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This action is funded by the European Union

ANNEX 2

of the Commission Implementing Decision on the financing of the annual action programme in favour of Central Asia for 2018 part 2 and in favour of the Asia region for 2018 part 4

Action Document for Sustainable Environment, Water and Energy Development - European Union–Central Asia Water, Environment and climate change Cooperation (WECOOP) and the Central Asia Energy Water Development Programme (CAEWDP¹)

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| 1. Title/basic act/ CRIS number | Sustainable Environment, Water and Energy Development – European Union–Central Asia Water, Environment and Climate Change Cooperation (WECOOP) and the Central Asia Energy Water Development Programme (CAEWDP) CRIS number: ACA 2018 /040-953 financed under Development Cooperation Instrument | |
| 2. Zone benefiting from the action/location | Central Asia – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Afghanistan (only for the CAEWDP part ²) The action shall be carried out at the following location: The countries of Central Asia, and also Afghanistan in case of CAEWDP, and the EU | |
| 3. Programming document | Addendum No 1 to the Multiannual Indicative Programme between the European Union and Central Asia for the period 2014-2020 ³ | |
| 4. Sector of concentration/ thematic area | Sustainable regional development: Energy, Environment/ Water and Socio- | DEV. Aid: YES ⁴ |

¹ The name will likely be changed to CAWEP (Central Asia Water -Energy Programme) pending approval of the new name by other Trust Fund donors. This follows discussions on the new name between the European Commission and the World Bank.

² Since the budget comes from the regional budget-line for Central Asia, a preference will be included in the Administration Agreement (AA) clarifying that EU funds are meant to be used for Central Asian countries. This will be addressed operationally in the governance of the Multi-Donor Trust Fund CAEWDP through the annual work plans agreed with the donor advisory committee. These annual work plans, can clearly show that an amount equivalent to the EU contribution is allocated to the Central Asian countries (instead of to Afghanistan).

³ Decision C(2018)4741 of 20/07/2018

⁴ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

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| | Economic Development | | | |
| 5. Amounts concerned | <p>Total estimated cost : EUR 13.91 million</p> <p>Total amount of EU budget contribution: EUR 10.9 million</p> <p>This action is co-financed in parallel co-financing by the Swiss Secretariat for Economic Affairs (SECO) via a World Bank administered multi-donor trust fund for an amount of EUR 3.01 million (USD 3.5 million)</p> | | | |
| 6. Aid modality(ies) and implementation modality(ies) | <p>Project Modality</p> <p>Direct management through:</p> <ul style="list-style-type: none"> - Procurement <p>Indirect management with:</p> <ul style="list-style-type: none"> - World Bank - UNECE | | | |
| 7. a) DAC code(s) | <p>14010 – Water sector policy and administrative management</p> <p>23310 – Energy Generation, non-renewable sources</p> <p>41010 – Environmental policy and general administrative management</p> | | | |
| b) Main Delivery Channel | <p><i>World Bank – 44001</i></p> <p><i>UNECE - 41314</i></p> <p><i>Other 90000</i></p> | | | |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Aid to environment | <input type="checkbox"/> | <input type="checkbox"/> | x |
| | Gender equality (including Women In Development) | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Trade Development | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reproductive, Maternal, New born and child health | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Main objective |
| | Biological diversity | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Combat desertification | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Climate change mitigation | <input type="checkbox"/> | <input type="checkbox"/> | x |
| | Climate change adaptation | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | 9. Global Public Goods and Challenges (GPGC) thematic flagships | <p>Environment and climate change</p> | | |
| 10. SDGs | <p>Main objectives: SDG Goals 6 (Water); SDG 7 (Affordable and Clean Energy); Secondary objectives: SDG 13 (Climate Action) and SDG 15 (Life on Land).</p> | | | |

SUMMARY

The action aims to ensure continuation and enhancement of two EU funded programmes, WECOOP and CAEWDP. Both are deemed to have contributed positively to promoting EU policies, enhancing policy dialogue and improved the maturity of investment projects in the fields of environmental protection, climate change adaptation and energy and water security.

Implemented through a consulting company, WECOOP will continue to provide support for structured regional policy dialogue between the EU and Central Asian countries via the EU-CA Working Group on Environment and Climate Change. It will offer guidance and expert advice to CA government regulators and administrators seeking finance from primarily European Financial Institutions (e.g. AFD, EBRD, EIB, KfW etc.) for investments that help reduce man-made pollution, including CO₂ emission. WECOOP will also continue to support activities related to the EU Water Initiative (EUWI) and the National Policy Dialogues (NPDs) facilitated by UNECE.

CAEWDP implemented through a World Bank administered multi-donor trust fund (with in its previous phase contributions from the United States of America, Switzerland, the European Commission and the United Kingdom) will continue to support analytical development, institutional strengthening and investment preparation through research, training and expert advice. It will also facilitate dialogue among the CA governments on common water resources management such as the Aral Sea basin through support to regional organisations such as the International Fund for saving the Aral Sea (IFAS). The investment preparation support is primarily focused on the World Bank.

The two projects will be managed by and closely coordinated by the EU Delegation to Kazakhstan which also manages the cross-sectoral NEXUS Dialogue thematic programme. This aims to ensure that overlapping activities are avoided and instead carried out jointly, whenever appropriate, and that synergies between the projects are realised to the greatest extent possible.

Overall coordination and supervision will be facilitated through regular meetings of steering committees with representatives from all five CA governments. The delivery of concrete results of the two programmes will be monitored and reported on through the use of performance indicators.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

The region of Central Asia comprises Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The region's current population of about 70 million people is expected to grow to 90 million by 2050. The region is characterised by varied geography, including high passes and mountains (Tian Shan, Pamir), vast deserts (Kara Kum, Kyzyl Kum), and steppes. Major rivers of the region include the Amu Darya, the Syr Darya, the Irtysh and the Ili. Major water

bodies include the Caspian, the Aral Sea, the Lake Balkhash and the fourth deepest in the world high-altitude lake Issyk-Kul.

The Central Asian countries are landlocked, which together with the arid climate results in high vulnerability of the natural ecosystems of the region. Central Asia is unique in its biodiversity and landscapes. The biodiversity of the region includes a high degree of endemism: in some areas up to 20% of the highest flora is represented by narrow-areal species. Unsustainable nature management for decades led to a significant ecosystem degradation and reduction in species and genetic diversity. Significant damage was caused to forest ecosystems in Central Asia: since the beginning of the 20th century, the total area covered by forests has been reduced by 75-80%.

