2010 ANNUAL REPORT

Based on 2009/2010 data





Foreword

On behalf of the European Commission I have the pleasure to introduce the Annual Report of the EU Water Initiative (EUWI) for 2009-2010, and would like to share with you some of its main achievements.

The EU places considerable importance on access to water and sanitation and water management in its development cooperation policy and there has been a threefold increase in the EU's development assistance to water related programmes between 2002 and 2008.

The EUWI aims to facilitate and improve policy dialogues between stakeholders from in- and outside the water sector and to stimulate political prioritization to meet the Millennium Development Goals for access to water and sanitation and integrated water resources management. Through its different regional and thematic components EUWI operates in a truly multistakeholder fashion. It is very noticeable that among the lessons learnt in this year's report the involvement of stakeholders stands out as a critical factor for the success in improving water governance.

Within the EU water resources are managed according to the Water Framework Directive. With support from the EUWI, countries in the Eastern Europe, Caucasus and Central Asia (EECCA region) region, are adopting a similar methodology to improve their water management. A new and expanded work programme for the EECCA region is leading to encouraging results to strengthen water governance, also emphasising adaptation to climate change and the development of plans for sustainable financing.

In the Mediterranean region, the EUWI substantially contributed to the elaboration of the new Strategy for Water. Policy dialogues have been used very successfully in leading to a sustainable financing strategy in Egypt and a review of the ten-year plan for water management in Lebanon, for example.

Through its finance component EUWI has also been cooperating with the OECD on identifying best practice in strategic financial planning around the world: a specific study was undertaken in Lesotho to prepare a detailed national financing strategy for the water sector. In Africa, the EUWI has also focused improving aid effectiveness and on strengthening the cooperation with the African Ministerial Council on Water.

SPLASH – the EUWI research component has developed a new €2 million research programme on sanitation services in urban environments of sub Saharan Africa. The EUWI has also promoted the creation of networks of Water Centres of Excellence in West Africa and Southern Africa, and it is now working with the Latin America component to establish similar centres there.

Water is, of course, essential for life and livelihoods, and it is of fundamental importance in meeting all of the MDGs. Political will is essential if these goals are to be met –and all those involved in the EUWI will be working to ensure continued and increased political will for water in the future.

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Highlights of 2009-2010

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 participative multi-stakeholder approach and is 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 are:

"strengthening political commitment for an action and innovation-oriented partnership"

In the EECCA (Eastern Europe, Caucasus and Central Asia) region the EUWI is active in seven countries, and negotiations with respective governments are ongoing in a further four. All projects include National Policy Dialogues, with a strong emphasis on ownership and implementation.

In the Mediterranean (MED) the EUWI provided technical and administrative support to the formal Water Expert Group under the Union for the Mediterranean for the elaboration of the Strategy for Water in the region, the first such strategic policy document on water that was jointly prepared by the countries of the Euro-

Mediterranean with stakeholders' contribution.

In Africa the Working Group (AWG) has strengthened its ties with the African Ministerial Council on Water (AMCOW) and used a participatory process to develop a new action plan for the "Partnership on Water Affairs and Sanitation" between Africa and Europe

The EUWI Finance Working Group (FWG) worked in partnership with OECD to raise awareness and increase understanding of financing issues, e.g. on strategic financial planning, financing WRM and the benefits of water supply and sanitation.

"promoting better water governance, capacity building and awareness"

The national policy dialogues promoted by the EUWI EECCA component have made a strong impact in improving water governance in the region. Some examples are that:

- Armenia started to develop river basin management plans based on the principles of the EU Water Framework Directive,
- in Moldova the dialogue resulted in a governmental order to improve water quality, and

in **Ukraine**, the EUWI contributed to the strengthening of the governance frameworks so that water management authorities could better deal with climate change/variability.

To build capacity at the local level on financing for water the FWG together with GWP held regional workshops in the MED, Central Africa and Latin America regions. These have been linked to regional political processes to ensure that financing is included within policy dialogues on water.

"improving the efficiency and effectiveness of water management through multi-stakeholder dialogue and coordination"

All EUWI components have consulted 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.

All the EUWI EECCA projects are based on National Policy Dialogues and a massive effort is dedicated to bringing all major stakeholders to the table, to increase efficiency of water policies and coordination with other areas (e.g. health, agriculture, finance).

In the Mediterranean Balkans six sub-regional and local multi-stakeholder dialogues on aspects of IWRM planning at transboundary level were organized in different locations.

In Africa the EUW is collaborating 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.

"strengthening cooperation by promoting river-basin approaches in national and transboundary waters"

The work in EECCA is increasingly geared towards promoting water resource management at a basin level. A pilot project in Armenia is generating methodological insights that will be replicated in other projects in the region. In Kyrgyzstan and Kazakhstan the EUWI work focuses on the establishment of a River Basin Council for the transboundary Chu-Talas basin.

In the Mediterranean transboundary activities, including for capacity building, took place in the Balkans. 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).

In Africa, a special task force on IWRM/transboundary water with African and European members will define appropriate activities for the coming years. The focus will be on learning and sharing of experiences and lessons learned.

The EUWI research component SPLASH worked with the Niger Basin Authority to initiate dialogue and promote coordination between research and development programmes and appropriate stakeholders active in the Basin.

"identifying additional sources of funding and mechanisms to ensure sustainable financing"

Through the EUWI research component (SPLASH), five European donors have pooled 2 million Euro to launch a new urban sanitation research programme for sub Saharan Africa.

In Moldova, work to support the development of an action/investment plan for water and sanitation and to link it into the medium term expenditure programme has paved the way to improve sector access to finance and donors' coordination. Additional support is also being provided by European development partners for policy dialogues in Kyrgyzstan, Georgia, Uzbekistan and Tajikistan.

The FWG has completed a strategic financial plan for Lesotho that will facilitate access to funds for the water supply and sanitation sector. On the basis of this and other work with OECD in EECCA and MED regions, a report, "Strategic Financial Planning for water supply and sanitation in Africa", has been produced to explain the SFP concept and how to implement it.

