



**UN EUROPE &
CENTRAL ASIA**

UN initiatives on water cooperation in the South Caucasus and potential areas of focus



Issue-Based Coalition on Environment and Climate Change

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Scope and purpose of the review

To inform programming at country level, the Resident Coordinators in the South Caucasus asked for the support of the inter-agency Issue-based Coalition on Environment and Climate Change (IBC) to undertake a comprehensive review and stocktaking of past and ongoing initiatives on water cooperation in the South Caucasus region and mapping of potential entry points for the UN in view of its comparative advantages in 2024.

To respond to this request, as a first step, the IBC has collected information on the past, on-going and upcoming projects implemented by UN agencies in the South Caucasus. Respective database with results of a comprehensive mapping is attached to this review.

As the following step, a consultant (Peep Mardiste) was hired to undertake the following tasks:

- Analyse inputs from IBC member agencies and Resident Coordinator Offices (RCOs) in Armenia, Azerbaijan and Georgia on planned, on-going and recently concluded programmes and projects on water management in the South Caucasus
- Compile, review programmes and projects currently implemented and recently concluded (in the past five years) by non-UN major development partners on water issues at the subregional, national and catchment levels
- Based on the above reviews, produce a paper which would include the following elements:
 - o Summary of mapping of UN activities in the subregion and at the country level (main achievements, main areas of UN agencies' work according to their mandate and their comparative advantage, etc.)
 - o Analysis and summary of projects implemented by non-UN partners (main areas, key achievements, implications, etc.)
 - o Considering the UN's role as being not only provider of technical expertise but also a convener and facilitator of global and regional water processes, identification of programmatic/policy entry points and potential comparative advantage or added value of the collective UN efforts for 2024 and beyond for the new UNSDCF cycle of 2026–2030 both at subregional and country levels

Limitation of the review: As stipulated in the above tasks, the overview does not intend to provide a comprehensive regional analysis of the water management situation in the sub-region. However, a short introductory section has been included to describe some of the challenges in the subregion.

The scope of the review is only three countries: Armenia, Azerbaijan and Georgia. The neighbouring upstream countries of the Islamic Republic of Iran, the Russian Federation and Türkiye play an important role in a transboundary context but are not in focus in this review.

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1. Key water sector challenges in the South Caucasus

Water stress

Overall, the region of the South Caucasus has sufficient water resources available for livelihoods and economy. Precipitation is high in Western parts of the region and in mountainous areas. However, due to the highly diverse topography and climate, the availability of water varies significantly between subregions and countries with many Eastern and especially North-Eastern parts of the region lacking water. Globally, the Falkenmark water stress indicator of 1,700 m³ per capita per year is used to illustrate the level of water availability in a territory. In the South Caucasus, Georgia has by far the most abundant water resources in this area while especially Azerbaijan, but also Armenia, experience severe water scarcity (see Table 1). Being the only country with notable population growth in the region, the situation in Azerbaijan is expected to worsen further. Freshwater withdrawal has been increasing in Armenia and Azerbaijan over the last 20 years, being currently close to 60% of all available freshwater.

Table 1: Annual renewable internal freshwater availability, 1995–2020 (m³ per capita per year)

	1995	2000	2005	2010	2015	2020
Armenia	2 064	2 165	2 251	2 328	2 383	2 445
Azerbaijan	1 056	1 008	967	896	841	804
Georgia	12 480	14 258	14 896	15 351	15 604	15 615

Source: World Bank. Available at

<https://data.worldbank.org/indicator/ER.H2O.INTR.PC?end=2020&locations=GE-AZ-AM>

Transboundary issues

The transboundary Kura and Aras rivers and their tributaries are the major sources of surface water in the region (see Figure 1). Downstream countries can be affected by upstream water use. The South Caucasus countries do not have formal agreements on how to share and manage these transboundary water resources and there are constant tensions.