As a result of anthropogenic pressures on mountain ecosystems, as well as in connection with climate change, the hydrological regime of rivers changes, renewable water resources are reduced, risks and the number of floods, avalanches, mudflows and other natural disasters increase. While water consumption over the past decade has increased by more than 25%, the total water consumption in comparison with the world remains low: about 700 m³/person/year.

More than half of the land in Central Asia is subject to desertification. Large-scale processes of land degradation include water and wind erosion, salinization and contamination of irrigated lands, degradation of pastures, which leads to a reduction in land productiveness, job losses, poverty and migration.

The countries of Central Asia are strongly interdependent in their water and energy resources and their environment given that they are interconnected by multiple transboundary rivers, including those flowing in the Aral Sea Basin which connects all five countries. However, energy and water resources are unevenly distributed. Hydropower resources are concentrated in the Kyrgyz Republic and Tajikistan, the upstream countries of the Amu Darya and Syr Darya rivers, and the hydrocarbon resources are concentrated in Kazakhstan, Turkmenistan and Uzbekistan. The current hydro-power generation capacity of the Kyrgyz Republic and Tajikistan is constrained by the agreed regime of summer water releases to downstream irrigation. The most challenging issues for Central Asia are growing competing demands for water between CA states exacerbated by huge water wastages in irrigation infrastructures causing drainage problems and increasing environmental degradation of aquatic and terrestrial ecosystems. Another challenge is poor cooperation between CA countries in managing shared water resources which can have dire economic consequences especially under the increasing threats associated with climate change. According to a recent report by Adelphi (2017), the costs of inaction on water cooperation could add up to more than US\$ 4.5 billion per annum for Central Asia. According to World Bank data (2017), policy changes in the water sector versus a 'business as usual' scenario under climate change, is expected to result in an up to 20 percent difference of positive versus negative GDP growth.

Another challenge is the lack of institutional capacity to translate policies into investments to upgrade the existing infrastructure which is outdated. The lack of maintenance and limited investment in infrastructure, science and technical education have resulted in a loss of technical expertise. The improvement of infrastructure and management of regional water resources to meet competing demands for human consumption, agriculture, industrial use and electricity production is vital for economic prosperity and political stability of CA states. This gap can partially be filled with investments that need to be cost effective, pertinent and environmentally sound.

Water remains politicised hampering cooperation in a region which economies could benefit significantly from sustainable basin-level water and energy management (e.g. storage of downstream summer water needs in upstream reservoirs in exchange for winter energy trade to ensure winter energy security upstream; optimised cascade management combined with an integrated electricity grid and trades to avoid energy loss through spillage). Weak regional cooperation on water and energy resources is a major conflict trigger, and a serious impediment to sustainable development and security.

Growing demand on water for agriculture and hydropower generation to meet rapidly growing populations and economic development needs is further exacerbated by increasing environmental threats and climate change. Climate change is expected to negatively impact water availability in Central Asian countries leading to economic and societal stress.

Central Asian governments are conscious of the challenges pertaining to the environment, climate change, water and energy, both at national and regional levels. Countries have responded with national and regional strategies and reforms.

Kazakhstan took the decision to transit to a green economy model, as announced in the country's 2050 Strategy (December 2012) and further detailed in the government's Green Economy Concept (adopted in May 2013) which proposes a comprehensive set of sustainable-development initiatives in six priority sectors, such as water resources, agriculture, energy efficiency, power sector, air pollution, and waste recycling. Kazakhstan also created a multilateral, cross-sectoral and voluntary Partnership Programme "Green Bridge" to provide a stable and long-term basis for green investment, transfer of new technologies and innovations to create sustainable economies, create new and long-term green jobs and to meet Sustainable Development Goals.

Key priorities of the **Kyrgyz** Government's programme include reforming policy making and legislation through use of the Strategic Environmental Assessment and wider public participation, development of national policy on climate change, safeguarding biodiversity and rational use of natural resources and developing international cooperation to resolve national ecological problems. The National Sustainable Development Plan adopted in December 2013 includes measures for mitigating impact and reducing ecological consequences of economic activities; improvement of (drinking) water supply and sanitation, and measures on disaster risk reduction and management. -The Government of Kyrgyzstan is in the process of adopting the National Strategy 2040 and associated five-year programme. These will reflect the country's socio-economic, political changes and transformations that have taken place since last years, and address issues relevant to the Sustainable Development Agenda 2030. This strategy acknowledges the importance of environmental approaches as a guiding principle for all measures taken and policies for the country development. The significance of the development of water (irrigation and drinking water sectors) is acknowledged to be an impactful outcome for the country's economic and environmental development, and eradicating food insecurity and malnutrition at large.

In 2007, the Government of **Tajikistan** adopted the Concept of Transition of the Republic of Tajikistan towards Sustainable Development until 2030. In 2008, the Government approved the "Environmental Concept" aimed at rational use of natural resource. An Action plan for implementation was approved in 2010. The Government of Tajikistan is particularly involved in the water sector: at the end of 2015 the Programme of Water Sector Reform in Tajikistan for 2016-2025 was approved. This programme delineates the institutional and operational framework required to implement Integrated Water Resources Management (IWRM). In line

with the Plan of Action of the UN High Level Panel on Water, Tajikistan initiated the UN General Assembly draft resolution to declare the period of 2018-2028 as the International Decade of Action "Water for Sustainable Development", which was adopted by consensus on 21 December 2016. The decision to build the Rogun Dam is a major undertaking for the country and is expected to significantly improve energy supply while there are some question marks about macroeconomic implications and environmental concerns. During the recent visit of Uzbek President Shavkat Mirziyoyev to Tajikistan on 9-10 March 2018 an agreement was reached on Uzbekistan's participation in the Rogun Dam project.

In **Turkmenistan**, the new Water Code has been elaborated introducing the principles of the IWRM. The National Strategy on Climate Change (adopted in 2012) aims at strengthening the legal framework, identification of key issues and adoption and mitigation measures on climate change. The country's economy is largely based upon the production and export of gas. Since 2017, the Executive Committee of IFAS has been located in the capital of Turkmenistan, Ashgabat, and is foreseen to remain there until August 2019. The country is a strong promoter of the organisation and its objectives.

