

## **Regional Capacity Development Event on Water-Related SDGs Integration and Implementation: Context and Key Issues**

### **Updated issues note**

This brief note was drafted by the Water Programme of the OECD GREEN Action Task Force. In draft form, it was used to inform a capacity development workshop on Water-related SDGs Integration and Implementation held virtually in November 2020. Materials of the workshop can be found at <https://www.oecd.org/environment/outreach/capacitydevelopmentworkshoponwater-relatedsdgsintegrationandimplementationineasternpartnershipeapcountriesandbeyond.htm>

This final version reflects comments to the draft document received from participants during the workshop and also in writing prior to and after the event.

For additional information, please contact Alexandre Martoussevitch at [alexandre.martoussevitch@oecd.org](mailto:alexandre.martoussevitch@oecd.org)

## *Regional Capacity Development Event on Water-Related SDGs Integration and Implementation: Context and Key Issues<sup>1</sup>*

- updated issues note -

### Context

The OECD has been working with the Eastern Partnership (EaP) countries, as well as with other countries of the Eastern Europe, the Caucasus and Central Asia (EECCA) region for over 20 years, to improve the economic and financial dimensions of water management.

The Eastern Partnership (EaP) is a joint policy initiative aiming to deepen and strengthen relations between the European Union (EU), its Member States and its six Eastern neighbours: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The Eastern Partnership countries made a political commitment to achieve the Sustainable Development Goals (SDGs) by 2030, and since 2015 have made some progress in nationalising SDGs and establishing national monitoring frameworks to measure progress, often with support from development partners. In this context, “nationalisation” means establishing clear definitions and methodologies for formation (calculation) and monitoring of adopted indicators for all tasks under SDGs. Indicators could be either a nationally adapted indicator from the Global List of SDG indicators recommended by the UN Statistical Commission (UNStats), or a country-specific proxy indicator.

To co-ordinate SDG implementation, some countries established dedicated inter-agency co-ordination bodies at the national level chaired by high-level officials: e.g. in Belarus, the National Co-ordinator for the SDG agenda is the Deputy Chair of the Upper Chamber of the Parliament.

Overall, countries have made progress in adopting methodologies for calculating and monitoring nationally adopted indicators, and reporting on progress within their own countries and also internationally. However, the countries still face challenges in (i) integrating SDGs into the policy framework, annual and mid-term budgets, using SDGs as policy targets or performance indicators in national, sub-national and sectoral strategies, programmes and plans; and (ii) introducing proper incentives structure for all main actors in the water sector (managers and planners, operators and users), to achieve water-related SDGs by 2030. So far, many countries both in the Eastern Partnership and beyond are considered behind schedule.

Challenges include those linked to national data availability, monitoring and reporting frameworks, and the lack of coherent, prioritised strategic and mid-term plans, the need to make WSS more resilient to key risks, from climate related to pandemics like Covid-19, and uncertainty regarding human and financial resources available for the water sector over 2021-30 or the general lack of political attention to water sector development. This reduces opportunities for: mobilising sufficient finance for delivering water-related SDGs, using

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available funds in the most cost-effective way and measuring the development impact in terms of progress towards the SDGs.

This note aimed to (i) highlight key challenges and opportunities in this domain; and (ii) serve as a background document for the regional capacity development event focused on developing capacity of the Eastern Partnership countries through sharing experience, good practices and lessons learned from the EU and OECD countries, and from within the Eastern Partnership and wider EECCA region; and finally, (iii) to inform possible future work on water in the region under the GREEN Action Task Force which secretariat is hosted by the OECD.

## 1. The challenge of nationalising and establishing a monitoring framework for water-related SDGs

### *Progress made ...*

- most countries in the region have already nationalised SDGs, often with support from UNDP: typically, countries use indicators from the Global List recommended by the UN, and national proxies in remaining cases (e.g. Belarus: see CRICUWR (2020));
  - countries have made progress in establishing a monitoring framework based on existing statistics and sectoral reporting systems complemented by regular or *ad hoc* surveys (e.g. UNICEF-led Multiple Indicator Cluster Survey (MICS));
  - there are examples of integrating some of the indicators into automated State Water Cadastre information system (e.g. in Belarus), thus allowing an automated calculation of time series;
  - some EECCA countries decided to nationalise SDGs jointly with nationalising other complementary sets of internationally recognised indicators, such as Green Growth Indicators (GGIs) (e.g. Kazakhstan) or water security indicators - WSIs (e.g. Kazakhstan and Kyrgyzstan) and this experience might be of interest for EaP countries and beyond;
- see Table 1 for details on progress.

