

# **Review of the European Water Initiative (EUWI)**

## **Volume I: Main Report**

**Revised Draft**

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## List of Abbreviations and Acronyms

ACP	Africa, Caribbean and the Pacific
AfDB	African Development Bank
AMCOW	African Ministers' Council for Water
CD	Country Dialogue
CSO	Civil Society Organisation
DAC	Development Assistance Committee of the OECD
DCI	Development Cooperation Instrument
DFID	Department for International Development (UK)
DG	Director General
DG	Directorate General
EC	European Commission
EDF	European Development Fund (for EC support to the ACP countries)
EECCA	Eastern Europe, the Caucasus and Central Asia (component of the EUWI)
ENPI	European Neighbourhood & Partnership Instrument
EU	European Union
EUWF	ACP-EU Water Facility
EUWI	European Union Water Initiative
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (German society for technical cooperation)
GWP	Global Water Partnership
IWRM	Integrated Water Resources Management
LA	Latin America (component of the EUWI)
MDG	Millennium Development Goal
MED	Mediterranean (component of the EUWI)
MS	Member State (of the EU)
MSF	Multi-stakeholder Forum
NGO	Non-Governmental Organisation
NIS	New Independent States
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
SG	Steering Group
ToR	Terms of Reference
UN	United Nations
USD	United States Dollar
WFD	Water Framework Directive (EU)
WG	Working Group
WPDF	Water Policy Dialogue Forum
WPIEI	Working Party on the International Environment Issues
WSP	Water and Sanitation Partnership
WSS	Water Supply and Sanitation

WSSD	World Summit for Sustainable Development
WWC	WWC
WWF	World Water Forum

## 1. Executive summary

1.1 Launched in 2002, the European Union (EU) Water Initiative (EUWI) seeks to accelerate progress toward achievement of the water-related Millennium Development Goal (MDG) within an integrated approach to water resources management. It seeks to achieve this by leveraging additional resources into the sector through a process that supports the strengthening of policy and institutional frameworks in partner countries and developing national sector plans and financing strategies. Importantly, the EUWI is a political initiative and not a financing instrument. The EUWI comprises four regional components and three cross-cutting components. Each component has a working group (WG) and overall supervision is provided by the Steering Group (SG). A Multi-stakeholder Forum (MSF) provides an opportunity for wide debate and consultation and the Initiative is supported by a small secretariat located in the Commission.

1.2 Although the relevance of the EUWI has not been seriously challenged, the Initiative has failed to meet the high expectations that accompanied the launch in 2002. By 2005 concerns about the EUWI's effectiveness were growing and in 2006 there was an increasing belief that the EUWI was constrained by a lack of clarity surrounding its objectives as well as cumbersome governance arrangements. During 2006, consideration was given as to how best to reform the EUWI and improve its performance. This review was, therefore, commissioned in November 2006 to recommend changes to the organisational structure and overall strategy that will lead to more effective implementation.

1.3 The review, which was carried out between 20<sup>th</sup> November 2006 and 7<sup>th</sup> February 2007, comprised: (i) a desk-based study of relevant documentation; (ii) papers on regional issues that we commissioned from independent experts based in three of the regions in which the EUWI is active; and (iii) discussions with key officials from MS, the chairs of the main EUWI components, NGOs, members of the SG and one international financial institution.

1.4 Our review indicates that the most discernable achievements of the EUWI to date are its contribution to the creation of the EUWF and the increased support to research. Although some MS have increased their allocations for the sector, it is not yet possible to attribute to the EUWI any increases in official development assistance (ODA) flows from the MS to the water sector. However, the failure to contribute towards another key objective, namely the development of national IWRM plans, and the reluctance of most MS to engage outside Africa provide less encouraging signals. Our judgement at this stage is that it is too early to assess whether the EUWI will achieve its ultimate goal.

1.5 Consequently, MS and the Commission may consider that the results so far justify the continuation of the EUWI, provided that action is taken now to address key issues. Those include constraints affecting the: (i) clarity and relevance of the mission and objectives; (ii) strategy; (iii) commitment by MS and the Commission; (iv) commitment by partners; (v) implementation tools; (vi) monitoring indicators and systems; and (vii) coordination, performance management and accountability mechanisms.

1.6 The issues facing the EUWI are many and interlinked and will need to be addressed comprehensively rather than individually if a robust and enduring solution is to be implemented. We consider that the package of solutions that provide the greatest degree of confidence that results will be achieved might include: (i) two or more regional components;

(ii) the work of the cross-cutting components either being merged with the activities of the regional components or taken forward by other existing EU programmes; (iii) each regional component developing objectives that are specific to its own circumstances and challenges and, similarly, developing its own strategy and monitoring indicators and systems; (iv) the role of the SG being redefined to high-level coordination and conferring an EU identity; (v) accountability mechanisms being sharpened through the involvement of the EU presidency, the Council or a small oversight body as well as partners with NGOs continuing to provide an additional oversight mechanism; (vi) the MSF continuing to function but playing a role in holding the EUWI accountable for performance; and (viii) the Secretariat supporting the SG and MSF and acting as first point of contact and referring issues to the appropriate DG.

## 2. The review

### Background to the EUWI

2.1 The EU Water Initiative (EUWI) was launched at the 2002 World Summit for Sustainable Development (WSSD). The EUWI was conceived as a concerted effort by the European Commission, the EU Member States (MS), partner countries and civil society stakeholders to accelerate progress toward achievement of the Millennium Development Goal (MDG) related to water supply and sanitation within an integrated approach to water resources management. Its underlying rationale is that there is underinvestment in water supply and sanitation for the poor.

2.2 The EUWI embraces the:

- Africa-EU Strategic Partnership on Water Affairs and Sanitation signed at the WSSD by Presidents Mbeki, Obasanjo and Prodi and by the Danish Prime Minister in his capacity at that time as President of the EU;
- EU-States of Eastern Europe, Caucasus, and Central Asia Strategic Partnership on Water for Sustainable Development also signed at ministerial level at the WSSD;
- Latin American–EU Strategic Partnership on Water and Sanitation Affairs signed by Latin American ministers of water affairs and representatives of the EU at the World Water Forum (WWF) in Mexico in March 2006; and
- Mediterranean component that was announced at the WSSD and has political commitment through a number of subsequent ministerial conferences and meetings.

2.3 For each of these four regional components there is a Working Group (WG) that comprises interested MS, partner countries and civil society stakeholders. There are also cross-cutting WGs dealing with research, finance and monitoring and reporting. There is a Multi-stakeholder Forum (MSF) meeting annually and a Steering Group (SG) meeting approximately three times a year.

2.4 The EUWI is a political rather than a financial initiative. It has five objectives, namely:

- (a) the reinforcement of political commitment towards action and innovation oriented partnership;
- (b) the promotion of improved water governance, capacity building and awareness;
- (c) improved efficiency and effectiveness of water management through multi-stakeholder dialogue and coordination;
- (d) strengthened co-operation through promoting river basin approaches in national and transboundary waters; and
- (e) identification of additional financial resources and mechanisms to ensure sustainable financing.

2.5 The EUWI is not a financial instrument to deliver official development assistance (ODA). It seeks to assist partner countries in the development and implementation of

improved policies and strategies and hence pave the way for more ODA as well as private sector investment for water supply and sanitation.

### **The need for improved performance**

2.6 By 2003 concerns regarding lack of leadership began to emerge. In response, a decision was taken to create a Steering Group (SG).<sup>1</sup> However, perceptions concerning lack of progress persisted. At a meeting in June 2005 the African Ministers' Council on Water (AMCOW) called for a review of the Africa component of the EUWI since, in the view of African partners, the EUWI was not delivering new investment. In December 2005 two UK-based NGOs published a discussion paper criticising the slow progress of the EUWI and calling on the MS to enhance their efforts.<sup>2</sup> A review meeting between AMCOW and EU was held in Entebbe in February 2006 and resulted in a communiqué but little concrete action.

2.7 Following a meeting of the Africa WG in May 2006 it was decided to revise the approach of the Africa component and a process commenced to draft a new strategy. This process has not yet been brought to closure and, at the time of writing, is still awaiting comment from the African partners. Meanwhile, other EUWI components had been making progress at varying rates, some had developed reasonably well and generated useful services while others had barely gone beyond holding meetings by mid-2006.

2.8 While nobody questioned the continued relevance of the EUWI, a view gained wider support in early 2006 that the EUWI mission was constrained by a lack of clarity compounded by cumbersome governance arrangements. There was seen to be a lack of accountability, since prevailing EU culture meant that it was not possible to attribute responsibility for problems or shortcomings to individual MS in key roles. The MS expected the Commission to take the lead but was often unwilling to give it a mandate to take clear positions. There was an increasing sense that drastic steps were needed to change the course of the EUWI.

2.9 Against this background, a debate commenced within DFID on how to reform the EUWI with a view to improving its performance. As a result, DFID tabled a paper at the EUWI SG meeting in May 2006 proposing a number of changes to improve governance, accountability and monitoring in order to accelerate EUWI implementation at country level. DFID also proposed the appointment of a consultant to elaborate concrete proposals.

2.10 Back to back with the SG meeting there was a meeting of water directors from the MS development cooperation agencies. An issues paper prepared by the Commission for this meeting discussed the need for more accountability, moving action to country level, maintaining political dialogue with partners, funding EUWI action and better recognition of the disparities between the EUWI regions. The meeting agreed on the need to refocus the EUWI on the basis of "a short study" to be initiated by DFID with support from Germany. This report, it was proposed, should be "no more than 10 pages" and be ready by July for discussion at the August MSF meeting.

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<sup>1</sup> EUWI Secretariat (2004): *EUWI Organisational Framework and Modalities*, final version, 9 July.

<sup>2</sup> *An empty glass: The EU Water Initiative's contribution to the water and sanitation Millennium targets*. WaterAid and Tearfund Discussion Paper (December 2005)

2.11 In subsequent discussions between DFID and Germany's Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ) this idea was developed further and a more comprehensive approach was proposed. Terms of Reference (ToR) were drafted by DFID and posted on the EUWI website in August 2006. The ToR were discussed at the MSF in late August and remained on the website through September. They called for a review of "all aspects of the EUWI, including the workings of the Steering Group, the functioning of the seven working groups, the reporting and monitoring mechanisms, and how the EUWI can be more accountable to its stakeholders". A team of two consultants was commissioned by DFID to carry out the review. The ToR for the review are included at Annex A.

### **Method of working**

2.12 The review, which was carried out between 20<sup>th</sup> November 2006 and 7<sup>th</sup> February 2007, was led by Terry Lawrence and supported by Johan Holmberg.<sup>3</sup> We reviewed relevant documents as part of a desk-based study. In view of the limited time available for the review, it was agreed that the team would not consult with partners (including NGOs) in the regions and, instead, should commission three regional experts, to prepare papers on the LA, EECCA and MED components respectively.<sup>4</sup> ToR for the three regional experts were prepared by the review team and are included at Annex B.

2.13 It was also agreed that an expert from the Africa region would not be commissioned to carry out a review of that region. That decision was based upon the understanding that input would be provided directly by AMCOW in the form of a formal response to the Africa strategy paper that, as noted above, had been prepared earlier in 2006. Although the response was expected by November 2006, comments were still awaited at the time of writing. None of the partners representing the regions attended the 7<sup>th</sup> Steering Group meeting on 7<sup>th</sup> February 2007 at which the draft report was discussed.