Uzbekistan has adopted and implemented strategic documents such as the national programme to protect the environment, conserve biodiversity and phase out ozone depleting substances along with a series of climate initiatives. The country's 2017-2021 National Development Action Strategy also outlines the necessity to (1) reduce energy intensity and resource intensity of the economy, wider introduction of energy-saving technologies into production, expansion of the use of renewable energy resources; 2) maintain ecological safety in the life of the people, construction and modernization of municipal waste processing facilities; 3) prevent environmental problems, which cause damage to the environment, public health and the gene pool of the population.

In parallel to the multitude of national strategies and policy documents, there is a growing recognition among CA governments that national approaches are insufficient to address the complex water, environment and energy challenges, many of which are transboundary by nature. On 30 January 2018, the Board of the International Fund for saving the Aral Sea (IFAS) passed a resolution to develop the fourth edition of the Aral Sea Basin Programme (ASBP). As a result, CA partners have expressed interest to foster cooperation with the European Union to benefit from European experiences and know-how.

Afghanistan, which is a key riparian state of the Amu Darya River and form part of the larger Aral Sea basin, will also become a beneficiary country of CAEWDP. While the country has adequate water flow, thanks to the many headwaters in its high mountains, it lacks the capacity to store, use, and manage those flows. At the same time, the demand for water is expected to increase significantly in the future. On the other hand, under the WECCOP programme, Afghanistan will have only a limited role and will be invited to participate in regional water management cooperation meetings organized by UNECE as a logical continuation of the Water National Policy Dialogues (NPDs) supported through WECCOP.

1.1.1 Public Policy Assessment and EU Policy Framework

The EU Strategy for a New Partnership with Central Asia provides a framework for enhanced cooperation and an increasingly regional approach to foster integrated and efficient resources management. This has taken the shape of the EU-Central Asia Platform for Environment and Water Cooperation established at the EU-CA High Level Conference in Rome in 2009. The Platform's Working Group for Cooperation on Environment and Climate Change (WGECC), assists in the identification of regional cooperation priority actions and supports the Platform

by strengthening policy dialogue and cooperation at the regional level and between the EU and CA. Its activities have been supported through the EU-CA Enhanced Regional Cooperation on Environment, Climate Change and Water Project (WECOOP). The water-related cooperation issues were addressed more specifically through the EU Water Initiative Eastern Europe Caucasus Central Asia (EECCA) Working Group chaired by Romania. Since the latter Working Group has not been active in Central Asia, the EU Water Initiative (EUWI) National Policy Dialogues (NPDs) in Central Asia facilitated by UNECE in cooperation with OECD have been supported within the framework of WECOOP (see more info on section 4.2.1 page 18).

At the same time, partly in an effort to ensure that challenges are addressed comprehensively and in a coordinated manner in sectors where all major development partners are active, the EU has been a partner of the Central Asia Energy and Water Development Programme (CAEWDP) implemented through a World Bank administered multi-donor trust fund.

In addition to the above, the EU is currently financing the NEXUS Dialogue programme for Central Asia implemented by the Regional Environmental Centre for Central Asia (CAREC) in cooperation with the International Union for Conservation of Nature (IUCN). The NEXUS programme has broader objectives focusing on promoting not only cross-border, regional dialogue on water, environment and energy, but also an approach where the objective is to ensure that the water-energy-food (WEF) security NEXUS is addressed by regional solutions to common challenges.

Since there is a risk that CAEWDP and NEXUS activities, and to a lesser extent also WECOOP activities, might overlap, the present action should also be seen as a response promoting shared planning and joint activities.

While the three programmes promote and pursue the objective of implementing the EU policies in the field of environment, water and energy, their activities are complementary and their respective focus and approach are distinctive. Whenever there is an overlap in activities, these will be planned and implemented in a coordinated manner in order to create synergies and economies of scale.

For example, enhancing Policy Dialogue is a component of all three programmes; however, the nature of the dialogue is complementary: WECOOP's primary focus is on EU-CA and provides a forum to exchange best practices; NEXUS's focus is on intra-CA dialogue on WEF security NEXUS to foster a multi-sectoral enabling environment to facilitate sustainable and climate-resilient investments for increased WEF security in Central Asia. As for CAEWDP, it contributes with technical knowledge and expertise to regional policy dialogues held by other programmes and partners, and at the national level on technical level dialogue with policy and decision makers in relation to e.g. sector reform, policy implementation or in relation to specific investment projects.

All three programmes foresee activities to support investments but involve different actors and type of projects. WECOOP focusses on national investment projects with key EU financial institutions such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), KfW, the German Development Bank and the French Development Agency, AFD. CAEWDP supports mainly regional and national investment projects that involve the World Bank. NEXUS focuses on regional and national Water, Energy and Food Security investments. A key criterion for selection of projects will be their approval in a multi-sectoral dialogue framework.

Promoting Regional Cooperation, generating Data and Analysis and increasing Capacity Building are central components of both CAEWDP and NEXUS. When the content is similar, joint meetings should be held to ensure alignment in activities and where appropriate, activities should be planned together. CAEWDP would also provide technical input for meetings organised under NEXUS (See Annex 1 with overview).

Implementation of CAEWDP should be coordinated with NEXUS based on the following synergies:

1. Strengthening interlinkages of CAEWDP with regional processes (e.g. ASBP-4 and REAP (*Regional Environmental Action Plan for Central Asia*) planning-implementation-monitoring-evaluation processes) through facilitated dialogues;
2. Engagement of regional organizations (EC IFAS, SIC ICWC, SIC ICSD, Syr Darya and Amy Darya Water Management Organisations) through dialogue platform of regional organizations;
3. Capacity building (modelling, knowledge production and management, design of information systems, monitoring of environment data, reporting, etc.);
4. Strengthening interlinkages of CAEWDP with existent regional youth initiatives.

Moreover, the role the National ASBP Working Groups that exist already (some countries are still in the process of establishing such WGs) will be taken into account in terms of involving them in the two programmes.

To ensure proper coordination between WECOOP, CAEWDP and NEXUS, the EU will participate in the Steering/Executive Committee meetings of WECOOP, CAEDWP and the NEXUS Dialogue projects. Representative of the World Bank's Task Team Leader for CAEDWP will be invited to the Steering Committee meetings of WECOOP and NEXUS Dialogue Project.

It is also important to ensure adequate staff time and resources for coordination with donors active in the region. In this regard, regional donor coordination shall be made a distinct activity of CAEWDP and led by their Programme Manager.

