

EAP Task Force



JOINT MEETING OF

THE EAP TASK FORCE'S GROUP OF SENIOR OFFICIALS ON THE REFORMS OF THE WATER SUPPLY AND SANITATION SECTOR IN EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA

THE EAP TASK FORCE'S ENVIRONMENTAL FINANCE NETWORK

THE EU WATER INITIATIVE'S EECCA WORKING GROUP

DOCUMENT 7

NATIONAL POLICY DIALOGUES - FROM WORK PROGRAMME TO ACTION

Action Required: for information and discussion.



National Policy Dialogues - From Work Programme to Action

Technical Secretariat, EUWI-EECCA Component

Bruxelles, 2006

1 Introduction

1. What exactly is meant by National Policy Dialogues within the framework of the EUWI-EECCA Component? Or more concretely: What are the objectives, outputs and activities of these? What are the inputs to the dialogues? And how may the National Policy Dialogues be put into action? These are the questions that this paper aims at answering. In doing this it also provides an answer to the question: What will the EECCA countries get out of the National Policy Dialogues?
2. The present paper provides a framework for the National Policy Dialogues within the framework of the EUWI-EECCA Component. On the basis of the paper it is possible to develop and launch, at least, two National Policy Dialogues - one concerning mainly WSS and Financing and one concerning mainly IWRM - in early 2006.
3. The target group of the paper is the EECCA countries - in particular, the members of the EUWI-EECCA Working Group. It has been prepared by the Technical Secretariat upon request by the current Chair of the EUWI-EECCA Working Group - DG ENV.
4. The paper is in line with the EUWI-EECCA Component Work Programme adopted by the EUWI-EECCA Working Group at its 5th meeting in Chisinau, Moldova, on 31 March 2005. Furthermore, it draws upon other documents prepared within the framework of the EUWI and the "Environment for Europe" process, foremost the document titled "Strategy for Development of the EUWI - Revised Final Draft, Version 3", presented and discussed at the 5th EUWI-Steering Group meeting on 17 January 2006 in Brussels (please refer to Annex I for an overview of documents).
5. Please note that the term "National Policy Dialogues" is frequently referred to as "policy dialogues", "country dialogues" or "country level dialogues" within the framework of the EUWI. In this paper the term "National Policy Dialogue" is used because this is the term used in the EUWI-EECCA Component Work Programme.
6. In the outset it is important to highlight that the existing situation in the EECCA region differs substantially from the existing situation in, for instance, Africa. Most important is that policy dialogues are quite developed at national (or federal) and also regional levels in most of the EECCA countries - not only, but also due to the fact that donors and international organisations, such as the OECD EAP Task Force, EBRD, EC, GWP, OECD, OSCE, PPC, UNECE, UNEP, UNDP and WHO, in different ways have facilitated and been actively involved in policy dialogues in the EECCA region for many years. Furthermore, the level of bilateral assistance from EU Member States to the EECCA region is, generally speaking, fairly limited compared to Africa, and water is not a priority for the bilateral assistance offered with only a few exceptions. An implication hereof is that the mechanism applied in the EECCA region will differ from the mechanism applied in Africa.

2 Approach

7. The approach to be applied within the framework of the EUWI-EECCA Component follows from the EUWI-EECCA Component Work Programme (see Box 1 overleaf).

Box 1 Approach, EUWI-EECCA Component Work Programme

"The approach to be adopted by EUWI-EECCA is to instigate National Policy Dialogues between the EECCA countries and the international community with the following characteristics:

- One strategic partner will take the lead in the National Dialogue with each EECCA country. The lead partner might be an EU member state, a non-EU member state that is already engaged in assistance to the region, such as Switzerland or Norway, or even an international organisation. Lead partners might call on assistance from other partners of the EUWI as necessary to provide specific inputs.
- The strategic partner will work with the EECCA country to monitor progress towards EUWI goals and to identify the priorities and the action plan to attain the targets.
- In the hypothesis where such a strategic partner couldn't be identified, an appropriate mechanism should be developed
- The strategic partner will make available the whole range of tools that have been developed to assist countries in their reform process, including guidelines for monitoring and assessment, for financing environmental investments, and for reforming the WSS sector. The partner will respond to requests from the EECCA country for specific information and advice and, where appropriate, will assist the country to carry out further detailed analyses that are specific to the local conditions.

The advantage of the lead-partner approach is that it provides continuity and structure to the relationship between the international partners and the EECCA countries under the EUWI umbrella".

EUWI-EECCA Working Group, Technical Secretariat, 2005 (a), pp. 5-1 and 5-2.