2.14 The review team met with key officials from most of the MS that are active in the EUWI including France, Netherlands, Denmark, Sweden, Germany, Greece, Spain and United Kingdom. Additionally, we met the chairs of all four regional WGs and the Finance and Research WGs.<sup>5</sup> We also met officials from the Commission, including officials from DG/Environment, DG/Development, DG/Research and Technology Development, DG/RELEX and DG/AIDCO, as well as officials from the European Investment Bank (EIB). Meetings were also held with WaterAid and Tearfund and with an independent member of the SG. Since MS representatives are also members of the SG, we consider that the review covered a reasonably representative sample of SG members.<sup>6</sup> We were grateful for the considerable time and support provided by all those whom we met. A list of people met is included at Annex C.

2.15 We discussed our interim findings on the key issues with DFID on 19<sup>th</sup> December 2006. At that time we also provided DFID with an outline of the assignment report and invited comments on it.

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<sup>3</sup> Johan Holmberg has been associated with the EUWI since October 2003 and is currently the Chair of the Finance Working Group.

<sup>4</sup> Professor Carlos E. M. Tucci (Instituto de Pesquisas Hidráulicas Universidade Federal do Rio Grande do Sul Brazil), Ilya Trombitsky (Executive Director, Eco-TIRAS Int. Env. Association of River Keepers, Moldova) and Mohamed Ait Kadi (Former Director of Water, Government of Morocco)

<sup>5</sup> Although the chairs of WGs that were interviewed by Johan Holmberg were offered an opportunity to meet separately with the lead reviewer, none chose to pursue that option.

<sup>6</sup> Although, as noted earlier, partners were not interviewed as apart of the review. Additionally, NGO's interviewed during the review were limited to UK-based organisations due to time constraints.

2.16 We prepared summaries of the progress achieved by each of the seven WGs and the issues they face. The WG chairs were provided with copies of those summaries on 9<sup>th</sup> January 2007 and invited to review and comment on them. We considered carefully the comments that we received and, where appropriate, revised the summaries. On 15<sup>th</sup> January 2007, the chairs of the LA, EECCA and MED WGs were also provided with a copy of the paper prepared by the expert from their region.

2.17 We met with the SG in Brussels on 7<sup>th</sup> February 2007 to discuss our findings and the options for the way forward. We made a summary of the main views that were expressed at that meeting and, subsequently, received a number of written comments. We did not, however, receive consolidated comments from MS or groupings of MS in the form of a consensus position.<sup>7</sup> Equally, we received comments from individual directorates rather than consolidated comments from the Commission. No written comments were received from partners or NGOs.

2.18 We considered carefully the views and written comments and, in some cases, revised our report. We have included in a separate document the full text of all comments we received in response to our draft report.<sup>8</sup> We did not, however, agree with all of the views expressed or the comments received.

2.19 The remainder of this report is set out in the following main sections:

Section 3	Development and preparation of the EUWI
Section 4	EUWI achievements and shortfalls
Section 5	Key issues
Section 6	Key options and implications
Section 7	Next steps

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<sup>7</sup> The MS that commented in writing were: Greece, Italy, Spain, Sweden and UK.

<sup>8</sup> Review of the EUWI: Written comments and views on the draft report received by the review team.

### 3. Development and preparation of the EUWI

3.1 The development and evolution of the EUWI is described briefly under the following main headings:

- (a) overall international context;
- (b) preparation of the EUWI prior to the launch at the WSSD in Johannesburg;
- (c) follow up within the Commission after the WSSD; and
- (d) subsequent developments.

#### Overall international context

3.2 The launch of the EUWI at the WSSD took place in the following international context:

- The multitude of water-related conferences. During the 1990s and the early 2000s there was a succession of world conferences organised by the United Nations (UN) on themes usually related in some way to water such as, for example, environment (Rio de Janeiro, 1992), food (Rome, 1994), population (Cairo, 1994), women (Beijing, 1995), human settlements (Istanbul, 1996), and then again environment (Johannesburg, 2002). The Global Water Partnership (GWP) and the World Water Council (WWC) were formed in 1996, and each held a variety of meetings. There were the World Water Forum conferences in 1997 and 2000. As an indication of the plethora of conferences related to water, papers were commissioned on how to “rationalise” them.<sup>9</sup> Water was high on the international agenda but there was also a certain fatigue associated with meetings on the subject.
- The proliferation of institutions active in water. Partly as a result of all these conferences, there were, and still are, a large number of organisations active in water at the global level. For example, at least twenty four UN organisations include water among their activities, several of them claim to be leaders in particular aspects of water.<sup>10</sup> While some maintain that there are too many organisations active in the sector, others argue that the diversity accurately reflects its complexity and importance.
- The Millennium Development Goals. The eight MDGs adopted at the summit of world leaders at the UN in 2000, together with their 18 targets and 48 indicators, provide a framework for development that has been widely adopted by the world community, rich and poor countries alike. Within that framework, water has a special importance. Achieving the water and sanitation target, “to halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation”, will impact not only MDG 7 (environmental sustainability) but also MDG 1 (poverty and hunger), MDG 2 (primary education), MDG 3 (gender equity), MDG 4 (child mortality) and MDG 5 (maternal health).<sup>11</sup> Water and sanitation services contribute towards the achievement of seven MDGs and nine targets. As a result,

<sup>9</sup> Lane, Jon (2005): Rationalising International Water Conferences. Report to the Government of the Netherlands; Third World Centre for Water Management (2005): Report on Impacts of Mega-Conferences on Global Water Development and Management.

<sup>10</sup> Lane, *ibid.*

<sup>11</sup> The water and sanitation target is MDG target number 10.

there has been a lack of precision concerning references to the water-related MDGs. While for some it relates specifically to MDG target number 10, for others it embraces up to seven of the eight MDGs.

3.3 Within this context, it is logical that the EU should have given high priority to water at the WSSD and, given the number of organisations involved in the sector, adopt for the EUWI a relatively light approach, essentially building on what already existed. While the EUWI was launched at the highest political level, it was in a sense low key: the idea was to make ODA and private sector investment work better through established channels. Importantly, there were no new financial commitments beyond those made in Monterrey, an issue that was clearly stated in the agreements signed in Johannesburg.<sup>12</sup>

### **Preparation of the EUWI prior to the launch at the WSSD in Johannesburg**

3.4 The EUWI resulted from a systematic and careful process commencing in the mid-1990s to develop and implement a policy for the development cooperation of the Commission in water. This work was initiated by DG/Development, working in increasingly close partnership with DG/Environment as the WSSD grew near. An outline of the preparation work carried out and the key documents produced is included at Annex D.

3.5 Preparations for the EUWI started in April 2002, well before the WSSD, as a consultative process with broad involvement of the MS and interested stakeholders from civil society and the private sector, much in the spirit of the EU Water Framework Directive promoted by DG/Environment. A series of meetings was organised, first called the Expert Forum, and later, after the third such meeting, renamed the MSF. It was an intensive activity: from April to December 2002 there were six such meetings, in 2003 another three. A list of all the MSF meetings, as well as the Steering Group meetings added later, is included at Annex E.

### **Follow up within the Commission after the WSSD**

3.6 After the WSSD there was general satisfaction within the Commission concerning the outcome and the visibility given to the EUWI. Later there were consultations within the Commission and with the MS at high level on how to follow up the decisions and commitments made. Conclusions from these consultations are contained in a paper entitled “Taking the Initiative Forward after WSSD”.<sup>13</sup> They describe well the early intentions.

3.7 The paper stresses the importance of early results from the EUWI, the need for an inventory of “good prospects for developing activities”, financial resources from unspent balances of European Development Fund (EDF) funds and from the MS, wide stakeholder participation including the private sector, development of a research component, a monitoring mechanism and a communication strategy. It proposed proceeding with the identification of “five priority river basins” for a project for which the Commission had earmarked €10 million from the 9<sup>th</sup> EDF (see Annex D).

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<sup>12</sup> At the Monterrey conference in March 2002 the EU pledged to increase aid from an average of 0.33 % of GNI to 0.39 % of GNI which would bring an additional USD16 billion by 2006 and could potentially bring an additional USD48 billion per year, if all MS were to allocate 0.7 % of GNI to ODA.

<sup>13</sup> The Commission (15 December 2002): Taking the Initiative Forward After WSSD. Discussion document taking on board results from discussion between EU Director Generals for Development (draft, no author shown)

3.8 The paper underlined the importance of enhancing ownership at regional/country level by “working through recipient-owned national and regional strategies”, advocating an approach to promote water in national poverty reduction strategy papers (PRSP) and similar strategies and to mainstream water in sector strategies and programmes (including health, education and rural development).

3.9 Further, it discussed the necessary operational structures and emphasised that “working groups and local country teams” supported by MS as lead countries and/or Commission DGs should be responsible for progress on the ground. The paper proposed that “bureaucratic procedures and structures should be kept to a minimum”. Nonetheless, it recognised that a basic central core capacity would be required to take the EUWI forward and ensure “that the EU character of the Initiative is maintained”. It was determined that this would consist of an EU Advisory Group, consisting of the (still existing) MS water expert group, reinforced with other stakeholders and a EUWI Secretariat.

3.10 It was decided that the Commission would host the EUWI Secretariat which should be established “quickly with an appropriate level of resourcing, by early 2003 at the latest”. Human resources for the Secretariat should, it was agreed, come from both the Commission and the MS (as seconded national experts, SNEs). An annex to the paper outlined the tasks of the Secretariat.

### **Subsequent developments**

3.11 Much of what was said in the “Taking the Initiative Forward after WSSD” paper was accurate and farsighted. However, developments in the early years of the EUWI took different turns, and many of the stated intentions were either not realised or achieved much later, contributing to the perception that the EUWI was not delivering on its promises. We outline below some key factors underlying the development of the EUWI in its early years.

3.12 At some of the meetings in 2002 the EUWI was discussed in lofty terms, and expectations were high. Unfortunately, it was suggested, albeit informally, that the EUWI would soon generate additional finance to partners. When it became apparent that the EUWI would offer no quick solutions and least of all any access to new finance, disillusion set in. Realistic action programmes for the EUWI components began to be forthcoming toward the end of 2004, but by then some MS and stakeholders had already adopted a critical attitude towards the EUWI.

3.13 While all parties were supportive, indeed enthusiastic, about the EUWI vision to help achieve the MDG target for water and sanitation, there was from the beginning a lack of clarity on how this vision would be accomplished. Much time was devoted at the meetings in 2002 and 2003 to discussing the purpose of the whole enterprise, and it was never clear precisely what the intended outputs and outcomes would be. As a result, much of the momentum generated by what was perceived as a successful outcome of the WSSD was lost by 2003 and the “early results” remained largely elusive.

3.14 There was also a lack of leadership. After the WSSD some MS quickly took charge of WGs, just as intended. But there was drift regarding the EUWI as a whole, for which there was a more or less tacit expectation by the MS that the Commission would take charge. The issue of the role of the Commission in EU political initiatives is probably as old as the EU itself: the MS expect the Commission to take the lead but are quick to complain when it

tries to do so. For the EUWI, the split leadership between DG/Development and DG/Environment did not help in finding some resolution. The EUWI Secretariat within the Commission has functioned from December 2002 more or less according to the original intentions. However, it is a gathering of equals where nobody has authority to take the lead. Moreover, the different perspectives of the five Commission directorates involved complicated matters.<sup>14</sup>

3.15 It remains a paradox that the well-endowed EU, which claims to be the world's largest donor in the water sector, should be short of the modest resources required to make its own initiative work. However, that is what happened: no dedicated financial resources were provided either from unutilised EDF funds or from the MS. Within the Commission, DG Environment was able to set aside modest amounts and supported staff that helped facilitate EUWI operations. Additionally, some MS provided support in kind, including a few SNEs and consultants, or in cash. But there was little predictability, the amounts were modest and there was no arrangement to pool contributions for common use. In the early years this shortage of operating funds slowed down progress and the problem was only solved in January 2007.

