 22% to 33%. This provides some indication that there has been an increased allocation to poor people, who will benefit most from such basic systems in peri-urban and, in particular, rural areas. The relative decrease in share to infrastructure compared to other activities is consistent with an increase in programme-based activities or sector budget support, including institutional support and capacity development activities.

Taking just the period 2006-2009, the total aid (in terms of official ODA commitments)¹ for the water sector has been steadily climbing to about 8.9bn USD/year. The proportion of the aid from EU MS and the EU institutions combined has been climbing to about 40% in this period. In terms of disbursements on average over the period 2006-2009, the EC disbursed about 450m USD/year with the EU MS accounting for an additional 1.7bn USD/year, out of a total ODA for water sector of about 5.6 bn USD/year. In terms of percentages the EU MS + EC combined account for an even bigger proportion, between 39% and 47% in this same period.

In general, commitments as compared to disbursements, vary more per year, have a more forward-looking meaning and - on average - exceed disbursements levels. For example, in 2009 the EC disbursements to water sector totalled 528m USD, with the EU MS disbursing 2.04bn USD, within total ODA disbursements of about USD 5.6bn. In the same year, the EC committed 528m USD (by coincidence the same level as disbursements!), with the EU MS committing 3.45bn USD, out of a total ODA committed of 8.9bn USD.

The figures show that drinking water and sanitation account for more than 80% of water ODA. This shows the relatively low level at which other water related activities such as IWRM are supported. Within the EU the EDF is the main instrument for disbursing EC aid to the water sector, with the ACP as the biggest recipient region.

¹ The distinction needs to be made between commitments (the related contract has been signed, the aid is planned to be spent) and disbursement (the contract is in execution and money has physically been transferred).

4 EUWI Results 2010-2011

The different EUWI components are in their own various ways continue to work towards the five objectives of the EUWI (described in chapter 2.2). Following on from the recommendations of the MSF that took place in August in 2009 a further series of roundtables conducted at the MSF in 2010 recommended that:

On climate change the EUWI should focus on:

- sharing experiences and best practises between different regions
- help to mainstream and integrate water in existing climate change funding and policy, and similarly integrate climate change within existing water related policies and processes
- proactively work to communicate the importance of water and climate to decision makers outside the water sector
- help increase access to adaptation funds for water financing

On transboundary water management it was suggested that the EUWI focus on:

- sharing experiences and best practises in the area of trust building among riparian states
- demonstrate the benefit of TWM and promote equitable sharing and poverty reduction

Furthermore the EUWI should:

- Establish an economic task force working to improve economic information and the economic value of water to help decision making
- Work to improve water governance through increased transparency and access to information by different stakeholders
- Strengthen its outreach to the political level, including for example Ministers of Finance and Parliamentarians

The working groups' response to these recommendations is described below.

4.1 EUWI Regional Components

4.1.1 Africa

Organisation of the component

The EUWI AWG is working to implement the Africa-EU Strategic Partnership on Water Affairs and Sanitation, which was launched in 2002. The purpose of the partnership is for African and European countries to work together to realize the water and sanitation MDG targets in sub-Saharan Africa.

The component is currently co-chaired by South Africa and the Netherlands. The Netherlands extended their co-chairmanship from 2010, since a new European co-chair had not yet been identified. The management of the component occurs through meetings of the Working Group and monthly teleconferences to which both EU member states and African partners are invited. During the first months of 2011, the AWG secretariat function was transferred from IRC in The Hague, to UNDP/Stockholm International Water Institute (SIWI) in Stockholm.

The component is lead by a troika of member states with the Netherlands chairing in 2010 and 2011, following on from Austria (2009) and the UK (2008). The work is supported by the European Commission, together with AMCOW-TAC. The AWG meetings are co-chaired by the Chairs of both AMCOW-TAC) and the Troika. The first meeting of the Friends of AMCOW held in Addis during AWW was co-chaired by the EUWI and through the Africa-EU axis, other global partners are connected such as the G8, the Development Banks, Sanitation and Water for All, a Global Framework for Action (SWA/GF4A) and the World Bank Water and Sanitation Programme (WB WSP). This helps to leverage the outcome of the EU-Africa policy dialogue and to raise effectiveness of agreed strategies and activities. The AWG has helped, and will continue, to play a leading in this global coordination and harmonisation process.

Context

In 2002 the EU and African states initiated the Strategic Partnership on Water Affairs and Sanitation by signing the Johannesburg Declaration. Commitments were made to achieve the MDG targets on water and sanitation and to develop water resources management plans for African countries. Since then the AWG has worked to implement this partnership.

As promised in Johannesburg, the EU has progressively increased its aid resources in the past years. African countries have also placed stronger priority for the water and sanitation sector, as manifested in the eThekweni Declaration (AfricaSan, the second African conference on sanitation and hygiene) and Sharm el Sheikh (water and sanitation) Declaration. Nonetheless, many African countries are still far from achieving the water and sanitation MDG targets. At current rates of progress, sub-Saharan Africa will not reach the water target until 2035 and the sanitation target in 2109. The undertakings made to ensure more effective aid and to work towards sector wide approaches and budget support mechanisms also leaves a great deal to be desired. Many African countries are also lagging behind on adopting an integrated approach to water resources management.

Africa and the development community still have much to do to translate these political commitments into outcomes. Financial allocations to the sector have increased in the last 6 years, but largely fall short of the requirements whilst weak institutions and a lack of capacity are limitations on the effective use of the available resources. Funds from development partners are not sufficiently targeted to the areas of greatest need and not always aligned with partner countries own plans.

Key results 2010-2011

The 2011 work plan was developed during the end of 2010 and a more detailed version was elaborated in the beginning of 2011. It is in line with the 2009-2013 strategy, and the main work areas are:

- 1) Support to implementation of declarations;
- 2) Aid effectiveness & efficiency in the WSS sector in Africa;
- 3) Strengthening partnerships and stakeholder involvement between EU Commission, EU Member States and African Partners;
- 4) Advocacy, knowledge sharing, dissemination and visibility. Through three dedicated AWG meetings and AWG newsletters (October 2010 and January 2011) members were informed and consulted on on-going and strategic matters.

The work of the Africa WG has also now been integrated into the Africa EU joint strategy.