2 Back ground

The EU recognises that the human rights obligations regarding access to safe drinking water and to sanitation are closely related with individual human rights - as the rights to housing, food and health.

In fact, 88 per cent of diarrhoeal disease is caused by unsafe water and sanitation, leading to the death of about 2,2 million people annually, most of them children under five. Approximately every 20 seconds a child dies somewhere in the world as a result of diarrheic or infectious disease related to the quality and availability of drinking water, lack of hygiene and inadequate sanitation facilities. But even more than being related to individual rights, access to safe drinking water is a component element of the right to an adequate standard of living and is closely related to human dignity. §§§

Catherine Ashton, EU High Representative for Foreign Affairs, on World Water Day, 22nd March 2010.

2.1 The EUWI Context

A third of the earth's population suffers from water-related ills, particularly no access to safe drinking water and poor or non-existent sanitation. Without effective action, this state of affairs will only get worse. 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 water and sanitation programmes. This is the challenge that the European Water Initiative (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 (WSSD) in Johannesburg, South Africa. Its purpose is to help mobilise an integrated approach to water resources management with a view to attaining the Millennium Development Goals (MDGs) for drinking water and sanitation.

The EUWI is primarily a political initiative, in that it uses policy dialogue to improve coordination in the sector and deliver more effective development assistance. It uses 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:

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

2.3 The EUWI Organisation and Management

The EUWI operates through different working groups and these groups have either a regional focus (e.g. Africa, Eastern Europe, Caucasus and Central Asia (EECCA), the Mediterranean and Latin America) or they concentrate on cross-cutting thematic issues (e.g. research and finance).

The Coordination Group (CG) and the Annual Multi-Stakeholder Forum ensures 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 Multi-Stakeholder Forum takes place during the World Water Week in Stockholm each year.

The European Commission provides the secretariat for the EUWI.

2.4 Evolution of EUWI

Since its establishment in 2002 the EUWI has made a significant impact, some examples are that the EUWI has:

- helped set up the EU-ACP Water Facility, with a total commitment of funds of 700 Million Euro so far
- brought together the European Commission and member states' officials to coordinate actions on water and establish a regular contact group among those officials, including new member states
- supported the establishment of African Ministerial Council on Water (AMCOW), and the African civil society network on water and sanitation (ANEW) thus improve EU-Africa dialogue on water
- assisted in starting a very successful dialogue on sanitation in Africa which cumulated in the declarations by the African Union in Sharm el Sheik

- 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
- established partnerships and a Multi-Stakeholder Forum to improve dialogue between government and other actors in EU and its partners
- facilitated improved aid effectiveness by analysing EU and Member States' aid contributions to water and helped establish the Global annual assessment for sanitation and water (GLAAS)
- built capacity on financing and other water issues.

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

- In the EECCA and Mediterranean 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 dialogue, 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 multistakeholder 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. The AMCOW and its Technical Advisory Committee (AMCOW-TAC) has been the main partner since the beginning.
- In Latin America the EUWI has collaborated with regional organisations to support training programmes. The 22 countries participating at the Ibero-American Conference of Water Directors (CODIA) have strengthened ties and have worked together through multilateral and

- bilateral projects that have arisen thanks to the opportunity that the Conference gives 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 online tools which bring together previously fragmented information. SPLASH has provided guidance to those involved in water for development research programming and implementation and has worked to share research results with water managers in Africa through training courses in groundwater science and management.
- 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 Finance Working Group has supported the regional WG to ensure financing issues are taken into account and given a higher priority. This started with 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.

Although the EUWI is not in itself a source of funding it seeks to increase funding 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.

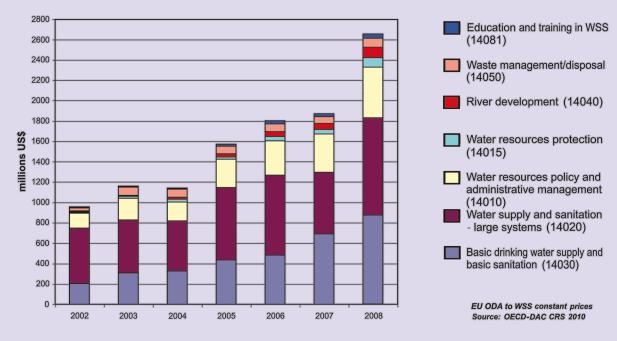


are based on the OECD-DAC Credit Reporting System database. While these data are representative of EU member states¹ earmarked support for water and sanitation activities², it does not include EU indirect or non-earmarked support for water and sanitation issues.

The results presented below The European official development assistance to the water and sanitation sector has almost tripled since 2002. The biggest increase being the support delivered through the EC through the creation of the EU-ACP Water Facility to which totally €700 million has been allocated, explaining the

increased disbursements in 2005. The change in 2008 is partly explained by substantially increased disbursement by Spain, making Spain one of the three largest EU donors to the sector in 2008, together with Germany and the European Commission.

European ODA to the water sector has almost tripled since 2002



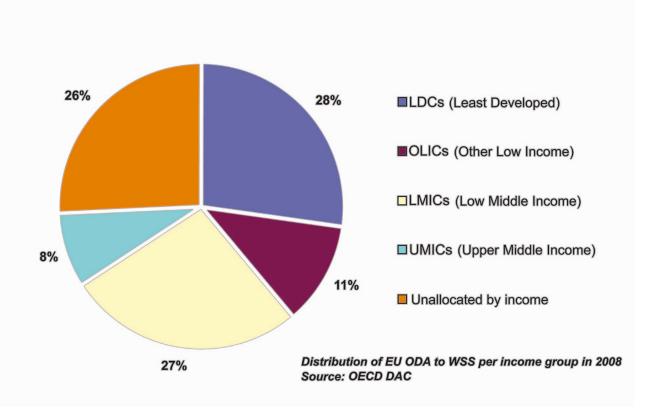
^{1.} The member states here refer to EU member states and the European Commission, who are also DAC members: i.e. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom and the European Commission.

