

WORKING DOCUMENT

EU Water Initiative:

Water for Life

**Health, livelihoods, economic development,
peace and security.**

Implementing the Programme of Action of the WSSD

Draft 21 August 2002

Initial partners of the initiative:

**European Commission
Member States of the European Union
Governments of the NIS countries
African Governments**

**Green Cross International
WWF
Tearfund
Water Aid
ICLEI
Public Services International
Global Water Partnership
Global Nature Fund
European Environmental Bureau
Ramsar
UNEP UCC-Water
OECD
UN-ECE
The International Secretariat for Water
BPD Water and Sanitation
Protos Water Powers People
International Network of Basin Organizations INBO
EUREAU
Northumbrian Water
Suez
Thames Water
Vivendi**

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1. MEETING THE CHALLENGES

1.1 Averting a water crisis

Over 1 billion people worldwide lack access to safe water supply and almost 2.5 billion people lack adequate sanitation. More than 5 million people die each year from water-related diseases that are mostly preventable. Water problems are most acute in Africa where it is estimated that 300 million people are affected by water shortages.

The global water crisis is a threat to economic development, to poverty reduction, to the environment, and to peace and security. Water is central to sustainable development and solving water problems means progress across all pillars of sustainable development: economic, social and environmental. The challenges for the water sector have been highlighted in many forums at international, regional, national and local levels. The global and regional Visions and Frameworks for Action presented at the 2nd World Water Forum (The Hague, 2000) provided a new impetus in formulating comprehensive plans of action to meet the challenges. The recent International Conference on Freshwater (Bonn, 2001) reiterated many of the issues and concerns and set out recommended plans of actions in a number of key areas.

The World Summit on Sustainable Development (WSSD) provides further impetus and political support for solving the water crisis. Kofi Anan identified water as one of the top priorities for WSSD and the summit is an important milestone in establishing firm commitments on a programme of action to achieve a secure water future for all.

1.2 Supporting the WSSD objectives

The European Union (EU) recognises the unique opportunity that the WSSD offers to achieve progress on sustainable development, including clear targets and timetables. In response to demand, the EU has established a water initiative as a key contribution to the implementation of the WSSD programme of action and to help achieve water-related Millennium Development Goals (MDGs).

EC water and development policy

Water is an important component of co-operation programmes in Africa, Caribbean and Pacific countries, (governed by the Cotonou Agreement), as well as in other regions in Asia, Latin America, the Mediterranean, Eastern Europe and NIS countries. Water-related activities are also carried out in the framework of NGO co-financing, micro-projects and decentralised co-operation as well as within humanitarian aid.

In 1998, the European Commission published a set of Guidelines for water resources development co-operation. Their centrepiece is a 'strategic approach for the equitable, efficient and sustainable management of water resources'. The Guidelines established policy principles for water resources and water services management. They illustrate how the focus of EC support to water in developing countries has evolved, by having stronger social and environmental concerns, more emphasis on management, and increased support for capacity building and institutional strengthening.

In March 2002, the EC adopted a 'Communication on water management in developing countries' and on 30 May 2002 the European Development Council endorsed a common resolution on this issue. These policy papers recognise the importance of addressing the global challenge of growing scarcity and decreasing quality of water resources, particularly acute in developing countries. Water is a key issue for poverty reduction, sustainable development and the achievement of the Millennium Development Goals on Water.

The Council of the European Union has fully endorsed this initiative and it carries political support from the European Commission and the 15 Member States. The initiative is being developed in an open and transparent manner and is based on strategic partnerships in specific regions that draw together government, civil society, private sector and others to help achieve the water-related goals. Initial demand has been articulated by the representatives from both Africa and the NIS countries and in responding to this demand the initiative has full political support from the respective governments, and other stakeholder partners, in these regions.

1.3 Committing to targets and action

Political support for the initiative is reinforced by commitments to achieve key water-related targets and the EU reconfirms its firm commitment to contribute to ensuring that:

- By 2015, halve the proportion of people who do not have access to safe drinking water and adequate sanitation;
- By 2005, develop integrated water resources management (IWRM) and water efficiency plans in all countries.

Improved access to water supply and sanitation can make a major contribution to poverty eradication, health improvements, quality of life and protection of the environment but their contribution is often underestimated. Progress toward targets on water supply and sanitation has been slow, particularly with regard to sanitation, and a higher priority for these in poverty reduction strategies and sustainable development strategies is required.

Water resource management needs to be addressed at all levels and should be based on the natural river, lake or groundwater basin. Integrated water resources management with strong stakeholder participation, a pro-poor emphasis, and gender sensitivity is a key instrument to ensure the integration of water services within an overall water management framework. Integrated water resource management also provides a framework to promote peace and security in transboundary water courses. As such the EU also confirms its support for initiatives that promote regional co-operation and economic development in transboundary water courses.

Implementation must ensure a balance between human water needs and those of the environment. Freshwater ecosystems provide a range of vital services related to biodiversity, the hydrological cycle, and self-purification capacity. The health of ecosystems is therefore key to human health, to sustainable development, and to poverty reduction and vice-versa.

Improvements in efficiency and sustainability of water use, and river basin management, should contribute to the goals to halt or reverse the current loss of natural resources and biodiversity by 2015.

European Community development priorities

Water-related development priorities, set within an overarching framework of integrated water resources management, include:

- Ensuring a supply to every human being, especially the poorest and with a clear focus on the needs of women and children, of sufficient drinking water of good quality, adequate sanitation and hygiene, with the general objective of reducing poverty and improving people's health and quality of life and livelihood opportunities;
- Sustainable and equitable transboundary water resources management taking into account all relevant interests, integrating the competing needs of the various users, and facilitating south-south cooperation;
- Cross-sectoral coordination to ensure equitable, sustainable and appropriate distribution of water between users of different kinds, requiring mainstreaming water management principles into related policy areas.

Source:

1.4 Achieving the targets

To meet the challenges, the policy profile of water needs to be higher on local, national and regional agendas. **This political commitment needs to be translated into co-ordinated action.** The primary responsibility for ensuring equitable and sustainable water resources management integrated into development strategies rests with local and national governments, and their sustained ownership of both policies and projects is essential to achieve results. Applying a consistent sectoral approach to support partner countries and regions can also ensure better coherence, coordination and complementarity.

Good governance, political and sectoral reforms are necessary. Indeed, it has been stated that '*the water crisis is mainly a crisis of governance*' (GWP, 2000) and making water governance effective is a major challenge for most countries. Better governance arrangements and measures to safe-guard against corruption and financial and operational mismanagement are important. Partnerships between public, private and civil society actors have to be promoted, ensuring that those partnerships remain equitable, transparent, safeguard consumers' and investors' interests and maintain high standards of environmental protection. Institutional strengthening, capacity building and expanding the knowledge base are essential to support sound planning and decision-making processes. Such processes should also guarantee participation of all stakeholders and popular ownership of policies and strategies.