Production and dissemination of study results

2010 was a year when the AWG produced a number of studies on the situation of aid and aid effectiveness regarding water and sanitation in Africa. *'Mapping EU support for sanitation in Africa'* highlights among other things the fact that "the majority of national planned expenditure on sanitation comes from external (donor) sources, with EU donors being substantial contributors". The Aid effectiveness briefing note and the report *'EU donors and aid effectiveness in the WASH sector'* looks into how the EU is doing when it comes to living up to its commitments of more effective aid and division of labour.

Another important document produced during 2010 was the Creditor Reporting System Guidance Note, aiming at improved reporting of aid by informing programme managers on the new water and sanitation reporting procedures for all OECD member states.

In 2011, a political briefing note, summarizing the results of previous studies was produced, serving as an update for the ACP group of the EU council on EU aid to water and sanitation in Africa. The messages from this note were also spread to all member states, in order to facilitate harmonization.

A strategy for disseminating the studies to a wider audience has been developed and will be implemented during the course of 2011. The target groups are politicians of the EU and its member states as well as African politicians and also professionals in relevant international organizations, such as the Global Water Partnership (GWP) and SWA/GF4A.

Successful meetings

Three AWG meetings were held during the latter half of 2010, all characterized by a multi-stakeholder group of participants. In Cape Town, South Africa, fruitful discussions were held on the alignment between the AMCOW and AWG work plans. During the World Water Week in Stockholm a second AWG meeting was held where participants engaged in group discussions on planning for IWRM and the recommendations from the GLAAS report. In the AWG meeting held in Addis Ababa, back-to-back with the African Water Week, progress reports on the production of various AWG studies were given. The hand-over procedure of the AWG secretariat from IRC, in The Hague, to UNDP/SIWI, in Stockholm was also discussed.

In addition to the regular AWG meetings in 2010, the AWG also organized – jointly with SWA/GF4A and the United Nations Secretary General's Advisory Board on Water and Sanitation (UNSGAB) – two side events on the subject of aid effectiveness; one during Africa Water Week and the other during World Water Week. A large number of people attended these sessions. The different presentations, which included case studies from Ghana and Liberia, and the related discussions, generated important input for an AWG Briefing Note on this subject, which was finalized in the beginning of 2011. Furthermore, a joint meeting between the AWG and the FWG was held in Brussels in May 2011 with the purpose of finding synergies between the two working groups.

Lessons learnt

Increased funding and better targeting of aid is needed

Although EU aid to water and sanitation in Africa has increased substantially during the past years, further increased funding and better targeting of aid is needed since most African countries are far from reaching the water and sanitation MDG targets and aid is not always reaching the countries most in need.

Cross-country division of labour between EU member states can be strongly improved

The Africa-EU Strategic Partnership on Water Affairs and Sanitation, launched at the same time as EUWI itself, is being implemented through the EUWI AWG. The purpose of the partnership is to make an effective joint contribution to achieving water and sanitation related MDGs in sub-Saharan Africa. The AWG has evolved into a recognized multi-stakeholder platform for dialogue between Africa and the EU on issues like policy and strategy, donor coordination and harmonisation and technical issues.

Monitoring of water and sanitation aid is likely to improve

With the new Creditor Reporting System procedure for reporting to the OECD DAC, disaggregated data on aid to water and sanitation will become available which is something which had been promoted strongly by the EUWI AWG

4.1.2 Eastern Europe Caucasus and Central Asia (EECCA)

Organisation of the component

Lead country: Romania.

The EUWI EECCA Working Group is a group of EECCA countries' senior officials and their international partners responsible for overseeing the implementation of the EECCA component of EUWI. Strategic partners in the implementation of EUWI EECCA are OECD for water supply and sanitation and United National Economic Commission for Europe (UNECE) for IWRM.

Context

The EECCA WG identified UNECE as strategic partner to support National Policy Dialogues (NPDs) on IWRM and the Environment Action Programme (EAP) Task Force as strategic partner on WSS including financing of water infrastructure; the OECD serves as a Secretariat for the EAP Task Force. This split is subject to change as the OECD/EAP Task Force has been asked to shift attention to the economics of water resource management. This is driving further coordination between UNECE and the OECD/EAP Task Force.

The OECD, in its role as secretariat of the EAP Task Force, has facilitated NPDs on WSS in Moldova, Georgia, Kyrgyzstan and Ukraine, which have been financed through a range of grants from the EC, Germany, Norway, and the UK. UNECE has supported NPDs on IWRM in Armenia, Kyrgyzstan, Republic of Moldova and Ukraine with support from the EC, Governments of Denmark, Finland, Germany through German Agency for International Cooperation (GIZ), Slovakia through the International Water Assessment Centre and Switzerland.

National Policy Dialogues

NPDs are the main mechanism utilised by the EECCA WG. NPDs are structured policy processes where key stakeholders meet and assess the feasibility of water-related policy objectives (including the water-related MDGs), the best strategies to achieve them, and the financial means attached to these strategies in order to improve water-related policies. Particular attention is paid to policy reforms towards sustainable water management and financing of water supply and sanitation, water as a polluted natural resource, strengthening regulatory systems, environmental conservation and institutional frameworks.

NPDs result in specific and concrete outputs. They can be related to funding mechanisms, and can help to prepare, develop and launch technical assistance projects with partners. EECCA partners have therefore started to discuss concrete cooperation with UNDP, bilateral donors and other organization and countries on how to build on and utilize the outputs of the NPDs as a basis for development projects and initiatives in the future. The NPDs also help adapt EU water policies to EECCA countries. Pilot projects illustrate what can be achieved, constraints to be overcome, and ways forward.

Key Results 2010-2011

The rolling Annual Work Programme 2011 was approved at an EECCA Working Group meeting in November 2010. In 2010 and 2011, policy dialogues were initiated in Azerbaijan, Georgia, Tajikistan, Turkmenistan and Uzbekistan. In September 2010, the Government of Kazakhstan requested the initiation of a NPD on IWRM.

Highlights of outcomes from on-going NPDs

NPDs have/are taking place in Armenia, Azerbaijan, Georgia, Moldova, Kyrgyz Republic, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Some of the major outputs are highlighted below:

- in Armenia a policy brief on implementation of the NPD on IWRM;
- a policy document on transboundary water cooperation between Georgia and Azerbaijan;
- also in Georgia a Governmental Order on wastewater discharges from municipal sources and an Action Plan to achieve the water-related MDG under the UNECE/WHO Euro Protocol on Water and Health;
- An annotated outline of a water and sanitation sector policy paper, approved by Coordination Council in Kyrgyzstan;
- Regulation on the establishment of a river basin council for the Chu river basin in Kyrgyzstan;
- In Ukraine roadmap of reforms on overcoming WSS fragmentation and a concept note for the national strategy on water sector adaptation to climate change in Ukraine.

