

Further information about this and other documents produced by the OECD/EAP Task Force Secretariat can be obtained from:
Non-Member Countries Division, Environment Directorate, OECD,
2 rue André Pascal -75775, PARIS CEDEX 16, France

**PROGRESS IN IMPLEMENTING THE EAP TASK
FORCE SUB-PROGRAMME FOR EASTERN
EUROPE, CAUCASUS AND CENTRAL ASIA
(EECCA) 2000-2003**

Applications for permission to reproduce or translate all or part of this material should be made to: Head of Publication Service, OECD, 2 rue André Pascal - 75775, PARIS CEDEX 16, France

Copyright OECD 2003

PROGRESS IN IMPLEMENTING THE EAP TASK FORCE SUB-PROGRAMME FOR EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA (EECCA), 2000-2003

1. This report summarises progress in implementing the EAP Task Force sub-programme for Eastern Europe, Caucasus and Central Asia (EECCA) for the period (October) 2000- (June) 2003. The adopted Programme was presented in CCNM/ENV/EAP (2000)80/Rev3. It describes the main activities, the main outputs and, as far as possible, impacts on the policy-making process in EECCA countries. The first section highlights some of the main features of work; the second section presents a short summary of results for each substantive project included in the original work programme. More detailed information on projects is available in the reports referred to in the text.

2. EAP Task Force work was divided into two sub-programmes - one for EECCA, the other for Central and Eastern Europe (CEE) - following the 1998 "Environment for Europe" Ministerial meeting. Ministers also called for a refocusing of effort on to the challenges faced by EECCA countries. The major highlight in the first phase of work, 1998-2000, was the organisation of a meeting of Economics, Finance and Environment Ministers in Almaty, Kazakhstan in October 2000 to discuss the problems of the urban water sector.

Activities

3. The work programme of the EAP Task Force - both the EECCA and CEE sub-programmes - was adopted and reviewed at its annual meetings; in 2001 the meeting took place in Paris; in 2002/3 it will take place in Tbilisi, Georgia. Typically about 120 representatives take part in these meetings from EECCA, CEE and OECD countries, International Financial Institutions, International Organisations, NGOs, the private sector and trade unions. At both meetings, consultations with NGOs were held to seek their feedback and input.

4. Between the annual meetings, the Task Force Bureau guides the work of the secretariat in implementing both the EECCA and CEE sub-programme. Since 2001 the Bureau has been comprised of:

Co-Chairs:

- Mrs. Nino Chkhobadze, Environment Minister, Georgia;
- Mr. Jean-François Verstrynge, Deputy Director General, DG Environment, subsequently, Mrs. Soledad Blanco, Head of Unit, DG Environment, both European Commission.

Other Bureau members:

- Mrs. Nouné Darbinian, Head of the International Cooperation Department; Ministry of Nature Protection of Armenia replaced by Mr. Georgi Arzumanyan, Head of the International Cooperation Department; Ministry of Nature Protection of Armenia;
- Mrs. Helena Cizkova, Adviser to the Deputy Minister of Environment, the Czech Republic;
- Mr. Palle Lindgaard-Jorgensen, Deputy Director General, Danish Environment Protection Agency;
- Mr. Jörgen Keinhorst, Head of Division of the Ministry of Environment of Germany;

- Mr. Murat Musataev, Vice-Minister of Environmental Protection, Kazakhstan replaced by Mr. Khakimi Kushkaliev, Vice-Minister of Environmental Protection, Kazakhstan;
- Mr. Marjan Dodovski, Deputy Minister of Environment and Physical Planning, Macedonia
- Mr. Hugo von Meijenfelt, Director of International Co-operation Ministry of Housing, Spatial Planning and the Environment, the Netherlands replaced by Mr. Eric van Dorst, Senior Policy Advisor, Ministry of Housing, Spatial Planning and the Environment, the Netherlands;
- Mrs. Eldrid Nordbo, Director General, Ministry of the Environment of Norway;
- Mr. Carl Mitchell, Deputy Chief of Division, Europe and Eurasia Bureau, USAID, United States;
- Mr. Sergei Samoilov, Head of Department, State Committee for Environmental Protection of Uzbekistan.

5. Since 2001, the Bureau has met 4 times. On two occasions, consultations were held with the Executive Directors of the NRECS to discuss how co-operation could be developed.

6. Within the EECCA sub-programme, activities have been increasingly driven by networks of policy makers and experts from the EECCA region. This has helped to ensure a high degree of commitment and ownership of activities by representatives from EECCA countries. Participation by donors, IFIs, private sector, NGOs and other stakeholders facilitates co-operation and the development of partnerships.

7. The Environmental Finance Network has been in operation for the longest period and has now met six times in total since 1997. An important feature of this Network has been the growing involvement of representatives from Economics/Finance ministries. The NIS Enforcement and Compliance Network (NISECEN) was launched in 1999 and has met four times since then. It brings together environmental inspectorates and policy makers from EECCA countries as well as other stakeholders. NISECEN has established close links with other enforcement and compliance networks (INECE and IMPEL) and this has facilitated valuable transfers of experience. The Group of Senior Officials for Reform of the Urban Water Sector in EECCA was established after the 2000 Almaty Ministerial meeting on this subject. It has met twice. Participants come from ministries with primary responsibility for urban water sector reform. This may be ministries of construction or public works as well as ministries of environment. Efforts are also made to include representatives from the municipal level in Group meetings.

8. In the period 2001- (June) 2003, 47 meetings have been organised within the Task Force framework, involving about 2050 participants. Of these, 31 meetings were held in the EECCA region, 5 in Central Europe and 11 in OECD countries. Documents are routinely produced in English and Russian. Since 2001, approximately 120 documents have been produced, equivalent to 7300 pages. A web-site, in English and Russian, has been established and is regularly updated. Since 2001 Task Force web-pages have been visited approximately by 6000 people from OECD, CEE and EECCA countries. A major effort is underway to ensure that the results of the Task Force's EECCA sub-programme are available in an accessible, user-friendly form.

9. The work of the EAP Task Force's EECCA sub-programme is supported by the secretariat in OECD's Environment Directorate, Non-Member Countries Division. At the end of 2002, 20 people were working full- or part-time on Task Force work. Of these, 14 originate from the EECCA region, from central Europe or are fluent Russian speakers.

10. The staff and activities of the OECD/EAP Task Force secretariat are largely supported by voluntary contributions from OECD members. Following the Almaty ministerial meeting, the Task Force agreed to aim to double its budget. This target was very nearly achieved and the annual budget of the Task Force in the period 2001- (June) 2003 has been about EURO 2 million. Raising this amount has entailed

significant transaction costs in the form of fund-raising, budget management and reporting, as well as some financial uncertainty for staff members. The major donors have been: EC - 21%; Denmark - 22%; other donors have included: the Netherlands – 11%; Norway – 11%; UK – 10%; Germany – 8% and Switzerland – 6%. Austria, Czech Republic, Finland, Poland and Sweden have also provided financial and/or in-kind support. The USA has seconded a short-term expert to work in the Secretariat. More detailed information on the donor contributions is provided in the document CCNM/ENV/EAP(2003)20.

11. Any assessment of the EAP Task Force EECCA sub-programme should be set in the context of the overall pace and direction of reform in the countries of the region. The challenges and obstacles to environmental reform have been comprehensively documented in the various Task Force reports and in the draft East/West Environmental Partnership: Environment Strategy; they will not be repeated here. Suffice to say that the obstacles are significant, they vary substantially among the countries of the region and they hinder implementation of donor and IFI projects. Moreover there are no equivalent drivers of environmental reform such as those in countries acceding to the EU or for those countries participating in the Regional Environmental Reconstruction Programme for South-East Europe; in these groups of countries there is strong political and financial support for environmental improvement.