**Table 1. Progress in nationalising of, and establishing monitoring framework for, water related SDGs in selected EECCA countries**

Country	Progress in nationalising water related SDGs: adopting definitions and methodology for calculation and monitoring, and establishing reporting system	Progress in nationalising water related GGIs or developing national WSIs framework	Comments
Azerbaijan	Methodologies developed and approved, regular monitoring and reporting on the following indicators: 6.1.1.; 6.3.1 and 6.3.2; 6.4.1 and 6.4.2; 6.5.1 and 6.5.2; and 6.a.1. Methodologies for other indicators under development.	Plans to develop methodologies for water related GGIs and WSIs.	
Belarus	Methodologies developed and approved, regular monitoring and	A set of GGIs for Belarus has been	

	reporting on the following indicators: 6.1.1 and 6.2.1; and 6.3-6.5, all tasks.	developed and approved. GGIs for Belarus include a subset of indicators on Freshwater resources.	
Moldova	List of national water related SDG indicators developed, Voluntary National Review (2020) published.		
Kazakhstan	List of national water related SDG indicators developed.	A set of national WSIs, consistent with, or complementary to, the nationally adopted water related GGIs and SDGs, developed.	Definitions of WSIs are well aligned with definitions of adopted water-related GGIs and SDG indicators
Kyrgyzstan	List of national water related SDG indicators developed, Voluntary National Review (2020) published. For 6.1.1 and 6.2.1 indicators, a key monitoring instrument is the integrated household survey and MICS survey – see NCS (2020).	A set of national WSIs, consistent with, or complementary to the nationally adopted water related GGIs and SDGs, developed* - see NSC (2018)	* - except indicators on the trans-boundary dimension of water security ( <i>under development</i> )
Russian Federation	Methodologies developed and approved, regular monitoring and reporting on the following indicators: 6.1.1., 6.2.1, 6.3.1 и 6.4.1. From 2023, also indicator 6.5.2. Indicators for 6.3.2, 6.5.1, 6.a.1 are under discussion with relevant government bodies (work in progress).		Definitions of adopted water-related SDG indicators and GGIs are well aligned.
Ukraine	Methodologies developed and approved for all SDG 6 indicators, Voluntary National Review prepared.	No plans to develop.	There is some discrepancy between definitions used for the national and global indicators.

*Note: Acronyms: GGI – green growth indicator; WSI – water security indicator*

*Source: CRICUWR (2020), NSC (2018), NCS (2020) and own analysis of responses by countries to the Questionnaire sent out by the OECD to invitees to the capacity development workshop.*

### ***... and key outstanding issues***

Despite some progress made by countries, there is a number of outstanding issues – the list includes, but is not limited to (see Box 1), the following:

- Delays or gaps in nationalising water-related SDGs;

- Quality of some proxies or sub-optimal regularity of measuring them (e.g. proxy for SDG 6.1.1 in Belarus); or inconsistency of indicators used for measuring access to water supply and sanitation (WSS) in urban and rural areas (e.g. in Kazakhstan);
- Lack of indicator on **affordability** of WSS services for households (overlooked in the Global List);
- Local capacity for reporting on SDG 6.5.2 requires strengthening, while countries indicate difficulties in communicating with some custodian agencies (e.g. until recently, with UNESCO's Ground Water programme );
- Inconsistencies between nationalised SDGs and other sets of indicators (such as GGIs) measuring the same phenomena (in some countries, e.g. Kazakhstan, such inconsistencies were timely identified and properly addressed).

**Box 1. Outstanding issues: gaps in adopting SDGs; quality of some proxy indicators or sub-optimal regularity of measuring them; inconsistencies with other sets of nationally adopted indicators, such as GGIs etc.**

**Azerbaijan:** indicators for some tasks under SDG6, relevant for the country, are not yet fully nationalised (e.g. the tasks under 6.2).

**Belarus:** measuring the nationally adopted proxy indicators for tasks under SDG 6.1 – 6.2 not sufficiently regularly to inform sound and timely planning of measures in WSS (presently measured only in the framework of the Multiple Indicator Cluster Survey (MICS) to assess the situation of children and women, conducted once in 7 years by BelStat in co-operation with UNICEF). The sampling used (girls and women only) may not be representative for the whole population. The country needs to elaborate national indicators for tasks under SDG 6.1 and 6.2 and monitor them more regularly, eventually also at oblast (province) level.