^{2.} In this section, "the water sector" refers to ODA flows directly earmarked as, and reported under Code 140 (Water Supply and Sanitation)

The share of aid allocated to large water supply and sanitation systems has 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.

LDCs receive only 28% of total European ODA to the W&S sector. Hence, there is scope for improved targeting of aid to the countries most in need.



The share of the EU Aid provided to least developed countries (LDC) increased slightly from 2005 to 2008 and reached 28% of the total support. However, the part of ODA that was unallocated increased from 2007 to 2008 from 16 to 26%, mainly due to the increased ODA from Spain that accounts for two thirds of the share of funds that are unallocated by income group. Together with other low income countries (OLICs), the EU aid to poor countries

amounted in 2008 to 39% of the total EU support to water, compared with 40% in 2005. The European donors are doing substantially better than non-Europeans³ when it comes to pro-poor targeting, as non-European donors devoted less than 20% of their aid to water to poor countries. Hence, there is still scope to improve the targeting of Aid and prioritising of aid to those countries most in need.

^{3.} The non-Europeans includes Australia, Canada, Japan, New Zealand, United States

EUWI Results 2009-2010

The different EUWI components are in various ways working towards the five objectives of the EUWI (described in chapter 2.2). Furthermore, the participants in the EUWI Multi-Stakeholder Forum, that took place in August in 2009, gave recommendations to further increase the activities in the areas of:

- continued improvement of aid effectiveness in the water sector
- pushing water and sanitation higher up the political agenda and sustaining interest
- more effectively linking water to other sectors, e.g. health, education and agriculture
- climate change adaptation
- stimulating transboundary cooperation
- better linking research and policy
- increase accessibility of information
- increase involvement of stakeholders

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

4.1 EUWI Regional Components

4.1.1 AFRICA

Organisation of the component

The Africa-EU Strategic Partnership on Water Affairs and Sanitation, launched at the same time as EUWI itself, is being implemented through the EUWI's Africa Working Group (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.

The component is lead by a troika of member states with the Netherlands chairing in 2010, taking over from Austria which was the lead donor in 2009 with UK as previous lead. The work is supported by the European Commission, together with AMCOW-TAC. At the time of writing (May 2010), the incoming chair (2011) is not known yet.

Context

Most of Africa is off-track against the Millennium Development Goals for water and sanitation. At current rates of progress, sub-Saharan Africa will only reach the water target in 2035 and the sanitation target in 2109. In 2008, African leaders demonstrated strong political commitment to the sector by signing the eThekwini declaration at AfricaSan, the second African conference on sanitation and hygiene in Durban. The African Union (AU) dedicated its June 2008 summit in Sharm El-Sheik to water and sanitation: Heads of State made important commitments to accelerate progress towards achieving the water related MDG goals in Africa.

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.

AWG is working with the African Ministerial Council on Water (AMCOW) to strengthen its capacity to fulfil a regional leadership role and to develop an implementation strategy for the Sharm El Sheik commitments.

The AWG meetings are co-chaired by the presidents of both AMCOW-TAC and the Troika. Through this Africa-EU axis, other global partners are connected, like the G8, Development Banks, the Sanitation and Water for All, a Global Framework for Action (SWA) and 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.

Key results 2009-2010

In general the AWG has responded strongly on the recommendations of the Multi-Stakeholder Forum in 2009. The newly adopted strategy reflects most of these recommendations; the workplan 2010 focuses especially on the following subjects:

- aid effectiveness: in 2010 two studies will be executed: the Code of Conduct study and the sanitation mapping study, providing new insights in aid effectiveness
- putting sanitation higher on the agenda: through the preparation of the CRS guidance paper and the sanitation mapping study, we will be able to produce briefing notes by end of 2010 to support this objective.
- IWRM, transboundary water management and climate change issues: in the course of 2010 the AWG will discuss with AMCOW and other African partners on the portfolio of activities under this subject, based on the detailed roadmap of AMCOW that will be available in July 2010. Also the AWG seeks alignment with the Sida evaluation on Transboundary Water Management (TWM) and the relationship to poverty reduction.
- involvement of stakeholders: the AWG will continue to work in a participatory way, amongst others by enabling the attendance of CSO representatives in their meetings

"EUWI has helped ANEW in bringing together hundreds of African civil society's representatives to discuss critical waterand sanitation issues"

Prof Kairu, from ANEW: African Civil Society Network on Water and Sanitation

New strategy

The period 2009-2010 focused on concluding the participatory process for the new AWG strategy. The purpose of this process was to design a new strategy for the AWG, thereby strengthening ownership of key stakeholders and agreeing on roles and responsibilities in the partnership. Through 3 workshops (Abuja/July; Stockholm/August and

Midrand/November) and with the use of a small task team, a new strategy and multi-annual plan (2009-2013) were developed for the AWG. Nearly all AMCOW-TAC members and the major European donors and Troika members participated in this process. This process was finalized in the AWG meeting of November 2009 (Midrand, SA).

The AWG has developed a new strategy focusing on the four main elements of:

- Implementation of Declarations
- Aid Effectiveness; targeting off-track countries
- Stakeholder Involvement
- Knowledge sharing and Communication

In 2010 a beginning was made with the implementation of the AWG workplan 2010 that was adopted in November 2009. Four activities will be implemented in close cooperation and planning with AMCOW-TAC. The activities that are being implemented in 2010 are:

- development of a CRS guidance paper to help utilize the new CRS code for sanitation
- a mapping study to assess and predict European aid flows on sanitation
- a study to assess the implementation of the European Code of Conduct
- support to the implementation of SWAp in Africa

Policy dialogue

The AWG took an active role in 2009 in harmonising European views and policies for several important initiatives. It organised special consultation meetings in 2009 to prepare recommendations for the new Water Facility under EDF10 and to improve coordination between WSP, the G8 and the Sanitation and Water for All, a Global Framework for Action SWA/GF4A (November 2009). Also, the AWG convened a donor meeting in March 2010 to help the European member states in their preparation for the HLM of the SWA/GF4A that was held in April 2010.