12. Confronted with this situation the EAP Task Force decided to take a long-term perspective. Task Force members considered that it may not be possible to witness a decisive shift in environmental management practices for perhaps a decade. Thus the results achieved by the Task Force should be assessed in terms of the contribution they make to this long-term process of policy and institutional reform and capacity building. Second, the Task Force agreed that the most effective way that it could support the process of environmental improvement in EECCA countries was by complementing its traditional analytical and networking activities by implementing demonstration projects. This has involved working closely with donor programmes that have the resources to implement often costly projects “on the ground” through their own bilateral programmes, in ways that support the goals of the Task Force’s work programme. Working in this way has extended the reach of the Task Force EECCA sub-programme and amplified the impact of donor activities in EECCA countries. Denmark, EC, Germany and UK have provided important support for such activities. More could have been achieved if other donors had been prepared to work in this way.

Outputs and Results

13. When delegates reviewed implementation of the Task Force’s EECCA sub-programme at the October 2001 meeting, they judged that the programme was “taking root”, that EECCA country representatives were taking ownership of the programme and that the various activities were providing practical support for policy reform and decision-making.

14. In the area of **environmental finance**, significant progress has been made in fostering dialogue and co-operation between Economics/Finance and Environment Ministries, and in extending work to the municipal level where most environmentally-related investments take place. A methodology for preparing finance strategies has been developed through a number of demonstration projects in EECCA countries. Work on these strategies is supporting a more realistic consideration of options that take account of affordability constraints. In some countries, the work is beginning to guide the allocation of financial resources and to identify the critical policy changes that need to be made in order to achieve environmental objectives more efficiently and effectively. The information bases and human capacities needed to support the development and updating of such strategies on a sustainable basis are also being strengthened.

15. Demonstration projects in Russia and the Ukraine are nearly complete and will enable work to be finalised on a tool to support environmentally related investment planning in municipalities. The development of more realistic finance strategies at the national and regional level, the preparation of investment plans grounded in municipal budgetary processes, and the development of the associated capacities will provide a better basis for co-operation among EECCA countries, donors and IFIs - including through the Project Preparation Committee - to support priority investments. A report analysing trends in domestic and externally-supported environmental finance has been prepared. It suggests that there are opportunities on both sides to mobilise additional resources and to target them on priority investments.

16. A set of Good Practices has been developed to better integrate public finance and environmental policies. The Good Practices have been used to review several environmental funds and the recommendations to improve the management of the project cycle within these institutions are being implemented. In this connection, a Handbook is under preparation that will provide specific guidance on these issues to staff in funds and to managers of public environmental expenditure programmes.

17. A pilot project is currently being developed in co-operation with the Georgian authorities to examine the feasibility of debt for environment swaps with creditors in the Paris Club. A paper has been prepared that presents possible options for managing a debt swap in Georgia. Although the amounts involved are not large by absolute standards, they are significant relative to current levels of environmental expenditure. There is a growing interest in some other EECCA countries to develop similar initiatives.

18. An important objective of work on the urban water sector is to establish a better, more quantitative basis for monitoring the performance of water utilities. A set of indicators, developed on the basis of earlier World Bank work, has been prepared for about 200 utilities in Moldova, Russia and Ukraine. This also involved training about 400 experts. The indicators are providing a useful means of benchmarking utility performance and for supporting the development of sector reform strategies. In addition, guides have been developed to support implementation of recommendations made by Ministers at the Almaty meeting, taking account of the specific conditions in the EECCA region. In particular Guides have been developed, with active EECCA participation, for the inter-related issues of tariff reform and for consumer protection and public participation in urban water sector reform.

19. A major issue in relation to achieving the targets for water supply and sanitation established at the World Summit on Sustainable Development concerns the possible role of the private sector. This issue generated a heated debate at the Almaty Conference. A study is now being concluded on related experience in central Europe and its implications for the EECCA region. In addition, a structured dialogue with private sector operators active in the region on opportunities and obstacles to greater private sector involvement in the EECCA region has been launched with the World Bank.

20. The main focus of work in the area of environmental policy reform has been enforcement and compliance. Following strong demand from participants in the NISECEN network, Guiding Principles for Environmental Enforcement Authorities in Transition Economies in EECCA have been prepared. Their preparation involved an extensive consultative process; the consensus they reflect provides a firm foundation for future work. The Review of Compliance and Enforcement Practices in the EECCA region, provides a baseline for assessing progress in implementing the Guiding Principles. In addition, several tools have been developed that will support the implementation of the Guiding Principles and they are beginning to be applied in some EECCA countries: a toolkit on inspection criteria and procedures; recommendations to improve permitting procedures; analysis and recommendations for applying compliance promotion tools in EECCA as well as an English-Russian glossary of key enforcement and compliance terms. These activities have been accompanied by a number of donor projects which supported reform of enforcement and compliance systems in individual EECCA countries.

21. Other work on environmental policy reform has focussed on policy instruments. A new framework has been developed that aims to strengthen synergies and coherence among environmental policy instruments. Several demonstration projects have been implemented using this framework and focussing on reform of standards, permitting, economic instruments, enforcement or compliance promotion. In addition, discussions with environmental policy makers from EECCA countries has revealed a clear direction for future work: convergence of environmental policy instruments used in EECCA with those in EU environmental Directives. Several priority Directives have been identified and work is underway to develop a work plan to implement such a project.

22. Following a request from Ministers at the 1998 Aarhus Conference, a report reviewing implementation in EECCA countries of the Aarhus Policy Statement on Environmental Management in Enterprises has been prepared. Promoting more effective environmental management in enterprises will be essential in order to sustain environmental improvements, especially as economic growth returns to the region. To date progress in this area is limited and the report recommends measures that should be taken.

23. Finally the results of the Task Force's EECCA sub-programme have contributed to the elaboration of the Environmental Partnership in the UN ECE region: an Environmental Strategy for the EECCA region. Background papers have been prepared in each of the Task Force's main areas of work: environmental finance; urban water sector reform; and environmental policy reform.

PROGRESS IN IMPLEMENTING THE EAP TASK FORCE SUB-PROGRAMME FOR EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA (EECCA), 2000-2003

Work Programme Area 1: STRENGTHENING ENVIRONMENTAL POLICIES IN EECCA				
Project 1.1: Development of Second Generation NEAPs				
Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
1.1.1. Methodology and Analytical Work for NEAP-2 <i>Krzysztof Michalak/ Konrad von Ritter (World Bank)</i>	<ul style="list-style-type: none"> • Concept paper and ToR for developing Second Generation NEAPs. 		Denmark	Project terminated due to lack of donor support.
1.1.2. Pilot Demonstration Projects <i>Krzysztof Michalak/ Konrad von Ritter (World Bank)</i>	<ul style="list-style-type: none"> • A Concept Paper for developing Second Generation NEAP in Ukraine and Terms of Reference for donor support. 	<ul style="list-style-type: none"> • Armenia, Georgia, Kazakhstan, Moldova, Uzbekistan and Ukraine have expressed interest to develop second generation NEAPs. 	EC/Tacis Interstate Project on NEAPs provided limited support for this project in Ukraine. Three stakeholder workshops were held in 2002 and 2003 to discuss the project. Funds are still sought to start the policy analysis and develop the NEAP.	