The targets cannot be achieved without addressing a number of other horizontal or cross-cutting issues. Gender inequality hinders growth, poverty reduction and progress in health and education. The role of women in household water provision and use is frequently ignored in planning and management processes and their potential role in income-generation and poverty reduction programmes can be underestimated. Mainstreaming gender equity is essential in meeting the targets. The importance of water in environmental sustainability and integrity and functioning of natural ecosystems, which sustain our existence, are also key factors. These issues and others can also benefit from research to develop the critical knowledge needed for policy formulation and to operationalise policies and principles.

Closing the financing gap is one of the major challenges. Financial estimates to meet the Millennium Development Goal for water and sanitation, as reported in 2001 by the UN High Level Panel on Financing for Development, suggested that between US\$10-29 billion per year is required on top of the roughly US\$30 billion already being spent. These figures reflect the needs for water supply and sanitation only and significant other resources will also be required for all other aspects of water management.

Improved efficiency of existing financial resources and the identification of mechanisms to attract additional financial resources will be important factors. **The EU spends close to €1.5 billion on water resource development and management projects per year** and improving the efficiency of these investments can make a difference. Using these funds to leverage other forms of finance including from users and from the private sector should be investigated.

An outcome of the Conference on Development Funding (2002) was the Monterrey Consensus, a commitment to mobilise and increase the effective use of financial resources and to achieve national and international economic conditions to fulfil internationally agreed development targets. Recalling its commitments made in Monterrey, the EU is ready to increase and deliver these resources over the following years within the context of countries' efforts to reduce poverty in the framework of sustainable development. Ensuring some of these resources feed through to water-related activities requires the water sector as a whole to be treated as a key priority. Whilst such additional funds can make a contribution to achieving the Millennium Development goals on water it is clear that additional efforts will be necessary to close the financing gap.

2. THE EU WATER INITIATIVE

2.1 Objectives

The EU Water Initiative seeks to make significant progress in poverty eradication and health, in the enhancement of livelihoods, and in sustainable economic development. The initiative also seeks to serve as a catalyst for peace and security.

The initiative provides a platform for strategic partnerships to implement the programmes of action for the WSSD and to contribute to meeting the Millennium Development Goals on water. Under the initiative, the EU seeks to work with its partners to:

- **Reinforce political will and commitment to action**
The global water crisis is not on the agenda of many political leaders of the world. The initiative seeks to support governments in understanding the links between water, poverty and sustainable development and to help translate this into firm commitments for action. In particular, the initiative seeks to provide a mechanism to develop joint action plans to implement the programmes of action of the WSSD.
- **Make water governance effective and build institutional capacity**
Making water governance effective is an essential step in supporting healthy and productive lives and safe-guarding the environment. The initiative seeks to promote better water governance arrangements and good practice centred on the principles of integrated water resources management. Capacity to plan, manage and implement programmes of action at all levels is central to achieving the desired outcomes and the initiative seeks to build capacity by providing expertise and knowledge and by facilitating access to information. Research co-operation should form an important part of such these activities.
- **Improve co-ordination and co-operation**
A vast range of water-related activities are currently underway or planned but their inter-relationship is not always apparent. The initiative seeks to provide a platform to co-ordinate and streamline activities and to establish multi-stakeholder processes to bring partners together, including south-south collaboration and co-operation. The initiative seeks to support regional and sub-regional activities where clear commitment to collaboration exists. As a contribution to peace and security it seeks specifically to support the build-up of river basin organisations and to assist in the development and application of river basin approaches in transboundary waters.
- **Increase the efficiency of existing EU aid flows**
Meeting the Millennium Development Goals will require considerable financing efforts and although no exact estimates are available it is evident there is a major financing gap. The initiative seeks to make the most of available funds and to increase the effectiveness of existing and future EU aid flows. It seeks to use official development assistance as a lever for other forms of finance, including user finance and private finance, and to encourage the development of innovative funding mechanisms to create higher efficiencies. It also seeks to finance water projects with a particular focus on meeting the needs of poor customers and a sustainable environment.

2.2 Adding value

The initiative seeks to provide an umbrella under which a range of geographical and thematic components can be designed and implemented. It offers several mechanisms by which value can be added to on-going and future actions through improved co-operation and co-ordination, increased efficiency and effectiveness and promotion of sector-wide approaches.

The EU can draw on a wealth of experience and knowledge in many fields of water related activity and has much to offer in promoting change and best practice. For example, at a local-level, EU development programmes strongly advocate the integration of water supply together with sanitation and hygiene education programmes. At a basin scale, the EU is implementing a Water Framework Directive as a means to ensure sound management practices within its own waters.

The EU has a long standing experience in the management of transboundary rivers and has adopted an international, integrated river basins approach in the new Water Framework Directive that became law in December of the year 2000. The Water Framework Directive sets clear environmental objectives and requires that all partners in a given river basin manage their waters in close co-operation irrespective of international borders. The European Union experiences show that at an integrated river basin management level, participation by all stakeholders together with knowledge and information exchange will promote economic development institutional sustainability and conflict prevention. This experience of water management is not only confined to Europe itself.

Lack of knowledge sharing can engender economic inefficiency and social inequity in water allocation and use and thus come with potentially high social and economic costs. Scientific knowledge is becoming more generally recognised as crucial for socio-economic development in relative harmony with the natural environment of a country or region and is looked upon as an important confidence building mechanism for transboundary issues. As a result, there is growing demand in partner countries for intensified scientific co-operation with Europe's research community.

Europe has developed a relevant research and innovation potential in the water sector. Research and innovation is essential for developing new technologies and approaches for the sustainable use of water resources. This advanced scientific and technological skill applies particularly to water supply and sanitation, as well as to the development of tools, methodologies and approaches for the implementation of integrated water resources management policies. Solutions to problems have to derive from the analysis of the local situations and partnerships with local research institutions, stakeholders and citizens is therefore essential for developing long-lasting sustainable water management solutions.

The initiative is intended to reinforce existing partnerships and bilateral and regional programmes. Indeed, the initiative strongly recognises the importance of on-going and planned activities and views these as building blocks under the overall umbrella of the initiative. Similarly, the importance of existing networks and partnerships (eg GWP's Regional and National Water Partnerships), is fully recognised and the aim is to co-ordinate closely, not duplicate, such activities.

