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ANNEX

of the Commission Decision on the individual measure in favour of Eastern Africa, Southern Africa and the Indian Ocean financed from 11th European Development Fund

Action Document for the Programme for Transboundary Water Management in the Nile River Basin

1. Title/basic act/ CRIS number	Programme for Transboundary Water Management in the Nile River Basin CRIS number: RSO/FED/039-116 Financed under the 11 th European Development Fund (EDF)			
2. Zone benefiting from the action/location	The action shall be carried out at the following location: Nile Basin riparian countries: Burundi, Democratic Republic of Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, Uganda.			
3. Programming document	Regional Indicative Programme for Eastern Africa, Southern Africa and the Indian Ocean 2014-2020			
4. Sector of concentration / thematic area	Regional natural resource management	DEV. Aid: Yes		
5. Amounts concerned	Total estimated cost: EUR 13 500 000 Total amount of EDF contribution: EUR 10 000 000 This action is co-financed in joint co-financing by German Federal Ministry of Economic Cooperation and Development (BMZ) for an amount of EUR 3 500 000			
6. Aid modality and implementation modality	Project Modality Indirect Management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)			
7 a) DAC code(s)	14040 (River Basins' Development) -14010 (Water sector policy and administrative management) - 14015 (Water resources conservation (including data collection))			
b) Main Delivery Channel	Third Country Government (Delegated Cooperation) - 13000			
8a. Markers (from CRIS DAC form) –Nile Basin	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	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"/>	X	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	X
10. Sustainable Development Goals (SDGs)	Main goal: 16 (building peace, justice and strong institutions) Secondary goals: 7 (affordable and clean energy), 6 (clean water and sanitation), and 13 (climate action).			

SUMMARY:

The Nile Basin faces a number of challenges: sharing water resources between 11 countries with different and sometimes conflicting interests, their growing populations and their demands is a challenge in itself, and the historical geopolitical and hydro-political realities continue to add to the complexity of managing Nile waters.

At the same time, if water resources and management issues are well-addressed, the Nile Basin holds significant opportunities for mutual benefits that could advance socio-economic development and regional integration, peace and stability in the basin. In recognition of this reality, the Nile Basin countries opted for multilateral cooperation and agreed to establish the Nile Basin Initiative (NBI) in 1999 as a transitional mechanism towards a fully mandated Basin Commission under a shared vision “to achieve sustainable socio economic development through equitable utilisation of, and benefit from the shared Nile Basin water resources”. The NBI, while still being a transitional initiative since more than 17 years due to political constraints, has built a strong comprehensive knowledge base for cooperative water resources management and development as well as analytic tools to understand the implications of intervention actions in the basin. In 2010, Egypt and Sudan suspended their participation in NBI activities due to disagreement on the signing of the Nile River Basin Cooperative Framework (CFA) agreement. Sudan resumed its participation in NBI activities in 2013. Now, talks are ongoing for Egypt's return within an all-inclusive NBI framework.

For the EU, support to Nile riparian states and thereby encouraging cooperation among them in sharing their common water resources is a direct contribution to conflict prevention, inspired by the 2013 EU Water Diplomacy initiative. The proposed EU support therefore aims at supporting the two key expectations that NBI member countries have regarding Nile cooperation: i) develop mechanisms for cooperative and knowledge-based water management to avoid conflicts and to sustain the common resource; ii) enable cooperative investments in water, energy and food security to unlock the potential of the Nile basin common water resources for sustainable development. The EU, in a joint programme with GIZ as implementing partner, will therefore support NBI and riparian States through 9 components: 0) confidence building, 1) collaborative water resources analysis, 2) Basin planning, 3) Basin-wide multi-sectoral investment programme, 4) Enabling policy and basin management framework / Nile Basin Sustainability Framework, 5) Dam cascade management, 6) public and political consensus on cooperation through dialogue and media publicity, 7) Basin monitoring with the establishment of a basin-wide and jointly operated hydro-meteorological network of 53 stations, and 8) Organisational development.

1. CONTEXT

1.1 Regional context

With a length of 6,853 km, the Nile is the longest river in the world and is shared by 11 countries with a population of around 250 million in highly diverse social, cultural and economic systems. The Nile Basin covers important environmental assets such as the Lake Victoria and the Sudd wetlands and makes up approximately 10% of Africa's surface area. The waters of the Nile come from two sub-regions: the Eastern Nile region in the highlands of Ethiopia, and the equatorial Great Lakes plateau referred to as the Nile Equatorial Lakes region. Tributaries originating in the Eastern Nile region include the Blue Nile and the Tekeze-Atbara and the Baro-Akobo-Sobat river systems. Tributaries originating from the Nile Equatorial Lakes region include various river systems that successively merge into the White Nile main river course. The Blue Nile and the White Nile meet in Sudan's capital Khartoum to form the main Nile. Most of the main Nile's average annual discharge, in the range of 85-90%, is contributed by the eastern tributaries, with only 10-15% coming from the Nile Equatorial Lakes region. However, the eastern tributaries are characterised by highly seasonal flow, whereas the White Nile's streamflow is fairly stable throughout the year.