A number of projects now require further work to: i) facilitate implementation, ii) clarify policy options, and iii) articulate national strategies and initiatives at local/river basin level.

Armenia

The NPD focus is implementation of the principles of IWRM in line with the EU Water Framework Directive (WFD) and relevant conventions and other international agreements, with an emphasis on financial issues. In 2010 a policy brief "*Summary of results and lessons learned from the implementation of the NPD IWRM in Armenia*" was published, which includes recommendations to support the second wave of the water sector reform by the Government. Another policy document "*Proposal for developing financial instruments on payments for ecosystem services in Armenia*" was also elaborated. OECD completed a project in the Marmarik river basin and a decision was taken to replicate the project in a bigger river basin (Debed) in 2011-2012.

Azerbaijan

The NPD IWRM Steering Committee was established and first met on 12 October 2010 in Baku. The main focus of the NPD is the development of a governmental strategy for IWRM based on the principles outlined in the EU WFD and the UNECE Convention on

the Protection and Use of Trans-boundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health. Trans-boundary water cooperation with neighbouring Georgia and the preparation of a bilateral agreement on management of shared transboundary waters is another important issue on the NPD agenda.

Georgia

The NPD on IWRM was initiated in September 2010 to focus on three major topics:

- Preparation of the National Water Law based on the IWRM principles;
- Setting up the targets for implementation of the UNECE/WHO Protocol on Water and Health of the UNECE Water Convention;
- Trans-boundary water cooperation with neighbouring Azerbaijan.

Kyrgyzstan

In Kyrgyzstan, the NPD focused on i) setting-up of a River Basin Council for the Chu basin, and ii) developing an action plan to achieve sustainable water management, safe drinking water supply and adequate sanitation. A stakeholder meeting was held in Bishkek in February 2010 which included consultations with the newly established Water Agency.

Moldova

The NPD on WSS has been on-going since 2006 and is in its second phase. The overall objective is to strengthen Government capacity to prioritise WSS infrastructure investments, to mobilise and effectively allocate financial resources for reaching water-related MDGs, while ensuring that WSS services are affordable. The following outputs have been achieved:

- Draft documents including one action plan, a template for presenting project concepts to donors and financiers and a dedicated web-site on water in Moldova;
- A Governmental Order on wastewater discharges from municipal sources;
- A draft Order of the Agency Apele Moldovei on the establishment of river basin management authorities and river basin councils;
- A Government Decision on the targets under the Protocol adopted in October 2010 to help achieve the water-related MDGs with financial assistance from the Swiss Government.

Russian Federation

The NPD meeting in June 2010 endorsed the final assessment of the framework conditions for PSP in WSS in Russia. The assessment included discussions on tariff regulation, national water policy and issues related to multi-level governance of water.

Tajikistan

The NSP Steering Committee was established in late 2010 and met for the first time in March 2011 in Dushanbe. The main focus of the NPD is the development of the Tajikistan Water Sector Strategy based on IWRM principles, including the river basin management approach. Trans-boundary water cooperation with neighbouring Kyrgyzstan, as well as Afghanistan (management of the Upper-Amu Darya Basin), is another important issue on the NPD agenda.

Turkmenistan

Following a preparatory mission the feasibility of the NPD on IWRM in Turkmenistan was discussed and it was agreed that the NPD on IWRM will focus on implementation of the principles of the EU WFD, and the UNECE Water Convention.

Ukraine

In October 2010, a meeting of the Steering Group of the NPD on WSS led to the finalisation of a Roadmap of reforms. The Roadmap will be pilot tested in 2011 in two regions where alternative water supply and sanitation system options will be explored.

Uzbekistan

A joint OECD/EAP Task Force and UNECE mission in April 2010 led to the launch of the following pilot projects in the framework of the EUWI:

- Benchmarking the performance of Uzbek vodokanals, using the International Benchmarking Networking for Water and Sanitation (IBNet) indicators (work started in March 2011);
- Setting targets, reviewing progress and reporting under the WHO/UNECE 1999 Protocol on Water and Health to the 1992 Convention on the Protection and Use of Trans-boundary Watercourses and International Lakes;

Lessons learnt

Successful national dialogue on **sector financing** requires:

1. National ownership - a champion at high level; the Ministry of Finance involved; the voice of the poor is heard, by involving civil society.
2. Integration of dialogue into existing processes, especially budgetary processes; and alignment with sector institutions.
3. Time (typically 2-3 years) - sufficient flexibility to accommodate new demands.
4. An analytical base: credible methodology, robust data, easily understood with new data and analyses building interest and trust between all stakeholders
5. Donors facilitate dialogue, provide incentives, but do not undermine "ownership".

For national dialogues on **integrated water resources management** (IWRM) there needs to be:

6. Strong country commitment and cooperation with other international organisations
7. A holistic consideration of issues, as the topics of the dialogue process are of relevance to all water-related sectors and cover one or more of the four pillars of IWRM, and cross-cutting issues as financing and public involvement.
8. Use of the experience of UNECE and the parties to the Water Convention - the topics for NPDs should be closely linked to the Convention's provisions,
9. An environmental performance review, conducted by UNECE in EECCA countries following an OECD approach, provides a solid basis for choosing the right topics for the policy dialogue and developing a holistic understanding of environmental problems and sustainable solutions.
10. A focus on policy issues rather than technical problems, and is a platform where representatives of all competent sectors and the public can meet.
11. Involvement of all major stakeholders in the respective countries and representatives of relevant international organisations, institutions and programmes; also it is important to involve representatives of parliamentary bodies responsible for environmental issues for legislative matters

Policy dialogues are important for the coordination of donor activities and therefore support key principles of the Paris Declaration on Aid-effectiveness.