The initiative seeks to promote a range of financial mechanisms already available to water projects and to draw from relevant EU and partner experience. It actively seeks to locate the gaps in the provision of financing and to take co-ordinated and joint action to fill them. Overall, the aim is to seek the right mix of financing options both for capital finance and cost recovery programmes. The initiative also provides a strong lobby calling for additional financing into the sector and could serve as leverage to direct some of the Monterrey Commitments to action programmes on water.

2.3 Principles and partnerships

The success of the initiative relies on political commitment from the partners together with stakeholder ownership. As a strategic partnership, the initiative is open to all partners willing to commit to the objectives, targets, and guiding principles. Basic principles of flexibility and transparency will be applied throughout the design and implementation of the initiative. Components should be demand-led with specific objectives and ownership resting with a lead partner or partners.

Components under the umbrella of the initiative should complement and reinforce other development processes for poverty reduction and sustainable development. Links to poverty reduction strategies (PRSPs), national strategies for sustainable development, regional and national frameworks for action, and water action programmes are important. Implementation should also maximise the use of existing knowledge, methods and best practices.

Initial partners from the European-side include the EU Member States, the European Commission, European civil society and the private sector. Political commitment and stakeholder support has already been secured from Africa and the NIS countries and work has begun on the development of specific components for these regions. As the initiative develops, other governments, the IFI's, the UN agencies and other relevant organisations and stakeholders will be encouraged to become partners.

3. SHAPING THE INITIATIVE

3.1 A modular approach

Whilst the water crisis has global implications, it is at regional, national and local levels that actions and solutions need to be implemented. The initiative is building on a modular approach with specific components addressing thematic priorities in different geographical contexts as well as other critical cross-cutting issues. The geographical contexts include: Africa; NIS; South and South-East Asia; Latin America; Mediterranean; and, Small Island States (eg Pacific and Caribbean). Within any one region there may be one or more thematic priorities identified and each component should have specific objectives.

The design phase for each component includes identification of current building blocks, which may be on-going programmes, projects under preparation or implementation, or existing networks and alliances. The overall coherence of the component relies on an inter-relationship between the building blocks such that these reinforce each other in achieving the specific component objectives. Where gaps are evident these will be addressed through new building blocks. The design phase concludes with the definition of an action programme and subsequent implementation will ensure local ownership and leadership of these programmes.

The modular approach enables the initiative to develop appropriate responses for different geographical regions and their priorities. This evolutionary process ensures it is shaped through response to demand rather than being pre-determined. Shaping the initiative should remain transparent and is centred on a policy of equal partners working toward common objectives and targets. In support of this, rules of procedure will be developed as part of the design phase for the initiative.

In response to political commitments and identified needs from the African and NIS nations the initial regional components focus on these two areas. Research is also included as an initial horizontal component. In recognition of the central role financing plays in implementing the emerging joint

action programmes a separate finance component is under development within the initiative to address these issues.

3.2 Regional components

African component

Following the Bonn Conference (2001), the African Water Ministers launched an African Ministerial Conference on Water (AMCOW) and agreed a Declaration outlining the key elements of water policy for Africa. The Ministers made a commitment to bring implementation of the policy higher up the political agenda and as part of the Declaration welcomed the EU Water Initiative. The Ministers also emphasised its importance in supporting both the NEPAD goals and the WSSD objectives. The vital importance of better hygiene and sanitation were highlighted subsequently at the Africasan Conference (2002) which called for decision-makers to develop targets and commit adequate resources to these life saving measures.

Building on this commitment a strategic alliance between African and European Ministers/Heads of State has been initiated to formulate an African component of the EU Water Initiative. Two key thematic areas have been identified under the African component, namely:

- Water Supply and Sanitation - with a focus on water supply and sanitation in rural, urban, peri-urban areas
- Integrated Water Resources Management – with a focus on transboundary river basins

The EU is fully supportive of a component directed in the first instance to Africa because of the severity of the water crisis facing most of Africa. Two thematic components seek to respond to some of the most pressing needs identified by the African Water Ministers. Firstly, a water supply and sanitation theme seeks to achieve the key targets and contribute to overall poverty reduction and health. Under the second theme, IWRM with a focus on river basin management and transboundary waters (Africa has around 60 international river basins), there is potential to address regional integration and sustainable development. This could also to serve become a catalyst for peace and security in Africa. Further details are given in Annexes I and II.

NIS/Central Asian component

The Ministerial Declaration adopted in Almaty October 2000 by economic/finance and environment ministers from the NIS and selected OECD countries documents the serious situation of the urban water supply and sanitation sector in the NIS and includes an endorsement of a set of guiding principles for its reform.

An NIS environmental strategy is under preparation by the NIS environment ministries under the auspices of the Environment For Europe process. As a result of meetings between NIS and EU ministers and senior officials the EU Water Initiative NIS component is now accepted as a partnership between NIS and EU in implementing the water aspects of the NIS Environmental Strategy. There will be two main thematic pillars of the NIS component:

- Urban water supply and sanitation, including financing of water infrastructure
- Integrated water resources management, including transboundary river basin management issues

Subject to agreement with NIS partners, within each pillar there will be a focus on the following cross-cutting aspects: awareness raising at all levels; exchange of knowledge and experience; identification of gaps and priorities; developing best practices and benchmarks; development of regional and sub-

regional co-operation mechanisms; capacity building; and, promoting the implementation of demonstration projects

All NIS countries might not necessarily focus on all themes. Depending on the particular circumstances and priorities in each country, there will be different weights attached to the two pillars and the cross-cutting issues.

A cluster of building blocks (projects/programmes financed and supported by various development partners) will constitute each pillar, thus bringing partners with related activities together under a common framework and co-ordination, but without taking the ownership and responsibility away from individual partners. Further detail is given in Annex III.

3.3 Horizontal components

Research component

The initiative explicitly includes a research component that seeks to build on the existing successful experience on bilateral and EU scientific/technical co-operation to strengthen partnerships and streamline activities. This goal can be achieved by reinforcing co-operation within the 6th Framework Programme for Research 2002-2006 (FP6), which will start in November 2002.

Within FP6, the water-related subjects will be one of the major components of the specific measures in support of international co-operation, which are awarded overall of 600 M€. About half of this budget (285 M€) will be dedicated to third country participation into European research activities within the 7 main thematic priorities of FP6. Water research will be enriched by the participation of third countries to some key activities, and in particular:

- in the area of integrated water management at catchment scale, where a specific "twinning" research partnership between European, African and NIS river basins should be constructed, with focus on transboundary river basins;
- in the area of integrated urban water management, for studying the problems of African, Asian and/or South American mega-cities along with those of European urban and peri-urban areas;
- in the area of management of water under scarcity, where partnership between EU and other south-Mediterranean countries is particularly needed;
- in the development of scenarios of water demand and availability at 25-50 years, where the Commission wishes to open a large European research initiative to a wider geographical area which includes South and East Mediterranean, Black Sea and other NIS countries.