Stronger partnership between AMCOW Technical Advisory Committee (AMCOW-TAC) and the EU.

Through the participatory strategy making process, but also in the detailing of the AMCOW road map and through extra consultation meetings, the partnership between AMCOW-TAC and the AWG was strengthened and made concrete.

Lessons learnt and Conclusions drawn

Participatory process helped to strengthen ownership: the participatory process to make the new strategy helped to foster ownership and strengthen the partnership

Improved relationships with other global partners and partnerships

An important step was made in 2009 and 2010, especially with G8, SWA/GF4A and the WSP. Continued attention and resources are needed to make this relationship more effective and concrete

Mobilise participation and resources for the implementation of the multi-annual plan

The multi-annual plan describes a multitude of desired activities for which funding is not yet secured; this poses a huge challenges to the key partners of this EU-Africa Partnership

4.1.2 Eastern Europe Caucasus and Central Asia (EECCA)

Organisation of the component

Lead country: Romania. Strategic partners in the implementation of EUWI-EECCA are OECD for water supply and sanitation and UNECE for IWRM.

Context

The water sector in EECCA has extensive infrastructure inherited from the Soviet Union, which has deteriorated in all the countries over the past 20 years. However, in some countries progress in improving the infrastructure as well as water governance has been achieved more recently: large scale water infrastructure projects have been or are being implemented resulting in improved services and better water management. In many countries, however,

water infrastructure remains outdated due to the lack of funding and absence of strategic plans for financing the water infrastructure. Most of the countries still need considerable investments to achieve the MDGs; all the countries require support to develop water governance based on the IWRM principles and to apply instruments for strategic planning of water management, especially financial planning.

To improve the situation, EECCA countries implement a wide range of policies and projects:

- Countries in the Neighbourhood of the European Union show some commitment to implement principles of the EU Water Framework Directive in planning and implementing their water policies and developing river basin management plans;
- As most watercourses in the EECCA region are transboundary, governments in all countries work to establish institutions for transboundary water cooperation;
- Policies are being drafted to decrease potential risks linked to the climate change; those
 risks include floods in some regions and scarcity of water in others; change of water regime
 that disturbs the agricultural production and other economic activities
- A number of countries in the region signed the Protocol on Water and Health to the 1992 UN-ECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and other relevant UN conventions and protocols and started working on target setting and development of monitoring systems to monitor the attainment of these targets.
- Regarding water supply and sanitation, the countries have adopted the Almaty Guiding Principles for Water Supply and Sanitation sector reform (adopted by EECCA ministers of finance/economy and environment in 2000)
- Many pursue active policies to achieve the water-related MDGs.

Key results 2009-2010

The last 12 months have seen significant efforts to expand national policy dialogues to a greater number of countries, which is requiring significant additional resources. A new and expanded work programme for 2010, reflecting the increased demand, was adopted by the EUWI EECCA working group in its meeting in November 2009 in Bucharest. Additional policy dialogue processes are now starting or already ongoing in Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan. Following a high-level meeting of the EU-Central Asia Initiative in December 2009, which has water as one of its focus areas, it was decided that the EUWI EECCA Working Group would provide the platform for the implementation of water sector initiatives resulting from this process. Also, EUWI national policy dialogues have been included into the regional Aral Sea Basin Programme III, which will facilitate the process of starting dialogues in these countries.

In Armenia, the National Policy Dialogue (NPD) has started the second wave of reforms in the water sector aimed at implementing a river basin management approach and promoting use of economic instruments in the water management and decided to develop river basin management plans based on the principles of the EU Water Framework Directive.

In Moldova, a dialogue on IWRM resulted in a governmental order on wastewater discharge from municipal sources, which should help improve water quality.

In Ukraine, the NPD IWRM contributed to the strengthening of the governance frameworks so that water management authorities could deal with climate change/variability.

Furthermore, and following the recommendations received at the 2009 Multi-stake-holder Forum in Stockholm, work has been developed or reinforced in the following areas:

- Water and climate change: The implementation of the UNECE Guidelines on water sector adaptation to climate change were part of the dialogues in Armenia, Kyrgyzstan, Ukraine and Moldova.
- Transboundary water management:
 Transboundary water cooperation is an important topic in all EECCA countries and this dimension forms part of most dialogues, e.g. in Kyrgyzstan the dialogue focuses on the establishment of a River Basin Council on the transboundary Talas and Chu Rivers (in cooperation with Kazakhstan).
- Financing water resources management:
 One of the main innovations in 2010 has been to expand efforts to develop strategic financial plans beyond WSS and the MDG targets and to support such dialogue at the level of river-basins on a broader array of interventions (ie WSS plus irrigation, flood prevention and control etc.).

Work in this area is ongoing in Armenia and discussions with Kyrgyzstan and Uzbekistan indicate strong interest to develop similar work there.

This work builds on currently ongoing conceptual work in this area at the OECD and UNECE (Payment for Ecosystem Services).

Lessons learnt

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

- National ownership a champion and involvement at a suitably high level (typically deputy minister or higher); the Ministry of Finance needs to be involved; ensuring that the voice of the poor is heard and factored into dialogue, by involving civil society.
- The need to link/integrate dialogue into existing processes, especially regular budgetary processes (MTEF); alignment with sector institutions.
- Time (typically 2-3 years) support for national dialogue must be flexible enough to accommodate new demands.
- An analytical base: the methodology must be credible, with robust data, but intelligible to parties involved (e.g. a financial model); new data and analysis can help to build interest and trust between stakeholders and supporting institutions.
- Donors can help facilitate dialogue and provide incentives, but should not undermine "ownership"

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

- A strong country commitment and cooperation with other international organisations (e.g. European Commission, OECD, UNDP, OSCE, WHO) and other UNECE countries.
- A holistic, rather than piecemeal consideration of issues, as the selected topics of the dialogue process are of relevance to all water-related sectors and cover one or more of the four pillars of WRM (enabling environment, institutional framework, management instruments, and cross-cutting issues as financing and public involvement).
- Utilisation of the experience of UNECE and the parties to the Water Convention the topics for national policy dialogues should be closely linked to the Convention's provisions, particularly those on prevention, control and reduction of pollution, the work of joint bodies, consultations among parties, and joint monitoring and assessment.
- An environmental performance review (EPR), 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.
- A focus on policy issues rather than technical problems, and be a platform were representatives of all competent sectors and the public can meet;
- Involvement of all major stakeholders in the respective countries as well as representatives of
 relevant international organisations, institutions and programmes as an important aim of the
 dialogue process is the implementation of policy (e.g. new governmental regulations), it is
 important to involve representatives of parliamentary bodies responsible for environmental issues.