1.1.2 Stakeholder analysis

The EU is not the only actor undertaking environmental and water interventions in Central Asia. A multitude of regional and international players are indeed active which sometimes has resulted in insufficient coordination and fragmented approaches to problems. Constructive engagement requires all actors – from the region and development partners – to be coordinated and it is a guiding principle of this action.

a) Other major regional actors related to environment, water and energy⁵:

A regional institutional framework for water management and the environmental protection was established after the collapse of the Soviet Union and supported by the international donor community. Key regional bodies, all established in the early 1990s, include:

⁵ Other major regional actors not entirely focused on water but discussing aspects of it are: the Shanghai Cooperation Organization (SCO); Eurasian Economic Union; Economic Cooperation Organization

- An *Interstate Commission for Water Coordination* (ICWC), the first regional institution established in 1992 and tasked to determine and agree on seasonal water allocations and consumption limits in accordance with actual water availability⁶.
- The *International Fund for Saving the Aral Sea* (IFAS) with the mandate to improve the social and economic, ecological situation in the basin of the Aral Sea.
- The *Executive Committee of IFAS* (EC IFAS) which is intended to implement the Aral Sea Basin Programme.
- The *Interstate Commission for Sustainable Development* (ICSD) which main purpose is to coordinate and manage regional cooperation on environment and sustainable development in countries of Central Asia.
- The *Central Asian Regional Environment Centre* (CAREC) is a newer important player which began its operations in 2001. CAREC supports and promotes environmental and water cooperation in Central Asia through projects, programmes and platforms. Its current portfolio includes projects for the total amount of USD 30 million in 5 programmatic directions: climate, environment, water, education and health.

Most of these organizations have suffered from insufficient ownership of CA countries, weak capacities and have been heavily reliant on external donor financing, including from the EU and its Member States. The improved cooperation climate in the region and the forthcoming Summit of the Heads of State from all 5 CA countries in August 2018 in Ashgabat dedicated to the 25th anniversary of IFAS could, however, result in renewed dynamism of these actors.

1.1.3 Priority areas for support/problem analysis

The Central Asia region is environmentally at risk and vulnerable to the adverse impact of climate change which exacerbates regional tensions over the management of shared resources – notably energy and water – and desertification. Collaboration between CA countries, promoting an environment conducive to a non-confrontational approach within the region, notably in the areas sensitive for overall political and social stability, has been highlighted as a major regional issue.

Climate change, population growth, industrialisation, urbanisation and deforestation are creating a huge burden on the water resources of the region, with potentially devastating consequences, in particular for the more vulnerable parts of the population. Addressing these challenges requires improved governance, more effective institutions, increased awareness and enhanced capacities to ensure long-term sustainable management between competing demands for human consumption, irrigation, industrial use and electricity production.

These multiple and complex challenges nevertheless have the potential to be changed into opportunities: significant water and energy productivity gains are possible through modernization and shift in use patterns; economic, financial and security gains are possible through cooperation and integrated management; e.g. with reconnection of the regional power system an estimated USD 5.6 billion loss over 5 years can be avoided and regional integration can enhance national stability in Afghanistan and reduce security risks for neighbouring countries. To turn these challenges into opportunities it requires initiative from multiple actors

⁶ Several institutions are integrated under ICWC such as for example the SIC ICWC (Scientific Information Centre)

– from within the region and from development partners – who can bring their respective comparative advantage to the table.

Finally, the changing political dynamics in the region – driven by the transition of power in Uzbekistan in December 2016 – offer a real opportunity for regional cooperation. CA partners are demanding enhanced EU intervention to help them foster cooperation and address regional challenges in the field of water and environment (as highlighted both at higher level meetings such as the EU-CA Ministerial Conference in Samarkand in November 2017 and in Tashkent in March 2018, and sectoral ones such as the February and June 2018 Meetings of the EU-CA Working Group on Environment and Climate Change). There is a window of opportunity to respond to these demands through the continuation and adaptation of our programmes WECOOP and CAEWDP whilst maximising their synergies, as will be presented in the following sections.

2 RISKS AND ASSUMPTIONS

| Risks | Risk level (H/M/L) | Mitigating measures |
|--|---------------------------|---|
| The main risk stems from the fact that governments have divergent interests in certain aspects covered by the Action, notably in the field of transboundary water management (Balancing national and regional interests and activities). | H | The risk would be mitigated by ensuring a transparent and participative approach with particular emphasis on success stories and best practices, demonstrating benefits derived from regional cooperation (i.e. pilot projects). National initiatives will be used as a springboard for regional initiatives, balanced with regional-level studies that articulate the national benefits of regional cooperation. |
| For WECOOP, commitment expressed during stakeholder consultations and Ministerial Conferences is not enacted in practice through the individual Central Asian partner countries taking the initiative to participate. | H | It should be backed up by the comprehensive communication and information dissemination activities, as well as the training programme for the national and regional stakeholders, follow-up work through technical assistance through WECOOP and CAEWDP on respective policy action and investment identification and preparation. |
| CA countries will not actively contribute to the dialogue forums and related activities of the Platform. | M | Specific work programme to follow up the agreements reached during the meeting will be established and monitored. Experience of the first phase of the project has shown that there is a great interest in and commitment for this kind of cooperation and dialogue. |

| | | |
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| CA countries will reverse their commitment to regional cooperation | M | High level policy dialogue between EU, MS ad CA countries and continuous involvement of CA administrations. |
| Some countries might consider one area as a bigger priority than the other and might therefore only send experts for these specific priorities. | M | EU will make sure that all the relevant experts are invited and will strongly encourage them to participate. |
| Fragmented donor engagement in the region (e.g., overlap of funded activities, duplication, lack of donor funds for a cohesive regional programme). | M | <ul style="list-style-type: none"> - Ensure adequate staff time and resources for coordination with donors active in the region; make regional donor coordination a distinct activity of CAEDWP implemented under the programme and led by the Programme Manager. - EU will participate in the Steering/Executive Committee meetings of WECOOP, CAEDWP and the NEXUS Dialogue projects. <p>Representative of the World Bank's Task Team Leader for CAEDWP will be invited to the Steering Committee meetings of WECOOP and NEXUS Dialogue Project.</p> |
| Intractable capacity issues in regional institutions (e.g., organizational structures and legacies that undermine coordinated analysis and dialogue, uneven political will of individual countries). | M | <ul style="list-style-type: none"> - Undertake initial capacity assessments; ensure capacity building is embedded in individual activities. - Build institutional capacity for the national representatives to expose to the new initiatives and practices on similar aspects in other countries. |
| Assumptions | | |
| <p>The Action is based on the assumption that governments of Central Asia countries will keep topics related to water, environment, and climate change and consultations among them as well as dialogue and cooperation with the EU, high on their respective agenda. This assumption is confirmed by the commitments made at the 6th, 7th and 8th Meetings of the EU-CA Working Group on Environment and Climate Change in Astana in July 2017, in Brussels in February 2018, and in Tashkent in June 2018, respectively.</p> <p>The second assumption is that regional institutions charged with addressing water/ environment/climate change topics will maintain, and fulfil, their functions and that sufficient capacity at national and regional levels will continue to be mobilised for participation in the activities.</p> | | |

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The previous phases of CAEWDP and WECOOP generated a number of lessons learnt which have been thoroughly considered for the design of the new phases of the programmes.