4.1.3 Mediterranean

Organisation of the component

The Ministry of Environment, Physical Planning and Public Works and the Ministry of Foreign Affairs of Greece have led the MED component of the EUWI since its initiation in 2003. The Forum of the Water Directors of the Euro-Med and South Eastern European Countries, transformed in December 2008 into the Water Expert Group (WEG) and is currently mandated with the elaboration of the 'Strategy for Water in the Mediterranean' within the Union for the Mediterranean (UfM); it provides institutional support for the MED EUWI implementation, offering advice and guidance on its work and further development. In this context, MED EUWI is also acting as the WEG's technical secretariat, thus providing support to the overall UfM Secretariat, in preparation of the Strategy for Water in the Mediterranean and its consequent Action Plan. The MED EUWI Secretariat is currently facilitated by the GWP-Med Secretariat, and provides technical support on a range of regional and country activities. A number of initiatives have been financed by the European Commission with a view to contribute to the success of the MED EUWI. These include a Service Contract in support of MED EUWI for the period 2010-2012 and a new regional programme to support, among others, promotion of water governance and adaptation to climate change impacts through capacity building; and another entitled Sustainable Water Integrated Management (SWIM), implemented in the context of European Neighbourhood Policy Instrument South (2010-2014)

Context

Water challenges remain significant in the Mediterranean despite considerable progress over the last two decades. Population growth, urbanisation trends and climate change exacerbate the situation. Political tensions continue setting back development agendas, including transboundary IWRM. The Arab Spring brought about a new momentum to needed reforms providing a unique opportunity for action towards a better future.

Within an IWRM context, achieving a sound institutional legislative enabling environment with due attention to social, economic and ecological considerations, supported by appropriate planning and implementation capacities, are among key governance-related prerequisites for sustainable management of water resources. Water demand management policies and practices need to be widely applied, while the wise development and use of non-conventional water resources provide new opportunities for bridging the gap between supply and demand in the water balance. It is also recognized that the sector's self-financing capacities have to be increased, including through recovery of operational costs, ensured maintenance and viable financing options for the further expansion of networks, while supported by sustainable and bankable projects. Conditions, opportunities and challenges related to the role of the private sector should be further considered among options for financing water infrastructure.

Key results 2009-2010

National Policy Dialogue on Water

Lebanon: a) The National Assessment on Private Sector Participation in Water Infrastructure was completed in March 2011 in close cooperation with the Ministry of Energy and Water (MEW), OECD and EUWI FWG, and included extensive consultation with involved stakeholders on the resultant findings. Further input was provided through the organisation of a workshop on the role of private banks in financing water

infrastructure (December 2010); (b) Assistance was provided to the MEW for preparing the National Water Sector Strategy. More particularly, this entailed the contribution of all related sections on Private Sector Participation as well as legal and regulatory sections in the Water Sector Baseline; (c) Activities for the elaboration of the IWRM Plan advanced. In this context MEW was assisted in the setting up of the WEAP model for data analysis and data collection for the elaboration of water management scenarios within the Plan.

Tunisia: (a) The National Assessment on Private Sector Participation in Water Infrastructure through stakeholders' consultation was launched (May 2011) in close cooperation with the Ministry of Agriculture and Environment and OECD, linking also with the elaboration process of the Water Strategy 2050; (b) Administrative support was provided to the coordination efforts of the technical and financial partners with regard to the various water-related on-going projects and especially in view of the elaboration process for the Water Strategy 2050.

The occupied Palestinian territory: (a) Capacity building of the Palestinian Water Authority (PWA) was supported through targeted training; (b) Assistance was provided through the elaboration of a Drought Management Strategy building on in-house PWA expertise whose capacities were strengthened with the assistance of the EUWI MED.

Egypt: A Dialogue on National Planning for Wastewater Reuse was launched to discuss, through a multi-stakeholder approach, challenges and opportunities linked to national wastewater reuse and elaborate a related plan as part of national IWRM planning

Dialogue and capacity building for transboundary IWRM in Southeastern Europe

The Drin River Basin Dialogue advanced with the key participation of Albania, Former Yugoslav Republic of Macedonia, Montenegro, Kosovo and Greece as well as the Joint Commissions of the transboundary lakes in the area (Prespa, Ohrid, Skadar). Two National Consultation Workshops were organised, political will was expressed at ministerial level through joint declaration and the elaboration of the Drin assessment advanced.

The elaboration of a joint ICZM/IWRM Plan was launched for the transboundary Buna/Bojana river shared between Albania and Montenegro. It uses an Integrative Methodological Framework specially elaborated for assisting in getting into place a new generation of joint ICZM/IWRM plans.

Two local dialogue and capacity building workshops on aspects of IWRM planning at transboundary level were organized on public participation issues in support of the Sava River Basin management.

Strategy for Water in the Mediterranean (SWM)

MED EUWI provided technical and administrative assistance to the mandated WEG for the elaboration of the new SWM. The four main themes of the SWM are: water governance, water and climate change adaptation, water demand management and water financing. Three WEG meetings and a set of other technical multi-stakeholder conferences and workshops were organised until March 2010. Though the SWM was not officially adopted at the UfM Ministerial Conference (13 April 2010, Barcelona) due to political reasons, it constitutes a solid and common policy basis and its formal approval is anticipated in the near future. A WEG Meeting invited by the Secretariat of the UfM took place in May 2011 with the assistance of MED EUWI in order to elaborate on status and options for taking steps for advancing the related agenda in the region, including

possibilities for the launching of the development of an Action Plan to support the implementation of the Strategy once adopted.

Advancing Dialogue on Water Financing with emphasis on Private Sector Participation

Building on the national assessments and dialogues completed in Egypt (2009), Lebanon (2010) and recently launched in Tunisia (2011), a regional dialogue on water financing with emphasis on PSP is advancing. Regional activities included an Expert Workshop on Water Financing (February 2010): this provided informal input to the related Chapter of the Strategy for Water in the Mediterranean as well as input to a related AMCOW process for North Africa. The Dialogue is implemented in close cooperation with OECD and EUWI FWG and concrete follow up steps have been identified and are currently being implemented including on green banking.

Additional activities

- The 3rd Beirut Water Week (October 2010) was organized as a regional multi-stakeholder dialogue event on: (a) innovative approaches to water management; (b) transboundary water resources management (TWRM); (c) financing of water infrastructure and private sector participation; (d) bridging the gap between research/academia and on-the-ground projects.
- Possibilities explored for launching activities on TWRM in the Middle East.
- Educational activities implemented as appropriate in close cooperation with the Mediterranean Education Initiative for Environment and Sustainability.
- Operational synergies advanced with the Horizon 2020 Capacity Building Programme as well as with the SWIM Programme, both supported by the EC DEVCO.