Figure 1. Kura-Aras basin



Source: EUWI+ project (www.euwipluseast.eu/en/about/pilot-river-bassin/kura)

Climate change challenges

Ongoing climate change with rising temperatures and decreasing precipitation are adding to the challenges. According to the joint ADB-World Bank climate risk country profiles from 2021, air temperatures in the South Caucasus are projected to rise at a faster rate than the global average. The projected rise in average temperature by the 2090s is 1.2–5.8°C for Armenia, 1.2–4.7°C for Azerbaijan and 1.4–4.9°C for Georgia (under the IPCC optimistic RCP2.5 and pessimistic RCP8.5 pathways, respectively). Already in shorter term, climate change is expected to increase the frequency and severity of water-related disasters such as floods and drought.

Water efficiency

Reporting under the SDG 6.4.1 reveals that water use efficiency in the South Caucasus is below global average of 18.9US\$/m³, ranging from 3.5US\$/m³ in Armenia, 3.7US\$/m³ in Azerbaijan to 9.4US\$/m³ in Georgia¹. Especially in Armenia and Azerbaijan, greater efficiency in water use is badly needed, along with the implementation of climate change adaptation measures. Water scarcity is interconnected with ecosystem degradation and biodiversity loss and there is need for alignment of policies and integrated planning, including protection and restoration of ecosystems.

Major water users

Irrigated agriculture is the biggest water user across the region, accounting for 43% of water use in Georgia, 46% in Armenia and over 86% in Azerbaijan². The system of flood irrigation results in substantial water losses and causes problems as collection and drainage waters from irrigated lands flow into surface water bodies, causing flooding, swamping and salinization of soils. Especially in Georgia and Armenia, water resources are used to generate hydropower and even though it is non-consumptive water use, it impacts the river flow and ecosystems. In Armenia, 30% of water resources are used for fish farming, another example of non-consumptive water use. In the Ararat Valley, fish farming is blamed for overconsumption of groundwater resources. Overall, water consumption has remained quite stable over the last decade, increasing slightly.

Water pollution

Water pollution is a major cause of concern. Across the South Caucasus, the main source of water pollution is the discharge of untreated wastewater into surface waters. Investments are being made for proper wastewater treatment in bigger cities, but the overall situation is still bad according to the country Environmental Performance Reviews (EPRs) by the UNECE. Mining sites and tailing facilities also pose a threat to water quality. Surface waters are used as a source of drinking water mostly in Azerbaijan (over 70% of drinking water from surface waters) and to lesser extent in Georgia (around 40%), making water quality a crucial issue due to the risk of water-borne diseases. Yet, water quality monitoring is deficient across the region. Along with poor monitoring, reliable and accessible data on the water resources is often missing.

Regulatory framework

All three countries have declared intention to apply principles of the Integrated Water Resources Management (IWRM). Switch to river basin management was enshrined in national legislation of Armenia in 2002 and in Georgia in 2023. Georgia gained status of EU candidate country in 2023, having to transpose EU water legislation into national legal framework. Main provisions of the 2023 water law will come into force in 2026. In Armenia, the Comprehensive and Enhanced Partnership Agreement (CEPA) with EU entered into force in 2021. CEPA imposed many requirements regarding water quality and water resources management, mostly to be implemented

¹ <https://www.sdg6data.org/en/tables>

² <https://www.stat.gov.az/source/environment/?lang=en>

within four or six years. Azerbaijan has interest to apply European standards but there is no clear framework for policy reform and the management of water resources is still carried out based on the administrative-territorial principle. Yet, Azerbaijan is the only country from the region that is party to the UNECE Water Convention.

2. Work by non-UN partners

There are numerous non-UN partners that have been providing multilateral and bilateral aid for the water sector projects in the South Caucasus since mid-1990s. There is no clear trend in the flow of smaller, grant-based projects by donors. Major loans for water sector investments were initiated within the decade of 2007-2017. While the role of the World Bank, EIB and EBRD has decreased, the Agence Française de Développement (AFD) has entered the water sector over the last five years and the Asian Development Bank (ADB) has also re-emerged with new projects.

2.1 European Union

The European Union (EU) assists the water and sanitation sector in the South Caucasus through various mechanisms, providing grants. The EU Neighbourhood Investment Platform (NIP)³ is perhaps the biggest, pooling grant resources from the EU budget and from EU member states. The NIP provides concessionality (“softening” of financial terms) through grants to investment projects by European financial institutions, including EIB, EBRD, KfW and AFD.