Basin countries depend on the Nile's water resources to greatly varying degrees. In the upstream countries, levels of consumptive water use have so far been very low, with rain-fed agriculture predominating, increasingly vulnerable to climate extremes. Downstream, under arid climatic conditions, dependency on Nile water resources remains very high, with both Egypt and Sudan relying on the Nile to drive their economies and guarantee basic access to water.

Nile water resources are shared by eleven countries: Burundi, Democratic Republic of Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda. Eight of these 11 basin states are classified as Least Developed Countries. A number of the riparian countries have also experienced political instability in recent years and poverty is widespread across the basin. Political consensus on the sharing of Nile water resources is far from being secured, as evident in the ongoing disagreement between Egypt, Sudan and Ethiopia on hydro-power generation along the Blue Nile. At the same time, population growth is high and droughts and floods occur regularly in different parts of the basin. The impacts of climate change are already felt in the region, putting additional pressure on scarce resources. Women constitute the majority of the agricultural workforce in most riparian countries and literally shoulder the burden of water supply for their families and households. Conflict resolution and policy improvements in Nile water management have therefore a strong gender dimension.

1.1.1 Public Policy Assessment and EU Policy Framework

In the light of the multi-faceted challenges in the Nile Basin and realising the need for a coordinated approach to river basin planning and development, the riparian countries Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, Sudan, Tanzania and Uganda joined forces in 1999 to launch the Nile Basin Initiative (NBI) as a transitional mechanism under a shared vision "to achieve sustainable socio-economic development through equitable utilisation of, and benefit from, the shared Nile Basin water resources". South Sudan joined as a tenth member in 2013 and Eritrea acquired observer status. With NBI, for the first time an all-inclusive initiative was launched that covered the whole Nile Basin. The NBI comprises three centres: the NBI Secretariat (Nile-SEC) in Entebbe, Uganda; the Nile Equatorial Lakes Subsidiary Action Programme Coordination Unit (NELSAP-CU) in Kigali, Rwanda; and the Eastern Nile Technical Regional Office (ENTRO) in Addis Ababa, Ethiopia.

The three core functions of NBI and benefits to NBI member states are 1) providing a platform to facilitate cooperation and dialogue, 2) improving water resources management through shared

knowledge, analysis, and best practices, and 3) preparing and leveraging investments for transboundary water resources development.

The NBI has developed an overarching strategic plan for the period 2012-2016 (Egypt did not contribute to the decision-making process of this plan), with 7 objectives: 1) the level and degree of cooperation between the member countries raised, 2) the impact, reputation and effectiveness of the subsidiary action programmes intensified, 3) national focal points reinforced and effective, 4) the architecture of a single NBI integrated knowledge management system established and operational, 5) member country commitment up-scaled, 6) Nile-SEC streamlined into a professional, and highly focused secretariat, 7) financial sustainability ensured through formulation and implementation of financial sustainability plan. The strategic plan is being implemented through a work programme along the three core functions.

In parallel to the "development track" implemented by NBI, a "political track" of negotiations on a legal framework for the management and use of the Nile's water resources – the Cooperative Framework Agreement (CFA) – was initiated with a view to transforming NBI into a fully mandated Nile River Basin Commission (NRBC). The negotiations, however, have stalled since 2010. Some upstream countries have gone ahead with signing and/or ratifying the CFA though there was no consensus on the opening of the CFA for signature. The political deadlock has perpetuated tensions between riparian countries and undermined NBI's functionality. Egypt and Sudan suspended their participation in NBI in 2010 and, even though Sudan returned in 2013, Egypt's participation remains on hold. Additional tensions have arisen in the Nile Basin with Ethiopia's decision in 2011 to build a major hydro-electric dam, now known as the Grand Ethiopian Renaissance Dam (GERD), on the Blue Nile, causing concern in downstream countries. The GERD has put hydro-political relations in the (Eastern) Nile Basin to the test, with potential impacts on downstream countries.

The EU has a continued interest in supporting sustainable development and promoting peace and stability between the 11 countries sharing the Nile Basin. The Foreign Affairs Council Conclusions on EU Water Diplomacy of 22 July 2013 draw particular attention to the situation in the Nile Basin, where the water security situation is a major concern, and invite the High Representative and the European Commission to continue working closely with the countries concerned in these areas to further facilitate sustainable and collaborative solutions taking into account existing initiatives. In this light, the Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) 2014-20 prioritises the Nile Basin, Lake Tanganyika and the Okavango River. Recognizing that successful institution building is a long-term process, the RIP prescribes a combination of development and institution building support which is captured in the proposed action.

In line with the *Nexus Dialogue Programme*¹ (Phase I) promoted by the EU, this action will also address growing interdependencies between water, energy and food security and the need for climate change related action in the Nile river basin, promoting a more integrated approach (*nexus* approach) at the ministerial policy level, investment planning, and at operational level.

Among the EU Member States, Germany has taken a particular interest in political dialogue with the Nile Basin riparian states with the aim of resource conflict mitigation and resolution. In this context, GIZ has been supporting the NBI since 2002 and will continue this support with several programmes detailed in points 3.1 and 3.2.

¹ The "nexus approach" balances human well-being needs for water, energy and food security with the competing need for ecologically sustainable use of essential resources, i.e. a cross-sectoral, coherent and integrated approach.