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
Project 1.2: Capacity for Better Integration of Environmental and Economic Policies: Valuing Environmental Benefits				
1.2.1. Strengthening environmental and economic decision-making through the application of cost-benefit analysis and other valuation techniques <i>Krzysztof Michalak</i> <i>Konrad von Ritter (World Bank)</i>	<ul style="list-style-type: none"> Study of tools for calculating and attributing damage from air and water pollution in Russia. 		Denmark, World Bank	The development of a methodology on the basis of the initial study has not been carried out due to lack of financial support from donors.
Task 1.2.2. Capacity building <i>Krzysztof Michalak,</i> <i>Grzegorz Peszko,</i> <i>Konrad von Ritter (World Bank)</i>	<ul style="list-style-type: none"> Workshop on Capacity Building for Economic Valuation and a Seminar for Decision-Makers for the Caspian Sea countries, 17-28 September 2001; Economic valuation of protected areas carried out in the context of Kolkhety Park (Georgia); Regional Valuation Workshop on Air Pollution, 23 October - 6 November, 2001, Moscow, Russia. 	<ul style="list-style-type: none"> Capacity of EECCA experts and officials to apply economic valuation techniques in the context of the Caspian Sea Programme enhanced. 	The Caspian Sea Programme provided support for the workshop on Economic Valuation for the Caspian Sea riparian countries; Finland provided funds for the 2 nd Regional Valuation Workshop on Air Pollution.	Capacity building activities have been led by the World Bank and the World Bank Institute.

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
Project 1.3: Packages of Environmental Policy Instruments for Achieving Environmental Priority Targets				
<p>1.3.1 Approaches and Methods for Designing Policy Packages</p> <p><i>Eugene Mazur</i></p>	<ul style="list-style-type: none"> • Report “Developing Effective Packages of Environmental Policy Instruments in the NIS: Experience and Directions for Reform”; • Manual on Policy Packing developed jointly by the Secretariat and EC/Tacis NEAP II project; • EECCA Regional Workshop “Advancing Coherent reforms of Environmental Policy Instruments: Experience and Roadmap for the Future,” Paris, 3-4 December, 2002; • EAP Task Force/Tacis Regional Workshop on Policy Packages in EECCA (Moscow, 24-25 March 2003); • Expert meeting “Improving the Linkages between New and Existing Pollution Source Regulation in the EECCA” (Moscow, 11 April 2003); • Report on “Linkages between Environmental Impact Assessment and Environmental Permitting in the Context of the Regulatory Reform in the EECCA Countries” . 	<ul style="list-style-type: none"> • Commitment generated among EECCA experts and officials for consistent reform efforts in the framework of the policy packages approach; • Identification and agreement on key EU environmental Directives that could serve as benchmarks for reform of fundamental regulatory instruments. 	<p>Denmark EC DG Env. Germany Sweden UK DEFRA EC TACIS Switzerland</p>	<p>This activity benefited from analysis and exchange of experience among EECCA representatives, as well as analysis of the experience in EU and Accession Countries.</p> <p>The “Policy Packages” report provided a new framework for increasing the effectiveness of environmental policy instruments by strengthening the linkages and exploiting synergies between them (including standards, permitting, monitoring, enforcement and compliance promotion).</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>1.3.2. Pilot Demonstration Projects</p> <p><i>Eugene Mazur</i></p>	<ul style="list-style-type: none"> Final report “Streamlining the Use of Economic Instruments of Environmental Policy in the Rostov Oblast, Russia” ; Regional Review Report on the Use of Economic Instruments including recommendations for further reform; Two stakeholder consultation workshops in Rostov-on-Don, Russia: November 2001 and March 2002; Participation in national-level events under the EC/Tacis project in Moldova and Ukraine. 	<ul style="list-style-type: none"> Rostov authorities adopted proposals to improve collection and disbursement of revenues from pollution charges and water abstraction fees and to reform the environmental liability and insurance systems in Rostov; The policy packages concept provided a framework for reforming key policy instruments in Azerbaijan, Belarus, Georgia, Moldova, Ukraine, Uzbekistan. 	<p>Germany Sweden UK DEFRA EC TACIS</p>	<p>The EAP TF Secretariat provided substantive assistance to the EURO 3 M EC/Tacis Project “Support for the Implementation of Env. Policies and NEAPS in the NIS”. The project provided support for the reform of policy instruments in several EECCA countries, including:</p> <ul style="list-style-type: none"> -Institutional and regulatory reform for implementing env. policy in Azerbaijan; - reform of legal and institutional framework for water quality and quantity management in Belarus and Kyrgyzstan; -reform of environmental taxation and related instruments in Georgia and Turkmenistan; -reform of water classification and standards in Moldova, Ukraine, and Uzbekistan.
Project 1.4: Environmental Compliance and Enforcement in the NIS				
<p>1.4.1. Support for, and monitoring progress in, institutional reform in the NIS</p> <p><i>Angela Bularga, Krzysztof Michalak</i></p>	<ul style="list-style-type: none"> Guiding Principles for Reform of Environmental Enforcement Authorities in transition economies of EECCA; Review of Environmental Enforcement Systems in the EECCA region, based on 12 National Reports; 3rd Annual NISECEN Meeting, 17-19 Sept. 2001, St. Petersburg, Russia; Report “Assessment of Environmental Inspection and Permitting in Georgia”; Several national and regional workshops. 	<ul style="list-style-type: none"> Strong consensus achieved on a strategy for strengthening environmental enforcement agencies (the Guiding Principles); EECCA officials and experts expressed a strong commitment to bring the Guiding Principles for endorsement by Ministers at the Kiev 2003 conference; The Guiding Principles provided a framework for launching reform of policies, institutional arrangements and operations of Environmental Enforcement Agencies in Belarus, Georgia, Kazakhstan and Moldova. 	<p>The Netherlands Sweden United Kingdom (in-kind) United States</p> <p>seconded an official to help draft the Guiding Principles.</p>	<p>Activities in this area are overseen by the NIS Environmental Compliance and Enforcement Network (NISECEN). The Network has focal points in environmental inspectorates, involvement of representatives of industry and the public, as well as experts from OECD and CEE countries.</p> <p>A baseline has been established to monitor future progress in implementing the Guiding Principles.</p> <p>The Secretariat co-operated with the World Bank IDF grants supported projects in Belarus and Moldova which focus on improving inspection procedures and compliance monitoring systems.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>1.4.2. Development of Environmental Permitting</p> <p><i>Angela Bularga</i></p>	<ul style="list-style-type: none"> • Review of Environmental Permitting Systems in the EECCA Region; • An electronic Reference Book on Environmental Permitting; • 2nd NISECEN Meeting, Baku, Azerbaijan, December 2000 dedicated to permitting; • Expert Meetings on Environmental Permitting (December 2000 and December 2001; Paris, France); • Training and Workshop on Integrated Environmental Permitting in the EECCA organised in co-operation with EC/Tacis NEAP-2 Project, September 2002, St Petersburg, Russia; • Workshop to discuss industry's opinion on current permitting practices and compliance with permit requirements, 16 August 2002, Tbilisi, Georgia; • Russian translation of the 2 volume OECD publication "Environmental Requirements for Industrial Permitting in OECD Countries". 	<ul style="list-style-type: none"> • Based on the review, reform of environmental permitting systems is underway in Armenia, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation and Ukraine; • EECCA countries expressed a strong interest to work towards applying integrated permitting, based on best practices in the EU and CEE countries. 	<p>Germany</p> <p>Sweden</p> <p>The Netherlands</p> <p>EC DG Env.</p>	<p>EC/Tacis NEAP II Project supported reform of permitting systems in Armenia, Kyrgyzstan and Ukraine. EAP Task Force Secretariat provided support.</p> <p>The Task Force Secretariat also provided assistance to the EC/Life Project on BAT-based regulation in North-West Russia.</p> <p>The World Bank plans to launch a project on environmental permitting in Ukraine</p>
<p>1.4.3. Optimising Inspection Criteria and Procedures</p> <p><i>Angela Bularga</i></p>	<ul style="list-style-type: none"> • Environmental Inspection Toolkit (Inspection Criteria and Procedures); • Expert Meeting on Inspection Criteria and Procedures, June 2002, Ventspils, Latvia; • Training session on Inspection Criteria and Procedure in the Caucasus Region (Tbilisi, June 2003). 	<ul style="list-style-type: none"> • Development of specific inspection manuals in EECCA. 	<p>The Netherlands</p> <p>EC DG Env.</p>	<p>Two Inspection Manuals have been developed for Moldova and Belarus within World Bank projects.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>1.4.4. Professional Training <i>Angela Bularga</i></p>	<ul style="list-style-type: none"> • Russian-English Glossary of Environmental Compliance and Enforcement Terms; • Assessment of training needs in EECCA countries; • ToR for training programmes in selected EECCA sub-regions submitted to donors; • 8 EECCA experts participated in a Study Tour to the Regional Inspectorate in Ventspils, Latvia (June 2002); • 19 EECCA experts participated in a Study Tour to the Polish Environmental Inspectorate (Warsaw, Poznan, Plock, 17-22 November 2002); • Two-day workshop on inspectorate management issues and inspection prioritisation for 19 EECCA experts (Warsaw, Poland, 22-24 November 2002). 	<ul style="list-style-type: none"> • Better understanding of key environmental compliance and enforcement terms developing that is underpinning dialogue and cooperation with partners, including donors; • Increased knowledge of the operations of other environmental inspectorates stimulated application of new tools and solutions in the EECCA countries. 	<p>The Netherlands EC DG Env.</p>	<p>Russian-English Glossary is currently being also translated into Georgian.</p> <p>An agreement was reached with the Polish Environmental Inspectorate to launch a Web-site in Russian with information about enforcement/compliance legislation, procedures, and case studies in Poland.</p> <p>Discussions under way with the NRECs on organising joint training activities for better enforcement.</p>
<p>1.4.5. Improving communication with the regulated community <i>Angela Bularga, Krzysztof Michalak</i></p>	<ul style="list-style-type: none"> • Working Paper on Compliance Promotion in OECD and EECCA countries; • Case studies on the use of compliance promotion instruments in the CEE, EECCA and OECD countries; • 4th annual NISECEN meeting, 7-9 October 2002, Almaty, Kazakhstan dedicated to compliance promotion; <p>A pilot project in Georgia on application of information disclosure and performance rating system initiated.</p>	<ul style="list-style-type: none"> • Greater awareness in EECCA inspectorates of the need for, and means of promoting, compliance as a complement to punitive enforcement; • Commitment of individual EECCA generated to apply modern, effective compliance promotion tools; • Dialogue between the regulators and industry fostered in Kazakhstan on mechanisms for promoting compliance with environmental regulations. 	<p>The Netherlands Sweden</p>	<p>This activity was launched only in the fall of 2002 due to late arrival of donor support. Some of the originally envisaged tasks (especially dissemination of the Working Paper on Compliance Promotion and the creation of the NGO Compliance Promotion Network) have not been implemented due to time constraints.</p> <p>ToR for a compliance promotion strategy to be developed in Uzbekistan within the World Bank IDF project.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>1.4.6. Regional and International Visibility</p> <p><i>Angela Bularga,</i> <i>Krzysztof Michalak</i></p>	<ul style="list-style-type: none"> Papers and presentations on enforcement and compliance in EECCA included in the proceedings of the INECE conference in Costa-Rica and the EU Conference in Seville; Reference to the NISECEN in the INECE Strategic Implementation Plan 2002-2005. 	<ul style="list-style-type: none"> Engagement of the EECCA experts in world-wide discussions on enforcement and compliance through INECE, IMPEL, BERCEN; Awareness raised at international forums on the problems and the needs of the EECCA countries which resulted with generation of assistance activities to the region; Application of new tools based on experience in other regions of the world. 	<p>The Netherlands Sweden Switzerland</p>	<p>NISECEN Secretariat was invited to take part in carrying a regional pilot project for INECE on enforcement indicators as well as to take part in the revision of the USEPA Principles for Enforcement and Compliance.</p> <p>5 EECCA experts took part in the global INECE conference in Costa Rica.</p>
<p>1.4.7. Information and management support</p> <p><i>Angela Bularga</i></p>	<ul style="list-style-type: none"> Directory of the NISECEN Members and Partners; NISECEN leaflet and web-site; Articles (every quarter) in the INECE newsletter (1000 readers around the world); A variety of seminars, meetings and other events in Armenia, Belarus, Georgia, Moldova, Russian Federation. 	<ul style="list-style-type: none"> Direct contacts and communication channels established among NISECEN Members and between EECCA and OECD/CEE countries; contact information from about 1000 organisations involved in enforcement and compliance promotion within the EECCA region. 	<p>The Netherlands Sweden EC DG Env.</p>	<p>Information gathering and analysis for the products developed within the NISECEN were supported by a regional co-ordinator based in Moldova supported by the World Bank IDF grant.</p>