**Kazakhstan:** inconsistency of definitions of the indicators used to measure the status of implementing task 6.1.1 in urban areas, where access to safe drinking water is measured as *the share of the area of human dwellings* (in m2) equipped with piped water supply, while in rural settlements is measured as *the share of the rural population* (in '000 people) having access to piped water supply.

**Russian Federation:** the nationalisation of SDG6 indicators is not yet fully completed (e.g. indicators for tasks 6.3.2, 6.5.1, 6.a.1, 6.b.1 under SDG 6), and reporting on such indicators is not yet regular.

**Ukraine:** all SDG6 indicators are nationalised, and methodologies approved. However, a better harmonisation is required for the definitions/meanings and methodologies between the national and internationally adopted indicators. The country would benefit also from a clearer delineation of responsibilities for monitoring and reporting between the central government bodies and other stakeholders.

**All EECCA countries:** need to disaggregate data for some indicators; lack of an affordability indicator under 6.1 (*safe and affordable drinking water for all*); lack of methodologies for Level 3 and some Level 2 indicators. Adoption by countries of common or well aligned definitions of, and calculation and monitoring methodologies for, indicators for tasks under SDG 6 (e.g. at the level of CIS Statistics Committee) would

help to consistently measure progress at regional level and simplify cross-country comparison.

*Source: own analysis of responses by countries to the Questionnaire sent out by the OECD to invitees prior to the capacity development workshop.*

## 2. Integrating nationalised water-related SDGs into national policy and budgetary frameworks

While several EECCA countries have made progress in integrating water related SDGs (and GGIs) into policy documents, other countries have just started doing so. For instance, in Belarus, specific strategic objectives of the draft new national Strategy for water resources management to 2030, in the context of climate change (Water Strategy), are set in terms of SDG6, with water security as the overarching strategic objective. Other countries have partly integrated water policy objectives into their Environmental; or WSS (e.g. Moldova); or National Development Strategies (NDSs).

But overall, opportunities exist for better integrating water related SDGs into broader socio-economic policy frameworks (including NDS, or national water strategy or dedicated state water programme) and budgetary processes (mid-term and annual budgets), thus increasing the profile of the water sector on the local political agenda (see Box 2); as well as for improving cross-sector coordination mechanisms and coherence of sectoral policies. Learning from EU & OECD country experience and from neighbours in the Eurasia region would be useful with this regard, not least regarding the presentation of the benefits for local politicians of progressing this integration and improving cross-sector coordination.

### **Box 2. Progress in integrating water related SDGs in water strategies or programmes, or environmental strategies and in broader water policy framework and budgetary process in EaP and selected EECCA countries**

In many countries of the Eastern Partnership and the wider Eurasia region, integration of SDGs into policy documents – from the National Development Strategy (NDS) to lower level sectoral and territorial development strategies, programmes and plans, is a key pre-requisite for securing allocations of public funds to policy goals / targets. Without such an integration, followed by inclusion into the mid-term expenditure budget and annual public budget, opportunities to secure financial support from the public budget are very low.

**Azerbaijan:** selected water-related SDGs have been integrated into the following (draft) policy documents:

- National Strategy for Economic Use of Water Resources for 2021-2038
- Pilot River Basin management Plans (RBMPs) for the following rivers: Gyandjachai; Middle Kura; and Alasan – Gamykh

**Belarus:** water related SDGs have been integrated into the following policy documents:

- The whole SDG6 is fully integrated into the draft Water Strategy to 2030, in the context of climate change (to be adopted soon)

- Most indicators for the tasks under 6.3-6.5 are integrated into the State Water Cadastre information system allowing for automated generation of time series and aggregation of data at different levels: national, oblast (province), economic sector or river basin.
- Selected tasks under SDG6 (6.1, 6.2, 6.3.1, 6.3.2.1, 6.4.1, 6.4.2) are (or are being) integrated into one or several policy documents, existing or being developed, as follows:
  - Draft Environmental Strategy of the Republic of Belarus to 2035;
  - Draft State programme “Environment Protection and Sustainable Use of Natural Resources” for 2021-2025;
  - Draft Programme of Measures towards implementing tasks under the Protocol on Water and Health (**Note:** the programme was approved in March 2021);
  - Regional (oblast) programmes for municipal water supply and sanitation;
  - Draft River Basin Management Plan (RBMP) for Pripyat river (its part located within the territory of Belarus)

**Moldova:** several SDG 6.1 and 6.2 indicators, such as the proportion of population with access to piped drinking water supply and proper sanitation, are integrated into the updated national WSS Strategy to 2030 and associated mid-term Action Plan for 2020-2024 (for more detail see Government of the Republic of Moldova (2020)).