1.1.2 Stakeholder analysis

The proposed project has, and seeks to engage with, a range of different stakeholders. These include institutions, organisations and groups at regional, national and local levels. The identification process distinguished 5 main groups of stakeholders:

1. The 11 Nile riparian states: while the desire for closer cooperation on Nile water resources stood at the beginning of the Nile Basin Initiative (NBI), disagreements still overshadow both the full establishment of the NBI as a river commission and substantive progress on joint policies. Within the riparian states, there are also still significant policy gaps regarding sustainable water management. The proposed action will therefore follow a two-pronged approach in reaching this stakeholder group, by facilitating political dialogue between the Nile riparian countries but also by promoting Integrated Water Resources Management (IWRM) approaches and addressing issues of water security at different levels, supporting the capacity to convene multi-stakeholder groups at national and regional levels so that riparian stakeholders can articulate and negotiate their interests.
2. The NBI itself and its sub-regional bodies: with limited contributions from the riparian member states and not yet fully established as a full-fledged river commission, the NBI and its sub-regional entities still lack sufficient capacity to play their foreseen roles effectively and appropriately. The proposed action will therefore provide training and other human resource development measures, within the NBI institutions (specifically Nile-Sec, ENTRO and NELSAP-CU) and at the interface with its correspondents in the member state administrations. The latter will target specifically the NBI National Focal Points, Nile-TAC members, technical staff of water ministries, and young water professionals in the member states.
3. Civil society organisations speaking on behalf of beneficiary groups in riparian states: the NBI already has an established consultation and cooperation mechanism with national and regional civil society organisations in the water sector. The Nile Basin Discourse (NBD) was created specifically for that purpose. The proposed action aims at deepening the dialogue on the basis of the existing relationships but also at widening it, thus enabling the NBI and through it the member states to intensify dialogue at the *nexus* of water, energy and food security policies and on other cross-cutting issues, specifically climate change action and gender mainstreaming of the regional water policies.
4. Regional bodies covering the Nile Basin - IGAD, COMESA and EAC (Lake Victoria Basin Commission): the Nile Basin territory is covered by three regional organisations, with partially overlapping interests. As all three organisations are co-signatories of the EA-SA-IO Regional Indicative Programme, the proposed activity will strengthen the *nexus* between NBI and its members and these regional bodies.
5. Development partners: the NBI has since its beginning received support from the EU and different EU Member States (Germany, Denmark, Finland, France, Sweden and United Kingdom). Outside the EU, Canada and Norway provided assistance, besides the World Bank and the African Development Bank. Several EU Member States, at the moment particularly Germany, take a strong political interest in conflict management and resolution around the Nile Basin. The proposed activity will seek coherent linkage with ongoing and future support by the Member States and aims at improved information sharing and political exchange particularly within the EU about the Nile Basin. The project will regularly report to the political counsellors of EU Delegations and EU Member States, and through that process feed information to European headquarters.

1.1.3 Priority areas for support/problem analysis

The starter problem is the continuing lack of cooperation to effectively address the many issues of transboundary water resources management in the Nile Basin and the attendant threats to peace and security in the basin. This can be ascribed to the following main contributing factors: lack of political will to cooperate, lack of constructive dialogue among (some of the) riparian countries; lack of awareness and common understanding of the benefits of Nile Basin cooperation among a range of stakeholders; inadequate knowledge about the Nile Basin, facts and issues among key stakeholders, including riparian country governments, the media, and (as a result) the general public; lack of reasonable regard to the interest of other co-riparian states; disregard of the different needs and interests of female and male users; capacity constraints at individual, organisational (NBI), and institutional (basin system) levels and insufficient consideration of the interdependency between water, energy and food security.

These factors can be viewed as resulting from various deeper-lying inadequacies and shortcomings affecting the current Nile cooperation situation, such as the following: perceived imbalances between national interests and regional interests; perceived risks associated with a cooperative basin-wide approach in the absence of clear win-win options for upstream and downstream riparian countries; lack of public pressure in some Nile Basin countries due to uninformed public opinion about Nile cooperation; perceptions that the benefits from non-cooperation outweigh the costs (and conversely the costs of cooperation would outweigh the benefits); asymmetric availability of consensual data/info about the status, utilisation, and potential of the Nile river resources; inadequate incorporation and implementation of the gender dimension in NBI policies and strategies; disparities in competencies between regional and national level and across riparian countries; lack of effective coordination of regional NBI activities with relevant national level structures; NBI's visibility is often still low at the national level (especially beyond the water sector).

The proposed project is designed to help address the above factors toward better cooperation by developing and strengthening mechanisms for cooperative and knowledge based management of the common resource to avoid conflicts and sustain the common resource and by enabling cooperative investments in water energy and food security to unlock the potential of the Nile Basin's common water resources for sustainable development.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Increasing political instability in parts of the Nile Basin, specifically in South Sudan	M	Focus stakeholder engagement, capacity-building, basin monitoring, and knowledge management in riparian countries.
Nile Basin countries continue to disagree to coordinate water resources management and development for optimal and efficient basin-wide water resources utilisation and fail to contribute the necessary financial and technical resources	M	Engage with member countries to try and find a solution to the problem; if necessary consider adjusting the project to make it more feasible under the circumstances (mid-term evaluation). Further, EU (the Development and Cooperation Directorate and the European External Action Service) to cooperate closely with interested EU Member States for facilitation of political dialogue among Nile riparian states on basis of input from proposed project.