In 2009, NIP supported loans by EIB and EBRD with a €7.6 million grant to improve municipal water supply and rehabilitate wastewater treatment plants and sewerage collectors in several regions of Armenia. In 2013, the NIP provided €15 million grant for rehabilitation and construction of water and sewage infrastructure in cities and communities throughout Armenia and a €5.5 million grant for water infrastructure in Yerevan, improving the water supply for its 1.1 million inhabitants. In Georgia, NIP provided total of €10.5 million in grants in 2010 and 2012 for projects to improve the continuity of water supply, reduce water leakages in the water supply system and improve water quality in over 50 cities. NIP has not been employed for water projects in Azerbaijan. In December 2023, the European Commission earmarked €21.7 million for projects up to 2027 in Armenia and Georgia in several sectors, including the water sector.⁴

Important work has been done by EU on water policy and water governance issues in the South Caucasus. With relatively small budgets, these projects are vital in supporting necessary reforms in water management. Since 2006, the EU Water Initiative (EUWI) programme has been implemented by UNECE and OECD in Armenia, Azerbaijan and Georgia to promote the principles of Integrated Water Resources Management (IWRM) and to develop relevant economic instruments. Activities have continued as part of the EUWI+ and EU4Environment, Water and Data programmes. There have also been targeted EU-funded projects on river basin planning (EPIRB), water data (SEIS) and coastal zone management (EMBLAS). In Armenia, EU is financing the project EU4Sevan, aimed at enhancing environmental protection and water quality in Lake Sevan.

2.2 Bilateral donors and international organisations

Numerous EU Member States are supporting water sector projects in the South Caucasus. Germany and France provide the largest amounts of money through their development banks, but Austria, Finland, Slovakia and Sweden are among Member States contributing. Germany has been one of the biggest bilateral donors for water sector projects in the South Caucasus, providing loans through the KfW development bank and grants mostly through GIZ. Over the period of 2007–2023, KfW has lent

³ Until 2017 Neighbourhood Investment Facility (NIF), see https://neighbourhood-enlargement.ec.europa.eu/neighbourhood-investment-platform_en.

⁴ See more details at https://neighbourhood-enlargement.ec.europa.eu/commission-implementing-decision-14122023-financing-annual-action-plan-favour-neighbourhood_en.

€165 million in Armenia and €408 million in Georgia for water and sanitation projects. KfW does not operate in Azerbaijan. The biggest single KfW loans have been for rehabilitation of municipal infrastructure in Batumi in Georgia (€193 million), implemented in 5 phases since 2004, and for rehabilitation of municipal infrastructure in the Armenian provinces of Armavir, Shirak and Lori (€48 million).

France has been engaged mainly via loans from its bilateral development bank, Agence Française de Développement (AFD). In 2022, AFD approved a €30 million loan to support the Georgian authorities to improve governance and institutional capacity in the water supply and sanitation sector. In 2026, the rehabilitation and expansion of the water supply and associated infrastructure in the city of Khashuri in Georgia will be completed with a €65 million loan from AFD, improving health and sanitary conditions for 44,000 people. AFD has also been supporting irrigation sector projects in the region, including a major loan for the construction of the Vedi reservoir to improve the sustainability of water resources in the fertile plain of Ararat in Armenia.

The United States of America has been active in the water sector since a regional 2000–2004 project “Water Management in the South Caucasus”, which dealt with monitoring and data exchange between the three countries. In Armenia, falling groundwater levels in Ararat Valley were addressed by ASPIRED and PURE Water projects of USAID, providing Government with better oversight and data management tools to conserve water resources. In Georgia, USAID has worked on the issue of water service decentralization by developing specific proposals for two water pilot projects in the Guria and Mtskheta-Mtianet regions. US Millennium Challenge Corporation has co-financed an EBRD-backed Borjomi water project in Georgia. USAID will soon be launching a major regional water management programme with up to US\$25 million for the next five years, concentrating on transboundary water management aspects.

The Japan International Cooperation Agency (JICA) provided over US\$300 million as a soft loan in 2009 to improve water supply and sewage facilities in 10 regional cities in Azerbaijan (Shirvan, Salyan, Neftchala, Khachmaz, Yevlakh, Barda, Khizi, Quzar, Gobustan and Naftalan).