3.16 With the meetings of the MSF, as well as the WGs, engaged in debating the structure and purpose of the EUWI, and in the absence of strong leadership, the EUWI became inward looking and the importance of ownership at country level was lost. This became apparent when country dialogues (CD) were launched in 2004 and the MS field missions in partner countries reacted that this was just another "Brussels initiative". While this reaction was linked to the increased delegation of authority from MS aid agency headquarters to the field, an issue on which we comment further in later sections, we believe that the centre neglected the importance of the country focus.

3.17 The foundation-setting documents written prior to the WSSD said little about the expected nature of the EUWI and gave no guidance on institutional issues. The paper from December 2002 made statements on "operational structures" but these were mere sketches and as such insufficient to help create an organisation that would have to satisfy many competing interests. Much energy was devoted in the early years to the creation of an organisation with emphasis on broad stakeholder participation.<sup>15</sup> As our review now indicates, this structure needs to be revised.

3.18 It has been alleged that the EUWI was poorly thought through from the outset, and that better planning and preparation would have avoided many of the difficulties that we touched on above. Our review does not support that view. Although there is no doubt that mistakes were made in the early years, the EUWI was, and is, a political initiative, not an action programme or a financing instrument.

3.19 We believe that it would probably have been futile to devote significant effort to more detailed issues, such as institutional arrangements, before the political commitment had been secured at the WSSD. Many decisions with operational implications, such as those concerning MS involvement, were necessarily political and took time. As indicated above, the ability of the Commission to take the lead over the MS is, and probably always will be, subject to debate.

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<sup>14</sup> These are DG/Environment, DG/Development, DG/RTD, RELEX and AIDCO

<sup>15</sup> EUWI Organisational Framework and Modalities (*Op. Cit.*).

3.20 We consider, therefore, that political initiatives probably take time to mature, that expectations are inevitably exaggerated (to meet short term political ends) and achievements are therefore often more modest. Success, it appears, hinges on the patience, goodwill and continued effort of those involved. In developing countries, where progress is seldom smooth or predictable, the challenges are even greater.

3.21 Taken together, these factors help explain why the EUWI had to struggle in its early years to fulfil the high expectations that resulted from the statements made in Johannesburg in 2002. But there have been achievements as well as shortcomings, and it is to these that we turn in the next section.

## 4. EUWI achievements and shortfalls

### Introduction

4.1 As part of our assessment of the achievements of the EUWI, we gave careful consideration to the:

- (a) **stated objectives:** the assessment should be made against the objectives established for the EUWI in the strategy paper adopted in January 2006;
- (b) **time frame:** it should take into account the time frame required for reaching those objectives;
- (c) **inputs, outputs and outcomes:** although achievements should be measured in terms of outputs or outcomes, this may not always be possible and, in some cases, inputs and activities may provide some confidence that they are establishing foundations on which future outputs and outcomes will be built; and
- (d) **political context:** in a political initiative such as the EUWI allowance has to be made for the apparent irrationality which (sometimes) can be explained by political deliberations.

4.2 We noted that the EUWI has been criticised for not providing water to anybody.<sup>16</sup> We consider, however, that the claim is misleading. The purpose of the EUWI is to foster the creation of conditions in which greater investment in the sector can take place: the Initiative is a political rather than a financing intervention.<sup>17</sup>

4.3 Although we accept that the ultimate goal of the EUWI should be to increase sustainable coverage of water supply and sanitation (WSS) services within an integrated water resources management (IWRM) framework, the timeframe in which this can be achieved is, inevitably, a long one.<sup>18</sup> Nonetheless, we consider that it is reasonable to expect the EUWI to be able to demonstrate that the processes it has put in place are moving forward and provide some degree of confidence that the goal will ultimately be achieved. Importantly, though, we noted that preliminary estimates by the Commission (AIDCO) suggest that the first call for proposals of the ACP-EU Water Facility (EUWF) by 2010 will generate safe water supply for 10 million people and improved sanitation for 5 million.

4.4 We have, therefore, considered the outputs that are required if the ultimate goal is to be achieved.<sup>19</sup> They include: (i) resource flows from the MS; (ii) EDF allocations; (iii) appropriate national plans and financing strategies; and (iv) allocations to the sector from partners' national budgets. While recognising that meetings of various sorts and other inputs or activities may be essential, we have not generally considered them to be achievements.

<sup>16</sup> *An empty glass* (*Op. cit.*)

<sup>17</sup> Prior to the launch of the EUWI MS had already, and have since, committed financial resources to support the achievement of the water-related MDGs.

<sup>18</sup> The WaterAid/Tearfund report (*An empty glass*) was published little more than three years after the launch of the EUWI, a timescale in which it would be unrealistic to expect clear evidence of increased coverage.

<sup>19</sup> We comment in Section 5 on the lack of clarity and consistency concerning the EUWI's mission and objectives. The environmental objectives, though perhaps implicit, have not emerged clearly in the mission statement or the EUWI strategy. Consequently, any assessment of progress is fraught with difficulty.

4.5 We are, though, conscious of the considerable time and energy that has been devoted by MS, the Commission and partners and we have attempted to provide an indication of the amount of work that has been completed. Details of the progress achieved by each component are included at Annex F while Annex G provides details of the progress achieved by each CD process. Importantly, part, at least, of that work is expected to contribute to the foundations on which future achievements will be built and improved outcomes delivered.

4.6 We referred in Section 3 to the impact that the political dimension has had on the EUWI. During our review we noted that MS have initiated activities in some regions because of their own particular interests. Although it might otherwise have been rational to include a component for Asia in the EUWI, since it has a large un-served population, it did not happen because of the recognition that the EUWI was not making sufficient progress in the regions in which it was already active.

4.7 In the remainder of this section we provide a brief description of the principal achievements and shortcoming against each of the five EUWI objectives.

### **Principal achievements and shortcomings**

4.8 We consider that the principal achievements include:

- (a) the reinforcement of political commitment towards action and innovation oriented partnership:
  - although a review ODA and partner allocations to the sector falls outside the scope of our work, we found little evidence that political commitment, in the form of a significant increase in resources, has been strengthened. We did, however, note that awareness of partners has increased in some countries where the CD processes appear to be moving forward (Ethiopia, Egypt, Moldova, see Annex G);
  - for the reasons cited in Section 3, commitment to WSS and awareness of the importance of water was already high among the MS when the EUWI was launched. Nonetheless, our review indicates that the priority given to WSS in some MS (UK, France, Sweden and Austria in particular) has increased since the WSSD. Attribution is, though, inevitably difficult;
- (b) the promotion of improved water governance, capacity building and awareness:
  - the EUWI has contributed significantly to enhancing the legitimacy of AMCOW and to the allocation of €2.6 million from the ACP-EU Water Facility (EUWF) that was agreed in November 2006. However, the AMCOW administrative capacity remains weak and it will take time before there is any significant impact from this support;
  - under the research component a EUWI-European Research Area network (ERA.net) related to water has been created to strengthen intra-European coordination and scientific cooperation;
- (c) improved efficiency and effectiveness of water management through multi-stakeholder dialogue and coordination:
  - the MED component has created a viable platform for multi-stakeholder dialogue and coordination;

- a shortcoming is that none of the EUWI regional components has made significant progress toward the WSSD target of supporting partners to develop national IWRM plans by 2005;
- (d) strengthened co-operation through promoting river basin approaches in national and transboundary waters:
- the transboundary river management project for €10 million from EDF 9 was approved in 2006 and had been processed by the EUWI. While that was a slow process that might have been done differently, it did engage AMCOW and EU in closer cooperation (see Annex F);
- (e) identification of additional financial resources and mechanisms to ensure sustainable financing:
- as a direct result of the political momentum created by the launch of the EUWI, the EUWF was created in 2003 with €500 million from the “reserve billion” within EDF 9.<sup>20</sup> Our review does not cover the EUWF which will be subject to an independent evaluation later in 2007. However, the EUWF represents a substantial contribution of additional financial resources to WSS in the Africa, Caribbean and the Pacific (ACP) countries; and
  - the research component has, from the 6<sup>th</sup> Framework Programme for Research (FP6) for 2002 – 2006, provided support to water-related research projects amounting to €130 million, most of it an increase compared to FP5 (see Annex F).

4.9 We provide additional comment on some of the key achievements in the following paragraphs.

### **Further comment on key achievements**

#### EU ODA commitments for water

4.10 These commitments result from a number of factors of which the EUWI is but one. Available information from the OECD data base is contradictory. Total EU ODA commitments for water have declined from USD2.079 billion in 2000 to USD1.670 billion in 2004 while commitments for Sub-Saharan Africa have increased from 18 % in 2000 to 36 % in 2004 of total water aid.<sup>21</sup> The decrease in absolute terms is probably a result, in part at least, of the increasing share of MS bilateral assistance channelled through budget support, an unknown proportion of which will benefit the water sector. The indication is that there are increasing commitments by EU donors to water in Africa, but that it would be too early to talk about a trend caused by the EUWI.

4.11 Data from country programmes under EDF 10 for 2008-2013 are still being analysed within the Commission (DG/Development). Preliminary indications are that water features in 24 of the 76 ACP countries as a priority sector, as compared to 16 countries under EDF 9 (2002 – 2007). However, the absolute amounts involved have decreased from about €500 million under EDF 9 to an estimated €350 million under EDF 10. Again, one probable

<sup>20</sup> €1 billion had been kept in abeyance when allocations of EDF 9 resources were made. It was used to fund the EUWF, a similar Energy Facility of €250 million, and sundry other uses for €250 million.

<sup>21</sup> Constant 2003 prices; source OECD as cited from the EUWI 2006 Annual Report.

reason for this apparent decrease is the increase in resources channelled through budget support which has risen from 30% of the total in EDF 9 to 50% of the much larger EDF 10.<sup>22</sup> It is difficult to draw any clear conclusions from the data except to say that the increased number of countries giving priority to the water sector in their cooperation with the Commission may suggest an increased awareness of the needs of the water sector.

### The Country Dialogues

4.12 The CDs have been launched by the EUWI, in all four regional components, as the principal instrument to strengthen national policy and institutional frameworks and develop appropriate national water sector plans and financing strategies. The purpose of the CD is to leverage increased investment in the sector. Additional information concerning the CD process is included at Annex G.

4.13 Our own assessment indicates that: (i) in no country has the CD yet succeeded in achieving the objective of generating increased ODA flows, although one country (Ethiopia) seems likely to achieve this objective; (ii) in six countries the processes are ongoing or about to start and it is too early to assess the outcome; and (iii) in four countries the CDs have been concluded with some useful results but little apparent impact on the objective. Additional details concerning our assessment of the CD process included at Annex G.