8. In line with the approach that follows from the EUWI-EECCA Component Work Programme a few guiding principles will be applied, when preparing and launching a certain National Policy Dialogue within the framework of the EUWI-EECCA Component. These are the following:

- **Additionality.** That is, the National Policy Dialogue in question should build upon achievements already made in the country, in many cases with assistance from donors and international organisations, while at the same time serving as a mechanism for improved harmonisation, coordination and alignment of resources available, both domestic and foreign resources.
- **Existing institutions, organisations and networks.** That is, the National Policy Dialogues should, to the extent possible, build upon existing institutions, organisations and networks in the EECCA region, including international organisations active in the EECCA region. This approach is closely linked with the abovementioned approach regarding additionality.
- **Differentiation.** That is, the approach applied in one EECCA country may differ somewhat from the approach applied in another EECCA country. It makes no sense to apply a uniform approach stating, for instance, that a REC should be involved in any National Policy Dialogue.
- **Links between WSS, Financing and IWRM.** The aim will be to launch National Policy Dialogues each of which addressing WSS, Financing and IWRM simultaneously. The rationale is that at the national level IWRM and Financing provides a framework for issues like investments in the water

sector, river basin planning and management of water resources in water user associations. Thus, it is important to ensure that there will be a scope for WSS, Financing and IWRM activities within each National Policy Dialogue. The EECCA country that favours such a coherent National Policy Dialogue - fully in line with the EUWI - is an eligible candidate for a National Policy Dialogue.

- Catalytic. The EUWI, including the EUWI-EECCA Component, is a catalyst for the development and subsequent implementation of so-called "policy packages" aimed at improving water management and water sector performance in line with the EUWI¹. It contributes to the development of road maps to the water-related MDGs and IWRM targets on the basis of which the donors and international organisations may align their assistance. It is not a funding mechanism *per se*, but provides additional expertise to key stakeholders in the EECCA region sincerely interested in future-orientated reforms within the water sector.

9. Discussions between the DG ENV and the EU Member States have highlighted the potential benefit of having the National Policy Dialogues lead by international organisations already actively involved in policy dialogues in the EECCA region - in particular, the OECD EAP Task Force for WSS and Financing and UNECE, supported by other UN organisations like UNDP, for IWRM. It is in line with the abovementioned approach (see item 7) and guiding principles (see item 8).

3 Objectives

10. National Policy Dialogues constitute a major instrument within the EUWI, including the EUWI-EECCA Component. It is, to a large extent, through the successful implementation of specially designed joint activities facilitating National Policy Dialogues that the vision of the EUWI will come through.

11. The global objective of the National Policy Dialogues is to contribute to the achievement of the water-related MDGs and IWRM targets in the EECCA region and also the 5 objectives of the EUWI and the 8 objectives of the EUWI-EECCA Component Work Programme.

12. The specific objective is to initiate specially designed joint activities regarding WSS, Financing and IWRM to improve the regulatory and administrative framework, priority setting and project identification and development capacity in the EECCA region through a dialogue that, among others, involve public authorities and representatives of the civic society, thereby contributing to the development of road maps to the water-related MDGs and IWRM targets in the EECCA region.

13. Please note that the specific activities of a National Policy Dialogue will concentrate upon a certain issue (e.g. permitting, monitoring or concession) with the aim of influencing policy making in a way that is in line with the identified needs of the EECCA country in question.

4 Outputs

14. The outputs of the National Policy Dialogues consist of implemented policy packages addressing one or more issues. These policy packages will be developed and subsequently implemented in the concerned

¹ A "policy package" is a coherent mix of policy tools, developed together so as to exploit synergies in order to achieve environmental policy objectives in a cost-effective manner and avoiding policy conflicts. A "policy tool" is a new law, regulation, work procedure, water quality standard, charge, monitoring system, financing mechanism, etc. For further information about these concepts, please see: OECD EAP Task Force (2003).

EECCA countries on the basis of specially designed joint activities carried out during the dialogues. These activities will pay particular attention to policy reforms towards sustainable water management, including conservation of the environment, water as a polluted natural resource, strengthening regulatory services, and capacity building.

15. In the short to mid term it is proposed to focus on policy packages concerning one (and only one) issue. The policy packages may address the following issues (the list is not exhaustive):

- permitting system;
- groundwater surveys;
- water quality standards;
- monitoring system;
- re-decentralisation of water management;
- commercialisation of the urban water sector;
- contractual issues (concession arrangements);
- tariff law design and implementation;
- water management reform to implement the principles of IWRM; and
- river basin management planning.