Several other countries are implementing water projects in countries of the South Caucasus. The Islamic Republic of Iran has been engaged in construction of water reservoirs on shared border river Aras. In 2024, Qiz Qalasi dam for irrigation and hydropower purposes was completed between the Islamic Republic of Iran and Azerbaijan. The Islamic Republic of Iran is also involved in planning of Meghri dam on transboundary Aras River with Armenia. Switzerland has supported water projects in the South Caucasus region, often implemented by other agencies (such as by UNICEF in case of water and sanitation projects for schools in Georgia or by IOM in case of rehabilitation of kahriz underground water systems in Azerbaijan). The latest phase of IOM’s project was funded by KOICA, the Korea International Cooperation Agency. Canada’s CIDA has also co-financed the rehabilitation of kahriz underground water systems project.

OSCE and OECD are among the international institutions active in the region. OSCE has been an active partner in the Cooperation under the Environment and Security (ENVSEC) Initiative, working on the water diplomacy issues. It has supported the process of currently stalled negotiations of the Kura River Basin Agreement between Georgia and Azerbaijan. OSCE has also implemented local water projects in Georgia, near the Administrative Demarcation Line with South Ossetia. OECD has worked on economic aspects of water policy reforms in the South Caucasus. Work of OECD includes analysing investment needs for implementation of River Basin Management Plans in Georgia and costs for provision of sanitation in Armenia.

2.3 Multilateral Development Banks

Multilateral Development Banks (MDBs) are traditionally providing most finances from the international donor community to the water sector. In the South Caucasus region, the Asian Development Bank (ADB), the Eurasian Development Bank (EDB), the European Bank for

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Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Islamic Development Bank (IsDB) and the World Bank have been actively operating in the water sector for a long time. The six banks have provided a total of US\$2.5 billion for 42 water sector investment projects in the countries of the South Caucasus since the 1990s (see Table 2). Of this amount, 81% has been for water supply and sanitation projects and 19% for the improvement of irrigation.

Projects of MDBs have broad geographical coverage, featuring investments into water systems in big cities, smaller towns and villages. MDBs are also involved in water infrastructure (such as construction of reservoirs) that help to increase agricultural productivity in the relatively water scarce South Caucasus. Most of the US\$2.5 billion has been in loans to Governments or in a few cases to private water companies. From the total US\$2.5 billion, US\$282 million has been provided by multilateral banks in the form of grants or on concessional terms, i.e., very long-term soft loans with zero interest rate.

Table 2: Loans and grants by the Multilateral Development Banks (MDBs) for the water sector and irrigation projects in the South Caucasus, 1994–2023, (US\$ million)

Bank	Loans and grants			Total
	Armenia	Azerbaijan	Georgia	
ADB	36	716	203	955
World Bank	75	834	23	932
IsDB	0	278	0	278
EIB	41	0	194	235
EDB	65	0	0	65
EBRD	16	0	14	30
Total	168	1 550	434	2 495

Note: Euro (€) amounts (for EIB and EBRD loans) have been converted into US\$, using long term average exchange rate of 1 Euro=1.2 US\$

Source: consultant's compilation

ADB has been most prominent in the region as it has provided a total of US\$955 million for 14 water sector projects since 2001. More recently, the water pillar of the ADB-managed CAREC (Central Asia Regional Economic Cooperation) programme started operating also in the South Caucasus region with an emphasis on Georgia. To prepare potential future loans from ADB, CAREC is currently engaged in a climate assessment project to estimate the future water resources of Georgia up to 2050 and to identify opportunities for water resources development.

The World Bank has provided US\$932 million to water projects in the South Caucasus, followed by EIB (US\$235 million) and EBRD (US\$30 million). These big investment projects are sometimes jointly co-financed by many institutions and can include a grant component from EU or bilateral donors to cover the costs of feasibility studies or project management.