Lessons learnt

- Due to its strong political nature, **EUWI actions must respond to demand** by high-level competent authorities and be embedded in legitimate political processes. Consequently, constraints and risks are heavily influenced by such political processes and have to be frequently assessed and adjusted.
- **EUWI should aim for a catalytic effect** on addressing specific water challenges, providing targeted assistance as an 'external' and 'neutral' agent to critical decisions that countries wish to examine and eventually make. MED EUWI is not a donor agency and aims to complement on-going processes at country and regional levels.
- The **design phase of National Policy Dialogues is time consuming**, particularly when the aim is on highly strategic (e.g. review of on-going National Water Strategy, launching a process for a national IWRM plan, elaboration of priorities for water reforms) or controversial (e.g. water financing) issues where careful steps have to be taken.
- **Stakeholder consultation is a key tool** for setting the agenda for technical activities and policy interventions, for improving governance and transparency and for trying to reach a common understanding and consensus on the themes tackled. In some partner countries, the culture of stakeholder involvement or of partnerships is not advanced substantially and related capacity development is among EUWI's added value.
- **EUWI can assist in catalyzing aid effectiveness through better donor harmonization and alignment** as well as **induce increased ownership by**

partner countries themselves. Such donors' coordination exists in a limited number of countries in the region while in some cases, and although a coordination mechanism is in place, scope or modalities for actual cooperation may not be at the level needed.

- **Expectations from EUWI activities must be realistic** and their impact can be mostly demonstrated in the medium and long-term. This may present obstacles in defining quantifiable indicators for monitoring activities.

- **EUWI's neutral and open platform is well placed to promote closer links among development partners.** This could relate to ongoing bilateral and regional programmes supported by the EC, the Member States and other development partners in the region including the UfM, UN organizations and overseas donors. In the Mediterranean, operational links have been achieved between MED EUWI, EC regional programmes, the UfM and key UN initiatives and programmes in the region as well as IFIs. Furthermore, the new SWM will further guide MED EUWI priorities in the coming years.

The continuing demand for action that MED EUWI is receiving from partner countries and regional organizations is signaling a real need for related action in the Mediterranean and appreciation and the actual impact of the on-going activities.

4.1.4 Latin America

Organisation of the component

Since its establishment in 2004, Spain has led the Latin American Component. The specific objectives of the EUWI-LA have been developed during the last years through the Conference of Ibero-American Water Directors (CODIA, in its Spanish acronym - <http://www.codiastp.org>), established in compliance of the mandate of the First Forum of Ibero-American Ministers of Environment (La Toja, Spain, September 2001), which stated the need to establish a Conference of Ibero-American Water Directors responsible for water management, as a technical support tool for the Ibero-American Forum to discuss and implement cooperation activities.

CODIA brings together the Public Institutions responsible for water resources management at the 22 Ibero-American countries (Andorra, Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Spain, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Dominican Republic, Uruguay and Venezuela). At least one annual meeting is held since its initiation.

Context

In recent years, CODIA has succeeded in strengthening the institutional links with the Ibero-American Forum of Ministers of Environment, as well as the Ibero-American Summit of Heads of State and Government, with support from the General Ibero-American Secretariat. Therefore, CODIA has developed numerous technical activities, with the highest institutional and political support in the region.

CODIA is a rich and participatory forum for debate between Ibero-American water directors who, although socio-economic differences between their countries, share common concerns regarding the management of water resources.

By promoting activities based on training and capacity building of water sector

professionals and promoting innovation and technology transfer has made CODIA strengthen ties and build bridges of cooperation between the countries of the Region.

Key results 2010-2011

Since its adoption at the XVIII Ibero-American Summit of Heads of State and Government (El Salvador, October 2008) the Ibero-American Cooperation Programme for training and technology transfer in integrated water resources management (Ibero-American Water Programme) has been the initiative through which the main activities promoted by the CODIA have been developed. The Ibero-American Water Programme aims, capacity building and technology transfer in water resources management, with special emphasis on water supply and sanitation at a small scale, thus increasing the water supply and sanitation access to the most vulnerable populations in the region.

The Ibero-American Water Programme has the following lines of action:

- Provide training in IWRM throughout Latin America, at political, managerial and technical levels.
- Establishment of the Pilot Project “Centre of Experimentation on non-conventional water purification treatments”, to promote the corresponding technology transfer and development through dialogue among stakeholders and countries.
- Institutional strengthening of local, regional and national levels to facilitate better planning and governance of water.
- Support CODIA and the work of its Technical Secretariat.

Capacity Building

In 2010, 18 training courses were held; 1.216 applications were received out of which 391 professionals, most of them from Public Institutions, of 19 countries of the region were selected to participate. In 2011 10 new training activities were scheduled, as well as on-line training activities on WRM that will expand course offerings.

From August 3rd to 5th 2010 the XI CODIA was held in México City which gathered the Water Director of 19 Ibero-American countries, as well as numerous regional institutions such as the OECD, the Inter-American Development Bank and the Spanish International Cooperation Agency.

Regional Agreements

During the XI CODIA, the following agreements were reached:

- To design the activities for the period 2011-2012 of the Ibero-American Water Training Programme, thereby increasing the number of courses, optimizing available resources and using new technologies for training on line.
- To continue sharing experiences and pilot projects on new water treatment technologies and the creation of a Network of Centers of Experimentation and Training.
- To organize a specific technical seminar on governance and sustainable financing of water management, given the relevance of these issues for the region.
- To assist in the preparation of the document *‘Challenges and opportunities in climate*

change adaptation in the Water Sector: Elements for a Regional Agenda' to submit to COP-16 (Mexico, December 2010). This document is being enriched by the comments of the various regional institutions involved in its development and it is aimed to be presentation at the Sixth World Water Forum in Marseille (March 2012).

Lessons learnt

In order to strengthen cooperation activities in the water sector in Latin America is considered necessary to take into account the following:

1. Need to strengthen and enhance cooperation and coordination between the processes of EUWI and CODIA and seek mechanisms for strengthening collaboration and participation of EUWI in the activities promoted by the CODIA.
2. Greater political commitment of the EC in EUWI activities.
3. Continue to ensure the adaptability of the activities and initiatives launched in the region to the specific socio-economic conditions where these will be established.