The policy dialogues act as an important instrument for the coordination of donor activities and therefore support key principles of the Paris Declaration on Aid-effectiveness, i.e. better coordination and alignment of official development aid

4.1.3 MEDITERRANEAN

Organisation of the component

Greece has lead the MED component since its initiation in 2003. The Forum of the Water Directors of the Euro-Med and SEE Countries, transformed (December 2008) into the Water Expert Group and currently mandated with the elaboration of the 'Strategy for Water in the Mediterranean' within the Union for the Mediterranean, provides institutional support for the MED EUWI implementation, offering advice and guidance on its work and further development. The MED EUWI Secretariat, within the Global Water Partnership-Mediterranean Secretariat, provides technical support and day-to-day running.

Context

Significant progress on water and sanitation issues has been achieved in the last two decades in most countries of the Mediterranean. Despite these, water challenges remain enormously exacerbated by population growth and climate change. Furthermore, political tensions have often set back development agendas, including in relation to transboundary water resources management.

Hence, there is an evident need for further enhancing integrated approaches for water resources management. Achieving a sound institutional, social, economic and ecological environment, supported by appropriate planning and implementation

"The MED EUWI Dialogue activities in Lebanon have assisted substiantially in reviewirng our national 10-year National Strategic Plan for Water through a multi-stakeholder process. Now, we continue with the elaboration of the National IWRM Plan and we also explore aspects of Private Sector Participation in the water secotr. We have interest to share similar experiences with other countries in the region and we urge MED EUWI to work more on that direction"

Dr. Fadi Comair, Director General, Ministry for Energy and Water and,

capacities, are among key governance-related prerequisites for sustainable management of water resources. Furthermore, water demand management policies and practices should be widely applied. It is also recognized that the sector's self-financing capacities have to be increased, including through recovery of operational costs, while supported by sustainable and bankable projects.

Key results 2009-2010

National Policy Dialogue on Water

Dialogue's Phase I in Egypt was completed (April 2009). Outputs included a WSS sustainable financing strategy through analysis of alternative development scenarios and a household affordability assessment for water tariffs. Related capacity building activities were also implemented. Phase II is on-going and the first product (November 2009) was an assessment of the Private Sector Participation (PSP) framework in the country applying OECD methodology.

- Dialogue's Phase I in Lebanon was completed (April 2009). Outputs included the review of the Lebanese 10-Year National Strategic Plan (2000-2009) tackling the issues of water balance, water management, supply and sanitation, irrigation and capacity building and produced related recommendations. Phase II is on-going with elaboration of ToR for the new National IWRM Plan and through assessment of the PSP framework.
- The Palestinian Water Authority (PWA) elaborated a comprehensive plan for water governance reform in the Occupied Palestinian Territories.
 MED EUWI assisted PWA in preparing in more detail particular activities aimed at promoting institutional reform and strengthening the role of PWA to deliver its objectives. Implementation capacities were explored.
- Capacity building on national IWRM planning took place in **Tunisia** and further technical assistance was explored.

"EUWI helps us bring our information and knowledge to the national dialogue in Egypt, as well as on a regional level. Since stakeholders are all taking part in discussions on financial strategies, we can share one another's experiences"

Dr. Emad Adly, Coordinator of RAED: the Arab Network for Environment and Development

National Policy Dialogue activities were primarily supported by the European Commission, Greece and the GEF Strategic Partnership for the Mediterranean Large Marine Ecosystems.

Dialogue and capacity building for transboundary water resources management in Southeastern Europe

Six sub-regional and local multi-stakeholder dialogue and capacity building activities on aspects of IWRM planning at transboundary level were organized in different locations in the Mediterranean Balkans. Furthermore, 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). Activities were supported by UNECE, Sweden, UNESCO Venice Office, UNDP, Germany and Greece and implemented in the framework of the Petersberg Phase II / Athens Declaration Process.

Strategy for Water in the Mediterranean (SWM)

MED EUWI provided technical and administrative assistance to the mandated Water Expert Group (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 and a set of other technical multi-stakeholder conferences and workshops were organised from July 2009 to March 2010. Though the SWM was not agreed upon for high political reasons at the UfM Ministerial Conference (13 April 2010, Barcelona) it constitutes a solid and common policy basis and its formal approval is anticipated in the near future. Activities were supported by the European Commission, Netherlands, Greece, Spain, EUWI FWG and the GEF Strategic Partnership for the Mediterranean.

Additional activities

- Regional and national policy dialogue on water financing including on Private Sector Participation, with related national assessments completed in Egypt (December 2009) and launched in Lebanon (March 2010), in collaboration with EUWI FWG.
- Possibilities explored for launching activities on transboundary water resources management in the Middle East.
- Assistance with dissemination of the results of the Working Groups of the Joint Process between the EU WFD and MED EUWI.
- Educational activities implemented as appropriate in close cooperation with the Mediterranean Education Initiative for Environment and Sustainability.

Lessons learnt

The Mediterranean Component of the EU Water Initiative (MED EUWI) has developed regional (since late 2004) and national (since late 2006) activities. Based on challenges faced by MED EUWI during implementation, key lessons learnt include:

- 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 ongoing process in the country and the region.
- 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 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.
- The **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.
- Closer links are needed between the MED EUWl and ongoing bilateral and regional programmes supported by the EC, the Member States and other development partners in the region including the UN organizations and overseas ODA. Operational links between MED EUWl and key UN initiatives and programmes in the region as well as IFIs have been achieved. Furthermore, the new Strategy for Water in the Mediterranean will further guide MED EUWl priorities in the coming years.