The Islamic Development Bank (IsDB) has provided a loan of US\$200 million to Azerbaijan for the construction and rehabilitation of more than 100 small-scale potable water distribution networks in rural communities, providing clean and safe drinking water and basic sanitation to 75,000 people in 4 regions. Bank has also lent US\$77.5 million for irrigation modernisation and flood protection project in the Nakhchivan exclave of Azerbaijan. In Armenia, the Russian-led Eurasian Development Bank (EDB) has financed construction of the Mastara reservoir (US\$25 million) and modernization of irrigation systems (US\$40 million).

3. Recent, current and planned engagement by UN agencies

The actions of different international donor in support of the water sector in the South Caucasus were briefly described above. In this landscape, a lot of UN agencies are involved as well, often working to create frameworks in which needed investments could follow.

The last full Common Country Analysis (CCA) documents for the three countries feature water challenges only briefly. For Armenia, contradiction between predicted decline of water availability and increasing demand for irrigation is mentioned. For Azerbaijan, a recommendation is made yet again to make a transition from administrative territorial principle to the basin water resource management principle. In CCA for Georgia, limited access of rural population to drinking water is listed along with poor sanitation in schools. In the 2021–2025 UN Sustainable Development Cooperation Frameworks (UNSDCF), water issues have received very little attention. Links between climate and water, access to sanitation and water availability have been mentioned in passing but plans for concrete actions in the field of water resources are almost missing. Out of the three UNSDCFs, the only references for concrete action to the field of water are calls for UN advisory support for establishing legal riparian water management agreements and a national wastewater management plan for Azerbaijan.

Water-related work of UN agencies in the South Caucasus is scattered across numerous fields of work (see Table 3). Most projects are implemented at the national level and only 2 out of 16 ongoing projects are truly regional and transboundary. Perhaps the low trust between countries and the resulting lack of demand holds back potential transboundary initiatives as UN and other donors avoid risky projects with potentially negligible results.

Table 3: Numbers of water-related projects by UN agencies in the South Caucasus

	Completed in past 2 years	Currently underway	Being prepared
Integrated Water Resources Management (IWRM)	6	8	1
Transboundary water cooperation		5	
Water and climate change	7	5	2
Water and health	1	3	
Water management	11	1	
Water quality	4		1
Water use efficiency	5		1
Water, sanitation and hygiene (WASH)	9	6	5
Water-energy-food or similar nexus		2	
Total	43	30	10

Source: *Mapping of activities of UN agencies South Caucasus_COMPILED_Final_22.03.2024.xlsx*⁵

Most ongoing projects are in the sub-sectors of IWRM (8 projects), WASH (6), water and climate (5) and transboundary water cooperation (5). From the 5 reported projects in thematic area of transboundary cooperation, 4 are implemented at national level for reporting under SDG 6.5.1 on transboundary waters. Over the past 2 years, many projects on water management (11) have been completed with only one currently ongoing. Probably due to changing success of fundraising, there seems to be no stability in continuous activities in the same sub-categories. Only for the water, sanitation and hygiene (WASH) sub-sector is there a constant flow of projects. According to the mapping of activities of UN agencies in the South Caucasus, only 4 projects out of 54 are implemented jointly by two UN agencies (all four by UNESCO and UNECE).

Although available data about project budgets is incomplete, it can be concluded that the UN agencies combined are spending around US\$3 million annually on specifically water-related projects in the South Caucasus region. Although the budgets of the projects vary significantly, projects tend to

⁵ The consultant switched two reported projects between sub-categories to better reflect the primary intent and impact of these projects. Three large reported UNDP climate risk management projects (totalling US\$36 million) were removed from the calculation as the water sector is not among the main targets of the projects.

be small, with average project budgets around US\$250,000, and with annual size of intervention around US\$100,000 (see Table 4).