**Russian Federation:** selected water related SDGs (as well as GGIs) are integrated into the following policy documents:

- State Programmes on “Natural Resources Management and Use” and “Environment Protection”
- National Project “Ecology” and sub-projects under it:
  - “Clean Water”;
  - “Volga River enhancement”
  - “Conservation of Lake Baikal”
  - “Conservation of Unique Water Objects”

**Ukraine:** presently, water-related SDGs, including SDG 6, are considered not yet fully integrated into national policy documents or related implementation plans and budgets, or used for measuring development impact of interventions in the water sector. For instance, indicators for tasks under SDG 6.1, 6.2, 6.3.1, 6.3.2, 6.4.1 are included into the Environmental Strategy (2019) but are not yet fully integrated into implementation plans and budgets; the indicator on adapting the water sector to climate change (under SDG 13.1.1) is not included.

*Source:* Government of the Republic of Moldova (2020), CRICUWR (2020), OECD (2020) and own analysis of responses by countries to the Questionnaire sent out by the OECD to invitees prior to the capacity development workshop

### 3. The challenge of mobilising and effectively using finance for water-related SDGs

This challenge remains acute for all countries in the region. Some countries provide the majority of funds to the sector through dedicated Water or WSS strategies or programmes adopted at the national (e.g. Moldova, Kyrgyzstan) or province (e.g. Belarus) or basin (e.g. the Lake Baikal and Volga River federal projects in Russia) level and associated mid-term action plans.

Many countries also mobilise support from national development institutions or dedicated funds (environmental, regional development, social etc.) as well as from international development partners. Accumulated experience in this area and lessons learnt are worth exchanging.

However, the fact that and countries are behind schedule (e.g. by self-assessment, in 2018 SDG6 was only 27% achieved in Kyrgyzstan – see Figure 1 in NSC (2020)) arguably suggests that to date, the resources allocated for achieving water-related SDGs have not been sufficient or not always used in a cost-effective way. Barriers to progress include poor prioritisation of proposed actions and investments, outdated design and construction standards leading to the delivery of substantially oversized systems, limited fiscal capacity of countries and highly unstable allocations for the water sector (the situation of high uncertainty can make it even more unstable and unpredictable<sup>2</sup>), the lack of access to finance for small-scale water projects, affordability constraints etc. (see Box 3).

#### **Box 3. Removing barriers and opening new opportunities for mobilising additional finance to the water sector in selected EaP and EECCA countries**

**All countries:** (i) ensuring stable and predictable allocations for water from the public budget and mobilising additional resources (public funds, ODA and blended finance), including by “crowding in” the private sector (private capital through public-private partnerships, or contributions of interested domestic end-users, where feasible); and (ii) significantly improving the cost-effectiveness of interventions in the water sector are key success factors for countries in the region facing the situation of oversized water systems in many urban areas, while lacking centralised water supply and sanitation in rural areas.

**Armenia**, for a decade had allocated a substantial proportion (up to 2%) of its public expenditure budget for water including for capital investments in WSS. The country would benefit from adopting a dedicated strategy for SDG6 implementation.

To achieve SDG 6.1 and 6.2, **Moldova and Kyrgyzstan**, have adopted: (i) sectoral strategy and state programme, respectively, and managed to mobilise strong support from Development Partners to the implementation of their strategic plans; and (ii) new design and construction norms for small-scale drinking water supply systems (with installed capacity of up to 200 cubic meters per day). It helped reduce unit capital costs in rural WSS (per person served) by at least 30% without compromising service quality. Thus increasing cost-effectiveness of interventions in WSS from the public budget and ODA.

**Kyrgyzstan**, to implement its State programme on WSS has also tried to engage with new development partners, such as China.

<sup>2</sup> Ideally, strategic planning should factor in the high uncertainty of the future - see Strelkovskii, N. et al. (2019).