Project 1.5: Review of Implementation of the Aarhus Policy Statement on Environmental Management in Enterprises (EMEs)				
Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>1.5.1. Assessment of the state of implementation of the Aarhus Policy Statement on Environmental Management in Enterprises in the NIS</p> <p><i>Peter Borkey</i></p>	<ul style="list-style-type: none"> • Assessment Report of the State of Implementation of the Aarhus Policy Statement on Environmental Management in Enterprises in the EECCA; • Working Paper on Compliance Promotion in OECD and EECCA countries (see also task 1.4.5); • Survey of existing activities for the promotion of environmental management in enterprises in the NIS; • Meeting of the EME Network devoted to the policies to support EME in the EECCA, November, 2000, Baku, Azerbaijan; • Expert Discussion on the Draft EME Report, 7 October, 2002, Almaty, Kazakhstan; • 4th annual NISECEN meeting dedicated to the issue of compliance promotion, 7-9 October 2002, Almaty, Kazakhstan; • Regular meetings of the Aarhus Business and Environment Initiative (ABEI). 	<ul style="list-style-type: none"> • Better understanding and commitment to address the obstacles to and use the opportunities for, promoting better environmental management in enterprises; • Engagement of the private sector in the discussion on enlarging investment in urban water infrastructure and promoting compliance in EECCA. • Launching an open and sustainable dialogue between industrial and environmental experts on policy tools and approaches for promoting compliance with environmental requirements in industry. 	<p>Germany EC TACIS</p>	<p>The dialogue with the private sector was carried out within the Aarhus Business and Environment Initiative (ABEI) and the NIS Environmental Compliance and Enforcement Network (NISECEN - see also activity 1.4).</p> <p>Findings from this work helped various donors and EECCA countries develop assistance programmes for EME.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>1.5.2. Assisting donors in designing technical co-operation projects promoting env. management in enterprises in the NIS</p> <p><i>Peter Borkey</i></p>	<ul style="list-style-type: none"> • Technical co-operation projects launched in Moldova, Georgia, Kazakhstan, Ukraine and Russia by the EC/Tacis programme. 	<ul style="list-style-type: none"> • Three demonstration projects on promoting Environmental Management in Enterprises in the EECCA launched in Georgia, Moldova, Kazakhstan, Ukraine and the Russian Federation; • Awareness raised and increased support from donors to support implementation of EMSs in technical assistance projects in EECCA. 	<p>Germany</p>	<p>EAP Task Force has supported the development of ToRs and other project documents in:</p> <p>1.5 M Euro EC/TACIS Interstate Programme on promoting environmental management in enterprises launched for Moldova, Georgia and Kazakhstan;</p> <p>2M Euro EC/TACIS project on Environmental Management Standards for Enterprises in Ukraine;</p> <p>1,5M Euro EC/TACIS project on environmental requirements for industrial activities in the Russian Federation.</p>