4.2 EUWI Thematic Components

4.2.1 Finance

Organisation of the component

The FWG continues to be hosted by the Global Water Partnership (GWP) in Stockholm. The FWG has worked in close partnership with others on financing issues since 2008. The FWG has received financial support from the UK (DFID) and in-kind support from GWP.

Context

An important obstacle to development of water supply and sanitation services in many countries has been insufficient focus on financial issues. As a consequence, water supply and sanitation systems lack investment and are often not financially sustainable.

The FWG has two objectives:

- to improve the efficiency and effectiveness of existing and future EU aid flows to water, including encouraging innovation, the development of institutional and regulatory frameworks and capacity building, and
- to enable the use of development funding as a catalyst to leverage other forms of finance, including donor, user and private finance, to improve access of the poor to water and sanitation services.

The FWG work plan includes the following main activities:

1. Support to country interventions, including improved dialogue with AMCOW
2. Building Capacity on Financing, including regional workshops
3. Issues in water pricing and solid cost analysis of IWRM
4. Enhancing the role of the private sector
5. Coordination and management of the FWG.

Key results 2010-2011

Support to country interventions including improved dialogue with AMCOW

The FWG has continued to promote the Strategic Financial Planning (SFP) approach at various meetings, including at the Africa Water Week in November 2010. The SFP in Lesotho was completed in March 2010 and is under discussion in the Cabinet. The FWG produced a publication: *'Strategic Financial Planning for water supply and sanitation in Africa'* in both French and English. The paper sets out the rationale, methodology, experience and lessons learned from the pilot study carried in Lesotho and draws from similar studies in EECCA carried out by the OECD. The paper has been widely disseminated and received favourable comments.

The FWG has also provided advice to other countries on SFP, notably for UNEP in the Cote d'Ivoire, on using the approach and helping to prepare terms of reference (recently re-established following political unrest in that country). The SFP approach has also been taken up and promoted by the AWF and Austria expressed interest in a study in Rwanda. The FWG offers to help countries, on demand, to prepare terms of reference for a SFP study.

The FWG provided support to AMCOW and AfDB, together with the GWP as co-convenor of the theme *'Exploiting opportunities for financing water and sanitation'* at the 3rd Africa Water Week held in Addis Ababa in November 2010. The FWG funded the participation of three African speakers and supported Jim Winpenny as keynote speaker for the Financing theme. The Chair of the FWG was assisted by Aurelie Vitry of GWP for the organisation and reporting from the session. The 3rd AWW financing theme sessions were very well attended and the session design permitted extensive discussion, including at the final plenary session.

Building Capacity on Financing, including regional workshops

The series of regional financing workshops continued in Central and Mediterranean regions. These were the 6th and 7th regional workshops organised by the FWG. They brought together experts and officials from water and finance sectors to build capacity and understanding between the two sectors. The Central Africa workshop was co-financed by GWP and the Africa Water Facility. GWP Central Africa Water Partnership organised the meeting in Douala in June 2010. It was opened by the Cameroon Minister of Energy and Water and Vice-President of AMCOW. Four country studies from CAR, Cameroon, Congo and São Tome demonstrated the obstacles to effective use of government budgets. The allocations fluctuate widely year by year and are often agreed so late in the year that even the little budget allocated is under spent.

The Mediterranean workshop was held in two locations. An Expert Consultation on 'Finance and Water in North Africa and the wider Mediterranean Region' was held in Madrid in February. The workshop fed directly into the 3rd Meeting of the Water Expert Group that was held the next day as part of the development of a Strategy for Water by the Union for the Mediterranean Ministers on Water. The FWG organised the participation of the AMCOW-TAC representative for North Africa so that there would be synergy with AMCOW objectives and links to a planned meeting of water and finance ministers as called for in the Sharm el Sheik Declaration of the Africa Union. Two meetings were held in Beirut in March and June. The aim to bring together water

practitioners with finance experts was successful and the workshops were highly appreciated by participants.

A training guide entitled: *'Financing water and sanitation: a primer for students and practitioners in developing countries'* was developed in 2010 and published in early 2011. It provides basic information for water experts on financing and will be disseminated to training institutions through CapNet as well as included in the GWP ToolBox.

Issues in water pricing and solid cost analysis of IWRM

Work focussed on the issue of financing IWRM, with OECD and GWP. As most work on financing water has so far been related to water supply services the aim is to understand better and get solid information on financing of water resources management. The FWG contributed to a major Expert Group meeting at OECD, Paris, in March 2010 that was attended by the Secretary-General Angel Gurría. The FWG also contributed to the OECD report scheduled for publication in late Spring 2011.

The FWG carried out case studies on financing IWRM in developing countries that complemented those organised by OECD for their member states. The first study, for South Africa, was very comprehensive and is a useful guide for others interested in such studies. An attempt was made to carry out a similar study in Kenya but this was not completed owing to political upheaval and sensitivities on information. Although it was not completed it did indicate the need and difficulty of doing such work. A further study is planned for Ghana in 2011 with FWG working with UNEP-DHI.

A key aspect of Financing IWRM is the financing for activities within transboundary waters. The FWG commissioned a short study from SIWI on this topic and a report was presented and discussed at the FWG meeting in June 2010. The report provided background information but did not provide much new material. It did however highlight the need for a more comprehensive study of this topic although that is beyond the resources available to the FWG.

Enhancing the role of the private sector

During 2010 discussions were held on a study of micro-finance (MF) for water and sanitation. A presentation was made at the FGW annual meeting during WWW in Stockholm in August and during Africa Water week in November. However, the work was delayed until 2011. The study aims to survey the EU donors to find out their activities and policies are for MF, if any, and how much they commit to MF and the support for WSS. This will be complemented by a study of MF providers and clients in Africa to determine where donors can add most value in support of MF institutions and clients. The study will conclude with recommendations on how the EU donors can improve their coordination and target their support in order to scale up MF for WWW in Africa.

Coordination and management of the FWG

Two Working Group meetings were held in 2010. The first in June in Brussels was organised back to back with the Coordination Group meeting to reduce travel time and cost for participants. The second meeting was held during the Stockholm Water Week. This meeting was poorly attended owing to conflicts with many other meetings. The value of meeting at Water Week is thus compromised and will not be held in 2011. Instead a seminar will be organised on micro-finance and FWG members and others will be invited. The FWG chair also supported the EC in preparation of the MSF and prepared a background note on the use of funds from the Thematic Programme on ENRTP for the EUWI.