The programme review carried out for CAEWDP in 2016 confirmed that over a relatively short period the Programme achieved important results and remains a valuable vehicle to support energy and water security in the region. The review further confirmed that the linkages of water and energy remain critical for regional stability; this calls for a dedicated long-term engagement in which the pursuit of regional cooperation would need to be accompanied at the same time with a focus on achieving national energy and water security to maintain beneficiary country buy-in. The programme structure, with its three-pillars, was found to be relevant, and it was recommended to include Afghanistan formally as a beneficiary country, in preference to the current practice of inviting participants from Afghanistan to some of the dialogue and capacity building events. In addition, the following lessons learnt from engagement to date have been considered for the CAEWDP 3.0 design:

- Successful facilitation of regional cooperation on energy and transboundary water resources management requires sustained and continued engagement and a dedicated presence on-the-ground to facilitate dialogue.
- Solutions which address *national* issues related to energy and water use efficiency (e.g. solutions for the winter energy crisis and increasing irrigation efficiency) will benefit *regional* cooperation as political windows of opportunity open.
- Training activities and knowledge sharing at all levels (policy-making, technical and administrative) raise comfort levels and strengthen the ability of stakeholders to better manage energy and water resources and lead to greater awareness of the regional inter-dependence and the need to apply an incremental approach to addressing competition over these resources.
- Coordination of the wide range of development partners supporting the same and similar objectives in the region will multiply the impact of the activities of each individual organization, by avoiding duplication and taking advantage of complementarity. Given the legacies and challenges of integration and cooperation on water and energy issues in this region, close coordination of partners is even more important than in other regions.

Previous experience of the EU-CA Platform for Environment and Water Cooperation maintained through WECOOP shows that:

- The dialogue Platform offered by the EU bringing together EU member states experts, all stakeholders, including civil society, is accepted and appreciated by all partner countries;
- Given the transboundary nature of the issues addressed under the Platform, the regional approach of this programme associating all stakeholders is the most suitable one;
- The demand-driven nature of the Platform should be maintained and the support offered to the various partners need to be differentiated;
- Partner countries have established several transnational institutions dealing with water and environmental issues. Their support to the Platform remains critical in order to achieve sustainable results;

- Flexibility is key for successful regional activities to be able to adapt quickly to rapidly changing political and economic environment of the CA countries, inhomogeneous in many terms but tied up by the common past and shared resources;
- Some institutional strengthening of the Platform could be considered in order to ensure follow up and sustainability of the dialogue, e.g. through national focal points and some training activities under WGECC;
- Further coordination through the Platform would contribute to enhancing the national legal base and regulations, in particular in regards to implementation of Multilateral Environmental Agreements promoting transboundary cooperation, public participation and inclusive growth;
- Along with the inter-country cooperation, the establishment of effective inter-institutional and inter-sectoral coordination mechanisms such as the one offered by the Platform is critical because the response to environmental issues depends to a large extent on actions in other sectors, such as transport, health, disaster risk management, agriculture, energy;
- Continuing efforts in awareness raising on the potential risks associated with climate change, support updating existing programmes and develop new projects on climate change adaptation and mitigation is necessary.

3.2 Complementarity, synergy and donor coordination

The EU is implementing a number of actions at regional and national levels aimed at strengthening water, energy and environmental cooperation and addressing institutional and technical bottleneck. As mentioned in section 1.1.1⁷, at the regional level the EU is currently supporting WECCOOP, CAEWDP and the NEXUS programmes.

Other activities funded by the EU in the field of water and environment are support to the NPDs on water in Central Asian States and the investment projects funded by the Investment Facility for Central Asia (IFCA).

The EU's ongoing environmental remediation programme for Central Asia which started in 2012 and is aimed at cleaning up toxic uranium legacy sites that pose a serious risk to environment and population in the region shall be considered in the interest of coordination and complementarity. Since the programme focuses on reducing the risk of contamination of transboundary waterways and actions are taken to strengthen transregional water monitoring capacities and regional frameworks for data sharing, it is relevant both in the context of environmental protection and disaster risk reduction. The same goes for Project 53 under another EU-funded regional programme, CBRN, dealing with the handling of Chemical, Biological, Radiological and Nuclear waste.

In particular the water sector in Central Asia, but also environment, has no shortage of donors. The EU's largest Member State, Germany, is a major actor in the water and related sectors and has globally played a leading role in promoting regional cooperation, including through the promotion and support of the regional NEXUS Dialogues. Coordination with the Federal Government of Germany and its development agency GIZ will therefore be a key element in the management of the action. The State Secretariat for Economic Affairs of Switzerland (SECO); the Department for Economic Development of the United Kingdom (DFID); the United States Agency for Economic Development (USAID) are other major donors which

⁷ 1.1.1 Public Policy Assessment and EU Policy Framework

will be engaged through CAEWDP. They have contributed to the fund in the past and are expected to renew their contributions (SECO has already done so).

Other important donors include: Japan; Korea; China; Australia, World Bank, various UN agencies and the Organization for Economic Co-operation and Development (OECD, the AIIB, ADB, ISDB, the Eurasian Development Bank and the EBRD).

This proposed action foresees a donor coordination platform through CAEWDP to avoid duplication and take advantage of donor funding synergies (e.g. monthly to bi-monthly donor coordination meetings; parallel financing of activities; pilot activities were incubator for follow-on investments by other partners (e.g. Smart Waters).

3.3 Cross-cutting issues

The Action will address several cross-cutting issues, in particular environmental sustainability through enhancing cooperation and building partnership on water and environment issues. The programme also aims to strengthen national and local institutional capacities. The Commission will ensure that gender balance is maintained in the project activities, notably in the forums for dialogue and in the training and capacity building activities.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goals 6 (Water) and 7 (Affordable and Clean Energy), but also promotes progress towards Goal(s) SDG 13 (Climate Action) and SDG 15 (Life on Land). This does not imply a commitment by the countries benefiting from this programme.