Inadequate financing of NBI	M	Member States have committed to cover NBI core costs by 2017 (taking into account that Egypt has frozen its participation in NBI activities and therefore currently does not pay its contribution).
NBI member states fail to share (processed and quality-controlled) monitoring data/information collected/ transmitted from hydrological stations	M	To encourage riparian countries share data and information, fit for purpose information products will developed to support specific IWRM efforts in riparian countries. The mix of information products will be designed to make sure that all riparian countries see benefit in sharing the information.
Nile Basin states fail to properly operate and maintain the hydrological stations as part of their national hydromet system, and cover-related costs	M	Particular attention will be given to ensure that the stations are properly mainstreamed into the national hydromet system (accompanying measures such as training, compliance monitoring and report mechanisms).
Basin-wide water resources assessment, management plans and investment plan may not receive consent from all countries.	M	An appropriately designed consultative process will be followed in implementing the relevant activities. Further, activities will be designed with adequate flexibility built-in, allowing them to accommodate riparian countries' concerns.
Assumptions		
<p>No major deterioration in the political and economic situation of any of the riparian countries</p> <p>No major natural disasters in any of the riparian countries</p> <ul style="list-style-type: none"> • Member states' contributions to NBI will increase according to agreed schedules to cover NBI core costs and ensure minimum functionality (from 2017) 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The proposed project has taken on board lessons from Nile Basin Initiative (NBI)'s Strategic Action Programme implemented during 2003-2012 with support from the multi-donor Nile Basin Trust Fund (NBTF), in particular, lessons distilled by the final independent evaluation of NBTF concluded in 2013. The NBTF evaluation noted, for instance, that in a tense hydro-political context like the Nile Basin, it is important to balance national interests with regional interests and to realise that cooperation will only be pursued to the extent that it is perceived to meet national interests. This is reflected in the project design in that it proposes to support a balanced mix of national-level and regional stakeholder engagement and capacity-building activities.

The highlighted need for lowering expectations of speedy delivery of cooperative transboundary water infrastructure investments until a solid foundation for cooperation has been built is addressed by the proposed project – both by having the central aim of strengthening the Nile

cooperation process and by supporting the development of new approaches to cooperative investment planning in the Nile Equatorial Lakes region.

The need for an inter-sectoral Integrated Water Resources Management (IWRM) framework and *nexus* approach to water resource development is addressed in various ways by engaging stakeholders of the different water-using sectors at country and sub-basin levels in support of cooperative approaches to water management and development, by building capacity at riparian country level for water use to be coordinated across relevant ministries in riparian countries; and by supporting studies and dialogues regarding the complex interdependencies (*nexus*) across water-using sectors and how to enhance the synergy for climate resilient water-related policies and operations levels across sectors.

The proposed project is also consistent with lessons learnt by the World Bank-managed Cooperation in International Waters in Africa (CIWA) programme which, in describing future phases of the CIWA Programme for the Nile, highlights the (continuing) need for progress in regional cooperation and posits that such progress, the central aim of the proposed project, can bring significant benefits to the region. CIWA also highlighted key lessons when discussing the Nile Investment Programme in October 2015. The first two, lack of (and hence the need for more) trust building and visibility of the benefits of cooperation and the need to take account of the growing water, food, and energy security *nexus*, are central to the thrust of the proposed project.

The proposed project also reflects lessons learnt during the 13 years of German development cooperation with NBI since 2002, managed by GIZ under the Supporting Transboundary Cooperation in the Nile Basin initiative.

Evaluations under the GIZ interventions have shown that the projects developed in the context of the shared vision have contributed substantially to building a culture of trustful engagement between actors from countries at the technical level, which was not there before. In the subsequent years, the focus was on helping the NBI develop from a projects approach into a strong organisation capable of delivering on its core functions (and potentially those of a future Nile Basin commission): water resources management, platform for cooperation and water resources development. A key finding of the evaluations has been that NBI personnel in the last years has developed a strong expertise based on excellent staff capacities and functional knowledge management and planning tools but has been restrained by the unclear institutional mandate (cf. CFA), differences in country level commitments and capacities, for example with regards to funding and meaningful participation in NBI's programme of work, as well as the challenges in political readiness of countries to engage through NBI around core issues of basin-wide cooperation. Linkages with countries remain weak, even though there is an emerging willingness from NBI's Member States to take ownership and drive the NBI process forward. There is nevertheless a certain risk that NBI can get stuck in a vicious cycle: low visibility at country level, less ownership for the organisation by countries, lower delivery of expected benefits. Countries have to step up ownership and NBI has to step up delivery of benefits. This is relevant in two areas: on the one side increasing the implementation rate of NBI's investment pipeline and secondly reconnecting the water resources management agenda to the political process by clearly demonstrating the relevance of NBI's work for the broader issues at stake in the basin.