Co-operation with regional GWP networks and the GWPO continued to be fruitful for both knowledge sharing, capacity development and as a mechanism to engage at regional/country level. Working with the FWG has also guided the GWP in their aims to promote financing for IWRM. The GWP provides in-kind support for administration and communications.

4.2.2 Research

Organisation of the component

January 2010 marked the beginning of the fourth year of the SPLASH EUWI ERA-net, a consortium of 16 ministries, funding agencies and national research and technological development authorities from 11 European countries. Priorities for the remaining year and activities in the period to come have been discussed during 2010. At several meetings SPLASH funders have confirmed their support for a continuation of SPLASH and stressed that the Coordinator should work actively to secure this.

By mid-2010 it was clear that SPLASH was not going to exhaust all funds and it was decided by partners and supported by funders that SPLASH should seek a one-year, no-cost extension of the project in order to continue the prioritized activities. DFID were unable to commit to continue as the coordinator in the event of a contract extension and the Danish Water Forum (DWF) volunteered to take over the position as coordinator.

This was effective from February 2011, when the 12-month extension was granted with DWF as Coordinator. SPLASH will continue its general activities and seek funding for a second phase of the project.

Context

Recognising that effective water research can play an important role in supporting developing nations to meet the challenge of providing poor people with access to safe water supplies and improved sanitation, SPLASH works towards 4 key objectives:

- to improve the coordination of on-going research programmes, in order to develop and exploit synergies and prevent duplication;
- to understand what constitutes good research management practice, and ensure that this is both known and used;
- to speed up the processes by which research results are used by policy makers and practitioners; and
- to agree and develop new jointly funded activities which will benefit from a transnational approach, that is, with more than one European partner working together.

With the purpose of sharing achievements on meeting the overall objectives in the first years of the component with stakeholder and seeking guidance on future activities of SPLASH a three day workshop was convened in coordination with the Belgian Ministry of Foreign Affairs in Brussels 26th – 29th October. The meeting was attended by 48 people. Participants during the first two days were SPLASH and SAC members and a number of invited guests. SPLASH lessons and plans were discussed and recommendations made by participants. On the third day the results were presented to members of the Strategic Management Board (SMB), who considered these findings alongside their own interests and priorities, and took decisions regarding the allocation of resources and work

planning. The SMB reiterated their support for a second phase of SPLASH. Based on the recommendations these activities in 2011 are implemented:

- Development of a Research Management Course
- Sharing of knowledge between researchers and practitioners related to groundwater management in transboundary basins
- Development of a joint research activity on Decision Support Systems for IWRM
- Dissemination of key SPLASH findings

Key Results 2010-2011

Improving Coordination

SPLASH has convened a 2 day coordination workshop with the Niger Basin Authority in Niamey at the end of May 2010 which brought together researchers, policy makers and practitioners to coordinate and share experiences related to basin management, one of the EUWI priorities.

Good research management practice

SPLASH findings have demonstrated that research managers are often selected based on their research competencies and their capacities to manage large, international research programs may be insufficient. Therefore SPLASH decided to develop a research management training course targeted at young researchers. A first draft has been presented to the southern African Centres of Excellence in February 2011 and a final course will be developed in cooperation with the Centres before the end of 2011.

A report on '*Evaluation of research outcomes in water for development: Guidance notes for Research Programme Design*' has been produced and findings are being disseminated to researchers and research programme designers.

Increasing the use of research in policy and practice

SPLASH has been supporting the second of a series of successful week long training events, first in South Africa and now in Togo, as a means of promoting the uptake of research findings in groundwater with water professionals in Africa. See http://www.splash-era.net/downloads/SPLASH_Learning_note_02.pdf

Briefing notes have been developed providing guidance to research programmers and researchers on how they can help to ensure that research is conducted effectively. See http://www.splash-era.net/search_outputs.php#bn.

SPLASH lessons learned on the uptake of research into policy and practise has shown that links between research and the private sector are often very weak. To bridge this gap SPLASH in cooperation with the Mekong River Commission conducted a workshop in Vientiane, Laos on 14th-15th September 2010 on research related to hydropower and sustainable development. Research to generate new knowledge on the links between hydropower, sustainable development and capacity building is necessary to promote sustainable energy solutions. The workshop confirmed the need for increased knowledge, networking and capacity development around sustainable hydropower development in the Lower Mekong Basin. See http://www.splash-era.net/news_events3.php

Jointly funded research

SPLASH is implementing a new research programme on the sustainable delivery of sanitation services in urban environments of sub Saharan Africa funded by 2 million euros committed by Austria, France, Switzerland, Sweden and UK. The programme has been

designed according to SPLASH principles of good research management practice, and funds will be administered using a single set of common transparent procedures. The programme was launched in early 2010 and the Call For Projects generated 44 eligible concept notes, 11 were shortlisted and five were contracted and will start their research in early 2011. Researchers represent five European and eight African countries both anglo- and francophone. The Water Engineering Development Centre (WEDC) has been selected as programme managers to ensure sustainability beyond this phase of SPLASH.

SPLASH has developed a longer term agenda for jointly funded activities to cover the period January 2011 to end of December 2012. These were presented as concept notes at the '*Sharing our learning and planning our future*' workshops in Brussels in October. As can be seen above three will be implemented during 2011 and the rest are ready to use for a new phase of SPLASH.

Dissemination of findings and lessons learned

SPLASH has put considerable effort into sharing lessons learned with the research and development community through: website; newsletters; and the planning and involvement in key sector events, including the African water congress held in Uganda in March 2010, the International Water Association) Conference and Exhibition in Montreal, September 2010 and the above mentioned 'sharing our findings and planning our future' workshop in Brussels, October 2010. SPLASH outputs are available as Learning Notes, Fact Sheets, Briefing Notes and other documents on: http://www.splash-era.net/search_outputs.php

SPLASH was invited to present at a number of important meetings, to the Belgian research community hosted by Direction Générale du Développement, the Danish research community hosted by DWF, the EUWI coordination meeting at the EC in Brussels and during a meeting of the Water Supply and Sanitation Technology Platform held in Brussels in June 2010.

SPLASH continued to support other Era-nets and EC related initiatives, including the EC/India Water workshop held in Delhi at the request of the EC Head of Inco unit.