Work Programme Area 2: STRENGTHENING ENVIRONMENTAL FINANCE IN THE NIS

Project 2.1: Environmental Finance Strategies

Sub-Project 2.1.1. Environmental Expenditure Data Collection System

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>2.1.1.1. Implementing a system for regular collection of environmental expenditure data in Georgia <i>Carla Bertuzzi</i></p>	<ul style="list-style-type: none"> Review and recommendations for reform of environmental expenditure data collection; Training for 30 officials of Statistical Dep. and MoE in Georgia, August 2002; Annual data publication by the Georgian Statistical Office in early 2003; Follow-up analysis of main findings to be completed by early 2003; Guidelines to adjust Georgian environmental expenditure data to the OECD/EUROSTAT framework; Concepts for similar projects in Ukraine and Kyrgyz Republic prepared for fundraising purposes. Projects expected to commence in second/third quarter 2003 	<ul style="list-style-type: none"> A new framework for the collection of environmental expenditure data, based on the OECD/Eurostat methodology, introduced in the Georgian State statistical programme for 2001-2005. Proposed reporting forms were officially adopted by the Department of Statistics in January 2002; The Georgian information systems and staff are able to compile, control and disseminate internationally comparable environmental expenditure statistics on a regular basis; Kyrgyz Republic, Moldova and Ukraine requested assistance in implementing similar environmental expenditure data collection system compatible with OECD/Eurostat standards. 	Denmark	<p>Preparation of the first review involved surveying 700 enterprises and interviews with national government departments. Funding for similar projects in Ukraine secured in April 2003 (EU TACIS) Funding for similar projects in Kyrgyz Republic secured in March 2003 (Norway)</p>
<p>2.1.1.2. Expenditure studies on national/regional level <i>Carla Bertuzzi</i></p>	<ul style="list-style-type: none"> Peer review of the Public Environmental Expenditure Review of Ukraine conducted by the World Bank; Additional country-specific analyses have been merged with task 2.3.1 due to the lack of funding. 		Denmark	<p>The Task Force Secretariat has co-operation with the World Bank on the development of the methodology for country Public Environmental Expenditure Reviews. These contribute to Country Environmental Analysis (CEA) conducted by the World Bank.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
2.1.1.3. Analytical report on non-monetary transactions in env.expenditure management <i>Nelly Petkova</i>	<ul style="list-style-type: none"> Activities on the Task 2.1.1.3 were cancelled due to the lack of funding. 			
Sub-Project 2.1.2. National/Regional Finance Strategies				
2.1.2.1. Improving user-friendliness and cost functions of the FEASIBLE model for Financing Strategies <i>Grzegorz Peszko</i>	<ul style="list-style-type: none"> Final, ready-to-use version of FEASIBLE-2 prepared for and presented at the Kyiv Conference. 	<ul style="list-style-type: none"> FEASIBLE methodology of financial and investment planning becomes the standard in several EECCA countries for the strategic use of government's scarce resources to ensure effective and realistic financing of water, wastewater and solid waste infrastructure. 	Denmark Austria	FEASIBLE is a computer-based model that: estimates the costs of country or regional environmental goals; compares the costs with available sources of finance; and helps to identify options for how any resulting finance gap could be closed. The model was originally developed for the urban water sector, and is currently being extended to the solid waste management sector. In 1998, FS for the urban water sector were prepared in Georgia, Moldova, Kazakhstan and Russia (Novgorod).

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>2.1.2.2. Extending FS to more sectors (municipal solid waste and urban air quality) - Yaroslavl and Novgorod regions of Russia</p> <p><i>Grzegorz Peszko</i></p>	<ul style="list-style-type: none"> • Solid waste module incorporated into the working version of FEASIBLE2 in October 2002; • Solid waste module tested in the Novgorod, Rostov and Yaroslavl regions in the Russian Federation; • Final report on the Financing Strategy for the Solid Waste Management Sector in the Novgorod Region and three priority investment project ideas; • Draft final report on the Financing Strategies for the Solid Waste Management Sector in the Yaroslavl Region submitted in April 2003 (within TACIS NEAP-2 project); • Report on the financing strategies for the Solid Waste Management Sector in the Rostov Region expected in the second quarter of 2003 (within TACIS NEAP-2 project). 	<ul style="list-style-type: none"> • The FS analysis has supported the revision of existing municipal waste management plans and checked their financial viability; • In the Yaroslavl region, results of a scenario analysis were used to identify waste management development options. The Financing Strategy analysis found that the waste management systems in the large cities of the Yaroslavl region already generate financial surplus even at current, affordable level of tariffs, and thus could support private sector participation; • In the Novgorod region, the analysis facilitated the substantial revision of regional waste management plans and identified options for consolidation of the planned landfills and waste processing facilities to reduce costs. The analysis has also identified a package of policies that can reduce the demand for landfills and identified three priority capital investment projects, all involving inter-municipal co-operation. Co-financing of these inter-municipality projects from Oblast and local budgets is envisaged in 2003-2004. 	<p>Denmark Germany</p> <p>Yaroslavl task carried out in co-operation with the TACIS NEAP2 project.</p> <p>Novgorod task financed by Denmark.</p>	<p>Funding sought to develop an urban air module and incorporate it into FEASIBLE. This would provide a comprehensive tool for developing finance strategies by NIS environment ministries.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>2.1.2.3. Conducting background analyses for financing strategies in more countries and regions in the NIS (Ukraine, Rostov region in Russia and Armenia)</p> <p><i>Grzegorz Peszko</i></p>	<ul style="list-style-type: none"> • Workshop on the Financing Strategy for the Urban Water and Waste sectors in the Rostov region, autumn 2002, and December 2002. Draft final Report of the Rostov Water FS submitted in April 2003 (within TACIS NEAP-2 project); • The Financing Strategy for the Urban Wastewater Collection and Treatment Infrastructure in Armenia was launched through a kick-off seminar, held in October 2002. First phase (baseline) scenario of the Strategy developed and submitted to the Steering Committee. A workshop to discuss the results of the baseline scenario held on 7 May 2003; • A national workshop on the Financing Strategy for the Urban Water Sector in Ukraine conducted in October 2002. Final report submitted in January 2003; • Final report for the Financing Strategy for the Water Sector in the Eastern Kazakhstan region submitted in May 2003 (within TACIS NEAP-2 project); • Final report on the Financing Strategy for the Water Sector in the Yaroslavl region due in the second quarter of 2003 (within TACIS NEAP-2 project). 	<ul style="list-style-type: none"> • In the Rostov region, the Regional Environmental Committee began using the Financing Strategy to strengthen its negotiating position in the bargaining with the Regional Finance Administration over annual budget. Using the FEASIBLE model, the Regional Administration estimated the associated costs and argued for cooperation between local governments in developing regional, cost-effective solutions; • In Armenia, the Government has decided that the Ministry of Economy and Finance will head the Steering Group for the FS for wastewater collection and treatment. The Government wants to use the FS to develop a new investment program in wastewater collection and treatment to complement the existing water supply strategy; • In Ukraine, the FS approach has been used to strengthen the wider Water Sector Strategy of the Government, thus becoming an essential part of a comprehensive water sector planning. 	<p>Rostov task carried out in co-operation with the TACIS NEAP2 project.</p> <p>Armenia project financed by Germany.</p> <p>Ukraine task financed by Denmark.</p>	<p>World Bank expressed interest to co-operate on Armenia, Ukraine and Kazakhstan EFS.</p> <p>The Secretariat is also working with the EC/TACIS NEAP 2 project on a financing strategy for the water sector in the Eastern Kazakhstan region. The World Bank is interested to use the strategy for project development purposes.</p> <p>Funds for the preparation of the second phase scenario analysis for the Armenian Water Sector Financing Strategy secured through savings in the EAP Task Force Secretariat core budget.</p>