About €315 M will be dedicated to specific international co-operation activities with: 1) Balkan and Mediterranean third countries; 2) Russia and NIS countries; 3) developing countries. Water represents one of the main research priorities, within an integrated approach to the sustainable exploitation of natural resources, to health, food security, environmental protection and policy research. One of the major objectives of these activities will be to help strengthen, stabilise, develop or adapt the local research systems.

Moreover, the initiative will promote the co-ordination of the research co-operation activities of Member States, to better focus also the water-related research activities towards the main objectives of the initiative and to exploit synergies with the EU-funded international research co-operation. Further details are given in Annex V.

Monitoring and reporting

The initiative will establish a monitoring and reporting mechanism for progress and quality control. The mechanism will be transparent and will not entail high administrative burden. Key to the initiative will be a focus on assisting countries and regions to undertake their own monitoring and reporting, and for these to contribute to overall monitoring of progress toward the Millennium Development Goals.

Each component and partnership of the initiative will have a tailor-made monitoring and reporting system with appropriate indicators. Where feasible, the systems will build on existing reporting and monitoring mechanisms such as those established in relation to the Commission for Sustainable Development and the Convention on Biological Diversity and Ramsar Convention on Wetlands.

4. FINANCIAL STRATEGY

4.1 Developing a financial strategy

The objective of the EU Water Initiative's Financial Strategy is to increase the efficiency of existing EU aid flows and to promote water and sanitation as key to sustainable development. The emphasis is for sustainable financing of water supply and sanitation services and the sustainable management of water resources. The financial strategy is at this initial stage focused on Africa but will be further developed for the other regional components during the design phase.

The component seeks to inform partners on financing issues and to help articulate the most effective EU responses to meet specific objectives. Initial activities will include assessments of financing needs and current financing position, current sources of funding (public, private and development assistance), and the types of funding instruments available. Further work will include considerations of the General Agreements on Tariffs and Trade Services (GATS) with regard to water services, an insight into private sector participation and procedures for safe-guarding the poor.

In essence, the challenge will be to determine how much financing is needed to lead to significant improvements in water resources development and management, to identify where it could come from, and to explore what sort of financial 'mix' will be most appropriate. A key financial focus will be to show how development aid can be increasingly used as a catalyst for triggering other sources of financing for water, rather than being seen solely as the solution itself. Due to potentially wide differences in regions considered by the initiative different 'mixes' will need to be explored in each region and financial strategies adapted to meet the different demands.

Basic principles for reaching sustainable financing

- Increasing the efficiency of development assistance by better co-ordination mechanisms;
- Maximising the pro-poor outcome objectives to which water contributes;
- Promoting sector wide approaches and more budgetary support;
- Improving institutional and management capacity as a basis for sustainable financing;
- Promotion of cost recovery policies and ensuring that subsidies are directed to the poor;
- Building on existing financial initiatives and developing innovative financial instruments and mechanisms to attract additional financial resources and partners.

The component seeks to look more closely at how to reduce the potential for overlaps in the allocation of funds for water-related projects between donors and IFIs in order to maximise their effectiveness. It will investigate how to scale up or replicate promising water financing initiatives undertaken by partners in the initiative and seek to develop new, shared initiatives that can address existing financial bottlenecks and constraints. In this respect the activities to develop an African Water Facility are of key importance to the financial strategy. How best to use ODA to develop projects and programmes

which are more attractive to other financial stakeholders will also be addressed. Clearly, the issues of transparency and good governance will also run throughout this process.

4.2 Potential responses

Key areas where the initiative could make a difference for water financing are likely to include:

- Promoting water as a cornerstone of sustainable development
- Raising the programmatic profile of water in the PRSP process
- Coordinating funding for water better among the partners in the initiative
- Linking together the wide range of financing ideas, networks and mechanisms that currently exist for water in Africa and the other target areas;
- Supporting better project preparation facilities;
- Supporting a wider range of models for water sector restructuring in addition to involving private sector participation by competent international operators.

As an example for consideration, the setting up of a funding co-ordination group could meet the intentions of the dedicated water fund for Africa referred to in the Accra Declaration, which provided input to the AMCOW process. A regional focus under the NEPAD umbrella could prove to be a strong catalyst in making things happen in Africa. The integrated river basin management approach, widely discussed at the Accra conference, might provide a similar focus for coordination of funding activities. It may be more appropriate to set up funding coordination groups along regional lines (i.e. Southern Africa, Western Africa, etc). Such groups could in effect promote programme support on sector wide approaches towards integrated water resource management and to water supply and sanitation and facilitate financing for projects at river basin and at national levels. They could also have to operate in the context of national Poverty Reduction Strategy Programmes and the move towards the provision of development assistance in the form of budgetary support. The groups would comprise representatives from the main funding agencies as well as representation from the recipient countries. Some involvement from the private sector would be beneficial, particularly when combined development funding and private sector financing initiatives are being considered.

5. ORGANISATION

The design phase of the initiative continues after the WSSD with the first phases of implementation planned after the 3rd World Water Forum in March 2003. During the design phase, rules of procedure will be developed to ensure there is transparency in processes shaping the initiative and to help clarify what constitutes a viable partnership and how these can be brought under the umbrella of the initiative.

Organisation for the design phase includes:

Co-ordination/Secretariat: The main body to develop the EU Water Initiative is a Multi-Stakeholder Forum. The European Commission leads this forum and provides appropriate support. As the initiative develops the establishment of a Secretariat will be considered. The Commission also takes a lead role in steering and facilitating the overall process.

Working groups/Component development: Working groups should be established for all components and be led either by a Member State or by a major Stakeholder working directly with their partners in the region. The working groups report to the Multi-Stakeholder Forum. Working groups for the components already identified have been established and these will be strengthened and broadened throughout the continuing design phase and for during implementation. The core working groups are currently:

- Working group for the African water supply and sanitation component
Lead: Denmark
- Working group for the African IWRM/Transboundary component
Lead: France
- Working group for the NIS component
Lead: Denmark
- Working group for development of the financial strategy
Lead: United Kingdom
- Working group for the research component
Lead: European Commission

The initiative seeks to promote the establishment of parallel forums in the regions or to benefit from existing regional multi-stakeholder forums. For example, in Africa the working groups liaise with the African Water Task Force under the umbrella of AMCOW. The Netherlands have taken a co-ordinating role with the African Water Task Force. Similar links will be promoted in the NIS countries and elsewhere. Working groups should be open to all relevant stakeholders and the IFI's, UN agencies, further governments and other stakeholders are invited to participate.