5 EUWI Outreach and Communication

As noted in the report for 2009-2010 substantial work was carried out during the year to further develop a EUWI communication strategy, to improve both internal and external communication. A consultant had provided a basic awareness and communication strategy, including a potential road map of recommended activities. This work was built on by a further consultancy also involving water experts which provided a more detailed strategy tailored to the specifics of the EUWI for a wider group of target audiences particularly policy and decision makers. It was considered crucial to further define target groups and to develop strategic communication messages, in particular at political level. The new Communications Strategy was presented to the Coordination Group in June 2010 and further refined following comments and amendments received and has been put into operation utilising additional resources specifically for the communications work. The full benefit of this will only be apparent in the upcoming reporting period.

A EUWI exhibition stand was once again set up at WWW in Stockholm in August 2010 and provided a useful opportunity for outreach and a place for those involved in the EUWI to meet. Again participants from more than 100 countries took part in the event and through the exhibition stand the EUWI successfully disseminated information about its purpose and achievements.

The Annual EUWI MSF during WWW in Stockholm in August 2010 was, as usual, organised by the EC, with support from Stockholm Water House. At the MSF EU Member States, partner countries, civil society, the private sector and local governments from more than 30 countries reviewed progress made by the EUWI. During round-table discussions, priorities for the future were outlined building on the recommendations from the MSF in 2009. This followed presentations on the results achieved by the 4 regional components: Africa, EECCA, Latin America and the Mediterranean, and the thematic components of Research and Finance. It was also noted that the European institutions had almost tripled their support to the water and sanitation sector since 2002. Mr Reginald Tekateka, chair of the AMCOW-TAC emphasised the importance of mutual accountability between EU and its regional partners. He also underlined the relevance of the true multi-stakeholder approach of EUWI and the unique opportunity that gives to jointly make a difference.

The EUWI website continues to be managed by the EC Joint Research Centre (JRC) and although upgraded during 2009-2010 to improve information dissemination and provide interactive tools will be looked at again as part of the Communications Strategy to ensure that it can be used to maximum effect for both internal and external audiences.

6 Conclusions and Looking Ahead

The last year for the EUWI has been a mixture of consolidation building on the existing processes and structures and recommendations made at the Multi-Stakeholder Forums in August 2009 and September 2010, and also responding to significant political changes underway at the beginning of 2011.

In terms of consolidation the WGs will continue with the strategies either rolled over or with the new ones agreed at the start of the current reporting year. The Africa WG changed its support services and adopted both a new overall strategy and also an outreach strategy to ensure its results reached the right audience. There have already been significant results in this respect and these will be built on in the coming year. Support arrangements also changed for the MED WG and that WG has been engaged in a much wider strategy process that will be completed and implementation started. The so-called Arab Spring should also provide added impetus to the work of the WG as well as the EU Neighborhood Policy on the northern shores of the Mediterranean. In EECCA there will still be a concentration on National Policy Dialogues and on IWRM but increasingly in a transboundary context. In Latin America the capacity building and training opportunities will be enhanced. The Finance WG will continue to look at finance for transboundary water management and also micro-finance with a seminar on the latter at Stockholm during World Water Week 2011. The work of the WG will increasingly be integrated into the other WGs. The Research component SPLASH will be continued for a further year with a change in coordinator to the Danish Water Forum. For the EUWI as a whole there will be two significant changes. Firstly a revised overarching strategy linked to a thematic approach as previously reported and secondly the beginning of a two-year enhanced Communications Programme.

On the first of these it had been previously noted that the political and strategic character of the EUWI and its objectives required a strong regular political support at a high-level within both partner countries and the EU and Member States. Recommendations from the EUWI Coordination Group, built on those from the Multistakeholder Forums, had been to increase the overall relevance of the EUWI through stronger cooperation between components and this was related to the development of a new programme under the ENRTP to complement the regional/national focus of the present working groups. Funding was provided by the EC to develop a strategy to this end and consultants appointed. However as this work commenced there were significant political changes. The Hungarian Presidency of the Council of the EU believed that water should be at the heart of the future EU development policy, as a horizontal issue. This proposal was endorsed by Development Ministers at their meeting in May 2011. This was significant as it called for the revitalisation of a 2nd Generation EUWI for political impact (including a new EU water policy) and introduces a new theme of 'Water for Growth and Development'.

The Thematic Strategy will set out a long-term strategic framework that will build coherence and unify different levels of activity and purpose within the EUWI. The Strategy will reconcile the new thematic approach with the strong inheritance from already-established regional working groups which will continue to operate. The Strategy will also identify the specific role and comparative advantage of EUWI in relation to other initiatives, and in relation to needs within the policy environment around water. The

Strategy will also identify structures and partnerships for implementation, allowing for synergies with the regional and cross-cutting working groups of EUWI. In line with emerging EU Development Policy, but subject to further dialogues, the new thematic orientation of the EUWI Strategy may be around inclusive growth and sustainable development.

In addition to the above, EUWI contributions to ongoing political processes will be prepared, including

- on the role of water in green growth and sustainable development to feed into the new EU Development policy,
- the Bonn conference on water resources in the green economy at the end of 2011, as preparation for Rio+20
- enhancement of links with ongoing processes related to climate change

The Thematic Strategy will set out a long-term strategic framework for EUWI that will build coherence and unify different levels, namely the overall purpose of the strategy, connections of water and sanitation to high level development objectives, five principal water and sanitation themes (as identified by prior consultations), a suite of specific actions (as recommended by EUWI stakeholders) and a results-oriented management framework. The Strategy will be consistent with the overall EUWI mission, objectives, organisation and achievements and based on inter alia, the new ENRTP strategy, on discussions held at the EUWI Multi-Stakeholder Forums in August 2009 and 2010 and which will take place in Stockholm in 2011 at World Water Week. The strategy will be subject to further consultation thereafter and intended to be announced formally at the World Water Forum in Marseille in March 2012.

The above will clearly have ramifications for the Communications Strategy previously agreed which will be amended and implemented in the year ahead.

The EUWI is coming up to its 10th Anniversary year in 2012 in what are clearly times of significant political change, both externally, and within the EU and its partners through its development policy. It is also the year in which the world will reflect on the global sustainable development agenda and on progress at meeting the MDGs at the Rio + 20 meeting. This will provide the perfect platform from which to take forward a new and revitalised agenda for the EUWI and to ensure water is taken to the top of the political agenda within the EU and globally.

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