The overall objective of the action is to promote sustainable development at regional and national levels in Central Asia.

The action brings together two complimentary projects: (1) Support for enhanced EU-Central Asia Regional Cooperation on Environment, Climate Change and Water (WECOOP) and (2) Central Asia Energy and Water Development Programme (CAEWDP).

The **specific objectives (outcomes)** are:

1. To strengthen an enabling environment to promote energy and water security at regional level and in beneficiary countries (CAEWDP)
2. To enhance environment, climate change and water policies at national levels in CA and approximate them to EU standards (WECOOP)
3. To promote informed green investments in the relevant sectors with proper consideration given to environment and climate change concerns promoted (WECOOP)

The new phase of WECOOP will include concrete actions to facilitate the development of green infrastructure projects, e.g. funded through blending with funding from IFCA, IFIs, the Green Climate Fund (GCF), CA government's national development funds and/or the private sector. This new element will be integrated into the design of the project through the Investor Guide and a web-based Regional Knowledge Centre, developed within the framework of WECOOP2 and regularly updated by the new phase of WECOOP. The new phase will facilitate cooperation between the EU and Central Asian governments in order to contribute directly to improved environmental governance, lowering the emission of greenhouse gases, generally reduce man-made pollution and improving the efficiency of water and energy use.

This will be done through a combination of dialogue and information exchange on and approximation of standards, rules and regulations and the provision of expert advice on the design of specific investment projects.

CAEWDP will support the third phase of the existing World Bank administered Multi-Donor Trust Fund. In addition to the five Central Asia states, in this third phase, Afghanistan, a key riparian state of the Amu Darya, will also become a formal beneficiary country. The programme will operate under three main pillars: (1) the Energy Security Pillar will support policy and investment activities at the national, bi/multi-lateral and regional levels to improve the security and economic efficiencies of energy supply; (2) the Water Security Pillar will support activities related to water use at the national, bi/multi-lateral and regional level, as well as for national IWRM and development to achieve water security; (3) the Energy and Water Linkages Pillar will support activities related to the water-energy nexus at the national, bi/multi-lateral and regional level, and IWRM activities between two or more countries including climate-change-related activities as well as regional and cross-border dialogue processes.

In the previous phases, WECCOP and CAEWDP achieved considerable groundwork which can now be capitalised upon. For example, five investment projects across all five countries have been identified/developed with the CAEWDP support. Perhaps the most well-known one is CASA 1000 which will open the first electricity trade of 1,300 MW from existing summertime hydropower surplus between South Asia and CA and generate revenues in the initial phases of the project (US\$1,126 million).

The **expected results (outputs)** of the action are:

Result 1: Strengthened government and civil society capacity for establishing energy-water linkages and working across borders (CAEWDP).

Result 2: Enhanced availability of data on energy sector efficiency, water and environment (CAEWDP).

Result 3: National and cross-border investment in the energy and water sectors facilitated (CAEWDP).

Result 4: Environmental policies and frameworks, including on water and climate change, developed (WECCOP).

Result 5: Environment-friendly infrastructure investments identified/ developed and submitted to IFIs for consideration (WECCOP).

Result 6: Improved environmental awareness among decision-makers, industry and civil society raised.

4.2 Main activities

4.2.1 WECCOP

For **WECCOP** the activities are:

(1) Policy dialogue between the EU and Central Asia and within Central Asia through the organization of meetings and workshops between EU and Central Asian policy makers, practitioners and regulators in the context of the EU-Central Asia Platform for Environment and Water Cooperation and EU-Central Asia Working Group on Environment and Climate Change. This will include regional meetings and selected activities coordinated by the EU and CA countries. On the EU side the regional meetings will be coordinated by EEAS, EU

Delegation to Kazakhstan and European Commission (DG DEVCO, DG ENV and DG CLIMA). Compared with previous phases of WECOOP, a more systematic approach to ensure that all relevant aspects of environmental and water related regulation are addressed and linked to concrete investment projects will be followed. With this in mind, a work plan for all events will be developed to ensure that the following categories of environmental regulation are covered:

- Horizontal (general) legislation – e.g. in Environmental Impact Assessments
- Air quality
- Waste management
- Water quality (On NPDs see below)
- Nature protection
- Industrial pollution
- Chemicals and GMOs
- Climate change
- Civil protection

Other issues such as biodiversity, separate categories of industrial pollution and noise are not yet included. These could be considered provided that CA partners express an interest.

The regional meetings will be co-chaired by a representative of the EU (from either EEAS/European Commission/EU Delegation to Kazakhstan or other EU Delegations in Central Asia) and by a leading EU country and when meetings take place in Central Asia also by a CA host country.

Activities related to the EU Water Initiative (EUWI) and the National Policy Dialogues (NPDs) in Central Asia will continue to be facilitated by UNECE as under WECOOP 2. These activities include the support to water quality activities at transboundary level and the support to national level NPD processes. However WECOOP 3 will not only cover UNECE logistical costs to facilitate NPDs but also costs of UNECE staff (salaries, travel costs) in relation to the above activities.

(2) Expert advice on design and preparation of bankable investment projects presented at the above meetings (e.g. with break-out sessions in ‘clinic’ format) as well as on-site;

(3) Operation and maintenance of the Investor Guide and Knowledge Center web-pages and coordination with other, including EU and regional databases, information centers and centers of excellence and CAEDWP (See below).

4.2.2 CAEDWP

Each of the three thematic pillars of **CAEDWP** will be implemented through three types of activities (components):

(1) Data and Diagnostic Analyses – the activities will support definition and generation of data; analytical work and assessments to inform investments and institutional and policy reform, development of platforms for data sharing and development and application of analytical tools. This would include, for example, an assessment of regional electricity network connectivity for enhanced trade and synchronization and country energy security assessments and planning; environmental data, water security diagnostics at national and regional level based on data, and assessments of irrigation water and energy efficiency taking into account environmental needs.

(2) Strengthening of Institutions, Capacity and Intraregional Dialogue – the activities will support countries with the development of institutional capacity and modernization of their technical sectoral organizations with respect to energy development and IWRM and preparation of River Basin Management Plans, contributions to regional dialogue and coordination among donors and programmes (incl. WECOOP and others) which work on the same areas in the region for more effective engagement on transboundary issues. Activities would include support to the CAREC⁸ Energy Sector Coordination Committee; capacity building for the regional and national dispatch centers, irrigation institution modernization, technical assistance to regional organizations and facilitation of donor coordination at regional level.