<p>2.1.2.4. Regional dissemination and capacity building in financing strategies</p> <p><i>Grzegorz Peszko</i></p>	<ul style="list-style-type: none"> • Publication “Financing Strategies for Water and Environmental Infrastructure” – published in April 2003; • Training of FEASIBLE model users from Russia, Ukraine incorporated into the country/region studies, organised in the second half of 2002 and financially supported by the TACIS NEAP2 project. 	<ul style="list-style-type: none"> • There is a critical mass of experts in EECCA who can conduct an independent FS analysis; some have participated in training experts in other EECCA countries; • The Environmental Financing Strategy approach is increasingly used as a standard for financial planning in environmental infrastructure sectors at a national/regional level. • Side event mainly on financing strategies organized on 19th May at the Kyiv Ministerial Conference 	<p>Denmark Germany Austria EC DG Env.</p>	
---	--	---	---	--

Sub-Project 2.1.3. Financial Planning for Urban Environmental Infrastructure				
Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
2.1.3.2. Pilot demonstration projects for multi-year investment planning (MYIP) – Ekaterinburg, Russia and Lutsk, Ukraine <i>Dariusz Smialkowski</i>	<ul style="list-style-type: none"> • Multiyear (4-6) Investment Programs (MYIP), with prioritised projects and potential sources of finance identified in two pilot cities: Ekaterinburg (Russia) and Lutsk (Ukraine) in the first half of 2003; • First draft of the Multi-Year Investment Planning in the City of Lutsk, Ukraine developed in December 2002; draft final report submitted in April 2003 • Consultants’ Inception report: Pilot Development of Multi-Year Investment Plan for Infrastructure in Ekaterinburg, Russia submitted at the end of 2002. 	<ul style="list-style-type: none"> • Investment plan for Lutsk to be presented for adoption as a local law. 	UK DFID – Ekaterinburg Denmark - Lutsk	The demonstration projects, toolkit and users’ manual (see below) provide a strong basis for disseminating and replicating the methodology for developing multi-year investment programmes.
2.1.3.3. Development of a toolkit for municipal environmental infrastructure planning <i>Dariusz Smialkowski</i>	<ul style="list-style-type: none"> • Final version of toolkit software – second quarter of 2003; • Handbook on municipal investment planning due in June 2003. 	Tbd	Denmark Norway	The demonstration projects have been developed so as to facilitate the development of a toolkit for investment planning adopted to the situation in cities in the EECCA region. Experience from CEEC cities has provided an important input to this work.
2.1.3.4. Regional training, dissemination of toolkit and capacity-building <i>Dariusz Smialkowski</i>	<ul style="list-style-type: none"> • Regional dissemination meeting in Lviv, Ukraine on municipal budgeting and long-term investment planning – 19-20 March 2003; • Regional training for EECCA experts in best practices and capacity building for municipal associations in Moscow - June 2003. 	<ul style="list-style-type: none"> • After the meeting, several medium-size mono-functional Ukrainian cities requested assistance in developing tools for municipal financial management and investment planning similar to those developed for Lutsk. 	EC TACIS Norway Denmark Germany	