3.2 Complementarity, synergy and donor coordination

The Nile Basin Initiative has in the past and is still receiving support from multiple development partners, up to now often in a fragmented way and with limited coordination. The proposed action builds on previous achievements and lessons to be learned while aiming at more coordination and strengthened coherence for future support, specifically regarding the activities of two main partners, World Bank/CIWA (Cooperation in International Waters in Africa) and

Germany. The action will reinforce and complement CIWA's preparation of the Nile Investment Programme already co-financed by the EU. The action will also integrate activities supported by Germany/GIZ under a new, common framework. The specific value added of the proposed action in this context is, therefore, four-fold: i) integrating support from two main development partners, Germany and EU; ii) thereby creating a stronger hub for coordination with other donors; iii) addressing in this integrated approach specifically the political dimension of EU water diplomacy; and iv) giving the Nile Basin Initiative (NBI) for the first time the opportunity for a major investment in its water monitoring infrastructure, thereby bringing the organisation one step closer to cooperative and knowledge-based management of the common resource. The action will also be complementary with the Africa-EU Water partnership Project considering especially the focus on investment, nexus at Pan-African level. Ongoing major activities in support of the NBI (without Egypt's participation due to the circumstances previously mentioned) are briefly summarised here:

- *Nile Cooperation for Results (NCORE) Project (NBI/CIWA)* being implemented during 2013-2016 with support from the Trust Fund (CIWA) and left-over funds from NBTF, coordinated by the World Bank (USD 33 300 000); The project consists of three components, one for implementation by each NBI centre. Component 1 supports Nile-SEC in its two core functions of facilitating cooperation and water resources management through targeted technical assistance and operational support to the Nile governments and wider stakeholders. Component 2 supports NELSAP-CU in its efforts to identify and prepare strategic cooperative investment opportunities. Component 3 supports ENTRO in promoting cooperation among Eastern Nile riparian countries in a challenging hydro-political environment. The proposed EU action will build on NCORE and complement phase 2 of NCORE currently being developed.
- *Engaging Civil Society for Social and Climate Resilience in the Nile Basin (NBD/CIWA)* implemented during 2013-2016 by the Nile Basin Discourse (NBD) with CIWA support (USD 1 500 000).
- The CIWA Support Plan (CSP) for the Nile River Basin to which the EU contributes from thematic funds aims inter-alia at supporting the preparation process of a Nile Investment Programme (NIP) which will promote high-quality infrastructure projects. Through the NIP process, the Nile riparian countries would define a portfolio of investments, building on current country priorities, as well as pipelines prepared under regional initiatives (NBI, LVBC²). The proposed action will complement the NIP Preparation Process by consolidating the knowledge base of the three NBI centres for contributing to a pipeline of investment projects to be included in the NIP.
- *Transboundary Water Cooperation in the Nile Basin (NBI/GIZ)*: It is a technical assistance project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented through GIZ. Aligned with the respective programmatic priorities of NBI and the basin states and in close coordination with other development partners, four phases of support, have since 2002 contributed EUR 13 300 000. The fourth phase (EUR 3 000 000 over the period 2013-2016) is about to end. The fifth phase planned from the German side will be an integral part of the joint activity proposed here, expected to begin with German funding in June 2016 (EUR 3 500 000 - 06/2016-12/2019).
- *Other NBI projects implemented through GIZ*: i) Support to hydro-diplomacy in the Nile Basin, funded by the German Foreign Office (up to EUR 2 500 000 over 24 months in 2016-2018); ii) Support to Biodiversity Conservation and the Sustainable Use of Wetlands of

² Lake Victoria Basin Commission.

Transboundary Significance in the Nile Basin, funded by the German Ministry for Environment, Nature Conservation, Building and Nuclear Safety (EUR 6 000 000, 53 months, 2015-2020) iii) Consultative Group on International Agriculture Research (CGIAR) grants: Linkages between water food and energy security in the Blue Nile funded by the German Federal Ministry of Economic cooperation and Development (BMZ) (EUR 1 200 000 2016-2018)

- *AFD support to NBI (NELSAP-CU) (EUR 1 000 000)*: This initiative provides support to one of the NBI centres (NELSAP-CU) focusing on i) enhancing cooperation and dialogue (in the NEL region); ii) enhanced use of a Decision Support System (DSS) tool (training by Nile-SEC); iii) strategic planning for the period 2017-2021 (using a scenario building tool developed by the World Bank); iv) regulation of dam safety – development of guidelines; and v) establishing NELSAP as a centre of excellence in water resource management (including modelling), dam safety, etc.

3.3 Cross-cutting issues

The impact of the proposed project can be expected to be largely positive. The overall thrust of the project goes in the direction of more cooperation rather than competition and conflict in transboundary water management, that is, toward more equitable and reasonable sharing, and more beneficial and efficient use of water. The project is based on win-win strategies and opportunities for water savings and avoiding harm to riparian States according to principles of international law. In addition, and more specifically, three of four studies proposed under this project are aimed at investigating options and strategies for environmental protection and/or more sustainable natural resource use in a climate resilient way, including ways to improve prospects for biodiversity conservation, ways to achieve more sustainable land use (watershed management studies in the Eastern Nile and Nile Equatorial Lakes regions) and options for water savings (basin-wide water yield and demand study). Watershed management also presents key development areas with multiple-win potential synergies between natural resource management, food security, and adaptation to climate adaptation change in a *nexus* perspective. Furthermore, sustainable land management also implies new opportunities for carbon sequestration and the reduction of emissions of greenhouse gases, thereby contributing to climate change mitigation.