4.14 We noted that the CDs have sometimes become controversial between the MS in the Africa region, but less so in the other regions. Our own assessment is that the CDs can be useful in some countries and should remain the principal tool of the EUWI in partner countries in which there is an apparent need and a strong demand. Importantly, this is the proposal in the current draft EUWI Africa strategy.

### Improved coordination and collaboration with partners

4.15 Each of the four regional WGs seeks to create a forum of water directors from partner countries meeting jointly with civil society stakeholders, donors, international agencies and other interested parties. The circumstances in the four regions vary, and the most stable institutional arrangements appear to be in place for the MED region. Importantly, though, the work of these WGs, and to some degree also the cross-cutting WGs, are resulting in networks that can become useful platforms for water management and support to WSS service provision. In that sense, we consider that the EUWI is contributing to the creation of mechanisms that in future years may promote accelerated development in the water sector, provided that they are sustained.

### Enhanced stakeholder involvement

4.16 Because of its strong emphasis from the beginning on an active stakeholder involvement, the strengthened role of NGOs is likely to be an enduring outcome of the EUWI. This applies particularly to partner countries, where the CDs have often given NGOs a seat at the table that they did not previously have. For example, at the well-attended MSF in Addis Ababa in October 2006 that concluded the first phase of the CD process in Ethiopia, the keynote speaker was a representative from a local NGO seated next to three government

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<sup>22</sup> EDF 9 provided €13.5 billion, EDF 10 almost €24 billion.

ministers, a rarity in a country where the government has traditionally viewed NGOs as service providers but not as dialogue partners.

### **Overall assessment**

4.17 In our opinion the most discernable achievements of the EUWI to date are its contribution to the creation of the EUWF and the increased support to research. It is not yet possible to attribute to the EUWI any increases in ODA flows from the MS to the water sector, although some MS have increased their allocations for the sector since the EUWI began. It may, though, be unrealistic to expect results at output/outcome level this soon. Some promising outputs have been achieved and should, with further effort, provide a foundation on which increased coverage of sustainable WSS services will be delivered in the future. Equally, some, but by no means the majority, of CDs do appear to be making progress which, if sustained, might eventually result in the achievement of improved outputs and outcomes.

4.18 Less encouraging is the failure to contribute toward IWRM national plans. Additionally, the reluctance of most MS to engage outside Africa and the failure of the regional components to take advantage of the benefits of the successful research component are disappointing.

4.19 In common with most political initiatives, initial expectations of the EUWI were, as we noted in Section 3, high and probably unrealistic. While we believe that progress in some areas has been slow and the results disappointing, there has nonetheless been some progress. Our judgement at this stage is that it is too early to assess whether the EUWI will achieve its ultimate goal. However, MS and the Commission may consider that the results so far justify the continuation of the EUWI, provided that the key issues are addressed. Those issues are described in the next section and Section 6 provides an outline of the principal options and their implications.

## 5. Key issues

5.1 This section describes the key issues that we consider now need to be resolved. The issues are described under the following main headings:

- (a) clarity and relevance of the mission and objectives;
- (b) strategy;
- (c) commitment by MS and the Commission;
- (d) commitment by partners;
- (e) implementation tools;
- (f) measures of success;
- (g) monitoring; and
- (h) leadership, coordination, performance management and accountability.

5.2 Although the issues are described separately, many are interlinked. In a number of instances, therefore, we have made an attempt to indicate where such linkages exist.

### Clarity and relevance of the mission and objectives

5.3 The mission statement of the EUWI is to “Create the preconditions for mobilising all available EU resources, human and financial, in a coordinated fashion in support of achieving the water-related MDGs in partner countries”.<sup>23</sup> Further elaboration is provided through the Initiative’s five objectives. The objectives, which we listed in Section 2, are mentioned in several documents, including the EU-Africa Strategic Partnership on Water Affairs and Sanitation and the EUWI Strategy (see below).

5.4 We consider that there is a lack of consistency and alignment between the mission statement and the objectives. Significantly, the mission statement makes no reference to IWRM, despite this being a key focus in the case of some regional components, while the objectives make no reference to the water-related MDGs. We commented in Section 3 on the lack of precision concerning references to the water-related MDGs and this is, we believe, another factor that reinforces the lack of consistency and alignment between the mission statement and the objectives.

5.5 Importantly, our review indicated that some key officials tasked with implementation of the EUWI may not be clear about the focus of the Initiative. In part, we consider that this is due to the lack of consistency and alignment between the mission statement and objectives to which we referred earlier. It may also be because many of the objectives are vague, described in several different documents and, consequently, open to wide interpretation that can cover a broad and unfocused range of activities.<sup>24</sup> We consider that the lack of clarity and consistency concerning the mission statement and objectives contribute towards the difficulties in managing performance and holding the Initiative accountable for performance. We provide additional comment on these issues later on in this section.

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<sup>23</sup> The mission statement, which was not developed until December 2005, was adopted by the SG in January 2006. [Strategy for the Development of the EUWI \(20<sup>th</sup> December 2005\)](#)

<sup>24</sup> The documents in which the objectives are described include, for example, the [Africa-EU Strategic Partnership on Water Affairs and Sanitation](#) and the paper submitted by the EU to the AMCOW conference in Addis Ababa in 2003.

5.6 In practice, though, we noted that each of the regional components has focused on the specific challenges that are most relevant to them: the Africa component focuses on the water-related MDGs within an IWRM framework while the EECCA, MED and LA components have a clear orientation towards IWRM.<sup>25</sup> Nonetheless, this still provides scope for confusion at the planning and implementation level concerning the balance that should be struck between activities that seek to achieve development-related MDG objectives and those that support the environment-oriented IWRM objectives.

5.7 We considered carefully whether the EUWI's mission and objectives remain valid, particularly in the light of developments relating to the so-called "Paris Agenda" on donor harmonisation and alignment.<sup>26</sup> Commitments made by donors in relation to aid alignment are presented in Box 5.1.

**Box 5.1**

**The Paris Agenda**

To align with partners' strategies, donors committed to:

- base their overall support — country strategies, policy dialogues and development co-operation programmes — on partners' national development strategies and periodic reviews of progress in implementing these strategies;
- draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders; and
- link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

5.8 We consider that commitments by donors to align with partners' strategies increase rather than reduce the relevance of the EUWI. This is because the EUWI's principal tool, the CD process (see below), is expected to support the development of coherent national plans for the sector. Additionally, it should support the development and articulation of credible spending proposals, a move that should raise the prospect that ministries and department responsible for water will succeed in securing appropriate levels of resources as part of national resource allocation processes. The CD process should also lead to increased harmonisation of aid instruments through, for example, sector-wide and other pooled funding arrangements.

5.9 On this basis, we consider that the EUWI mission and objectives are still relevant: the task in achieving the water-related MDGs, particularly in sub-Saharan Africa, is immense while the need to develop national IWRM plans and address water resource management issues in the EU neighbourhood has not yet been reduced.<sup>27</sup> We also note that the 2006 UNDP Human Development Report recommends, as two of four "foundations for success", the need to address water and sanitation shortages and support national strategies for water

<sup>25</sup> The EECCA work programme for 2006 makes no specific mention of water supply and sanitation but does refer to IWRM. The LA work programme for 2005 – 06 proposes four specific projects, of which three relate to IWRM and only one to water supply and sanitation.

<sup>26</sup> The Paris High Level Forum was hosted by the French Government on February 28 - March 2, 2005 and attended by development officials and ministers from ninety one countries, twenty six donor organisations and partner countries, representatives of civil society organisations and the private sector. The forum focused on ownership, harmonisation, alignment, results and mutual accountability.

<sup>27</sup> As noted elsewhere, we are conscious that the requirements in the EECCA and MED components are wider than IWRM and, in EECCA, include rehabilitation of decaying urban water supply and sanitation infrastructure while in the MED component the requirement to deliver rural water and sanitation services is still important and in the LA component, delivery of urban water supply and, in particular, sanitation services is a key challenge. The IWRM target was to complete national plans by 2005.

and sanitation and national plans with international aid. Significantly, these are both key EUWI objectives.

5.10 As we indicated in sections 3 and 4, the fact that the EUWI has yet to make a meaningful contribution at the outcome or output levels is due perhaps to the timescale involved before measurable results can be discerned. However, it is also due to issues that constrain the Initiative's effectiveness and we provide additional comment on those issues in the remainder of this section.

### **Strategy**

5.11 Finalised in December 2005, some three years after the launch of the EUWI in October 2002, the strategy outlined an approach for achieving the Initiative's MDG and IWRM-related objectives. The strategy identified country-level action as the key approach and the CD process as the principal implementation tool. It also proposed to increase gradually the number of countries included within the scope of the EUWI.

5.12 The strategy identified several critical success factors including the importance of: (i) an effective communication programme; (ii) ownership by MS; (iii) increasing the involvement of EC delegations; and (iv) engaging not only MS water professionals who attend the SG and the Working Group meetings but also the heads of MS development and water ministries. The strategy did not, however, identify ways of mitigating the risk that these critical success factors may not be present or achieved.

5.13 Of critical importance, a communication programme was never implemented in the early years of the EUWI.<sup>28</sup> Although difficult to attribute cause and effect, we consider that this probably contributed significantly to the asymmetry of expectations that developed between MS and their partners. We provide further comment on this and other issues relating to the critical success factors later in this section.

5.14 Importantly, the strategy was silent on several key issues that relate to its effective implementation including, for example, selection of partners for inclusion in the national CD process, specification of the key outputs expected and an indication of how the EUWI should interface with other initiatives and non-EU donors in the sector. Although we accept that the strategy itself need not have covered these issues (since they are concerned with a lower level of detail), we consider that it should have highlighted the importance of elaborating in further detail how the strategy should be implemented. We consider that this was a missed opportunity that contributed directly to several constraints that are described in this section.

### **Commitment by MS and the Commission**

5.15 If the SG, WGs and CD processes are to move forward smoothly, MS must demonstrate their commitment. At a minimum, MS will need to ensure that senior representatives attend SG and WG meetings and, more importantly, contribute financial and

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<sup>28</sup> Although a CIS went online in August 2004, the purpose and objectives are very different from those of a communication programme which should be much more than a passive facility and, amongst other things, should actively deliver key messages concerning the EUWI. The failure to implement a communication programme is linked to the lack of resources needed to finance it, an issue that is considered further in this section.

human resources for the implementation of the EUWI as foreseen in the Initiative's document on Organisation Framework and Modalities.<sup>29</sup>

5.16 We note that the EU has at times signed agreements without providing the necessary resources and actions required for successful follow-through. Consequently, we are not persuaded that agreements signed by the EU, on their own, constitute commitment. We consider that commitment is achieved when water affairs feature prominently in existing EU policies or financial instruments and continue to receive adequate support.<sup>30</sup>

5.17 We believe that each regional component of the EUWI requires a critical mass of commitment which might be achieved either through strong commitment from the Commission plus at least one MS or through two or more MS acting in concert and providing adequate financial and human resources. Without that, any intervention in the sector will tend to lack the EU identity and amount to a bilateral programme. In practice, not all regional components meet the commitment requirement. We provide additional details of each of the EUWI components in Annex F.