(3) Support for Investments will be provided through technical assistance and other activities that help scope, identify and prepare investment operations that promote national, transboundary and regional interests in energy and water security which should include adequate environmental considerations and climate change impacts. This will include continued support to identify investment needs and prepare investments to strengthen national and regional information systems and regional energy connectivity (e.g. transmission links, hydro-power cascades).

Activities 2 and 3 will be closely coordinated with and should, where appropriate, be carried out jointly with WECOOP or NEXUS, e.g. through joint workshops and expert advice activities. (A list of indicative activities per pillar and components is provided in Annex 1)

4.3 Intervention logic

Both projects are continuation of the previous phases and, therefore, will be built on the results achieved and local capacity developed during the previous phases.

It is expected that WECOOP will have a direct positive and measurable impact on the environment, including reduced CO2 emission and increased water use efficiency. This will be realised via a combination of top-down structured regional EU-CA policy dialogue revolving around different subsectors of environmental regulation (resembling the EU's *acquis communautaire*) and a bottom up input through expert advice on prioritised project pipeline. The latter will be focused on agreed EU-CA priorities and projects to be financed by European Financial Institutions with investment projects related to water supply, waste water treatment and solid waste management as the immediate priority.

CAEWDP will provide a platform for coordination with a broader group of development partners, including key non-EU development partners and will address a broader set of topics, including those related to the Aral Sea basin management. The support provided through analytical work and capacity building, intra-regional dialogue and investment support is expected to promote greater efficiency of security in energy and water management – effects that will be measurable through selected performance indicators.

An overview of the types of activities to be carried out and how the two projects relate to each other and another regional EU funded project, NEXUS, is provided in Annex 1 and the log-frames for the projects in Annexes 2 and 3.

⁸ Central Asia Regional Economic Cooperation

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country/countries.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of the adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

Both under direct and indirect management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation⁹.

5.3.1 WECCOP

5.3.1.1 Procurement (direct management)

| Subject in generic terms, if possible | Type (works, supplies, services) | Indicative number of contracts | Indicative trimester of launch of the procedure |
|--|----------------------------------|--------------------------------|---|
| European Union–Central Asia Water, Environment and climate change Cooperation (WECCOP) | Services | 1 | 1 st semester 2019 |

5.3.1.2 Indirect management with an international organisation

A part of this action will be implemented in indirect management with UNECE. This implementation entails activities under the WECCOP project listed in section 4.2.1 related to UNECE. This implementation is justified because UNECE has been engaged in the region for many years and developed very good expertise on transboundary water management, inter-sectoral and cross-border cooperation.

The entrusted entity would carry out the following budget-implementation tasks: General implementation and monitoring of activities, contracting, paying, reporting and monitoring.

⁹ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

5.3.2 CAEWDP

5.3.2.1 Indirect management with an international organisation

A part of this action may be implemented in indirect management with the World Bank through a knowledge and technical assistance multi-donor trust fund. This implementation entails all the activities listed in section 4.2.2 related to CAEWDP. This implementation is justified because the World Bank has a strong field presence with technical, operational and country specialists in all beneficiary countries. The World Bank has been engaged in the region for over 25 years and has a long-term experience in engaging in transboundary waters and regional integration through energy connectivity.

The entrusted entity would carry out the following budget-implementation tasks: general implementation and monitoring of activities, contracting, paying, reporting, monitoring and mid-term evaluation.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

| | EU contribution (amount in EUR) | Indicative third party contribution identified |
|---|--|---|
| 5.3.1.1 Direct management - Procurement | 3,300,000 | N.A. |
| 5.3.1.2 Indirect management with UNECE | 600,000 | |
| 5.3.2.1 Indirect management with the World Bank | 7,000,000 | USD 3,500,000 |
| 5.8 Evaluation 5.9 Audit | covered by another measure | N.A. |
| Totals | 10,900,000 | USD 3,500,000 |

5.6 Organisational set-up and responsibilities

For WECOOP, the policy dialogue will be coordinated with the EU and EU Member States. A senior government official, ideally a Deputy Prime Minister or Minister of a hosting partner country, is expected to co-chair the High Level meetings. The meetings of the Working Groups are expected to be co-chaired by the EU, leading EU member state and responsible

Deputy Minister of the hosting partner country. A Steering Committee chaired by the EU¹⁰ and with two vice-chairs from EU MS and a CA country will be established with formally appointed members from each of the five CA countries. The Steering Committee is expected to meet at least once a year.

For CAEWDP, it will be implemented under indirect management with the World Bank. An administration agreement will be signed between the European Commission and the World Bank Group on the basis of the revised Trust Funds and Co-financing Framework Agreement signed between the European Commission and World Bank Group.

CAEWDP will have an Advisory Committee (AC) to provide strategic guidance, oversee implementation and progress, advise on priority themes for annual work programmes and agree on any necessary rules of operations of the MDTF¹¹. The AC will consist of one World Bank staff representing the MT (meeting chair), representatives of eligible donor partners, and the Programme Manager. Each eligible donor (contributing donor with active administrative agreements for the MDTF may designate one representative to serve on the AC. Representatives of beneficiary countries, beneficiary institutions and other development partners may be invited to attend the AC meetings as observers.

To ensure synergies and avoid duplication, the World Bank's representative who is a member of the CAEWDP Steering Committee will always be invited to the WECCOOP Steering Committee meetings.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log-frame matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regards to the nature of the action, a mid-term evaluation will be carried out for CAEWDP by the World Bank in consultation with the EU. It will be carried out for learning purposes, in particular with respect to the ability of the project to demonstrate and documents tangible results, ensure appropriate coordination with the WECCOOP and Nexus projects and EU visibility. A mid-term evaluation via independent consultants will also be carried out for

¹⁰ EEAS, DG DEVCO, DG ENV or EUD to KZ, as tentatively agreed in Tashkent June 2018

¹¹ Multi Donor Trust Fund

WECOOP. The financing of the WECOOP evaluation shall be covered by another measure constituting a financing decision.

A joint final evaluation to be undertaken by external consultants is foreseen for both WECOOP and CAEWDP. It will be carried out for accountability and learning purposes at various levels (including for policy revision), assessing in particular the ability of the projects to demonstrate and document tangible results and ensure coordination with the WECOOP and Nexus projects and EU visibility, taking into account in particular the fact that there might be follow-up actions. The financing of the final evaluation shall be covered by another measure constituting a financing decision.