Moreover, Nile Basin Initiative (NBI)'s Environmental and Social Policy (June 2013), NBI Climate Change strategy (June 2013) and NBI Wetlands management Strategy (June 2013) – without the participation of Egypt – provide a sound policy framework for ensuring that all interventions are designed and implemented in such a way so as to conform to proper environmental and social safeguards.

The proposed project will ensure that gender and socio-cultural aspects, including possible implications for vulnerable groups, are properly considered and mainstreamed in all of the proposed project interventions.

NBI has developed a Gender Mainstreaming Policy and Strategy (July 2012) and has more recently gone through an exercise of identifying good practices in how to mainstream gender issues in its work, which produced a document entitled Documenting Gender Mainstreaming Good Practices in NBI Programmes and Projects (December 2014).

4 DESCRIPTION OF THE ACTION

4.1 Objectives / results

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 16 (building peace, justice and strong institutions) but also promotes progress towards goals, 7 (affordable and clean energy), 6

(clean water and sanitation), and 13 (climate change). This does not imply a commitment by the 11 countries benefiting from this programme.

The overall objective is **to enhance cooperation of the Nile riparian countries towards their shared vision of sustainable development through the equitable use and sharing of benefits from the common water resources of the basin**. This captures both the EU's overarching objectives of contributing to peace and regional cooperation in the Nile region as well as the Nile Basin Initiative (NBI) member states' shared vision that guides their efforts to manage the basin's water resources cooperatively and sustainably.

The specific objective of the project is **to enhance the capacity of an all-inclusive NBI to build consensus amongst Nile riparian states on the sustainable and cooperative management and development of the basin's water resources, taking account of the water-energy-food security nexus**.

The project is structured along nine output areas.

Output 0: Confidence building among riparian States and support to country-led processes to address current differences around NBI and basin-wide cooperation.

Output 1: Joint development of strategic options for improved basin-wide water resources management based on a collaborative water resources assessment process focusing on the water, energy and food security nexus;

Output 2: Development of a basin water resources management planning process suitable for the context of the Nile Basin;

Output 3: Establishment of a basin-wide multi-sectoral investment programme, incorporating projects of regional significance assessed for climate resilience, cumulative effects and incorporation of a water, energy and security food nexus;

Output 4: Implementation of an enabling policy and management framework (Nile Basin Sustainability Framework – NBSF) for transboundary water cooperation;

Output 5: Development of a joint strategy for coordinated management of cascade dams in the Eastern Nile;

Output 6: Establishment of a basin-wide and jointly operated hydro-meteorological network;

Output 7: Development of a broad public and political consensus on transboundary water cooperation among the basin riparian states;

Output 8: Enhancement of NBI's organisational capacities to effectively manage its programmes.

4.2 Main activities

The main activities aim to satisfy the interests of all riparian States, they consist in the following:

For output 0:

- Provide support as required (high level meetings, workshops) to country-led processes to address current differences among the riparian countries in the light of the outcome of the July 2016 Nile-COM meeting in Entebbe and in preparation for Egypt to resume its participation in NBI activities;
- Provide capacity building in water diplomacy, international water law and cooperative water resources management;

- Support exchange visits and study tours between the lower and upper riparian states to allow broader group of key stakeholders (e.g. officials from key line ministries, parliamentarians, etc.) to better understand the concerns and interests of their co-riparians.

For output 1:

- Conduct the second phase of the collaborative water supply and demand assessment which is exploring strategic options for sustainable and cooperative basin management based on projected water availability and future water resources development trajectories. The core process is led by an inter-sectoral group of Heads of Department in Ministries dealing with water, irrigation and hydropower development of the member states. As such, the assessment focuses on water, energy and food security *nexus* in the basin. The process includes engaging a wider group of stakeholders from the countries to communicate the findings (such as parliamentarians, principal secretaries, wider government audience). As long as it is coherent with the phasing timeline of this activity, all riparian countries will have the possibility to study and review the first phase and possible comments will feed in to this second phase to the extent possible;
- Conduct at least three studies with issue-based stakeholder dialogue processes contributing deeper analysis of options to the overarching collaborative water resources assessment process, most likely 1) climate change impacts, 2) economic optimisation and benefit sharing and 3) water saving and yield enhancement incl. agricultural water use efficiency). As long as it is coherent with the phasing timeline of this activity, all riparian countries will have the possibility to review and study previous studies and possible comments will be taken into account to the extent possible. Independent consultants may be directly contracted by EU/GiZ and tasked with these studies;
- Develop a mechanism for the regular update of the collaborative water resources baseline and future water resources development trajectory to serve as a common reference for basin planning.

For output 2:

- Develop a State of Basin Report and establish a reporting process to monitor policy impact and inform the basin planning cycle in partnership with the Regional Economic Communities (RECs). As long as it is coherent with the phasing timeline of this activity, riparian countries will have the possibility to comment on the State of Basin Report and possible comments will be taken into account to the extent possible.
- Develop a basin-wide water resources management plan appropriate to the current level of cooperation and trust in the basin, building on the findings and recommendations of the state of the basin report and the collaborative water resources assessment.