5.18 The Africa component enjoys strong commitment from the Commission and several MS while the MED component receives strong commitment from the Commission and one MS, namely Greece. Commitment to the other two regional components is, however, significantly weaker. The EECCA component benefits from commitment on the part of the Commission but none from MS while the LA component suffers from very weak commitment from the Commission and commitment from a single MS, Spain. This situation stems from the manner in which support for the regional components first emerged.<sup>31</sup>

5.19 Although we recognise that Spain has done much to support and promote the LA component, this falls short of the critical mass criterion defined earlier. Additionally participation by the Commission in conferences and inviting LA partners to include water as a mainstreaming social cohesion issue (which none have so far included) does not meet our definition of commitment.<sup>32</sup>

5.20 We consider that the viability of the EECCA and LA components is threatened by the lack of support. The future of the LA component as an integral part of the EUWI remains in doubt unless it can attract greater support from MS or the Commission. Additionally, the EECCA component will need to attract greater support from MS if it is to function effectively within the EUWI.

5.21 We noted earlier that the Greek national budget contains provision to support the MED working group and, consequently, it is evident that financial support is reasonably stable and predictable during the short term at least.<sup>33</sup> In the longer term, though, there is no guarantee that Greek support will continue and, in the absence of support from other MS, this might pose a risk to the longer term viability of the MED component.

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<sup>29</sup> Section 2.3. *Organisational Framework & Modalities*, July 2004

<sup>30</sup> Policies such as the EU Neighbourhood Policy have a specific regional focus.

<sup>31</sup> The emergence of the LA component owes much to the efforts of Spain and Portugal. Neither the Commission nor other MS identified LA as a priority and support for the LA component now rests primarily with the Spanish environment ministry. EECCA was proposed by the Danes in 2002 when they held the presidency. The Danish environment ministry had a mandate to support EECCA region and, since the ministry was the lead agency for Denmark's participation in the Johannesburg conference, made a case for the inclusion of EECCA. The inclusion of a Mediterranean component was proposed by Greece during the period in which it held the EU presidency.

<sup>32</sup> Only two out of 19 LA partner countries have defined water as a priority sector for cooperation with the Commission. The Commission's regional programme for LA makes no mention of the water sector.

<sup>33</sup> The budget line appears in the budget of the Greek Ministry of Environment

5.22 Most MS are currently struggling to manage a steady increase in financial resources against a background of diminishing staff resources. This results in a significant gap between the rhetoric and the level of practical support for the EUWI expressed by some MS.

5.23 It is evident that the EUWI is not being sufficiently prioritised by MS in the hard choices concerning the allocation of scarce staff resources. Decisions by MS to give priority to other key sector interventions or other sectors inevitably keep scarce staff resources away from the EUWI.

5.24 In response, MS have sometimes attempted to rely on consultants rather than their own staff. Although this may in some cases be appropriate, the use of consultants has not only reduced continuity in attendance at meetings, it has also guaranteed that substantive decisions are not taken at key meetings since the consultants are unable to commit MS agencies to decisions that are taken.

5.25 However, we do not overestimate the impact that the use of consultants has had on progress since it is evident that many MS officials are equally unable to commit their agencies without reference to headquarters. This last issue is also linked to the reluctance of some senior MS officials to attend key meetings. Additionally, there has been a high rate of change of MS officials, often without adequate handover or briefing. The lack of progress has been cited as a reason for not attending these meetings. Although we recognise that the time of senior officials must be carefully prioritised, it not evident whether inadequate progress by the EUWI has resulted in limited engagement by MS senior officials or *vice versa*.

5.26 MS concerns about the lack of staff resources resulted, in some cases, in a reluctance to lead the CD process. This issue was complicated further by the devolved accountability arrangements that have been implemented by MS development agencies which weaken the link between their headquarters' policies and priorities and country office decisions. As a result, a desire on the part of some MS HQ-based officials to lead a particular CD process was not always greeted enthusiastically by their country-based colleagues. We provide additional comment on this issue later on in this section.

5.27 Worryingly, it is evident that a small number of MS regard the Initiative with scepticism. Our discussions with MS indicate that such views are, in particular, based on concerns relating to a perceived reduction in control and accountability that might accompany cooperative action under the EUWI.<sup>34</sup> However, our discussions indicate that in some cases they are also based upon a reluctance to support initiatives that do not directly support increased disbursement or might serve as a distraction from bilateral assistance objectives.

5.28 We referred earlier to the failure by the EUWI to implement an effective communication programme. The EUWI's institutional manual indicates that administrative tasks, including the implementation of an effective communication programme, should be covered by a combination of MS and Commission resources.<sup>35</sup> In the event, neither MS nor the Commission provided adequate resources to support the communication programme. We are, though, pleased to note that the risk of funding constraints should be reduced from 2007

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<sup>34</sup> In some cases, the concern appears to be based on a perceived delegation of authority to the Commission.

<sup>35</sup> Section 2.3. *Organisational Framework & Modalities* (*Op. cit.*)

with the introduction of a thematic budget line of €1 million per year over four years that should result in the EUWI Secretariat securing predictable and more flexible resources.

### **Commitment by partners**

5.29 Although the EUWI strategy and other documents make clear that the EUWI is a political initiative and not a financing instrument, it is not evident that this was sufficiently well understood by partners. Significantly, the lack of clarity on the part of MS concerning the EUWI's key implementation tool, the CD process (see below), did little to correct any misunderstandings that developed.

5.30 As we have noted elsewhere, the failure by partners to secure additional financial resources from the EUWF or other sources did little to demonstrate that the process they had engaged in would support efforts to achieve the water-related MDGs or develop national IWRM plans. In some cases, partners appear to have concluded that the incentives to engage with the Initiative are, at best, only weak.<sup>36</sup>

5.31 The EUWI strategy identified, as we noted earlier, the need for an effective communication programme. The programme could have played an important role in establishing realistic expectations by partners as well as MS and the Commission. We consider that the failure to implement the communication programme in 2003 was a missed opportunity since it should have forced the need for greater clarity on some of the muddled aspects of the EUWI.

5.32 Although firm evidence of limited commitment by partners is difficult to identify, slow responses by partners may indicate that the level of engagement has remained constrained. An alternative explanation might, however, be linked to limited capacity by partners to engage in the Initiative, including technical capacity and also funds to participate in meetings. We note that this possibility has already been recognised and that the EUWF has now agreed to provide support to AMCOW as well as and the Africa WG and the Finance WG.<sup>37</sup>

### **Implementation tools**

5.33 The CD process remains the principal implementation tool that is used by the EUWI. The Africa WG is, however, establishing a high level regional water policy dialogue forum (WPDF) which is expected to strengthen political engagement and, as such, has been welcomed by partners. Further details of the WPDF are included at Annex F.

5.34 Given the nature of the EUWI, which is a political initiative (rather than a financing instrument) that seeks to leverage additional resources into the sector by strengthening the policy and institutional environment, assessing needs and developing robust financing plans, we consider that the CD process should remain a key implementation tool. Not only is the CD process expected to develop sound national plans and spending priorities that increase

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<sup>36</sup> Although the EU-Africa Strategic Partnership agreement is quite clear that the EU will respond to increased and better demand from partner governments, this message has never been properly understood by either party. Some MS consider that the EUWI must not interfere with what they see as their sovereign bilateral programmes and so will not link EUWI activities with their bilateral sectoral responses.

<sup>37</sup> ACP-EU Water Facility signed a €2.6 million Contribution Agreement with UNEP to support the mission of AMCOW in Africa during 2006 -2008, mainly for AMCOW to provide political leadership, ensure policy direction and advocacy in the provision, use and management of water resources for sustainable social and economic development and maintenance of African ecosystems, and strengthen intergovernmental cooperation to address the water and sanitation issues. There is a decision in principle to allocate €0.6 million to the Africa WG and €0.4 million to the Finance WG but this is subject to AMCOW agreement to the Africa strategy.

the prospect of attracting ODA, it should also support water-related ministries to articulate more effectively their spending proposals and secure an appropriate share of national budget resources. We have included additional details concerning the CD process in Annex G. Nonetheless, we recognise that a need for other tools may emerge in response to specific challenges and issues and it will be important for the Initiative and WGs to ensure that such tools are developed in response to demand.

5.35 The CD process proceeded first and fastest in Africa and, inevitably, much of the evidence concerning the progress of the CD process is drawn from that component. Progress in taking forward the national CD process was slower in the other three components for several reasons which, in particular, included the reduced profile of the EU as a donor compared to the situation in many African countries.<sup>38</sup>

5.36 We commented earlier on the fact that the EUWI strategy did not identify the need to articulate and provide clarification and guidance concerning the CD process. As a result, each regional WG developed the tool without any rational EUWI-wide consensus concerning either the process or the key outputs to be delivered.

5.37 We are aware that the failure to develop appropriate and comprehensive national water supply and sanitation needs assessments and financing plans has been attributed to the possible distracting-effect of the EUWF.<sup>39</sup> However, our own discussions indicate that this argument does not provide a robust explanation. We consider that the root cause of this failure was the lack of any clear agreement and guidance concerning the CD process and outputs.

5.38 In the absence of such clarity and guidance, regional WGs developed and pursued their own ideas on what the CD process and outputs should be. We consider that, within a framework of carefully developed national financing plans, the EU's various funding instruments could and should have been an important and appropriate source of funds to support the achievement of national objectives.<sup>40</sup> Consequently, we consider that the solution to the problem lies in strengthening the CD process and providing greater clarity concerning what it is, how it should be used and the outputs that it should deliver.

5.39 Our discussions indicate that the purpose of the CDs was not well explained by the EU and hence not fully understood by African partners. Some of them appeared to believe that being selected for a CD was an inside track to increased EU support for WSS. As noted earlier, an effective communication programme coupled with a clear and well-developed CD process could have mitigated the adverse impact of such misconceptions.

5.40 We found little evidence that sufficient thought was given to the selection of partner countries in which the CD process was initiated. This was probably attributable partly to the lack of clarity surrounding the CD process itself. Importantly, though, no attempt was made to set criteria for assessing the suitability of partner countries to move forward with the CD process. Instead, partners either nominated themselves or, in Africa, were proposed by AMCOW. Surprisingly, given that the EUWI is a political initiative, no attempt was made to engage African partners at the political level in an effort to ensure that the CD process was

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<sup>38</sup> The first CD outside Africa was in Lebanon in late 2005 while the first in the EECCA region was only initiated September 2006.

<sup>39</sup> *An empty glass (Op. cit.)*

<sup>40</sup> The EUWF instrument supports Africa only.

taken forward only in those partner countries in which conditions were deemed suitable and which expressed strong demand. As a result, the AMCOW proposals were accepted without discussion or alteration for inclusion in the CD process.

5.41 In some cases, partners are looking beyond the policy and institutional frameworks and national plans that might be delivered by the CD process and giving thought to reconciling key variables including investment costs, user charges and standards and levels of service. Simulation tools have already been developed by OECD and WSP to support this activity and there may be benefit in giving further thought as to how these tools might be applied.<sup>41</sup> Importantly, these tools might provide an entry point for those partners that consider their policy and institutional frameworks are already appropriate.

5.42 Although a significant amount of experience has now been developed concerning the CD process, there has been little attempt to identify strengths and weaknesses or draw lessons from it. It was unfortunate that a study to explore the experiences from the CD process was abandoned when work started on the revised Africa strategy. Equally, the experience gained so far has not yet been communicated effectively. As a result, there is a risk that mistakes will be repeated and opportunities to strengthen and develop the process may be missed.