6. THE NEXT STEPS

The design phase of the initiative will continue during the lead up to the 3rd World Water Forum to be held in Japan, March 2003. This period will be used to complete the identification of building blocks, to identify gaps, to formulate action programmes, and to consolidate partnerships. Recommended financing strategies for identified components will also be developed during this design phase. The Multi-Stakeholder Forum itself will be used as a means to discuss and agree the final programmes of action before moving into the implementation phase.

The European Union's vision is for the initiative to grow into a major driving force in achieving the targets for poverty reduction, economic development, and peace and security throughout the world. The EU seeks to encourage the expansion of the initiative into other geographical regions. Discussions with key stakeholders in the Mediterranean region are already underway and it is likely that this will form the third regional focus. As the initiative grows it will provide a mechanism to learn from existing partnership initiatives and to encourage replication of successful factors in other geographical regions and thematic areas.

The period between the WSSD and the 3rd World Water Forum provides an opportunity for other stakeholders and partners to commit to the principles of the initiative and to come forward with potential building blocks (projects, programmes, partnerships and alliances) which reinforce the overall goals and those of individual components.

ANNEXES

- Annex I** - **African component:**
Water Supply and Sanitation - with a focus on rural, urban and peri-urban water and sanitation
- Annex II** - **African component:**
Integrated Water Resources Management – with a focus on transboundary river basins
- Annex III** **Partnership with 12 countries from Eastern Europe, the Caucasus and central Asia**
Urban water supply and sanitation, including financing of water infrastructure
Integrated water resources management, including transboundary river basin management issues
- Annex IV** - **Financial issues**
- Annex V** - **Research component**

“The annexes provide only short summaries of the components, the longer versions are currently under development”

ANNEX I

African Water Supply and Sanitation Component

What is it?

The African Water Supply and Sanitation Component is new a platform for partnerships and coordination of WS&S programmes and projects in Africa. The component will promote the general EUWI principles with focus on water supply and sanitation, rural, urban and peri-urban. It will actively seek linkage to other relevant programmes, projects and initiatives in the water resource management sector, the health sector, the education sector, and in the field of regional and urban planning. The African Water Supply and Sanitation Component invites all existing initiatives and programmes to participate.

The objective

The Component shares the objectives of the EUWI in general, with the addition of the objective to contribute significantly to the achievement of the Millennium Development Goals in Africa with respect to water supply, and similarly to sanitation, in a sustainable manner through coordinated efforts.

Reaching the Millennium Development Goals

Based on available statistics on coverage and demographic data it can be calculated that between 2000-2015 200 million rural people and another 200 million urban people in Africa need to get access to water supply and sanitation to reach the MDG.

Existing programmes and regional initiatives

The Component will link closely to The African Ministerial Conference on Water-AMCOW, to The Africa Water Taskforce, to the New Partnership for Africa's Development (NEPAD) and to initiatives started at the "Africasan" conference. The Component will more particularly build upon existing WS&S programmes in Africa funded by EU Member States, and by the EU Commission under the Cotonou agreements and other agreements and by European NGOs as well as the private sector.

The Component will be a platform where existing and new partners can engage in dialogue on the contribution of Water Supply and Sanitation to the national Poverty Reduction Strategy Processes (PRSPs). It will based on existing building blocks such as the Euro-Mediterranean Water and Poverty Facility currently developed by Egypt, Greece and the GWP-Med.

Linkages will also be made to other fora such as the Water Supply and Sanitation Collaborative Council (WSSCC), The Water And Sanitation Program (WSP), Global Water Partnership and others.
The

Principles for the Component

The principles outlined in the general EUWI paper will apply. Furthermore, agreed upon overall principles are laid down in the Abuja and Accra declarations, these principles will be further detailed in the design of actual programmes and projects. To reinforce sanitation and hygiene issues, it will take account of the call to leaders in the statement from the African sanitation and hygiene conference. Thus, principles will include, but not be limited to: aiming for financial sustainability; charging the full cost to those who can afford to pay; transparent subsidy arrangements; cross-subsidies to the poor where the poor cannot afford the full cost; resources to be mobilised first from internal sources, using

public funds for services for the poor, and from private sector funds. Attention should be paid to environmental sustainability and funding of ongoing operations and maintenance costs as much as to initial investment.

Furthermore, support will be given to measures which encourage participatory approaches, stronger and better performing institutional arrangements for the water sector; involving all stakeholders; strengthening the monitoring and assessment of available water resources; ensure sustainable water and sanitation infrastructure development and services delivery; promotion of policies for the appropriate allocation of water for domestic use and food security and other competing demands; regional intergovernmental dialogue on the implementation of Chapter 18 (Freshwater) of Agenda 21; assessment and adoption of best practices in global and regional programmes dealing with water and sanitation.

Co-ordination, initiation and implementation of programmes and projects of water supply and sanitation, rural and urban, will be carried out in accordance with these principles as they are elaborated and agreed upon by the partners.

Institutional issues and approaches

The success of the Component depends on that African governments, as stated in the Accra Declaration, take the initiative to carry out actions that encourage autonomy and corporate norms in the business of water and sanitation services. Good governance, anti-corruption initiatives, and capacity building are all required to achieve successful implementation of water supply and sanitation programmes. Water infrastructure should be managed at the lowest appropriate level.

Efficient implementation of rural WS&S programmes for rural areas and small towns depends on successful decentralisation. Large-scale urban WS&S implementation requires professionally run utilities. The Component will seek to provide support for these institutional requirements.

Procedures

The African Water Supply and Sanitation Component will be made operational through procedures that have been outlined in the main text, and which will be developed over time.

ANNEX II

Integrated Water Resources Management (IWRM) with a focus on transboundary river basins

Introduction:

IWRM is a process which promotes the co-ordinated development and management of water, land and related resources in order to maximise the resultant economic and social welfare, paving the way towards sustainable development, in an equitable manner without compromising the sustainability of vital ecosystems. The natural river, lake or groundwater basin is identified as the basic unit to manage water resources including transboundary water courses.

Within the over-arching EU Water Initiative framework (EUWI), this component should offer a concrete contribution to the implementation of the programme of action agreed at the World Summit on Sustainable Development and in particular to reach the outlined targets.

The component will have full political support from the European Commission and the 15 Member States. Improving co-operation, co-ordination at North and with Southern partners will increase efficiency and effectiveness in coherent interventions, avoiding duplication of efforts and failure.

Why an initiative on IWRM and transboundary issues?

The Accra declaration, the African Ministers Conference on Water (AMCOW) and the New Partnership for African Development (NEPAD) initiatives clearly state in their texts the need for regional integration and for integrated water resources management as a means towards the development of African countries. Moreover IWRM should be a catalyst for peace, security and sustainable economic development.