Table 4: Breakdown of national level water-related projects by UN agencies

	Total number of projects	Total budgets of projects (US\$ million)*
Armenia	25	2.39
Azerbaijan	9	5.05
Georgia	7	0.79

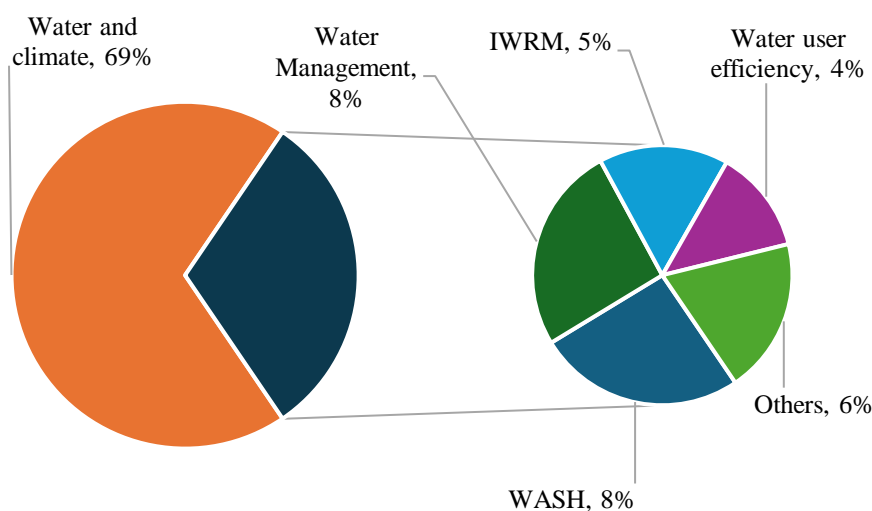
* For 10 projects out of 41, budgets have not been provided

Source: Mapping of activities of UN agencies South Caucasus_COMPILED_Final_22.03.2024.xlsx

Water and climate change projects account for roughly two thirds of the budgets of recently finished and ongoing water-related projects by UN agencies in the region (see Figure 2). The limited information about planned and proposed future projects reveals that around 90% of the potential budgets is planned for projects in the WASH sub-sector.

As the overall number of projects is small, few projects with large budgets can change the overall picture significantly. For the sake of clarity of the current analysis, three major ongoing UNDP projects worth a total US\$36 million were excluded from the calculations because the projects concentrated on climate risk management, loss assessments and early warning systems and therefore have only a narrow link with the water sector.

Figure 2. Financial allocations by UN agencies for water-related work in the South Caucasus (featuring ongoing projects and those that were completed within the past 2 years)



Source: Mapping of activities of UN agencies South Caucasus_COMPILED_Final_22.03.2024.xlsx⁶

For the current analysis, information about water sector projects of 8 UN agencies was available (see Table 5). Some agencies concentrate on very few sub-sectors while others are active in many fields. Though being part of the UN-Water interagency coordination mechanism, most agencies do not have water at the core of their mandate. Among the UN agencies active in the region, WHO

⁶ The consultant switched two reported projects between sub-categories to better reflect the primary intent and impact of these projects. Three large reported UNDP climate risk management projects (totalling US\$36 million) were removed from the calculation as the water sector is not among the main targets of the projects.

and UNECE have a mandate to work on water and health and UNECE has mandate on transboundary waters. Interestingly, WHO has no projects in the water and health sub-sector in which it has a mandate. WHO may need to strengthen its country offices to be able to support work on the Protocol on Water and Health, an instrument which is serviced jointly by UNECE and WHO Europe. UNEP, as a major player on water and climate issues globally, runs just one project in each of the 3 countries, targeting SDG reporting.

Table 5. Role of UN agencies in water sector projects in the South Caucasus

	FAO	IOM	UNDP	UNECE	UNEP	UNESCO	UNICEF	WHO
Integrated Water Resources Management (IWRM)	has projects				has projects			
Transboundary water cooperation	has projects		major player	major player		has projects		
Water and climate change	has projects			has projects				has mandate
Water and health				has projects				has mandate
Water management	has projects							
Water quality							has projects	
Water use efficiency	has projects							
Water, sanitation and hygiene (WASH)							major player	has projects
Water-energy-food or similar nexus			has projects					

Source: *Mapping of activities of UN agencies South Caucasus_COMPILED_Final_22.03.2024.xlsx*
 ■ major player ■ has projects □ has mandate

4. Potential entry points for UN

With well capitalised Multilateral Development Banks taking care of investments, “soft” projects in the fields of technical assistance and policy advice are the areas for UN agencies to contribute, along with smaller pilot projects. But there are numerous other donors also involved in providing technical assistance. The UN should therefore carefully identify and focus on types of activities where it has a comparative advantage. Open cooperation and co-financing with other donors can avoid duplications and create added value with limited UN funds. Supporting existing donor coordination mechanisms at national level to advance water related work is important as it is a pre-requisite for the efficiency of joint efforts.