16. The outputs are properly reported upon to the EUWI-ECCCA Working Group.

5 Activities

17. The National Policy Dialogues, including the exact activities to be carried out, will be developed in close cooperation between the lead partners, the Advisory Group and the EECCA countries (see Box 1 and item 9 above and also item 23 below). Each National Policy Dialogue will, as a rule, have one lead partner and one EECCA country. A National Policy Dialogue may be launched as soon as a firm agreement have been reached between the lead partner (or lead partners), the Advisory Group and the EECCA country in question.

18. Selection criteria for the National Policy Dialogues include the following:

- Commitment of the EECCA Country. In particular, the relevant public authorities in the EECCA country should be committed to the National Policy Dialogue to be launched.
- Capability of the lead partner. The lead partner should be capable of taking the lead. It implies, among others, that it should have easy access to expertise in the EU countries of relevance for the National Policy Dialogue and also best practices available in the EECCA region.
- Compliance with overall objective and specific objective of the National Policy Dialogues.
- Relevance for the EECCA region. The more relevant the National Policy Dialogue is to other EECCA countries, the better.

19. As part of the process of preparing Terms of Reference for a set of specially designed joint activities of a National Policy Dialogue it is important to ensure that the abovementioned selection criteria are actually met. It is the duty of the Advisory Group and Technical Secretariat.

20. The activities facilitating a National Policy Dialogue will ensure that key stakeholders involved in the implementation of these - not least, the key stakeholders in the in the EECCA country in question - are put

around a table and also that skills upgrading takes place with assistance from, among others, relevant experts outside the EECCA country (e.g. civil servants, fund managers and researchers). The activities of a National Policy Dialogue may include:

- Set-up of an EECCA Country Steering Group for the specially designed joint activities facilitating the National Policy Dialogue and preparation and execution of EECCA Country Steering Group meetings (see also items 30, 31 and 32 below).
- Set-up of a Multistakeholder Forum aimed at commenting upon draft policy packages prepared as part of the National Policy Dialogue (see also items 30 and 33 below).
- Identification of priorities to reach the water-related MDGs and IWRM targets, including project identification and development.
- Preparation of action plans for reform of the institutional and legal framework of the water sector.
- Experience sharing.
- Training and capacity building.
- Investigations and assessments specific to the EECCA country needs.

21. The National Policy Dialogues regarding WSS and Financing will concentrate upon the implementation of the reform and restructuring process set out in Chapter 3 in the EUWI-EECCA Component Work Programme². That is, they are to be based upon this chapter in the work programme adopted.

22. The National Policy Dialogues regarding IWRM are to be based upon Chapter 4 and also Section 5.4 in the EUWI-EECCA Component Work Programme³. Much attention should be paid to the establishment and implementation of national policies for IWRM.

6 Inputs

23. In accordance with the guiding principle of additionality it is proposed to let the OECD EAP Task Force and UNECE, respectively, take the lead on the National Policy Dialogues within the two pillars (or core activities) that the EUWI-EECCA Component consists of. That is, the OECD EAP Task Force will act as lead partner of specially designed joint activities facilitating the National Policy Dialogues regarding WSS and Financing, whereas the UNECE will act as lead partner of specially designed joint activities facilitating National Policy Dialogues regarding IWRM (see also item 29 below). The lead partners will ensure that the activities in question are undertaken as part of the EUWI-EECCA Component. It implies, among others, that the EUWI logo is placed on all final versions of documents produced.

24. For each National Policy Dialogue a set of Terms of References will be prepared for the lead partner taking into consideration available resources of the lead partner and others involved in the National Policy Dialogue, foremost the public authorities in the EECCA country in question. These Terms of References will, among others, specify the input to be provided by the lead partner when providing assistance to the specially designed joint activities facilitating the National Policy Dialogue.

² EUWI-EECCA Working Group, Technical Secretariat (2005 (a), pp. 3-1 - 3-23).

³ EUWI-EECCA Working Group, Technical Secretariat (2005 (a), pp. 4-1 - 4-35; 5-3 - 5-4).

25. The Terms of References should, to the extent possible, provide immediate objectives that are SMART (Specific, Measurable, Attainable, Realistic and Time-bound). One advantage hereof is that it makes monitoring a lot easier. The Terms of Reference shall make specific reference to the EUWI-EECCA Working Group and also the Beograd 2007 conference.

26. Existing financing mechanisms in the EU, including technical assistance programs of the EU member states, should be utilised to support the implementation of the National Policy Dialogues (if need be). No new financing mechanisms are to be developed and implemented while proposals for optimising the use of existing financial resources or for new financing mechanisms should be worked out if necessary.