For output 3:

- Develop a monitoring and reporting mechanism to enable annual review of the Nile Basin Initiative (NBI)'s project pipeline and mainstreaming of national and regional project pipelines by member states through national multi-sectoral coordination mechanisms and NBI governance. This process is intended to be a self-driven review of countries;
- Develop in cooperation of NBI with other inter-governmental organisations in the basin (such as RECs, Power Pools, PIDA) a concept and coordination mechanism for a basin-wide multi-sectoral investment programme;

- Assess a first pipeline of investment projects to be included in a basin-wide multi-sectoral investment programme has been assessed for "basin friendliness", climate resilience and water, energy and food security nexus. An independent consultant may be directly contracted by EU/GiZ to facilitate this activity;
- Train national stakeholders in multi-sectoral investment programme development and management based on a nexus approach;
- Capture the need for taking into account the water, energy, food security *nexus* in the ministerial declarations on the investment and planning processes.

For output 4:

- Establish a collaborative monitoring and review framework for the implementation of transboundary cooperation provisions in national policies. All riparian countries will have the possibility to participate in the review and possible comments will be taken into account to the extent possible. An independent consultant may be directly contracted by EU/GiZ to help NBI facilitate and implement this activity;
- Support implementation of NBI's environmental, social and transboundary water (project disclosure) safeguard policy framework at national level through training and support to national policy review processes;
- Jointly assess and provide support to develop cooperation agreements and/or coordinating mechanisms for cross-border sub-basins shared by at least two riparian states;
- Jointly assess good practices and recommendations for improvement of national transboundary water units and inter-sectoral coordination on transboundary issues.

For Output 5:

- Study the optimisation potential from coordinated operation of dams of regional significance in the Eastern Nile;
- Provide training for coordinated operation of dams based on a training needs assessment. In particular, it shall consist in developing a training curriculum for dam operators and managers on coordinated dam operations.

For output 6:

- Install/refurbish the regional monitoring network of 53 hydro-meteorological stations that transmit data to regional data centres. These stations are the property of the countries where they are installed;
- Develop operational guidelines and a data sharing mechanism between member states, the NBI and the RECs (IGAD/LVBC);
- Ensure that maintenance of the hydrological monitoring stations is included in member states' budgets;
- Train persons who operate the system at national level;
- Generate information products from the monitoring system and make available on NBI's web portal.

For output 7:

- Coordinate closely with the press offices of the national ministries in charge of Nile affairs on transboundary cooperation issues in the media and actively reach out to the media to communicate NBI's work based on active monitoring of media reach and resonance;

- Conduct the Nile Basin Development Forum (a regional dialogue forum for policy-makers, science and civil society) with influential groups of persons from the basin and communicate emerging recommendations on multi-sector cooperative basin management including the nexus perspective. This Forum will be conducted in cooperation with various institutions of the region such as African Union (AU), Programme for Infrastructure Development in Africa (PIDA), Intergovernmental Authority on Development (IGAD), East African Community (EAC), Lake Victoria Basin Commission (LVBC) or International Water Management Institute (IWMI).
- Intensify efforts in the media to highlight the importance of cooperation and integration between all Nile Basin countries on the basis of consensus and mutual benefit. The Nile Basin Media Network can be an active member in this activity.

For output 8:

- Develop NBI strategy 2017-2027 and an NBI programme 2017-2022 that further clarifies the roles of the three NBI's centres based on the subsidiarity principle (basin wide and sub-basin wide tasks);
- Mitigate jointly identified and prioritised organisational or management capacity challenges of the NBI centres.

4.3 Intervention logic

After 15 years of general trust and institution building in the Nile Basin Initiative (NBI) process, the three NBI centres are now strong and professional organisations, albeit still with a relatively weak mandate. With help and support from the centres, NBI countries have agreed to take cautious steps on the road to more cooperation. An increased willingness to address key and potentially contested issues around the basin's water resources in a practical, step-by-step way can now be observed. The project will address the member states' expectations, and by doing so, will encourage further cooperation that will ultimately lead to a more equitable and sustainable use of water resources in the region.

NBI member states have two main expectations regarding Nile cooperation: i) a mechanism for cooperative and knowledge based water management should be developed, to avoid conflicts and to sustain the common resource; ii) investments in water energy and food security should be enabled, to unlock the potential of the Nile Basin's common water resources for sustainable development.

The project will address these two expectations, by undertaking tangible actions in those areas where countries are now ready to move forward (for example, establishment of a joint hydro-meteorological monitoring system, collaborative water resources assessment, dam cascade operation framework, dam safety framework, basin-wide multi-sectoral investment programme).

A major part of the EU funding (42%) will contribute to the establishment of a monitoring network of 53 hydro-meteorological stations that will form part of the monitoring platform of the NBI, envisaged as a backbone for the cooperative role of the NBI. The riparian countries under the NBI framework (therefore with the exception of Egypt) have already developed a detailed design of the hydromet system and agreed to a preliminary data sharing arrangements. The project will support the implementation of the first phase of the hydromet system and will include all riparian countries.

Another significant component will be to develop a basin-wide multi-sectoral investment programme that will bring together the main stakeholders of the basin, following a nexus approach. The support for dialogue and cooperation mechanisms will contribute to and be focused on the achievement of those major outputs.