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
Project 2.2: Environmental Finance Mechanisms				
Sub-Project 2.2.1. Integrating Environmental Finance into Public Finance: Good Practices in Public Environmental Expenditure Management				
2.2.1.1. Building consensus on principles of integration of environmental and public finance; preparing policy report to the Kiev Conference <i>Grzegorz Peszko</i>	<ul style="list-style-type: none"> • Good Practices of Public Environmental Expenditure Management (PEEM) in Transition Economies were endorsed by the Environmental Financing network meeting in July 2002 and by the EAP TF meeting in Tbilisi in February 2003. Specific comments received and incorporated afterwards; • Discussions with the World Bank on joint promotion took place in January 2003; • Revised draft submitted to the Kyiv Ministerial conference. 	<ul style="list-style-type: none"> • Good Practices of Public Environmental Expenditure Management in Transition Economies has become a widely used framework for evaluating performance of public environmental expenditure programs, including, but not necessarily limited to, Environmental Funds (see below); • Growing recognition that the more efficient use of existing public funds has been considered as important as mobilising additional funds; • The Good Practices reflect a consensus among representatives from Finance, Economic and Environmental Ministries. • Good practices of PEEM endorsed in draft Ministerial declaration of the Kyiv Ministerial Conference 	Denmark UK DEFRA	<p>The World Bank contributed substantially to this work and expressed interest in using it to conduct Public Environmental Expenditure Reviews.</p> <p>The Good Practices update the St. Petersburg Guidelines on Environmental Funds that were developed in earlier Task Force work.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
Sub-Project 2.2.2. Strengthening Environmental Finance Mechanisms				
2.2.2.1(a). Institutional support to managing debt-for-environment swap in Georgia <i>Grzegorz Peszko</i>	<ul style="list-style-type: none"> • Pre-feasibility study for managing debt-for-nature/environment (DFES) swaps expenditures provides the Georgian Government with a framework for developing a negotiation strategy for mutually-acceptable swaps with selected Paris Club creditors; • International seminar on DFES organised by Georgian Ministry of Environment in co-operation with Ministry of Finance, back-to-back with the EAP TF meeting in February 2003; • Revised pre-feasibility study prepared for the Kyiv Ministerial conference; • Assessment of project pipelines opportunities for DFES in Georgia due in third quarter 2003; • ToR for pre-feasibility study of DFES in Kyrgyz Republic prepared for the Kyiv Ministerial conference. 	<ul style="list-style-type: none"> • This project has been developed with the active involvement of the Ministries of Environment and Finance in Georgia; • Other EECCA countries (Armenia, Kyrgyz Republic, Moldova) have expressed interest in developing similar initiatives. • The pre-feasibility study for Georgia was used as a template for a similar project in Moldova implemented with UNDP assistance • Similar project in Kyrgyz Republic ready to be launched (with EU TACIS support) • A follow-up project commissioned by the EAP Task Force (with Dutch financial support) to identify and develop of list of potential eligible projects to be financed through the swapped resources in Georgia. 	The Netherlands	<p>UNDP provided support for work on DFES in Georgia;</p> <p>Assistance for developing a DFES proposal has been requested by the Minister of Ecology and Emergency Situations from the Kyrgyz Republic. Funding for demonstration project in Kyrgyz Republic obtained from TACIS in April 2003</p>
2.2.2.1(b). Institutional support to managing debt-for-environment swap in Ukraine <i>Grzegorz Peszko</i>	<ul style="list-style-type: none"> • Interviews with Paris Club and potential creditors conducted in co-operation with UNDP Kyiv and New York offices. 	<ul style="list-style-type: none"> ▪ The implementation of the project has been cancelled due to the fact that Ukraine was not found eligible for bilateral swaps. 	Denmark	<p>Further opportunities for debt for environment swaps could arise in the context of a regional approach to debt for environment swaps.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>2.2.2.2. Performance Review and institutional strengthening of the Moldovan National and the Chisinau Environmental Funds using the good practices of environmental expenditure management</p> <p><i>Nelly Petkova</i></p>	<ul style="list-style-type: none"> Review mission November 2001; Dissemination seminar with key Moldovan stakeholders, April 2002; Review report completed, English and Russian, July 2002. The report is being translated into Romanian; Discussions with Moldovan counterparts on further implementation of the Review recommendations. 	<ul style="list-style-type: none"> Approval of the review recommendations by the Ministry of Ecology, Construction and Territorial Development (MECTD) of Moldova and other stakeholders involved in the project; Following the recommendations of the review, some initial changes in the operations of the National Fund have been made: the Statute of the National Fund and budget planning process are being revised and; a new Law on product charges is prepared. 	<p>Denmark Germany</p>	<p>The Review report used by the MECTD in their discussion with international donors (UNDP, Denmark) to raise funds to implement some of the review recommendations. For example, the UNDP is considering a grant to the MECTD for a project, following-up on the reform measures proposed by the review process, including support for the National Fund Secretariat, improving data collection and the budgeting process.</p>
<p>2.2.2.3. Assistance in institutional reform and strengthening of environmental financing institutions in Russia / Ukraine at a local level</p> <p><i>Nelly Petkova</i></p>	<ul style="list-style-type: none"> Report on Capacity Screening of Regional Environmental Funds in Ukraine, in co-operation with Denmark; Training of the staff of three Ukrainian Regional Funds was provided by Polish expert from the National Fund for Environmental Protection and Water Management, April, 2002; Guidelines for Project Cycle Management for the Donetsk Regional Fund, prepared by Denmark with support from OECD/EAP Task Force Secretariat; Comments on the draft Decrees on the National Environmental Fund provided to the Ministry of Environment and Natural Resources of Ukraine. 	<ul style="list-style-type: none"> The project demonstrated in three Regional Funds in Ukraine, how operational procedures could be made more efficient and effective in supporting environmental projects; The draft Decree on the National Environmental Fund in Ukraine was adopted in light of comments provided and the Good Practices of Public Environmental Expenditure Management. 	<p>Denmark</p>	<p>The Task Force Secretariat also cooperated with USEPA on related work.</p> <p>Guidelines available for use in other funds.</p> <p>The Volgograd Oblast Administration (Russian Federation), in cooperation with Volgograd environmental NGOs, requested assistance in reviewing the performance of the Oblast Fund.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>2.2.2.4. Developing training packages and capacity-building by using practitioners from the best CEE Environmental Funds - (Handbook for Appraisal of Environmental Projects Financed by Public Funds)</p> <p><i>Nelly Petkova</i></p>	<ul style="list-style-type: none"> • Handbook for Appraisal of Environmental Projects Financed from Public Funds, April 2003; • Kick-off seminar for launching the project 26-27 September 2002, Vienna, Austria; • First draft of the Handbook prepared; • Second experts' workshop to discuss the structure and analytical focus of the first draft of the Handbook, held in Warsaw, Poland, 6-7 March 2003. 	Tbd	UK DEFRA Austria Denmark	The Handbook aims to provide domestic institutions managing public environmental expenditure in the CEE/NIS regions with practical guidance and tools for identification, appraisal, and financing of priority environmental investment projects. Managers of technical assistance programs could also find this Handbook useful in designing and implementing institutional strengthening and training projects.
<p>2.2.2.5. Annual NIS Environmental Finance Network meetings</p> <p><i>Nelly Petkova</i></p>	<ul style="list-style-type: none"> • 5th Meeting held 21-23 May 2001, Yerevan, Armenia. The new EAP TF Programme on Environmental Finance 2001-2003 presented and discussed at the meeting; • 6th Meeting held 8-10 July, Warsaw, Poland. Progress with the implementation of the 2001-2003 Work Programme presented to participants; • 7th meeting of the EECCA Finance Network, planned for the second half of 2003. 	<ul style="list-style-type: none"> • Strengthened dialogue and cooperation between Economic/Finance Ministries; • Development and increased application of various tools and best practices to strengthen public environmental expenditure management. 	Norway Austria Poland (in kind) The Czech Republic Norway	With six meetings so far, the Network is now a well-established and well-functioning mechanism. It provides a forum for facilitating dialogue and exchange of experience on good practices, technical guidance and practical tools. Representatives of Ministries of Economy/Finance now regularly participate in the Network meetings. Transfer of experience from CEECs is also an important dimension of this work.

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
Project 2.3: Financial Trends Report				
<p>2.3.1. Analysis of environmental finance flows to the NIS</p> <p><i>Ulrik Weuder</i></p>	<ul style="list-style-type: none"> • Draft report on environmental expenditures and international commitments prepared in January 2003; Revised final draft prepared for the Kyiv Ministerial Conference in May 2003 • Three national environmental expenditure case studies (Armenia, the Kyrgyz Republic and Moldova) conducted in 2002; • Policy and analytical report on Environmental Financing in EECCA countries, prepared in December 2002/January 2003 as a background paper for EECCA Environmental Strategy; • Short report on environmental finance in transition economies submitted to the Kyiv Ministerial Conference in May 2003. 	<ul style="list-style-type: none"> • Data collection and national case studies have highlighted problems in official environmental expenditure information. In the discussions on the initial findings throughout the process, the EECCA countries have: <ul style="list-style-type: none"> - Acknowledged the poor current state (quality, coverage and reliability) of the environmental expenditure data; - Acknowledged the need to strengthen the system in order to have credible, reliable information for policy-making; - Asked for assistance to establish new collection and data processing systems (Ukraine, Moldova and the Kyrgyz Republic). 	<p>Denmark Germany</p>	<p>This expenditure report is intended to provide a factual basis for a consideration of environmental finance trends in EECCA countries for the Kiev Ministerial Conference;</p> <p>The Final Report on Environmental Financing synthesises work in this area carried out since 1998. It provides detailed recommendations. An earlier version provided an input to the Environmental Partnership in UN ECE region: Environmental Strategy.</p>

Work Programme Area 3: SUPPORTING REFORM OF THE URBAN WATER SECTOR IN THE NIS

Project 3.1: Group of Senior Officials (GSO) with responsibility for the Urban Water Sector in EECCA