The EU Water Framework Directive takes on the application of IWRM at the river basin level and provides the legal basis for the management of transboundary water courses in the EU. It is felt that the EU experience, together with that of the International River Basin Organisations in Europe could be relevant for Africa. Since more than 80 % of African river basins are transboundary basins, the present component focuses on transboundary issues. However the implementation of transboundary IWRM will only be possible if adequate institutions and human resources for IWRM are available at national level.

Focus on IWRM and transboundary issues :

Transboundary river basin management is not new in Africa, and several transboundary boards or initiatives already exist, such as: Okavango and Incomati river basins, Niger Basin Authority (NBA), *Lake Chad Basin Commission (LCBC)*, *Senegal River Development Organisation (OMVS)*, *Nile Basin Initiative (NBI)*, the latter certainly being one of the more prominent initiatives at the time being.

The effective development of a process of cooperation and negotiation requires considerable third party support and process financing. The component on IWRM and transboundary issues may help to facilitate the process through creating long-term support structures suitable for funding incremental processes. This type of arrangement can also assist in the inclusion of a variety of voices from within the basin, ranging from the private sector parties, civil society organizations (including NGO's), national and local government and other key actors, including regional economic groupings.

The component would in particular:

- ❑ Promote internationally agreed principles and best practices in the management of transboundary water courses as outlined in various conventions and agreements.
- ❑ Analyze the ongoing activities in the African river basin, identify the major problems and gaps and develop action programmes to close the existing gaps. The action programme will build on existing activities and projects of the partners and should ensure better regional co-operation.
- ❑ Fund transboundary institutions, and more particularly their programme of capacity building in regional planning, monitoring and evaluation and negotiation combined where appropriate, with parallel national level institutional strengthening.
- ❑ Actively explore new financing mechanisms for the management of transboundary water courses such as effective and equitable cost recovery for water services at national levels in the framework of IWRM.
- ❑ Support public participation and consultation of civil society in the management of transboundary water courses on a legal based approach. Provide financial support to encourage the development of civil society and user organisations and networks.
- ❑ Promote partnerships between river basins and in particular south-south partnerships.

Membership and partners:

This component is conceived as a partnership between different key players in transboundary water management. The initial partners are the EU member states, the European Commission, and the concerned developing country governments. Above all, the intention would be to consolidate existing initiatives and organizations and to streamline their cumulated experience within specific, focused programs of assistance. The importance of incorporating Southern perspectives fully with the initiative could be facilitated through the experience of basin-twinning, commission networks and meetings.

The initiative is clearly open for all partners: governments, UN, private, NGOs, as long as they are committed to the targets, objectives and principles of the initiative. The International Network for Basin Organization (INBO) and the Global Water Partnership (GWP) stand out as key partners, as well as Green Cross, WWF, CEDARE among others.

Proposed Schedule :

<i>Sep. 2002:</i>	Launch of the European Water Initiative, at the Waterdome, Johannesburg, RSA.
<i>Oct. 2002 :</i>	Survey of interventions in African on transboundary issues
<i>Nov. 2002:</i>	First meeting of the coordination group (location to be fixed)
<i>Jan. 2003:</i>	Feasibility Studies on selected pilot basins
<i>Mar. 2003:</i>	Report of phase 1 at the World Water Forum 3, Kyoto Meeting of the coordination group on how to move forward.

ANNEX III

Partnership with 12 countries from Eastern Europe, the Caucasus and central Asia

What is it?

The water partnership with NIS countries is a new platform for partnership and co-ordination of programmes and projects for water supply and sanitation, integrated water resources management including management of river basins and other water bodies in NIS. The partnership will seek linkage to other relevant programmes including work on relevant regional conventions and regional agreements in the water sector. It will where relevant seek linkage to programmes in the health sector, the education sector and in the field of regional and urban planning. The partnership will be open and will besides EU and its member states and the NIS, seek participation from other countries, international financing institutions, private sector, UN-bodies and- international organisations and with NGOs. The partnership will use existing institutions and organisations for the further preparation and for the implementation of the partnership.

Why a partnership on water?

At the UNECE Regional Ministerial Meeting for the World Summit on Sustainable Development (Geneva, 24-25 September 2001) it was emphasised that safe supply of drinking water, wastewater treatment, sanitation, the interdependence of water, development and health were extremely important issues in the region. It was recognised that water is the main limiting factor for further development in many countries and it was proposed that fresh water issues should be high up on the agenda of the WSSD.

EU has signed Partnership and Cooperation Agreements with some NIS countries in which harmonisation of relevant legislation and standards has been agreed. With an enlarged EU NIS countries will share borders and transboundary river basins, making harmonisation of water legislation and standards particular relevant. Further EU has with the Water Framework Directive a water policy and guidelines which can be relevant to NIS and can support the ongoing reform process in the water sector in NIS.

At WSSD NIS and EU member countries will launch an Environmental Strategy partnership named as the “Pan European East West partnership for Sustainable Development” with water as one of the key sectors to act to achieve a more sustainable development in the region. The EU and NIS water partnership will be a programme of action to implement the water sector activities of this strategy.

The objective

The partnership shares the objective of the EUWI however will focus on the specific problems and possible solutions of the NIS region. The specific objectives will be developed together with the partners of the region.

Focus areas of the water partnership

The partnership will have two main pillars:

- Urban water supply and sanitation, including financing of water infrastructure
- Integrated water resources management, including transboundary river basin management and management of other water bodies; lakes and regional seas.

Subject to agreement with the NIS partners, within each pillar there will be focus on the following cross-cutting aspects:

Awareness raising at all levels; exchange of information and experience, developing best practices and benchmarks; development of regional and subregional cooperation mechanisms, capacity and institution building, promoting the implementation of demonstration projects and financing of infrastructure.

A cluster of building blocks (projects/programmes financed and supported by various development partners) will constitute each pillar, thus bringing partners with related activities together under a common framework and co-ordination, but without taking the ownership and responsibility away from individual partners.

Milestones

The development of the partnership, will have the following major milestones

1. WSSD, Johannesburg, August 2002:
 - Partnership between EU and NIS launched as part of the EU Water initiative.
2. Regional meetings to develop the initiative further will take place from September 2002 until March 2003.
3. Third World Water Forum, Kyoto, March 2003 at the Regional Day for Europe
 - Presentation of water related problems
 - Presentation and discussion of building blocks of the EU-NIS water partnership
4. "Environment for Europe" Ministerial Conference, Kiev, May 2003
 - Political endorsement of Environment Strategy for the 12 Countries in Eastern Europe, the Caucasus and Central Asia (NIS) , and the launching of an action programme in the water sector based on the EU and NIS partnership in the water sector.
 - Initiation of plans of implementation

Organisational issues

The development of the partnership will be closely coordinated with the development of the Environmental Strategy for NIS to be presented in Kiev 2003. A co-ordination group has been established, with participants from EU-Commission, Denmark (with a secretarial role) , other EU member states, EAP Task Force, UN ECE, GWP, UNEP, UNDP, International Financial Institutions, and selected NIS representatives, Denmark (with a secretarial role) participating in the development of the Environmental strategy process for NIS.