Further, despite the good progress in cooperation through a common NBI platform, there are pending differences that arise, which hindered Egypt's full participation in this platform. A country-led process is on-going to address the differences and facilitate Egypt's resumption of full participation in the NBI. In this regard, the final communiqué of the Nile Council of Ministers in their 24th Annual meeting on 14th July 2016 in Entebbe, Uganda, attended by all riparian States, concluded that "very fruitful discussions were held regarding Egypt's resumption of its participation in NBI activities. It was agreed that further discussions will be held to concretise on the discussions". To support that common goal, a specific output (Output 0) under the current programme will aim at confidence building among riparian States and with the NBI. The programme will also provide funds for studies and activities implemented on a bilateral basis between Egypt and the EU.

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, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

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 48 months from the date of 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 non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N/A

5.4 Implementation modalities

5.4.1 Indirect management with a Member State agency

This action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails providing a share of the joint funds to the NBI centres and overseeing the management of all activities foreseen in this action for the achievement of the nine results presented in section 4.1. This implementation modality is justified on the basis of its strong expertise in transboundary water management. GIZ has worked closely with Nile Basin Initiative (NBI) on several programmes since 2002 and has strong local presence in technical assistance to the NBI. Through GIZ, German Federal Ministry of Economic cooperation and Development (BMZ) will contribute EUR 3 500 000 for this joint action to ensure an integrated approach. GIZ will also manage other German resources (EUR 10 200 000) for complementary measures on hydro-diplomacy, biodiversity conservation and the *nexus* dimension in the Nile Basin.

The entrusted entity would carry out the following budget implementation tasks: acting as contracting authority concluding, monitoring and managing the financing agreement/contracts, notably with the NBI centres, make payments and recover money due, launch calls for tenders,

define eligibility, selection and award criteria, evaluate tenders and proposals; award contracts and financial instruments and manage the overall resources of the action, reporting to the EU.

The Commission authorises that the costs incurred by the entrusted entity may be recognised as eligible as from 1 July 2016 because it is the official starting date of the BMZ/GIZ funding contribution.

5.5 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 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement 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.

5.6 Indicative budget

	EU contribution (in EUR)	Indicative third party contribution, in EUR
5.4.Results 1-6 composed of:		
5.4.1. Indirect management with BMZ/GIZ	10 000 000	3 500 000
5.9 Evaluation, 5.10 Audit	Will be covered by another decision	N.A.
5.11 Communication and Visibility	Will be covered by another decision	N.A.
Total	10 000 000	3 500 000

5.7 Organisational set-up and responsibilities

The organisational set-up will be structured along two implementation mechanisms:

- for the activities that are directly implemented with the riparian countries, an advisory committee comprising of representatives from the countries, the EU and Germany shall be set up. GIZ as the implementing organisation will be the secretariat. The committee shall meet regularly, ideally back-to-back with other Nile meetings, and shall be co-chaired by either the EU or Germany, and one riparian country. The committee will review the programme's progress reports and provide strategic guidance for the continued implementation process of the respective activities;
- for the activities that are implemented through any of the three NBI centres, the decision making structure will be the existing NBI governance mechanism (Nile-COM and Nile-TAC)³, with the representation of all riparian states. The latter will inform the advisory committee's work without prejudice to the advisory committee's own decision-making;

Apart from the NBI, GiZ may partner with relevant bodies for the implementation of selected activities. These partners could be Regional Economic Communities (RECs) which have a water related mandate for parts of the basin (especially EAC/LVBC, IGAD, AU). In addition, the EU and Germany will endeavour to re-initiate consultative meetings of the contributing partners to

³ This is currently also the case for the already commissioned BMZ contribution to the project (EUR 3.5 Mio)

Nile cooperation at large (including other partners as interested, such as WB-CIWA) to coordinate their support.

At the operational level, GIZ will hold responsibility for steering the whole programme towards its objectives. GIZ will establish a regular implementation coordination mechanism with its partners in the implementation of specific activities of the programme.

The EU and BMZ will also make every effort during implementation to ensure that all Nile countries, whether or not adhering to the Nile Basin Initiative, are involved in the programme's implementation and can benefit from it entirely. Concretely, the EU and BMZ will ensure that, until the current dispute on Egypt's participation is settled:

- Egypt gets access to all draft and final documents produced with financial support through the Programme. This includes studies, technical reports, technical specifications for the monitoring equipment etc. On the other hand, Egypt-specific deliverables will also be made available to the NBI.
- Egypt is invited to take part in all meetings where programme activities are discussed.
- Technical experts working through financing of the programme will engage with Egyptian colleagues in the same manner that they will for the other riparian countries.
- Egypt has the possibility to provide comments to draft studies, reports and technical specifications, within a reasonable deadline, with the possibility to include in the final version an indication of its position in the event that it differs from the view reflected in the said studies/reports.

5.8 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 logframe 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).

5.9 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation will be carried out for this action or its components through a joint mission.

Mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to the complexity of the institutional set-up of Nile Basin Initiative (NBI) and the need to modify the action in the light of the evolution of the NBI institutions and in relation with other institutions like LVBC. It could be specifically relevant for the evaluation of the process of development of the investment pipeline in complementarity with CIWA/EU project.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that NBI experience, e.g. on water, energy and food security nexus and development of investment pipeline could be replicated in other river basins.

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 country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

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

5.10 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.

5.11 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 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The financing of the communication and visibility shall be covered by another measure constituting a financing decision.