27. The European Commission may provide financial support to the National Policy Dialogues through its various programmes. This is to be further explored during Q1 2006 by the Technical Secretariat through consultations with representatives of, among others, EuropeAid Co-operation Office and DG Research. However, it seems as if the most important are the following programmes:

- Twinning. Through so-called "twinning projects" aimed at institution building in the framework of the European Union, it seems possible to establish training, capacity building and coaching arrangements between public institutions in the EU and the EECCA countries⁴.
- Specific International Scientific Cooperation Activities (INCO). This programme sponsors, among others, water research. Recently, the EU-INCO sponsored water research has been reviewed by an international review panel.
- Water Governance for NIS Countries. This is a project to be launched by the EuropeAid Co-operation Office under Tacis Regional Action Programme 2005.
- European Neighbourhood Policy. This programme is presently under preparation.

28. It is important to involve IFIs as much as possible thereby promoting coordination and coherence and ensuring that lessons learned are utilised in the National Policy Dialogues.

7 Organisational Set-up

29. The organisational set-up regarding the National Policy Dialogues to be carried out within the framework of the EUWI-EECCA Component is illustrated in Figure 1 below. The focus is on the grey shaded boxes as these are closely linked with the National Policy Dialogues⁵. The organisational set-up is in line with the approach that follows from the EUWI-EECCA Component Work Programme and also the guiding principles - among others, it takes into account ongoing activities in the EECCA region, promotes the further strengthening of links between WSS, Financing and IWRM and allows for differentiation.

30. As already mentioned, the OECD EAP Task Force and UNECE will act as lead partners (see item 23). That is, one international organisation - either the OECD EAP Task Force or the UNECE - will act as lead partner for a certain National Policy Dialogue. This, however, does not exclude the possibility of both international organisations being involved in a National Policy Dialogue - one as lead partner, the other as

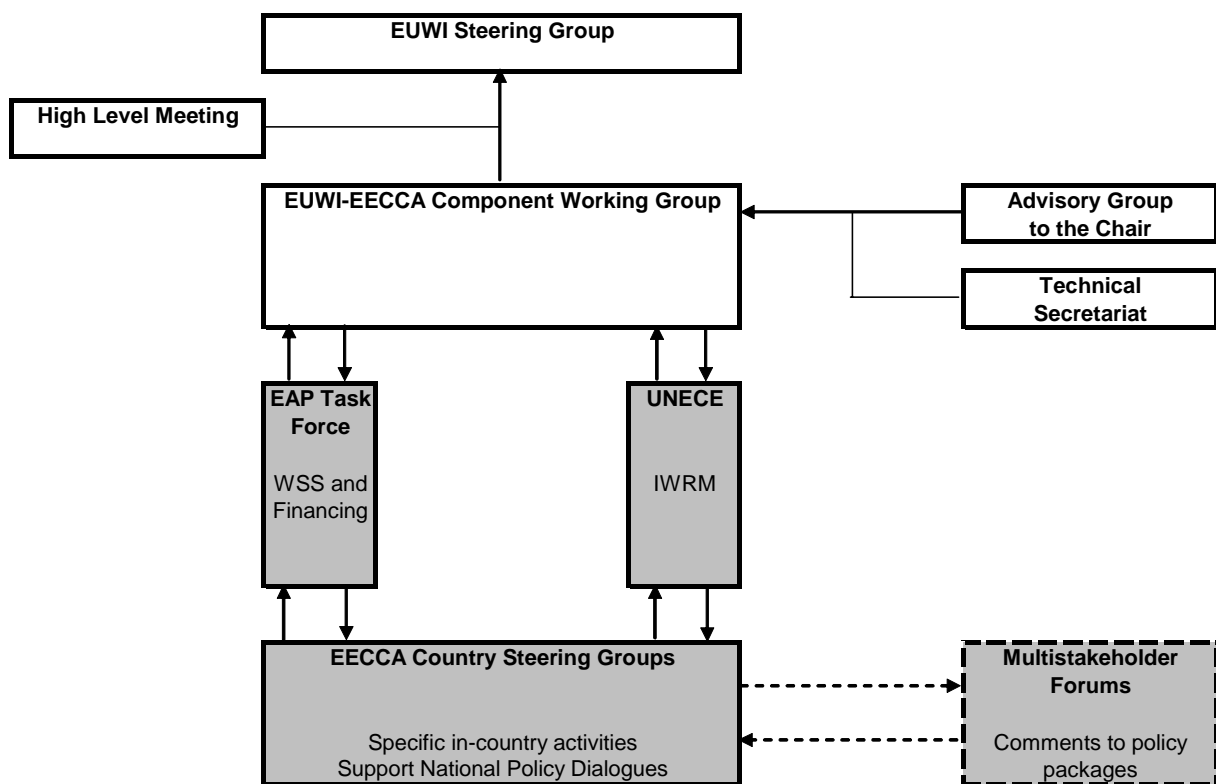
⁴ European Commission (2005). See also this website: [twinning](#).