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

4.1.4 LATIN AMERICA

The specific objectives of the Latin American component are developed through the Ibero-American Conference of Water Directors (CODIA, in its Spanish acronym) -http://www.codiastp.org - and through the Iberoamerican Forum of Minister Environment.

The CODIA, in collaboration with the Iberoamerican General Secretariat (SEGIB), has supported and promoted the "Iberoamerican Water Program" adopted at the XVIII Iberoamerican Summit of Heads of State and Government (El Salvador, October 2008).

The "Iberoamerican Water Program" includes the "Iberoamerican Water Training Program" which has ten different Subject Areas:

SUBJECT AREAS	COORDINATORS			
BASIC				
PLANNING, BASIN HANDLING AND MANAGEMENT (IWRM)	Brazil	Colombia, guatemala, peru,		
WATER AND ENVIRONMENT HYDROLOGY MODELATION	Argentina	Brazil, Costa Rica, Spain		
WATER SUPPLY AND SANITATION	Uruguay	Colombia, Spain, Mexico		
CROSS-CUTTING				
GOVERNANCE	Guatemala	Brazil, Colombia, Honduras, Spain		
GEOGRAPHIC INFORMATION SYSTEMS AND REMOTE SENSING TECHNOLOGIES	Peru	Argentina, Spain, Mexico		
SPECIFIC				
HYDROGEOLOGY	Cuba	Panama, UNEP		
CLIMATE AND EXTREME EVENTS	Brazil	Cuba, UNEP		
WATER QUALITY	Argentina	Uruguay, UNEP		
WATERWORKS IRRIGATION AND ENERGY	Portugal	Argentina, Chile		
GLACIOLOGY	Chili	Peru, Bolivia, UNEP		

Furthermore, the Research, Testing and Training Centre for non-conventional technologies in Uruguay, which deals with the corresponding transfer and technological development through dialogue between stakeholders and countries, is also included in this programme and its construction is expected to start soon.

Key results 2009-2010

In 2009 the X CODIA (Madrid, 30 June and 1 July) was held in which a total of 15 Latin American countries were represented. Also on June 29th, took place on the same site, the seminar "Gender and Water", jointly organized by the Ibero-American Secretariat (SEGIB) and CODIA.

In this regard, the conference presented the accomplishments and activities to develop within the Iberoamerican Water Program, adopted at the XVIII Iberoamerican Summit of Heads of State and Government (El Salvador, October 2008). The main objective of the Program is training, capacity building and technological transfer in water resources management.

The main agreements and documents adopted at the X CODIA are:

- CODIA proposal for the IX Ibero-American Forum of Ministers of the Environment (Chile, September 2009).
- Constitution of the Intergovernmental Technical Committee (CTI) of the Iberoamerican Water Program.
- Adoption of the Rules of Procedure of the Iberoamerican Water Program, which contains the management bodies and their roles.
- Constitution of the Executive Committee of the Program, which will be integrated by Argentina, Spain, Mexico and Panama.

To welcome the work undertaken by the CODIA under the mandate of the VII Forum, and in this sense, it is proposed at the next summit of heads of state and government, the transformation of the "Iberoamerican Cooperation Initiative for training and technology transfer in IWRM" into the Iberoamerican Water Program.

Declaration of the VIII Iberoamerican Forum of Ministers of Environment (Paraguay, September 2008)

During **2009**, 15 training activities of the Iberoamerican Training Water Program were held; 14 of them at the four Iberoamerican Training Centres that the Spanish International Cooperation Agency (AECID) has in Latin América (La Antigua -Guatemala-, Santa Cruz de la Sierra -Bolivia-, Cartagena de Indias -Colombia- and Montevideo -Uruguay-), and one at the PNUMA facilities in Panama. These activities involved more than 375 people, mostly representatives of public administrations, and received over 800 applications. Likewise, 17 new training activities are scheduled for **2010**.

4.2 EUWI Thematic Components

4.2.1 Finance

Organisation of the component

Since July 2006 the FWG is hosted by the Global Water Partnership Organisation (GWPO) in Stockholm. The FWG has worked in close partnership with the OECD on financing issues since 2008. The FWG has received financial support from the UK (DFID) and ACP-EU Water Facility 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 is collaborating with the OECD on identifying best practice in strategic financial planning around the world. It has contributed to the development of a methodology that can support such approaches.

Key results 2009-2010

The FWG focused on preparing a financing strategy for the water and sanitation sector in Lesotho. Plans to carry out a second study in a Francophone country had to be abandoned as it was not possible to negotiate an agreement with a country within the deadline for the funding.

The contract for the study in Lesotho was awarded in July 2009; field work started in October and the study was completed in March 2010. The study was carried out with the OECD using a modified form of its FEASIBLE methodology. It will contribute to the preparation of a SWAp for Lesotho that is now underway. Lessons learned from the study and from similar work in Egypt and Kyrgyzstan are presented in an EUWI publication "Strategic Financial Planning for Water Supply and Sanitation in Africa" is available on the www.euwi.net and www.gwpforum.org websites.

Capacity building has been an important component of the FWG work. Since 2007, a series of six regional workshops have been held in Africa (Nairobi and Ouagadougou), Central Asia and Caucuses (Tbilisi), in Latin America (Guatemala and Bogota) and in the MED region (Madrid and Beirut). The latter was together with the EUWI-MED

and was an input to the Union of the Mediterranean Strategy for Water as well as contributing to preparation of the North African AMCOW for a planned meeting of African water and finance ministers. All workshops bring together water and finance professionals and officials to bridge the gap between the two communities. Training course material has also been developed on financing and economics of water together with CapNet who are now preparing courses in Africa and Latin America.

The FWG has established a strong partnership with OECD on Financing Water Resources Management, which aims to fill a critical gap in knowledge. Case studies have been carried out in South Africa (completed) and Kenya (underway). These will form part of a comprehensive framework report that OECD aim to complete by end 2010.