ANNEX IV

Financial Issues

Introduction

This Annex aims to inform existing and prospective partners of the EU Water Initiative on the financial challenge to meet the overall goal that it has set itself, i.e. to halve the proportion of people without access to safe drinking water and sanitation by 2015, and to develop plans for the sustainable management of water resources in all countries.

To meet this goal, the purpose of the EU Water Initiative is to improve the efficiency and effectiveness of existing and future development activities (public, private and civil society) in the water sector. In that context, a financial strategy is to be developed with the specific purpose of improving the sustainable financing of water supply and sanitation services and of the sustainable management of water resources, with a specific focus on sustainable development and pro-poor outcomes. Due to the potentially wide differences in the regions considered by the Initiative, different financial instruments may need to be explored and recommended for each region. This annex presents the basic principles underpinning the financial strategy as a “cross-cutting” set of issues. The financial strategy will need to be adapted to meet the different demands from partners in each of the different regions.

Context: The Financial Challenge

Estimating Needs

Meeting the goals of the EU Water Initiative will require considerable financial efforts. “Business-as-usual” is not likely to be sufficient. There is no comprehensive and no consistent evaluation of the costs of meeting the Initiative’s goals. Existing estimates have proposed different investment needs either to meet the water-related Millennium Development Goals by 2015, or to achieve the objectives contained in the Vision 21 for water by 2025. There is no consensus on these figures. Some cover only basic access to water and sanitation services; others include, for example, irrigation and wastewater treatment infrastructure. Consequently, broad ranges have been put forward for the investments required on top of current investments, going from US\$10 to 30 billion per year to meet the Millennium Development Goal to US\$ 9 to 180 billion per year to meet Vision 21 goals. For the latter, the difference comes from the type of investments considered (either low-cost or developed country technology) and whether or not other aspects of water resource management, apart from the provision of water and sanitation services, are considered. The lack of explicit assumptions can sometimes lead to some mis-interpretation of such figures and under-estimating the actual challenge. Besides, each recipient country should better understand what the MDG mean for them in order to improve their understanding of the problem and provide a sound basis for monitoring progress.

Estimating Current Financial Efforts

At present, the European Union and its Member States make a significant contribution to water and sanitation via its overseas development assistance (ODA) disbursement programmes. It is clear that ODA alone will not be sufficient to meet the Millennium Development Goal for access to safe drinking water, or WSSD priorities for sanitation and water resources management

In 2000, EU member states allocated a total of US\$1.2 billion to water and sanitation (WSS) projects. In 2001, European Commission WSS programmes totalled just Euro 158 million, 94% of which went to African countries. The bulk of EU assistance is provided via bilateral grants, with limited coordination between Member States for the definition of priorities and identification of gaps. Mechanisms intended to assist the coordination of external assistance, such as the provision of budgetary support on the basis of Poverty Reduction Strategy Papers (PRSPs), are failing to position water resources, water supply and sanitation services as a priority for sustainable development and growth. Even though these investments are perceived as basic needs at the grass roots level, they often do not figure prominently in priority investment plans, or PRSPs. This is partly because many

African governments, when drawing up these plans, rely on the continuance of significant levels of donor support for their water and sanitation sectors, via bilateral programmes falling outside of the PRSP process.

Projected increases in development assistance via the Monterrey commitment will not necessarily feed through the water sector and will not be sufficient to meet the financing gap and other forms of financing will need to be relied upon. .

EU ODA to Africa to all sectors has been on the decline in recent years. Given the conditions of the water sector in Africa, there is no evidence that such a decline has been compensated by an increase in self-financing originating from the countries themselves (either in the form of user fees or domestic public finance) or private sector finance. The Monterrey commitment, whereby the EU pledged to increase aid from an average 0.33% of GNI to 0.39% of GNI will bring an additional \$ 16 billion per year by 2006, and could potentially bring up to an additional \$ 48 billion per year if all EU countries were to allocate 0.7% of GNI to ODA. These additional funds can make a significant contribution to meeting the MDG's, but only if the water sector as a whole is treated as a key priority and only if those funds are spent more efficiently, with the objective of leveraging other forms of finance, including from users and from the private sector.

What is the EU Water Initiative Seeking to Achieve?

The EU Water Initiative alone will not be sufficient to meet the MDG targets for water. However, the EU Water Initiative can make a significant contribution by starting to identify a number of concrete activities in order to meet the Initiative's proposed goals. Together, these finance activities should be seen as a basis for discussion with future partners, so that the most effective EU response can be developed in order to help meet the objective.

The EU Water initiative should seek to improve the efficiency of existing and future EU aid flows to the water sector

Proposed activities

- Increase transparency of EU aid flows (e.g. fund the coordination of data on investment needs and aid flows to the water sector in order to identify potential overlaps and gaps);
- Organise coordination along regional lines with clearly identified interlocutors on the recipient side (e.g. through AMCOW in Africa);
- Act as information channel on EU financial flows (ODA and others) to potential recipients;
- Analyse the potential for scaling-up existing financial initiatives using innovative financial instruments (e.g. such as the UK-led Emerging Africa Infrastructure Fund).

The EU Water Initiative should seek to promote the inclusion of water in poverty reduction strategy processes and in budgetary support

Proposed activities

- Support national and local governments in their understanding of the poverty and water linkages;
- Fund civil society actors to market demand for water and sanitation services and integrated water resources management;
- Explore more appropriate, least-cost, options to W&S service provision and the sustainable management of water resources.

The EU Water Initiative should seek to use official development assistance as a lever for other forms of finance, including user finance and private finance.

Proposed activities

- Establish project preparation facilities with clearly defined goals, milestones and priorities;
- Analyse the barriers for other forms of finance (e.g. for cost-recovery and private investment) and understand who needs finance and of what type;
- Develop a set of principles on user and private sector finance that could be used in order to maximise the leveraging of public funds;

- Explore innovative financing mechanisms for managing risk;
- Do not try to apply “one-size fits all” financial instruments.

The EU Water Initiative should seek to encourage improved financial effectiveness.

Proposed activities

- Develop funding mechanisms for subsidies based on performance criteria (e.g. output-based aid).

The EU Water Initiative should promote affordable access to services for poor customers, ensuring that subsidies are directly targeted.