There seem to be three avenues where UN is best suited to maintain a leading role:

- UN processes
- Water policy
- Water diplomacy

Under these broad avenues, concrete projects on specific thematic areas will continuously be implemented by different UN agencies. For even more impact, coordination and joint activities between UN agencies are crucial. A mechanism is needed to ensure that colleagues at different UN entities at country level would be informed about each other’s work and would receive country reports submitted to UN, including reporting (such as reporting on SDGs).

It is important in regard to the upcoming 2026–2030 cycle that, once the UN Sustainable Development Cooperation Frameworks (UNSDCF) are finalised with countries, joint workplans between agencies are detailed in the UN Results Groups. Based on UNSDCFs, it would be useful if the Results Group on Environment and Climate Change for Armenia, Azerbaijan and Georgia would have a joint look at project portfolios and plans of UN agencies in the countries to see how to better align actions. Transboundary aspects and cross-cutting issues such as climate change, disaster risks and biodiversity loss are best tackled with such regional approach. Some potential thematic entry points are listed below under categories of UN processes, water policy and water diplomacy.

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4.1 UN processes

Cooperation with countries on directly UN-related processes is a natural responsibility of UN agencies. The provision of assistance to countries regarding indicators and reporting under the SDG 6 on clean water and sanitation is an obvious activity where the UN should continue to play the leading role, being coordinated by UN-Water. The involvement of other donors is welcome on specific aspects, such as data management or the training of national officials.

Adoption of modern water management principles is in political agenda of all three South Caucasus countries. It is advisable to promote UN frameworks that can support such processes. Where relevant, policy frameworks of fellow international actors could be supported, for example by using UNECE-WHO/Europe Protocol on Water and Health in support of the EU Water Framework Directive or by sharing experience of UNDRR in support of the implementation of EU Floods Directive.

Supporting the countries that are parties or potential parties to UN legal instruments is another obvious task for relevant UN agencies. In the water sector, the membership of South Caucasus countries in such instruments is extremely limited (see Table 6). Encouraging the countries to join UN treaties and explaining the benefits is a job for the UN, while the involvement of other partners is beneficial, such as demarches by EU in support of UNECE Water Convention.

Table 6. Ratification of UN instruments on water by the South Caucasus countries

	Armenia	Azerbaijan	Georgia
UN Convention on the Law of the Non-Navigational Uses of International Watercourses	–	–	–
UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes	–	■	–
UNECE Protocol on Water and Health	■	■	■

ratified
 signed but not ratified

The upcoming UN Climate Change Conference COP29 in Baku offers opportunities to raise water-related concerns and plans of the South Caucasus countries.

4.2 Water policy

Uniquely among international actors, the UN works with Government through a system of focal points and has direct access to policy processes. The work of international donors, especially the International Financial Institutions also supports policy processes, but more project-based in the case of lending operations. While other donors can provide a lot of money to finance much-needed investment projects, they do not have the same level of access to policy formulation and dialogue processes as UN agencies. The comprehensive long-term approach through frameworks of SDGs by UN are crucial in creating visions and frameworks for the investments to follow.

On water policy and legislation, many donors are active in the South Caucasus region (see Table 7). In Armenia, the United States and the World Bank were heavily involved in modernizing national water policy in the early 2000s. In Azerbaijan, ADB and OECD have supported attempts to develop a national water strategy. With EU funding, the UN has helped Georgia to design its new water law, adopted in 2023.