### **Measures of success**

5.43 We commented earlier in this section on the fact that regional components have focused on the challenges that are most relevant to them. In the regions covered by the EU Neighbourhood Policy a greater emphasis will be on conservation of the environment, including management of trans-boundary rivers and seas. The success of the EUWI will, therefore need to be assessed in that context. Although it is too early to draw conclusions concerning outputs or outcomes in the Mediterranean and EECCA components, the joint process on the Water Framework Directive (see Annex F) is one example that provides some confidence that improvements in water management will be achieved in the Mediterranean region. A similar process is planned for the EECCA region.

5.44 In the Africa component, which focuses more sharply on water supply and sanitation, measures of success will be concerned more with leveraging additional resources into the sector. Those resources will take the form of ODA, allocations from national budgets, private sector investments and beneficiary contributions.

5.45 Although decisions concerning MS bilateral resource allocation are made at country level and may not fully reflect HQ policies and priorities, we do not consider that this undermines the CD process. It does, though, indicate that expectations about what the EUWI can achieve need to be realistic. On this basis, we consider that it is unlikely that significant increases in ODA to the sector will be evident across all countries that participate in the CD process. It would, though, be worrying if increased ODA was not evident in at least some countries in which the CD is moving forward and, consequently, trends in ODA will need to be monitored carefully at national/sector level. It might also be instructive to monitor trends in ODA at MS level.

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<sup>41</sup> The OECD's model FEASIBLE has been developed for EECCA and is now being developed for Moldova under the CD there and a similar model, SWIFT, has been developed and used by WSP in Mozambique.

5.46 Equally, we consider that expectations concerning allocations by partners from national budgets need to be realistic. We commented earlier on the support that the CD process is expected to provide in terms of assisting water-related ministries to develop and articulate credible spending proposals. Although this is necessary, it will not be sufficient to ensure an appropriate allocation of national resources. In many developing countries the capacity of ministries of finance to interpret spending proposals and make rational trade-offs between sectors and ministries will need to be strengthened significantly if this is to be achieved.

### **Monitoring**

5.47 Although the need to monitor progress was identified at the very outset, a methodology was not complete until 2006. The methodology that was developed uses a set of quantitative indicators of four different types and another set of qualitative/participatory indicators measuring eight variables. While logical, the methodology is complex and cumbersome to use. Further information concerning the monitoring component is included at Annex F.

5.48 To a significant degree, the challenge faced by the WG charged with developing the methodology was made more difficult by the lack of clarity and consistency that surrounds the EUWI mission and objectives, an issue on which we commented earlier.

5.49 Additionally, delegating the task to a separate working group did little to ensure that the specific objectives of the various regional components and the conditions in which they operate were considered adequately.<sup>42</sup> Nor is it evident that sufficient consideration was given to the need to provide MS, the Commission, partners and other stakeholders with a tool they can use to manage performance effectively. Amongst other things, such a tool would probably need to focus on a small number of critical indicators for each component.

5.50 An effective monitoring framework underpins not only performance management but also accountability mechanisms. This is an issue that we describe in the remainder of this section.

### **Leadership, coordination, performance management and accountability**

5.51 We referred in Section 3 to the lack of leadership. The EUWI's Organisational Framework and Modalities establishes the Commission as the Chair of the SG.<sup>43</sup> As we also noted in Section 3, the Commission has difficulty in exercising leadership over the MS. This is an inherent feature of the EU that only politicians can address. We are not confident that this issue will be resolved quickly. Consequently, we consider that stronger leadership will only be achieved through changes to the SG chair arrangements.

5.52 We referred earlier to the evolution of the EUWI and to the role played by DG/Development and DG/Environment. Although the continued involvement of these two directorates general results in responsibility for coordination as well as accountability mechanisms being divided between them (the so-called DG/Development and

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<sup>42</sup> Although the regional WG leaders were part of the Monitoring WG and were invited to participate in the setting up of the M/R system through various meetings and electronic consultations.

<sup>43</sup> Section 2.3, *Organisational Framework & Modalities (Op. cit.)*

DG/Environment dichotomy), we consider that this is probably inevitable given the EUWI's focus on both environmental (IWRM) and development (WSS) objectives.

5.53 Although intuitively it seems sensible to coordinate the direction and activities of the component WGs as a whole, we are not convinced that this is appropriate or necessary. We believe that the objectives of each regional component are specific and should be based on the circumstances and challenges of each region.

5.54 Many of the issues discussed in this section contribute to the SG's lack of effectiveness as a decision making body.<sup>44</sup> We consider that the value added by the SG is limited and that its role now needs to be redefined. As a result, we are less concerned that the SG has not yet performed effectively as a high-level executive decision-making body that sets policy, strategy and manages the performance achieved by the component WGs. Nonetheless, clarifying and rationalising the EUWI's institutional arrangements will be important and we provide further information on this issue in Section 6.

5.55 We are, though, concerned that some WGs also have yet to be effective. In part this appears to be attributable to the level of engagement by MS and partners. However, it probably owes much to the lack of clarity that surrounds the EUWI's mission and objectives and the lack of guidance on the CD process. We noted at the beginning of this section that many of the issues are interlinked. Consequently, we consider that tackling these issues in an isolated manner is unlikely to provide a robust or enduring solution.

5.56 We commented earlier on the devolved accountability arrangements that have been implemented by MS development agencies which weaken the link, and hence coordination, between their headquarters' policies and priorities and country office decisions. We consider that this is a much broader issue that is unlikely to be tackled effectively by any reform of the EUWI.

5.57 In practice, the water sector is unlikely to be among the most important priorities for MS and, consequently, it is probably unrealistic to expect any significant shift towards greater coordination. Nonetheless, if even a modest improvement is to be achieved, MS do need to consider whether and how HQ policies and priorities in relation to water can be communicated more effectively to country offices.

5.58 The lack of clarity concerning the mission and objectives, coupled with the lack of an effective monitoring system, makes the task of performance management impossible. The lack of effective accountability mechanisms, however, renders it largely unnecessary from the perspective of those charged with its implementation. We consider that the absence of effective mechanisms for holding the SG, WGs and those charged with taking forward national CD process accountable for the achievements of the EUWI reduces significantly the probability that action will be taken to achieve reasonably challenging levels and standards of performance. The prevailing culture within the EU of MS being reluctant to hold each another to account has prevented the SG from acting decisively to address constraints on progress.

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<sup>44</sup> An additional issue is that most SG members want to talk about Africa and that the other regional WGs get no guidance from the SG.

5.59 We are particularly concerned that, in common with many other EU initiatives, the EUWI is not sufficiently anchored in the EU's political mechanisms and processes.<sup>45</sup> As a result, the European Council, Parliament or its committees do not scrutinise performance achieved by the EUWI and hold the SG, WGs and those charged with taking forward national CD processes accountable for weak performance. To date, the only effective mechanism for holding the EUWI accountable for performance has relied upon the intervention of NGOs who have highlighted and publicised key areas of concern. We note that the first report on progress submitted to the MSF in August 2006 failed to raise concerns about progress and key issues effectively. If the EUWI is to stand any real chance of improving performance these weaknesses must be addressed.

5.60 The issues facing the EUWI are many and interlinked and, as we have noted earlier, will need to be addressed comprehensively rather than individually if a robust and enduring solution is to be implemented. In the next section we outline the key options and their implications.

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<sup>45</sup> Although the Commission reports to the Council on the EUWI, it amounts to only a few paragraphs and is often buried amongst the mass of information on other aspects concerned with the working of the Commission.

## 6. Key options and implications

### Introduction

6.1 In this section we outline the key options for addressing the issues described in Section 5 and highlight the principal implications of each of the main options. We have also indicated the options that we consider might provide MS, the Commission and partners with the best solution. We stress, however, that the EUWI is a political initiative and, as such, decisions concerning the optimum solution must be taken by politicians and their officials rather than by consultants.

6.2 The key options and implications are described under the following main headings:

- (a) regional components;
- (b) mission and objectives;
- (c) cross-cutting components;
- (d) leadership, coordination, performance management and accountability; and
- (e) strategy.

6.3 We have intentionally structured our coverage of the options in this manner rather than working through the issues in the sequence in which they were described in Section 5. We believe that this approach makes the logical consistency of the proposed solutions more comprehensible. At the end of this section we have provided a summary of the overall package of solutions that we consider might provide the greatest probability that the EUWI will achieve meaningful results.

6.4 Importantly, we believe that the proposed solutions address most of the key issues described in the previous section. However, some issues, such as the willingness of MS to subordinate decision making to the EU, strike at the heart of EU cooperation, partnership and processes and cannot be addressed through the reform of a single initiative.

6.5 The criteria we have used to assess the various options include: (i) impact on existing EUWI agreements or undertakings; (ii) speed and ease of implementation; (iii) associated costs; (iv) legitimacy in the eyes of EUWI stakeholders and partners; and (v) effectiveness in achieving results.

### Regional components

6.6 In Section 5 we stated that to remain viable, each regional component of the EUWI needs to achieve a critical mass of support. We also stated that, in our view, this requirement is met by both the Africa and MED components. The EECCA component, on the other hand, is not supported by any MS (but enjoys strong support from the Commission) and the LA component currently receives support from only one MS and virtually no support from the Commission. We outlined our definition of commitment in Section 5.

6.7 In practice, therefore, not all regional components meet the commitment requirements. As a result, the options that are available will vary from one region to another. The principal options for each regional component are summarised in Box 6.1. We commented in Section 5 on the failed attempts to encourage a MS to lead the EECCA WG. Although the Commission may wish to continue such efforts, the experience indicates that

this option does not have a high probability of success and we have, therefore, excluded it from options that we consider are viable.

6.8 Although we have, in each case, included an option to close down or phase out the regional components, we recognise that the Council has recently expressed strong support for the EUWI, and in particular, that MS have resolved that the Africa component should continue. Nonetheless, we consider that closing down one or more regional components may represent an option that decision makers will wish to consider.

6.9 We stated in Section 5 that we are not convinced of the need for an apex body, such as the SG, to coordinate the direction and activities of the individual component WGs. This is because we consider that the circumstances of each region and the challenges they faces vary from one region to another. In practice, this has already been recognised by the WGs and their activities currently reflect regional priorities and challenges.

6.10 The national-level CD process is, and we believe will remain, the principal implementation tool of the EUWI. We consider that support and guidance concerning the CD process is best provided by the regional WGs which are most closely associated with the challenges and priorities in the region. Equally, regional WGs are probably best placed to monitor and manage the performance and we provide additional comment on this issue later on in this section. Consequently, we consider that the value added by an apex body such as the SG in terms of support, coordination and performance management is more limited. On this basis we consider that the regional WGs are best placed to drive the EUWI forward. We believe that this raises yet further the importance of ensuring that each regional WG has strong support from the Commission and at least one MS.

6.11 We recognise that there are constraints on the amount of time that senior political leaders from MS can devote to the EUWI and, consequently, that expectations need to be set realistically. However, we consider that the Water Policy Dialogue Forum, a proposal that has been put forward by Germany and welcomed by AMCOW, could be a suitable mechanism for engaging high-level MS politicians, especially if timed to coordinate with other international meetings.