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>3.1.1. Building political support and Elaborating Practical Recommendations for the Implementation of the Almaty Guiding Principles</p> <p><i>Olga Savran</i> <i>Peter Borkey</i></p>	<ul style="list-style-type: none"> • First meeting of the Group, adoption of its Work Programme, election of the Co-Chairs, September 2001, Kiev, Ukraine; • Second meeting of the Group, December 2002, Paris, France. 	<ul style="list-style-type: none"> • Active involvement of EECCA representatives in identifying and developing tools that are needed to support reform of the urban water sector; • Strong commitment to apply the tools and recommendations developed so far. 	<p>Norway Germany Switzerland EC DG Env. Austria</p>	<p>The Group of Senior Officials was established to implement the recommendations adopted at the Almaty Ministerial Meeting, October 2000. It brings together officials responsible for the urban water sector, which includes but is not limited to Environmental Ministries. Participation is at a high-level, and is chaired by Mr. Semchuk Ukraine, who has the rank of the Minister, and Mr. Lindgaard-Jorgensen, Denmark. Donors, IFIs, the private sector and NGOs also participate. The work of the Group has contributed directly to the development of the Environmental Partnership in UN ECE region and the EU Water Initiative, both type II initiatives launched at the WSSD.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>3.1.2. Monitoring report of urban water sector reform</p> <p><i>Olga Savran</i> <i>Alexander Danilenko</i> <i>Aki Yamaguchi</i> <i>Peter Borkey</i></p>	<ul style="list-style-type: none"> A Progress report identifying the main trends in the EECCA urban water sector, as well as establishing indicators and baseline data for future monitoring exercises, endorsed by the Group of Senior EECCA Officials for Urban Water Reforms, as well as by the EAP Task Force, February 2003. 	<ul style="list-style-type: none"> It is still too early to identify concrete impacts of this work in EECCA, since the report was only circulated in December 2002. It is expected, however, that the report will help to further motivate EECCA governments in their reform efforts through the possibility for peer pressure that it generates. 	<p>Norway Switzerland Germany UK DEFRA</p>	<p>The report confirms the critical situation in the EECCA water sector and the urgency of reforms. It lays the basis for an objective assessment of progress with the implementation of the Almaty Guidelines at a stakeholder conference in 2005. The report will be presented to Ministers at the "Environment for Europe" Conference in Kiev in May 2003, as well as to the 3rd World Water Forum in Kyoto in March 2003.</p>
Project 3.2: Legal and institutional reform of the urban water sector				
<p>3.2.1 Study of models for water utility reform</p> <p><i>Peter Borkey</i></p>	<ul style="list-style-type: none"> A report analysing CEEC experience with water sector reform, including the role of the private sector, and developing recommendations for the EECCA on the basis of the lessons learned in the CEEC; An expert workshop with participants from the CEEC, EECCA and OECD countries to discuss conclusions and recommendations, 22 April 2003 in Paris. 	<p>Tbd</p>	<p>Denmark Germany Norway Switzerland</p>	<p>The report will help to improve the understanding of the potential role of the public and private sectors in the EECCA, and help decision-makers to prioritise reforms.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>3.2.2 Promoting performance contracts in the EECCA water sector, including benchmarking and performance indicators</p> <p><i>Alexander Danilenko</i> <i>Aki Yamaguchi</i> <i>Peter Borkey</i></p>	<ul style="list-style-type: none"> • A user-friendly toolkit in Russian for the collecting and processing performance data; • Utility performance reports for several regions of Russia, Ukraine and Moldova; • A scoping paper for developing a guide on performance contracts prepared; • Assessment of several cases of performance contracts between municipalities and domestic private sector operators in the Russian Federation to be finalised in June 2003. 	<ul style="list-style-type: none"> • The work on performance indicators is already influencing water sector reform strategies in EECCA. For example, the World Bank together with the Moldovan government are using the data to develop a new water sector programme for the country. In other countries, the information is helping to focus and assess progress in implementing water reform strategies; • At the municipal and utility level, more than 400 professionals have been trained in the use of the indicators tool, which has been applied in almost 200 utilities so far. There is strong demand to further institutionalisation and dissemination of the toolkit; • Several institutions in several project countries are carrying the indicators work further, using their own resources to institutionalise data collection. 	<p>European Commission DG Environment</p> <p>Switzerland</p> <p>Germany</p> <p>Finland</p>	<p>The toolkit has been developed on the basis of World Bank work.</p> <p>A demonstration project on indicators will be launched in all Caucasus and in two Central Asian countries (Kyrgyzstan and Kazakhstan) with Dutch and Norwegian financial support in 2003.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>3.2.3 Overcoming policy and institutional obstacles to water sector reform</p> <p><i>Peter Borkey Alexander Danilenko</i></p>	<ul style="list-style-type: none"> • A survey on donor and private sector attitudes to the EECCA and private sector participation in the region prepared jointly with the World Bank; • An expert workshop on financial and technical assistance for the water sector in EECCA, with extensive participation of private sector operations active in the region, April 2002, Paris. This event was jointly organised by the World Bank and the EAP Task Force; • A follow-up expert workshop to the above event is planned together with the World Bank and support from Austria for 2-3 July in Vienna. • A scoping paper on the role of standards in hindering in the urban water sector prepared. 	<ul style="list-style-type: none"> • Tbd 	<p>Germany Norway Austria</p>	<p>The workshop attracted a large number of key decision makers from donors, IFIs and the private sector, and was perceived to have achieved a breakthrough in the dialogue between the public and private sector on the issue of PSP. Follow-up activities are being planned for 2003 and 2004, and will be carried out jointly with the World Bank. They will aim to overcome obstacles to greater private sector involvement.</p>
Project 3.3: Financial and economic reform of the urban water sector				
<p>3.3 Strengthening financial management of water utilities</p> <p><i>Alexander Danilenko</i></p>	<ul style="list-style-type: none"> • Two expert meetings on water tariff reforms, February and June 2002; • Report, including recommendations on water tariff reforms in the EECCA. 	<ul style="list-style-type: none"> • Strong indications of willingness to implement recommendations expressed by members of WGSO. It was advised that the guide be sent to heads of State in EECCA. 	<p>Switzerland EC DG Env. UK DEFRA Netherlands Norway Germany EC TACISTACIS</p>	<p>The EAP Task Force secretariat participated in the steering committee for the implementation of a World Bank project on tariff reform in Berdsk (Russia).</p>

Project 3.4: Consumer Protection and Public Participation				
Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
3.4.1 Recommendations for Consumer Protection and Public Participation <i>Olga Savran</i>	<ul style="list-style-type: none"> • Key issues and Recommendations for Consumer Protection: Affordability, Social Protection and Public Participation in Urban Water Sector Reform in Eastern Europe, Caucasus and Central Asia; • Two expert workshops on Social Issues, March 2002, Paris, France, and January 2003. 	<ul style="list-style-type: none"> • Greater awareness of the importance of the means for, integrating social considerations into the reform of the urban water sector. 	The Netherlands	<p>Successful reform of the urban water sector requires that social issues be fully taken into account. The Guidelines propose ways in which this could be done. They analyse and propose methodologies for measuring water affordability at the national and local level; analyse current forms of social assistance related to water and propose options for reforming such programmes; and identify mechanisms for consumer and public information, participation and conflict resolution.</p>

Task	Outputs/Events	Impact in EECCA	Donor Support	Other Information
<p>3.4.2 Demonstration Project on Consumer Protection in Urban Water Sector Reform</p> <p><i>Olga Savran</i></p>	<ul style="list-style-type: none"> • Recommendations to ensure that poor groups have adequate access to water services in case of increased water tariffs; • Launching meeting, early 2003, Yerevan, Armenia. 	<p>tbd</p>	<p>Norway</p>	<p>The demonstration project aims to identify to prevent poor consumers in Armenia following recommendations in the Key issues and Recommendations for Consumer Protection. In case of a major tariff reform water may not be affordable to a large number of consumers unless special social measures are not introduced. The project will take account of World Bank activities in Armenia.</p>
<p>3.4.3 Web site for NGOs and other stakeholder to discuss urban water sector reform in EECCA</p> <p><i>Olga Savran</i> <i>Peter Borkey</i></p>	<ul style="list-style-type: none"> • The site was been launched in summer 2002 and is regularly updated. 	<ul style="list-style-type: none"> • The site provides a forum for internet discussions of the main issues for all interested parties. 	<p>The Netherlands</p>	<p>This project is implemented by REC Central Asia. Other new RECs established links with their internet sites to ensure broad regional coverage. The web site: www.carec.kz/water, provides access for the NGOs and other stakeholders to the documents developed for the Group of Senior Officials in Russian. The site is also open for the documents and discussion on water resource management issues, as well as water supply and sanitation.</p>