⁵ See EUWI-EECCA Working Group, Technical Secretariat (2006) for information about the organisational structure of the EUWI-EECCA Component.

international partner. The OECD EAP Task force and UNECE will ensure that EECCA Country Steering Groups are established. Furthermore, they will report to the EUWI-EECCA Component Working Group on the work of the EECCA Country Steering Groups. If need be the OECD EAP Task Force and UNECE will assist the EECCA countries in establishing Multistakeholder Forums comprising representatives of, among others, the civic society to discuss and comment upon policy packages following from the National Policy Dialogues carried out.

31. The EECCA Country Steering Groups consisting of key stakeholders within WSS, Financing and IWRM, foremost non-foreign key stakeholders, will oversee specific in-country activities (or specially designed joint activities) facilitating the National Policy Dialogues. They will assess achievements made, advice on possible changes in activities and make recommendations on the extent to which it is possible - on the basis of achievements made - to launch certain reforms.

Figure 1 Organisational set-up, National Policy Dialogues



32. For each National Policy Dialogue there will, as a rule, be one EECCA Country Steering Group. This will ensure that discussions at the EECCA Country Steering Group meetings are focused, concrete and actions oriented. In case more than one National Policy Dialogue is carried out in a country, because it has proven impossible to merge these into one, there will be more than one EECCA Country Steering Group in the country. However, all parties should make a supreme effort to ensure that there will be one (and only one) National Policy Dialogue in a country. The members of an EECCA Country Steering Group elect a Chairman from among themselves. He/she participates, as a rule, in the meetings of the EUWI-EECCA Component Working Group.

33. In each EECCA country a Multistakeholder Forum may be established. The word "may" is important. This is the reason why dot-and-dash lines are used in connection with the Multistakeholder Forums in Figure 1. A Multistakeholder Forum comprising representatives of, among others, the civic society to discuss and comment upon policy packages following from the National Policy Dialogues carried out is only established

if the EECCA Steering Group in question supports its establishment, one or more policy packages are fairly well-developed and possible participants in a Multistakeholder Forum are not addressed in any other way - for instance, through a public hearing to be carried out in accordance with the legislation of the EECCA country in question. If a Multistakeholder Forum is established it is being called-in on an ad-hoc basis.

8 Time Schedule

34. As already mentioned (see item 2) it is proposed to launch two National Policy Dialogues in early 2006. The steps to taken by the Chair of the EUWI-EECCA Working Group, the OECD EAP Task Force Secretariat and UNECE and two EECCA countries are the following:

- Preparation of Terms of References for the two National Policy Dialogues.
- Presentation, discussion and endorsement of the National Policy Dialogue Document (this document) at the 7th EUWI-EECCA Working Group meeting in April 2006. At this meeting the members of the EUWI-EECCA Working Group will be informed about the two planned National Policy Dialogues as well.
- Presentation of the achievements made within the two National Policy Dialogues at the 8th EUWI-EECCA Working Group meeting preliminarily planned for November 2006.

List of References

- European Commission: *Institution Building in the Framework of European Union Policies - A Reference Manual on 'Twinning' Projects*. Brussels, 2005.
- EUWI-EECCA Working Group: *EU Water Initiative - Work Programme 2006 - Working Group: EECCA*. Brussels, 2006 (presented at the 5th EUWI-Steering Group meeting).
- EUWI-EECCA Working Group, Technical Secretariat: *EUWI-EECCA Component - Draft Work Programme*. Brussels, 2005 (a).
- EUWI-EECCA Working Group, Technical Secretariat: *EUWI-EECCA-Country Level Dialogues - Elements for drafting the Terms of Reference*. Brussels, 2005 (b).
- EUWI-EECCA Working Group, Technical Secretariat: *Organisational set-up*. Brussels, 2006.
- EUWI-Research Working Group: *Review of international S&T cooperation projects addressing integrated water resources management - 1994-2006*. Brussels, 2006.
- EUWI-Steering Group, Secretariat: *Strategy for Development of the EUWI - Revised Final Draft, Version 3*. Brussels, 2006.
- OECD EAP Task Force: *Environmental Regulatory Reform in the NIS: The Case of the Water Sector*. Almaty, 2000.
- OECD EAP Task Force: *Developing Effective Packages of Environmental Policy Instruments in Eastern Europe, Caucasus and Central Asia (EECCA): Experience and Directions for Reform*. Kiev, 2003.