*Source:* own summary of information and data shared, discussions and presentations delivered by countries and Development Banks at the capacity development workshop.

#### 4. Using SDGs as a tool for measuring the development impact of interventions in the water sector

Several national and international development finance institutions aim to measure the development impact of their interventions in terms of progress towards (i) the SDGs (e.g. the New Development Bank (**NDB**, often named as “BRICS Bank”) or (ii) transition to the green economy model (e.g. the EBRD); while ensuring consistency between water related Green Growth Indicators and SDG indicators (see Box 4).

Eastern Partnership countries and the wider EECCA region would benefit from learning about this new trend and may wish to adopt a similar approach to assessing the development impact of interventions from their public budgets, national development institutions or dedicated budgetary funds. This first experience might be of interest also for development partners active in the water sector in the region.

##### **Box 4. The implementation challenge: using water-related SDGs or GGIs for measuring development impact of interventions in the water sector by selected countries and development banks**

To facilitate transition to the green economy model, the **EBRD** applies six transition qualities to access projects submitted by countries: competitive, well governed, inclusive, integrated, resilient and green.

The **NDB** developed an Environment and Social Framework (ESF) and uses it for project appraisal. Also, the NDB maps the alignment of its projects with the SDGs based on the quantifiable development results, using SDG-linked indicators to measure project-level outputs and outcomes. The mapping method helps the NDB to assess, document and report on its contributions to its member countries efforts to achieve the SDGs.

The **IIB** uses its Environmental and Social Policy framework to promote *balanced and inclusive growth* of its members.

**Kazakhstan** aims to transit to the green economy model and uses GGIs to measure progress towards this objective, where nationalised water related GGIs would be consistent with SDG indicators.

**All countries and DFIs** present at the capacity development workshop stressed the need to have a sound (common or well-aligned) metrics for measuring cost effectiveness of interventions in the water sector from the public budget and by development banks.

*Source:* own summary of the information and data shared and presentations delivered by countries and Development Banks at the capacity development workshop (the presentations could be found on the web-page devoted to the event).

## 5. Role of Partnerships

Developing synergetic partnerships, in the spirit of SDG 17, will be key to reaching water related SDGs and implementation will be the main challenge over the upcoming decade of 2021-30. Demand for co-operation with countries behind schedule concerns all areas: from improving database and methodologies for monitoring progress to institutional strengthening and local capacity development, and to identifying, assessing and implementing specific measures and investment projects to achieve the set targets on time and in equitable and cost-effective way. Development and adoption of a common metrics to measure development impact of various possible interventions in terms of progress towards SDGs would help prioritise and select most cost-effective interventions as well as improve submissions to DFIs of water-related projects proposed by countries.

All countries present at the capacity development workshop agreed that better integration into the national policy and budgetary frameworks of SDGs in general, and water related SDGs in particular, would help draw attention to this domain of both domestic and international actors, prioritise development aid and facilitate partnership. While agreeing on common interpretation of terminology and definitions would facilitate communication between the actors.

Participants of the workshop welcomed regular exchange of experience in implementing water related SDGs within the region, as well as with their EU and OECD neighbours and Development Partners including DFIs and bilateral donors, International Organisations and global water initiatives.

### Concluding remarks:

An early draft of this note was consulted with invitees to the capacity development event and finalised after it, based on the discussion held, information and data shared and comments provided by the participants.

In addition to exchange on experience of countries and DFIs with water-related SDGs, the following issues were discussed at the event:

- **the quality of proxy indicators used; and the availability, accessibility and quality of data** required to calculate the indicators for water related SDGs, GGIs and water security indicators (*if adopted*); as well as issues related to the reporting system (obligatory versus voluntary, sufficiently regular versus rare etc.);
- **the degree of political attention to, and (in)sufficiency of financing allocated for, achieving water related SDGs** (existing sources of finance, allocations from them and how effectively they were used);
- **existing barriers to, and open opportunities for, implementing water related SDGs and mobilising sufficient financing for that; and**
- **the role of partnerships**, including with the OECD GREEN Action Task Force, UNECE and the Global Water Partnership, EU and OECD members, EU Water Initiative and other global water initiatives, as well as with DFIs and bilateral donors, in addressing the issues and using the opportunities.

Results of the workshop, presented experience and lessons learnt, findings and recommendations will be further communicated to countries in the region and to relevant development partners.

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