In response to the MSF recommendations, the FWG has instigated work on financing transboundary water management as a specific sub-set of WRM. The FWG has also initiated discussions for future work on how water and sanitation can benefit from micro-finance.

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 coordinated by DFID from UK. The EC is also supporting other research activities linked to the EUWI.

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 ongoing 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
 cognisant of the mechanisms that support these processes; and
- to agree and develop new jointly funded activities which will benefit from a trans national approach, that is, with more than one European partner working together.

Key Results 2009-2010

Coordination – SPLASH has finalized and launched the "Yellow Pages" in water for development research'. This online tool can be searched to identify, partners, information sources and repositories within SPLASH partner countries. See: http://www.splash-era.net/yell/index.php.SPLASH has also produced a series of fact sheets which synthesize some of its key findings and lessons learned.

Good research management practice – the development of research management training materials in consultation with potential users has continued, and these will be drafted by June 2010.

Increasing the use of research in policy and practice – 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.

Jointly funded sanitation programme - SPLASH has designed and developed a new research

programme on the sustainable delivery of sanitation services in urban environments of sub Saharan Africa. The programme was formally launched on schedule on 1st March 2010. More than 2 million euro of new funds have been committed by ADA, (Austria), MAEE (France), SDC (Switzerland), Sida (Sweden) and DFID, (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. An excellent response generated forty four eligible concept notes by our deadline of 23rd April 2010. It is expected that four or five new research projects will be contracted before the end of 2010.

<u>The recommendations at the Multi Stakeholder Forum in 2009 were a number of actions for EUWI to contribute to:</u>

improvement of aid effectiveness in the water sector

In May 2010 SPLASH hosted a successful coordination workshop between partner funded research programmes active in Ethiopia, in order to develop links, establish synergies and reduce duplication.

getting water and sanitation higher on the political agenda and sustain interest

The SPLASH research component has undertaken important work to demonstrate the value of research and the water and sanitation sector to economic growth. This study is an advocacy piece to try to ensure that water and sanitation moves higher up the political agenda. Findings have been presented to various audiences, and study has been versioned as an interactive quiz available through the SPLASH website: http://www.splash-era.net/quiz/index.php

• stimulate transboundary cooperation and better link of research to policy

In July 2009 it was agreed within the SPLASH research component to work jointly with the Niger Basin Authority in 2010 to organise a workshop to bring together the research programmes active in the basin, policy makers and practitioners. The workshop aims to improve trialogue between these groups, to help research meet locally articulated demand, prevent duplication, stimulate transboundary cooperation and promote the development of synergies between ongoing existing programmes. The workshop will take place in June 2010.

increase accessibility of information

The SPLASH research component has developed a number of useful tools and outputs which are freely available through its website to provide guidance on good research management practice, and demonstrate the value of research in the water sector to economic development. To increase accessibility we have also developed some materials in both English and French. A quarterly electronic newsletter is disseminated through a subscriber

list to ensure that interested parties are up to date with our developments. This currently has 500 subscribers. SPLASH has shared and discussed findings during the Stockholm World Water Week, through papers at the WEDC conference in Ethiopia in May 2009, and during a participative workshop at the African International Water Congress held in Uganda in March 2010.

increase involvement of stakeholders

The SPLASH research component has an established and actively engaged stakeholder committee comprising policy makers, researchers and practitioners who have geographically relevant experience and water sector skills. During meetings in Helsinki in June 2009 and Mombasa December 2009, SPLASH stakeholders fed in their views and suggestions to improve the relevance of SPLASH activities. Furthermore, SPLASH consulted with a broader range of stakeholders during a lively side event at the WEDC conference in Ethiopia in May 2009. Here SPLASH sought views on the relevance, scope and design for the development of a new research programme to address the sustainable delivery of sanitation services in urban environments.

To facilitate dialogue between researchers and policy makers the EC Joint Research Centre (JRC) is supporting a NEPAD initiative to create **African Water Centres of Excellence**.

So far two networks have been set up and are starting to operate; in West Africa with universities from Senegal and Burkina Faso, and in Southern Africa with universities from South Africa, Botswana, Namibia and Malawi. The European Commission is supporting the Centres of Excellence with the objective to support south-south cooperation and to strengthen links between research-academia Institutions with policy makers.

The JRC and the EUWI – LA WG are also involved in the set up of the Network of Centres of Excellence in Latina America, which is based on the model of the Africa component.

Lessons learnt

The key conclusion is that active engagement with stakeholders throughout the research process is essential to ensure that research meets articulated demands and that research findings are owned and used. Our research management must seek to ensure that this happens in practice.

4.2.3 EUWI Outreach and Communication

Substantial work has been carried out during the year to further develop a EUWI communication strategy, and at the same improve the external communication. A communication consultant provided his conclusions regarding the development of an awareness and communication strategy, including a road map of recommended activities.

This work provided a basis for a more detailed communication strategy with a wider group of target audiences particularly decision makers; and is in the beginning of 2010 being refined through the input from water experts, to further define target groups and to develop strategic communication messages, in particular at political level

For the first time a EUWI exhibition stand was set up at the Word Water Week in Stockholm in August 2009. About 2.600 people from more than 100 countries participated in the water week and through the exhibition stand the EUWI successfully disseminated information about its purpose and achievements.

As a result of the initial strategy information was drafted and disseminated as follows:

- New EUWI leaflets, presented at the World Water Week 2009
- EUWI presentation video
- Interviews with people associated with EUWI published on the website
- Joint press release DG Development, EuropeAid, JRC and EUWI

The EUWI website is now managed by the EC Joint Research Centre (JRC) and has been upgraded during the year to improve information dissemination and provide interactive tools.

As part of the "Aquaknow" project the EUWI civil society members have given important contributions to the update the EC Guidelines "towards a sustainable management of water resources" (last edition 1998), to become - in the medium to long term - a capacity building tool for practitioners in the water sector through the African Centre of Excellence on Water. The EC guidelines on water and sanitation have been transformed into interactive, updated, and wider guidelines. They are now available ONLINE (www.aquaknow.net /water-guidelines).