**Box 6.1****Principal options: regional components**

## LA

- (a) To continue as in the past and sustained mainly by resources from Spain. However, if the LA component is to deliver meaningful results, it is probable that a significant increase in resources provided by Spain will be required.
- (b) To be phased out

## MED

- (a) To continue present arrangements as in the past
- (b) To close down the component, if sustainable financial support is not forthcoming
- (c) To continue present arrangements as in the past, while seeking to ensure adequate financial support from the ENPI

## EECCA

- (a) To continue as in the past with the WG chaired by DG/Environment
- (b) To close down the EECCA component, relying on other existing institutions, such as GWP, UNEP and UNECE, for dialogue on water policy
- (c) To contract with either OECD or UNECE to run the WG, possibly using finance from the ENPI and the Development Cooperation Instrument (DCI) covering Central Asia
- (d) Under options (a) and (c) above divide the component into two sub-regions

## Africa

- (a) To close down the component and maintain only a mechanism for consultation between the MS and the Commission on support for water development in Africa
- (b) To withdraw gradually from all operational involvement and focus only on intermittent high level policy dialogue (as agreed by the EU Member States Heads of Water for Development Cooperation in October 2006)
- (c) To continue the Africa component but with a closer integration of the finance component.

6.12 Our comments on the options available for each of the regional components as well as the main implications of each option are described briefly in the following paragraphs.

#### LA component

6.13 We do not believe that option (a) presents a viable solution for the LA component. In particular, we are concerned that even if the Spanish Government were to provide additional bilateral resources, the Commission is unlikely to be in a position to provide much beyond token support.<sup>46</sup> We outlined our definition of what constitutes EU commitment in Section 5. In its current state it seems unlikely that the LA component will be able to achieve any meaningful results beyond what Spain is already doing through its bilateral programme. We recognise, however, that the EU has already entered into agreements and undertakings with LA and, consequently, that this will need to be considered carefully at the political level as part of any exit strategy. Consequently, the MS, the Commission and partners may consider that option (b) might provide the best solution.

#### MED component

6.14 As noted earlier, the MED component already receives strong support from the Commission and one MS (Greece). Consequently, we consider that option (b), close down, is neither attractive nor appropriate. Option (a) appears viable in the shorter term at least while option (c) should help address any risks that might arise if Greek support should reduce in the future. We do not see any significant differences between options (a) and (c) in terms of effort, timescale or cost of implementation and neither appears to be controversial or require changes to EUWI agreements and undertakings. Consequently, MS, the Commission and partners may consider that option (c) might provide the best solution.

#### EECCA component

6.15 We not believe that option (a) presents a viable solution for the EECCA component. In particular, we are concerned that the continued absence of MS support undermines the notion of an “EU” initiative while the lack of resources is likely to constrain critically the achievement of results. Equally, option (b), closing down, is likely to be unattractive, particularly since parts of the region are covered by the European Neighbourhood Policy and may receive support relating to water from the European Neighbourhood and Partnership Instrument and the Development Cooperation Instrument (DCI). Option (b) might also be controversial and require changes to EUWI agreements and undertakings.

6.16 Option (c), contract with either OECD or UNECE to run the WG, might involve the component ceasing to be part of the EUWI although further consideration of this issue is required. Our discussions with DG/RELEX indicate that resources might be available through the eastern regional programme of the ENPI and the regional programme for Central Asia of the DCI to support the work of the EECCA component. This is an issue that will need to be explored further. Option (c) is not expected to be particularly controversial (since no MS is currently willing to lead the WG) or affect existing EUWI agreements and undertakings (although it would probably be necessary to enter into an agreement with OECD or UNECE). Consequently, MS, the Commission and partners may consider that

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<sup>46</sup> The LA region falls outside the scope of ACP countries and no priority is given to water in the Commission regional programme for LA.

option (c) might provide the best solution. Option (d), is a variation of options (a) and (c) and, if option (c) is the preferred solution, may be worth exploring further.

### Africa component

6.17 As noted earlier, the Africa component already receives strong support from the Commission and several MS. The commitment of partners, though, is difficult to gauge and, if the component is to deliver meaningful results, MS and partners will need to strengthen their relationship. Provided that is done, we consider that option (a), close down, is neither attractive nor appropriate. The results of the CD process in Africa have been mixed and we referred in Section 5 to the need for greater clarity and guidance and a truly demand-led approach. Provided that these issues can be tackled successfully, we consider that there is little benefit in option (b): if they cannot, then option (b) might be worth further consideration.

6.18 Option (b), as outlined by the EU MS heads of water for development cooperation, would limit the Africa component to high-level dialogue between EU MS and African partners with a selective approach to activity at country level.<sup>47</sup> We are conscious of the difficulty that EU MS encounter when attempting to deliver senior MS ministers to attend such policy gatherings. We are concerned that in the absence of sufficiently senior MS political representation, there will be little incentive for African partners to engage with the proposed water policy dialogue forum. Additionally, we are concerned that without strong support and encouragement from the Africa WG, the CD process will remain ineffective.

6.19 Option (c) recognises that some partners in Africa are already looking beyond the policy and institutional frameworks and national plans and considering how best to reconcile key variables including investment costs, user charges and standards and levels of service. Consequently, integrating the work of the Africa and Finance WGs should help the EUWI to respond more effectively (see below). Consequently, the MS, the Commission and partners may consider that option (c) might provide the best solution, subject to the caveats described in the previous paragraph,

### **Mission and objectives**

6.20 We consider that the key options include:

- (a) leaving the mission and objectives unchanged;
- (b) rationalising and revising the mission and objectives to bring about consistency and communicating the results effectively; or
- (c) (i) setting objectives for individual regional components and tailoring them to take account of the specific regional characteristics and challenges they face; (ii) revising the mission to bring it into line with the EU policy of supporting the MDGs within an IWRM framework; and (iii) communicating the revised mission and objectives effectively.

6.21 We consider that all three options are likely to be broadly comparable in terms of the ease, speed and cost of implementation. Equally, we do not believe that any of the options will require changes to existing EUWI agreements and undertakings or be controversial. The

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<sup>47</sup> Minutes of meeting between European Commission and EU Member States Heads of Water for Development Cooperation, Brussels 24 October 2006.

key difference concerns the effectiveness of each option in supporting the EUWI's intentions and achieving results. We consider that option (c) provides the greatest probability that the EUWI's intentions will be supported and results achieved. Consequently, MS, the Commission and partners may consider that option (c) might provide the best solution.

### Cross-cutting components

6.22 The principal options for each cross-cutting component are summarised in Box 6.2

#### Monitoring

6.23 We commented in Section 5 on the disadvantages of delegating the task of developing a monitoring system to a separate working group and, in particular, to the difficulties of ensuring that the specific objectives of each regional component and the conditions in which they operate are considered adequately. Consequently, we do not believe that option (a) will provide a robust solution. Equally, we are not persuaded that the EUWI Secretariat has the capacity or capability to take this forward and, as a result, we believe that this is unlikely to provide a satisfactory solution.

**Box 6.2**

**Principal options: cross-cutting components**

Monitoring

- (a) To continue the M/R WG but with a focus on implementation by the EUWI regional components
- (b) To close down further work on the M/R component and request the EUWI Secretariat to issue guidelines for monitoring and reporting to all EUWI components
- (c) To create a consultancy to design broad guidelines for monitoring and reporting for subsequent adaptation by the individual regional components based on their individual circumstances and objectives

Finance

- (a) To continue operating the finance component separately
- (b) To close down the finance component and operate it as a funded programme hosted by the GWP, retaining its original objectives
- (c) To align the finance component closely with Africa WG. Assess scope to extend support to other regions – but merge with Africa WG if scope proves to be limited

Research

- (a) To continue give priority to water in FP7, as in FP6
- (b) To declare that the objectives of the EUWI research component have been largely achieved and discontinue the component.
- (c) To revive the research WG and give it a role to promote the benefits of research and scientific cooperation and bridge the communication gap
- (d) To continue give priority to water in FP7, as in FP6, but with an added effort to improve communications with other EUWI components, and to close the research WG in view of the creation of the EUWI-ERA.net.

6.24 We consider that there is likely to be advantage in placing responsibility for developing and implementing appropriate monitoring indicators and systems with the regional WGs. This is because performance monitoring is a core management function which should, therefore, be their responsibility. However, we believe that there is much that can be gained from the work that has already been carried out by the Monitoring WG and, consequently, consider that there might be benefit in extracting from it those elements that might provide a core monitoring system for each WG. Amongst other things, this might focus on a small number of critical indicators and methods of data collection and presentation. This work might be best done under a short-term consultancy drawing on the work that has already been carried out by the WG. The results would then be taken forward by each regional WG.

6.25 Option (a) is perhaps the least controversial but also the least effective solution. Options (b) and (c) are probably equally controversial but (c) is likely to be the most

effective. Consequently, MS, the Commission and partners may consider that option (c) might provide the best solution.

### Finance

6.26 We commented earlier that that some partners in Africa are already looking beyond the policy and institutional frameworks and national plans and considering how best to reconcile key variables including investment costs, user charges and standards and levels of service. Consequently, we believe that the activities carried out by the Finance component remain relevant and important.

6.27 The finance component is funded through 2008 by DFID. Additionally, further financial support from the EUWF is pending and it is being hosted by the GWP in Stockholm. We believe that option (b) would reduce opportunities to use its resources in support of policy-oriented action linked not only to IWRM, which is the mandate of GWP, but also to financing issues related to WSS which lie at the centre of the EUWI's Africa component objectives. In addition, it is not clear that option (b) would respect the arrangements made for the support to the finance component.

6.28 The key focus of the finance component is Africa and, consequently, we believe that option (c) would strengthen the effectiveness of the Africa WG, especially if it concentrates on supporting financing strategies identified as part of the country dialogues (as has happened in Ethiopia and Mozambique). This would be consistent with the purposes for which the finance component is being funded. However, we recognise that the finance component could provide important support to other regional WGs and efforts should be made to assess the extent of that demand. In the event that demand from other regional components proves to be limited, then serious consideration should be given to merging the finance and Africa components. Consequently, MS, the Commission and partners may consider that option (c) might provide the best solution.

### Research

6.29 Although we noted in Section 4 the considerable amount of research that has been supported under FP6 and its predecessors, we also raised concerns about the extent to which the results have been communicated. Consequently, we consider that a change is required if the benefits of research are to be secured. On this basis, we do not consider that option (a) is likely to provide a satisfactory solution. Nonetheless, we consider that, if secured, the benefits of research could be significant and, on this basis, do not believe that option (b) is appropriate either.

6.30 The Research WG exists on paper only and, consequently, we consider that the effort and timescale involved in establishing it and making it effective could be significant. More importantly, we believe that the focus now needs to shift from conducting research to communicating the results more effectively and we are not confident that the current arrangements can achieve this in their present form.

6.31 Neither option (c) nor option (d) is likely to be especially controversial or require changes to existing EU agreements or undertakings. We consider that option (d) is likely to be simpler, quicker and less costly to implement and should provide a more effective

mechanism for communicating the results of research. Consequently, MS, the Commission and partners may consider that option (d) might provide the best solution.

### **Leadership, coordination, performance management and accountability**

6.32 We commented in Section 5 on the lack of leadership in the EUWI and the inherent constraints imposed by the current arrangements in which the Commission chairs the SG. We consider that the key options include:

- (a) leaving the current arrangements in place and continuing with weak leadership;
- (b) the MSF elects the chair of the SG from among its members and members of the SG;
- (c) the SG elects a chair from amongst its members; or
- (d) the SG appoints an independent chair.

6.33 Option (a) is unlikely to provide an effective solution. However, we have not been able to determine whether there is a requirement for the Commission to chair the SG and, if such a requirement exists, the remaining options would be precluded unless the relevant regulations are amended. It will, therefore, be important to determine what constraints, if any, exist.