Table 7: Involvement of donors in the process of developing new water legislation or policy in Eastern Europe, the Caucasus and Central Asia in 2000–2023

Donor	Countries and instruments (year of adoption of the law/code or strategy)
European Union	Belarus – water code (2014), Republic of Moldova – water strategy (2014), Tajikistan – water programme (2015), Turkmenistan – water code (2016), Ukraine – water code amendment (2016), Armenia – water code amendment (2022), Georgia – water law (2023)
United States	Armenia – water code (2002, USAID) , Kyrgyzstan – water code (2004, USAID), Armenia – water policy (2005, USAID), Armenia – water programme (2006, USAID) , Republic of Moldova – water law (2011, Millennium Challenge Corporation (MCC))
United Nations	Kazakhstan – water code (2003, UNDP), Tajikistan – water strategy (2006, UNDP), Belarus – water code (2014, UNDP), Turkmenistan – water code (2016, UNECE), Georgia – water law (2023, UNECE)
World Bank	Armenia – water concept (2001) , Tajikistan – water code (2020), Kyrgyzstan – water strategy (2023)
Norway	Turkmenistan – water code (2016)
United Kingdom	Kazakhstan – water code (2003, DFID)
Switzerland (SDC)	Uzbekistan – water concept (2020)

Source: Mardiste, P., 2024. *International donors as agents of policy transfer in influencing water legislation: The adoption of the river basin principle by transition economies in Eastern Europe, Caucasus and Central Asia. Environmental Science and Policy*, 157, 103766.

<https://doi.org/10.1016/j.envsci.2024.103766>.

Bold – countries of the South Caucasus

With UN Framework Convention on Climate Change (UNFCCC) guiding global climate action, UN is well placed to promote policies and capacity building on water resources management that focus on sustainable and localised water supply, water use efficiency, use of economic instruments, risk-based water safety planning, switch to lower water intensity crops, etc. With its truly global coverage, UNDP and other agencies are well placed to replicate promising localised solutions for adaptation to climate change in water supply.

At the national level, the experience of the UN in facilitating complex discussions can be replicated for smoother inter-agency cooperation on water policy. There have been successful cases where such national dialogues have been facilitated, such as processes of National Policy Dialogues (NPDs) on water by UNECE and OECD or work on the water-food-energy nexus.

4.3 Water diplomacy

The ability to act as a convening power and to provide a neutral platform represents one of the core comparative advantages of UN agencies. Recipient countries are at times suspicious of donors that, by providing advice and aid, are pushing their interests and political agenda. Such (often unjustified) concerns create limits on what other donors can achieve. The UN is perceived as a neutral player, is perhaps more trusted and has better political access.

In the South Caucasus, no water management agreements have been signed between countries since the collapse of the Soviet Union. UN support towards reaching bilateral or regional agreements, i.e., water diplomacy, is important in the long run. The maintenance of regional and bilateral discussions on water resources management contributes to preventive conflict mitigation. Moreover, the potential normalization of relations between Armenia and Azerbaijan will create a window of opportunity that has not existed for decades.

While reaching political agreements on water governance is a long and complicated process, building trust at a more practical level is worth investing in. The UN has long experience through interactions such as the UNDP-GEF Kura projects and UNECE work on transboundary basins.

Info: <https://uneuropecentralasia.org/en/ibc-environmental-coalition>

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Cooperation under the Environment and Security (ENVSEC) Initiative is another illustration, though involving non-UN partners. Lessons on water diplomacy could be learned from the UN Regional Centre for Preventive Diplomacy for Central Asia (UNRCCA). The Resident Coordinators have a unique role as the highest-ranking representative of the UN development system at the country level and the designated representative of the Secretary-General. Coordinated action by UN agencies with regional mandates on water diplomacy, such as at negotiations of transboundary cooperation agreements is important, while the RCs and UNCTs should support such processes through coordination and knowledge sharing.

Regular technical-level meetings and joint training events between civil servants and national experts – including from academia, civil society and the private sector - from the three countries are an important building block in trust-building, with the longer-term goal of reaching political agreements. Examples of water diplomacy activities in the South Caucasus countries that need continued attention could include:

- Renewed push to continue negotiations between Azerbaijan and Georgia on bilateral Kura basin agreement
- Facilitation to reach agreements of water resource use in sub-basins (potentially, on Khrami-Debed or Alazani)
- Involvement of experts or officials from a neighbouring country to relevant national projects and meetings can help to build understanding and trust
- Support to hands-on practical bilateral water cooperation activities such as joint fieldworks for water quality monitoring (Khrami-Debed, Alazani) and use of platforms for the sharing of water data.