The Commission shall inform the implementing partner at least 60 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner countries, contractor, and entrusted entity. Appropriate contractual obligations shall be included in, respectively, the procurement contract and delegation agreement.

The Communication and Visibility Requirements for EU External Actions that came into force as of 01/01/2018 shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The WECOOP service contract will include appropriate provisions for EU visibility linked to the project activities for both projects. CAEWDP will however have its own visibility activities to be duly coordinated with the service WECOOP contract.

Specifically, the following activities are foreseen:

- Development of a communication and visibility plan for each programme during the Inception Phase, which, subject of possible modifications, should be applied to all deliverables of the projects;
- Development of a dissemination plan in order to ensure that proper information about project activities and outputs can be made available to all beneficiary countries;
- Currently updated websites for each project with relevant deliverables available in appropriate formats

6 APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹²

| | Results chain | Indicators | Baselines (incl. reference year) | Targets (incl. reference year) | Sources and means of verification | Assumptions |
|--------------------------------------|--|---|--|-----------------------------------|---|---|
| Overall objective: Impact | Promote sustainable development at regional and national levels in Central Asia (CA) | SDG 6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources **Level of CO2 emissions SDG Indicator 13. | Kazakhstan: 28.14 ¹³ Kyrgyz Republic: 43.95 Tajikistan: 71.35 Turkmenistan: 162.83 Uzbekistan: 138.82 | TBD during the Inception Period | FAO | |
| Specific objective(s): Outcome(s) | 1: Strengthened enabling environment to promote energy and water security at regional level and in beneficiary countries (CAEWDP ¹⁴) | Number of policies, sector strategies, regional institutional frameworks being developed that are based on recommendations of CAEWDP funded analytical work | 0 | 7 | Annual reports | Central Asian countries are willing to cooperate and implement CAEWDP recommendations |
| | | Amount of investments that reflect transboundary consideration that are based on/include recommendations from CAEWDP | USD 0 | USD 0.8 billion | Annual reports | CA governments, development partners and |

¹² Mark indicators aligned with the relevant programming document with '*' and indicators aligned to the EU Results Framework with '**'.

¹³ The numbers represent water stress values; Freshwater withdrawal as a proportion of available freshwater resources is the ratio between total freshwater withdrawn by major economic sectors and total renewable freshwater resources, after taking into account environmental water requirements. Data as of 2014 from <http://www.fao.org/sustainable-development-goals/indicators/642/jp/>.

¹⁴ The name will likely be changed to CAWEP (Central Asia Water -Energy Programme) pending approval of the new name by other Trust Fund donors. This follows discussions on the new name between the European Commission and the World Bank.

| | | | | | | |
|---------|--|--|------------|--|---|---|
| | | funded activities | | | | private sector are willing to prepare and make investments which contribute to energy and water security at regional level and in beneficiary countries |
| | 2: Environment, climate change and water policies enhanced at national levels in CA and approximated with EU standards (WECOOP) | ** # of country/regional climate change strategies/plans adopted with WECOOP support # of relevant national standards, rules and regulations approximated to the EU and/or international level based on recommendations from WECOOP funded-activities | 0 | TBD during the Inception Period | WECOOP reports | Central Asian countries are willing to cooperate on policy-making |
| | 3: Informed green investments in the relevant sectors with proper consideration given to environment and climate change concerns promoted (WECOOP) | # of investment projects included in the IFIs' national projects pipelines # of investment projects supported through IFCA | 0 | TBD during the Inception Period | IFIs' project pipelines IFCA annual report | |
| Outputs | 1.1: Strengthened government and civil society capacity for establishing energy-water linkages and working across borders (CAEWDP) | # of government and civil society representatives trained by the programme on energy-water linkages, disaggregated by sex # of government and civil society representatives attending cross-border events organised by this programme, disaggregated by sex | 0 0 | TBD during the Inception Period TBD during the Inception Period | Grant monitoring reports by task teams (annually and at completion of activities) | Government and civil society representatives are willing to integrate outcomes of capacity building in their work |
| | 1.2: Enhanced availability of data on energy sector efficiency, water | # of analytical outputs related to energy sector efficiency, water use efficiency, energy-water | 0 | 14 | Grant monitoring reports by task | |

| | | | | | | |
|--|---|--|------------|--|--|---|
| | and environment (CAEWDP) | linkages, climate change, integrated water resource management or related topic supported by this programme # of government and civil society stakeholders informed about these studies | 0 | TBD during the Inception Period | teams (annually and at completion of activities) | |
| | 1.3: National and cross-border investment in the energy and water sectors facilitated (CAEWDP) | # of energy and water investments identified based on CAEWDP diagnostic analysis (# of which regional) # of potential beneficiaries of investments supported, disaggregated by sex. | 0 0 | 4 TBD during the Inception Period | Grant monitoring reports by task team leaders (annually and at completion of activities) | |
| | 2.1: Environmental policies and frameworks, including on water and climate change, developed (WECOOP) | ** # of country/regional climate change strategies/plans developed with WECOOP support # of capacity-building workshops held for relevant government officials and civil society representatives, disaggregated by sex # of Water National Policy Dialogue (NPD) meetings held, including # of participants disaggregated by sex | 0 | TBD during the Inception Period | WECOOP reports List of participants Minutes of the Water NPD meetings | Central Asian countries are willing to engage and make full use of WECOOP support |
| | 3.1: Environment-friendly infrastructure investments identified/ developed and submitted to IFIs for consideration (WECOOP) | # of workshops with IFIs organised for CA countries. # of tailor-made expert advice on the identification and design of investment projects Regional Knowledge Centre with the Investor | 0 | TBD during the Inception Period | WECOOP reports WECOOP website | Central Asian countries are willing to make full use of WECOOP support |

| | | | | | | |
|--|--|--|---|---------------------------------|--------------------------------------|--|
| | | Guide and updateable regional project database is fully operational and used by relevant stakeholders | | | | IFIs are proactive in their work in Central Asia and make full use of IFCA |
| | 2.2-3.2: Improved environmental awareness among decision-makers, industry and civil society raised | # of news and research articles on environmental topics placed on Regional Knowledge Centre and disseminated through the WECOOP communications channels, including social media # of participants in awareness raising events organized by WECOOP, disaggregated by sex | 0 | TBD during the Inception Period | WECOOP reports WECOOP website | |