6.34 We do not consider that the MSF is a sufficiently cohesive body to facilitate the networking necessary to mobilise coalitions in support of strong candidates. As a result, we are not convinced that option (b) would provide an effective solution. It would, though, confer a degree of legitimacy on the post of chair.

6.35 We commented earlier on the reluctance of MS officials to hold each other accountable. On this basis, a MS official would probably be unsuitable for the post of SG chair. However, membership of the SG embraces a constituency beyond the MS and option (c) might, therefore, result in a more independent chair. The effectiveness of option (c) is, therefore, dependent upon the selection of chair that is made. Option (c) would, in any event, have the benefit of legitimacy. In the event that the SG selected as chair someone who is not a MS official, the outcome would be broadly the same as option (d). Importantly, option (d) would have the added benefit of permitting a much broader search for a suitable candidate and should, therefore, provide the most effective solution. It should also confer legitimacy on the post of chair. Consequently, MS, the Commission and partners may consider that option (d) might provide the best solution.

6.36 We considered whether there might be merit in restricting membership of the SG. We also noted that at least one MS proposed that membership should be limited to the EU MS heads of water for development cooperation and representatives of the relevant EU institutions. Although this might streamline decision-making, we are concerned that, for the reasons cited above, it would weaken rather than strengthen accountability. Moreover, by excluding partners and NGOs, this option lacks legitimacy.

6.37 We consider that the key options concerning coordination and performance management include:

- (a) leaving the WGs and SG to continue with their existing roles and responsibilities;

- (b) vest regional WGs with responsibility for driving the EUWI forward, disband the SG and leave the role of high-level EUWI-wide coordination to either the EUWI Secretariat or the MS Water Experts Group; or
- (c) vest regional WGs with responsibility for driving the EUWI forward and revise the role of the SG to focus principally on high-level EUWI-wide coordination and binding the individual components of the EUWI together and provide its EU-wide identity.

6.38 Earlier in this section we indicated that the regional WGs are probably best placed to drive the EUWI forward. We also indicated that setting objectives for individual regional components and tailoring them to take account of the specific regional characteristics and challenges they face might also be more effective. We went on to argue that regional components should take responsibility for developing monitoring indicators and systems that enable them to manage performance better and assess progress in meeting their specific objectives. On this basis, we consider that option (a) is unlikely to provide a robust solution.

6.39 Although the SG has not fulfilled its role as an apex decision-making, coordinating and performance management body, it does nevertheless possess legitimacy, which neither the EUWI Secretariat nor the MS Water Experts Group do. Consequently, we are not sufficiently persuaded that option (b) offers a satisfactory solution.

6.40 Option (a) is likely to be simple, quick and inexpensive to implement but appears unlikely to be effective. Options (b) lacks legitimacy and is, therefore, likely to be controversial and, because of that, less effective. Option (c) is likely to be relatively controversial but does have the advantage of legitimacy and should also be reasonably effective. Consequently, MS, the Commission and partners may consider that option (c) might provide the best solution.

6.41 Under option (c), the role of the SG would be to bind the individual components of the EUWI together and provide its EU-wide identity. Amongst other things, its role might include: (i) endorsing objectives, strategies and work plans of the regional WGs to ensure consistency with the EUWI mission and objectives; (ii) receive an annual report on progress; and (iii) provide oversight of the EUWI Secretariat and, in particular, ensure that EUWI-wide communications are established and remain effective.

6.42 Although the SG would no longer be the apex policy and decision making body, it might provide high-level coordination and draw lessons and conclusions. This could, we believe, be achieved though a relatively light touch, perhaps involving at most two meetings a year. Equally, the role of the EUWI Secretariat would be to support the SG and, amongst other things, plan and support the MSF. We believe that abolishing the MSF would disempower many stakeholders and, consequently, we consider that there would be benefit in retaining it, more-or-less in its present form (but see below).

6.43 We commented in Section 5 on the split of responsibility for coordination and accountability between DG/Development and DG/Environment and concluded that it is probably inevitable given the EUWI's focus on both environment and development objectives. We consider, though, that there is a requirement to establish a clear first point of contact within the EUWI (that can refer issues and queries to the appropriate DG) and this is, we believe, a role that the Secretariat should be well-placed to perform. We consider, however, that there is a need to appoint a senior official to give leadership to the work of the

Secretariat to take responsibility for actions of common concern, such as preparations of the annual MSF or the planning of a communication strategy. To strengthen coordination further we consider that there would be merit in encouraging each regional WG to have a single point of contact for all activities.

6.44 However, on its own, option (c) will do little to address the lack of effective accountability mechanisms to which we referred in Section 5. We consider that the options for increasing accountability include:

- (a) continuing with the existing arrangements in which NGOs are the only means of holding the EUWI accountable;
- (b) raising the priority of the EUWI on the agenda of the EU presidency;
- (c) involving committees of the Council and, in particular, the Committee on Development and the Working Party on the International Environment Issues (WPIEI); or
- (d) establish a small oversight body.

6.45 Importantly, these options are not mutually exclusive. Option (a) has the benefit of being relatively quick, simple and inexpensive to implement. It has also proved to be relatively effective in the past. However, it has the appearance, at least, of the EU abdicating responsibility for one of its own initiatives and does not, on its own, appear to provide a legitimate solution.

6.46 Option (b) is likely to be more difficult to implement. In particular, it will probably be necessary to apply sustained pressure to retain the interest of the presidency given that it rotates every six months. However, efforts to pursue this approach in the past have largely failed since EU presidencies tend to be absorbed by the current key political issues. Importantly, though, option (b) would involve the EU holding the EUWI accountable at the highest level and, consequently, it is expected to provide an effective and legitimate solution.

6.47 Option (c) might provide many of the benefits associated with option (b) while at the same time being easier to implement. In particular, it should provide a relatively effective and legitimate solution.

6.48 We were not able, as part of this review, to consider options (b) or (c) in any detail and further investigation will be required to determine whether they offer a feasible and practical solution. If they do not, then we believe that there may be benefit in investigating option (d), the creation of a small oversight body. This might include perhaps five or six experts drawn from the current SG and receive support from the EUWI Secretariat. Although we do not regard this as the optimum solution, it may represent the only way forward if options (b) and (c) prove to be impractical. In that event, further investigation will be needed to develop this option in more detail.

6.49 Although, as indicted above, we do not consider that option (a) offers an adequate solution, we nonetheless believe that if combined with any of the other three options, NGOs and CSOs can and should play an important role in holding the EUWI accountable for achieving its objectives. Importantly, the MSF should also play a role in holding the EUWI accountable for delivery.

6.50 We recognise that the EU and MS represent only a part of the EUWI partnership and we believe that accountability mechanisms need to embrace all the partners. In the case of the Africa component, AMCOW might be best placed to hold the Initiative accountable from the partner side. This will, however, require further consideration. Equally, it is not immediately clear what mechanisms might exist in the MED, EECCA and LA regions for making the EUWI accountable to partners.

### **Strategy**

6.51 The principal options relating to the EUWI strategy include:

- (a) continuing with the existing strategy but ensuring that action is taken to address critical success factors; or
- (b) developing strategies that are specific to the objectives and circumstances of each regional component.

6.52 We noted in Section 5 that although the EUWI strategy was a reasonably sound document, only limited progress has been made in taking it forward. We also commented on the impact this had, particularly in terms of a shared understanding of the EUWI and partners' expectations. Potentially, therefore, option (a) appears reasonably attractive. It also has the benefit of being relatively simple to implement and is not expected to be controversial or affect EU agreements or undertakings.

6.53 If, however, regional WGs are best placed to drive the EUWI forward, as we have argued earlier in this section, then option (a) looks less appropriate. This is because the package of options that would tend to be associated with that approach (relating to objectives, monitoring indicators and systems and accountability mechanisms) would be inconsistent with a EUWI-wide strategy that does not provide adequate focus on achieving the specific objectives that are agreed for each region. In practice, option (b) is, therefore, more likely to be effective in supporting the achievement of objectives. It is also expected to be slightly more costly and take longer to implement. It is not, though, expected to be controversial or affect EU agreements and undertakings. Consequently, MS, the Commission and partners may consider that option (b) might provide the best solution.

### **Outline of the overall package of solutions**

6.54 Taken as a whole, the solutions that we believe might provide EUWI with the most comprehensive and robust solution should result in a more efficient, streamlined and flatter institutional structure. Potentially, this might include two or more regional components. The work of the cross-cutting components would either be merged with the activities of the regional components or taken forward by other existing EU programmes.

6.55 Each regional component would develop objectives that are specific to its own circumstances and challenges and, similarly, would develop its own strategy and monitoring indicators and systems.

6.56 The role of the SG would be redefined: it would provide high-level coordination and would confer an EU identity but would cease to be the apex decision-making and performance management body, a role that it has, in any case, failed to perform so far.

6.57 Accountability mechanisms would be sharpened through the involvement of the EU presidency or the Council or a small oversight body as well as partners. NGOs would continue to provide an additional oversight mechanism. The MSF would continue to function but would also play a role in holding the EUWI accountable for performance. The Secretariat would support the SG and MSF and act as first point of contact, referring issues to the appropriate DG.

6.58 We believe that a more streamlined structure with clearer and sharper focus on objectives, strategy, monitoring indicators and accountability provides a greater probability that the EUWI will achieve more meaningful results. In the next section we summarise the steps that we believe now need to be taken.

## 7. Next steps

7.1 The next steps are summarised in Box 7.1.

<b>Box 7.1</b>			
<b>Summary of next steps</b>			
<b>Reference</b>	<b>Description</b>	<b>Lead Responsibility for Completion</b>	<b>Target Completion Date</b>
<b>1</b>	<b>General</b>		
1.1	Review the options and consider which provide the most appropriate solution		
1.2	For each of the preferred options, assess the inputs, costs and timescale involved in implementation		
1.3	Develop plan to implement preferred solutions		
1.4	Gain agreement from MS, Commission and partners to implement plan		
1.5	Implement preferred solutions and monitor progress		
<b>2</b>	<b>Regional components</b>		
2.1	Assess impact that phasing out of LA component might have on existing EU agreements and undertakings		
2.2	Investigate further the feasibility of contracting with either OECD or UNECE to run the EECCA WG		
2.3	Assess impact that contracting OECD or UNECE to run EECCA WG might have on existing EU agreements and undertakings		
2.4	Investigate further the feasibility and benefits of dividing the EECCA region into two sub-regions		
<b>3</b>	<b>Coordination and Accountability</b>		
3.1	Investigate further feasibility of strengthening accountability mechanisms by raising the priority of the EUWI on the agenda of the EU presidency or involving committees of the Council		
3.2	Depending upon the outcome of 3.1, investigate further the feasibility of creating a small oversight body		
3.3	Investigate mechanisms for holding EUWI accountable to partners		
<b>4</b>	<b>Implementation Tools</b>		
4.1	Investigate how OECD and WSP financial tools might be reconciled		

7.2 Careful consideration by MS, the Commission and partners now needs to be given to the process for taking forward the findings and options from this review. In particular, careful thought will be needed to determine how decisions concerning the viability of regional components and the future of cross-cutting components should be made.

7.3 We have commented in earlier sections on the SG's lack of effectiveness and, consequently, it is not evident that it is well placed to drive forward the reforms that are now needed. One option might be to task a sub-committee of the SG with responsibility to take the reforms forward and to vest in it powers to take decisions.