Proposed activities

- Give priority to water and sanitation services and water resource management initiatives that are pro-poor (based on principles outlined in Annex I of this document) for addressing the challenge of providing water and sanitation services in poor areas in Africa, and particularly in peri-urban areas.

The EU Water Initiative should support and encourage financially viable IWRM institutions.

Proposed activities

- Encourage governments (with appropriate support) to establish appropriate institutional structures for management and allocation of water resources (including consideration of issues such as natural and manmade water storage to balance water availability with demands and mitigate the effects of floods and droughts).

The EU Water Initiative should support the development of IWRM policies informed by economics to allocate water between competing demands and appropriate water quality standards.

Proposed activities

- Adopt an economic approach to IWRM, including for the selection of alternative options, the allocation of water resources based on economic uses and to inform decisions on appropriate water quality standards, based on principles of affordability and incremental improvements.

A Call for Partnership

The EU Water Initiative will be in a design stage up to the Third World Water Forum in Kyoto in March 2003. By then, existing EU partners are planning to: further develop the basic financial principles for the Initiative; continue the process of consolidating financial information (in order to better understand the potential scope for efficiency gains); and analyse available financial instruments and examine their relevance to different contexts. During that phase, the EU would like to hear the views from all potential partners to the Initiative to sharpen the financial component of the Initiative and to help identify the best financial approach and instruments to meet its goals. Any partner that subscribes to the basic principles of sustainable and effective financing is most welcome to take part in this endeavour.

Research component *Scientific co-operation with partners in developing and emerging economies*

Background

International S&T co-operation between European and Third Countries research teams has been constantly improving since the Earth Summit (United Nations Conference on Environment and Development) which took place in Rio de Janeiro on 3-14 June 1992. Under the impetus of Agenda 21 (Rio Declaration on Environment and Development), management oriented research for the sustainable use and conservation of natural resources and the environment, including water resources, have been specifically introduced into the specific programmes funded through the Framework Programme (FP) for Research of the European Union (EU).

Scientific knowledge as well as relevant research and innovation potential have been and are the outcome of several hundred joint interdisciplinary research projects (about 500 projects, 2000 research teams involved with strong participation of Third Countries research teams have been funded under the 5th FP between 1998 –and 2002) funded in the past ten years through the Framework Programme and bilateral research co-operation agreements. Water issues have demonstrated a potential to mobilise significant numbers of institutions and their teams both in the EU and in Third Countries (102 projects submitted in 2001 with about 800 research teams involved – balanced participation of EU and Third Countries).

Under the 5th FP (1998-2002) international scientific co-operation (INCO), research on policy formulation and implementation and the conditions of use of scientific knowledge in policy was introduced in order to cover the full range of knowledge required for the transition towards sustainable development. This knowledge is generated through research partnerships ranging from technological to systems and policy research.

On the intra-European scientific co-operation side, significant advances have been made in relation to global change, river basin modelling, wastewater treatment and reuse, water pricing and saving in order to cope with changing requirements of our societies and economies. In the 5th FP (1998-2002), within the Environment and Sustainable Development Programme, a Key Action was launched on the “Sustainable Management and Quality of Water. This Key Action (150 projects launched, 1000 research teams involved, scattered presence of Third Countries) has given a boost to European water research, addressing, in an integrated water resources management perspective, all the main management and technological aspects of the problem, including its socio-economic components.

The water-related subjects in the 6th FP (2002-2006) will be one of the major components of the specific measures in support of international co-operation, which are awarded overall of 600 M€.

From Knowledge to action

Scientific knowledge is becoming more generally recognised as crucial for socio-economic development in relative harmony with natural endowment of a country or region and is looked upon as an important confidence building mechanism for trans-boundary issues. As a result, there is growing demand in partner countries for intensified scientific co-operation with Europe’s research community. At the same time, the experience highlighted above has created a growing need for continuous policy dialogue, which can create the enabling environment indispensable for full effectiveness of scientific co-operation and its complementary role to trade, political and economic co-operation.

Bi-regional dialogue on scientific and technological co-operation is already on-going in the context of ASEM (Asia-Europe Meetings), REALC/ALCUE (Latin America, Caribbean and EU Meetings), Africa (following on from the Euro-African Cairo Summit in 2000), Mediterranean (Euro-Mediterranean Partnership with Monitoring Committee). These dialogue processes are based on the

principle of partnership between equals. They are generally supported by Directorate General Research in collaboration with DGs RELEX and DEV as well as EuropeAid. Within these frameworks, water issues have generally figured high on the agenda. Discussions at scientific level on how scientific research can be more effectively linked to action, in education, training, economic and business co-operation as well as policy formulation have been or are being submitted to ministerial or higher levels for endorsement and follow-up. The regional articulation is essential in order to account for specificity in natural, cultural and institutional endowment in relation to water.

Goals of the Initiative: the research component

The EU Water Initiative can thus build on and reinforce these on-going mechanisms of combined dialogue, knowledge, learning and action.

Its effectiveness and credibility will depend on its ability to harness cross-policy coherence and mobilise the major instruments of these policies synergistically. That applies particularly to the four policies areas with distinct international dimensions: trade, foreign affairs, development and research and their instruments. It also applies to environment and to Member States international relations. It is noteworthy that the same Member States are taking the lead of European co-ordination in the complementary processes on the development and research sides, indicative for good potential for generating added value through this Initiative.

From the perspective of research policy, the Communication on the international dimension of the European Research Area (COM 2001 – 346 final) adopted in June 2001 by the Commission has set the scene for such action.

Synergistic mobilisation of Directorate General Research capacities with those of other Directorate Generals of the European Commission working on international water issues could contribute in various ways to increase the efficiency in the use of available resources, particularly through: mobilising existing research capacity in Europe and in partner countries; continuing policy dialogue ensuring its follow up; improving scientific training and exchange of young researchers; enhancing tools for partnership creation; promoting interfaces between research, industry, regulatory bodies and civil society.

These goals can be achieved reinforcing the scientific co-operation between the EU and Third Countries within the 6th Framework Programme for Research 2002-2006 (FP6), which will start in November 2002.

Activities and schedule

International research co-operation is not only financed through EU-funded programmes, but also through the funding instruments of the 15 EU Member States.

The first step to implement global co-ordination and improve efficiency in the use of available resources will be a mapping of the Member States scientific co-operation programmes on water-related aspects. An assessment of the main water-research priorities will follow.

The final goal will be to identify the overlaps, the potential synergies and the gaps, in order to better co-ordinate the European efforts and to streamline them along the main priorities of the EU Water Initiative. A working group constituted by the Commission and Member States will carry out this exercise and will meet soon after the WSSD of Johannesburg.

The output of this work should be presented at the Third World Water Forum in Kyoto on March 2003, where specific panels on Research, Science and Technology are foreseen.