The Annual EUWI Multi Stakeholder Forum was, as usual, organised by the EC, with support from Stockholm Water House, during the World Water Week in Stockholm and was very well attended exceeding the capacity of the room. At the MSF in August 2009 the participants commented on the EUWI performance, discussed its strategic choices and identified future priorities of the EUWI and engaged in round table discussion. This was through a new workshop style format with roundtables debating a range of topics and providing conclusions and advice.

Conclusionsand Looking Ahead

During last year the EUWI working groups have, in various ways, made significant contributions towards the objectives of the EUWI, and also responded to the recommendations made at the Multi-Stakeholder Forum in August 2009.

The political and strategic character of the EUWI and its objectives continue to require strong and regular political support by appropriate high-level structures within partner countries and the EU and Member States. On the EU side, this calls for greater commitment from the EU member states and the European Commission and allocation of appropriate financial and human resources for administration, management and follow-up of the EUWI. Closer operational links are needed between the EUWI and ongoing bilateral and regional programmes supported by the Commission and the member states.

A key conclusion from all working groups is that active engagement with stakeholders throughout the process of formulating policies, strategies and work plans is essential to ensure that the activities meets articulated demands and that results are owned and used.

Looking forward all regions are increasingly facing droughts and floods, and there is a growing demand for development of national and regional strategies for the water sector to adapt to climate change. This is expected to be one of the strategic directions of the work of the EUWI in the recent future.

The recommendations from the EUWI Coordination Group has been to increase the overall political relevance of the EUWI through stronger cooperation between the different components This approach is related to the development of a new programme for support from the European Commission through the "Environment and Natural Resources Thematic Programme" (ENRTP). Under the ENRTP programme the EUWI is planned to benefit from funding to address five priority themes related to water and sanitation. This will complement the regional/national focus of the present working groups. The Coordination Group meeting in June 2010 established a Task Force comprising the Chairs of the WG to develop a thematic programme. This is based on the present strategies of the working groups and the outcomes of the roundtable discussions at Multi-Stakeholders Annual Meeting in August 2009.

On this basis the task force has identified the following provisional themes:

- 1.Building resilience and adapting to climate change and variability;
- Increasing water supply services and access to sanitation to meet internationally agreed targets;
- 3.Adopting an integrated approach to water resources management and improving water governance, including making links to other sectors:
- 4.Improving cooperation in transboundary water development and management; and
- 5. Assessing the economic value of water and sanitation and increasing financing from all sources.

The themes will be developed in more detail including setting out specific outcomes at the 2010 stakeholder forum and at a Coordination Group meeting in the second half of 2010. The aim is to complete the proposal and submit a request for ENRTP funding by the end of 2010, with a view to implementing the thematic programme from 2011 to 2013. The present Working Groups will be responsible for carrying out the thematic work in parallel with their on-going work at regional/country level.

In **Africa** the EUWI AWG activities are focusing on the mapping of aid to sanitation, the development of a guideline for the new CRS coding for sanitation, and the promotion and sharing of Sector Wide Approaches as a tool for in-country policy and strategy development. In terms of raising political commitment, the results of the on-going studies will be used to develop policy briefs, aiming at the appropriate political stakeholders in Europe and Africa.

For 2010-11 the new strategy will start to be implemented. Some specific activities will be studies and thematic discussions on aid effectiveness, sanitation and on transboundary water management. Also new activities will be developed for the period 2011-2012 related to IWRM/TWM, climate change adaptation etc.

In **EECCA**, there is a strong continuity in the thematic focus of policy dialogues and work to support the implementation/approximation with the Water Framework Directive (WFD), other EU policies. National Policy Dialogues keep focus on implementation of integrated water resource management principles in the countries' legislation and institutions. In countries of European Neighbourhood Policy, such as Azerbaijan, Armenia, Georgia, Ukraine, an interest in aligning with EU water standards,

legislation, is very strong. For instance, Azerbaijan intends to develop a national Water Strategy that would be based on EU WFD principles.

One of the main innovations in 2010 has been to expand efforts to develop strategic financial plans beyond WSS and the MDG targets and to support such dialogue at the level of river-basins on a broader array of interventions.

In the **Mediterranean and South-Eastern Europe**, the EUWI activities will focus on:

prioritization of national needs for the water sector to meet national development targets

- elaboration, implementation and monitoring of IWRM plans and linking them with national climate change adaptation strategies;
- development of sustainable financing strategies for the water; and
- improved donor coordination, harmonization and alignment on the ground.

At regional level, MED EUWI will provide support for the promotion of the Strategy for Water in the Mediterranean and will promote regional and national dialogue and raising of capacity on targeted water issues including on transboundary water resources management, water financing and climate change adaptation.

The Research component will broaden its geographical focus and work more closely with the regional EUWI groups, particularly in support of transboundary water initiatives; promoting more effective research management practices; and supporting stakeholder engagement and dialogue platforms.

For 2010-11 the **Finance** WG will continue the partnership with OECD to complete a report on Financing Water Resources Management. Studies will be undertaken on micro-finance and financing for transboundary waters. Information will be shared and awareness raised to ensure follow up at country level of the successful work on Strategic Financial Planning. The final regional workshop on financing for water will be carried out in Southern Africa and a synthesis report will be prepared to bring together the experiences from this series of workshops.

Sometimes it is difficult to express in a standard type of annual report, such as this, the extent of our ambitions and what they really mean to those who work together in a complex process such as the EU Water Initiative. But the ambition and spirit of the EUWl could not be reflected better than through the words of Sir Peter Blake, the round-theworld yachtsman and environment ambassador for UNEP, written as a last entry in his journal before he was tragically murdered by pirates on the Amazon River in 2001.

"The quality of water and the quality of life in all its infinite forms are critical part of the overall, ongoing health of this planet of ours, not just here and in the Amazon, but everywhere... The hardest part of any big project is to begin. We have begun. We are underway. We have a passion. We want to make a difference."



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