

**ENVIRONMENT DIRECTORATE
ENVIRONMENT POLICY COMMITTEE
TASK FORCE FOR THE IMPLEMENTATION OF THE ENVIRONMENTAL ACTION
PROGRAMME FOR CENTRAL AND EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA****PROGRESS REPORT ON PARTNERSHIPS****Fifth joint meeting of the Task Force for the Implementation of the Environmental Action Programme for Central and Eastern Europe (EAP Task Force) and the Project Preparation Committee (PPC)****15-16 March 2007, Brussels***Agenda Item 6 (ii)*

This draft progress report presents a preliminary and partial review of partnerships developed and implemented in the framework of the EECCA Environment Strategy. Reporting from EECCA and donor countries as well as international organisations, IFIs and NGOs is incomplete which could make drawing conclusions at this stage misleading. Accordingly, the partnerships have been analysed along various dimensions, but no attempt has been made to draw overall conclusions for this version of the paper. EAP Task Force members are invited to ensure that all the relevant partnerships will be reported through the EECCA Strategy Database by the end of March 2007. The EAP Task Force Secretariat will revise the analyses based on the new information.

ACTION REQUIRED: Delegates are invited to endorse the report for submission to the Belgrade Conference, subject to comments and updated partnership information provided to the Secretariat by 30 March 2007.

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1. INTRODUCTION

1.1. Background

1. Partnerships were an important focus of discussion at the 2002 World Summit on Sustainable Development (WSSD) in Johannesburg where governments were encouraged to launch new partnerships. An EECCA Environment Strategy – a broad framework partnership to promote co-operation in the EECCA region – was launched as a part of the WSSD process.

2. At the 5th “Environment for Europe” Ministerial Conference held in Kiev in May 2003 the ministers highlighted that development of co-operation and partnerships between Eastern Europe, Caucasus and Central Asia (EECCA) and other UNECE countries is one of the priorities of the “Environment for Europe” process. They adopted the EECCA Environment Strategy and noted that its overall objective was to contribute to improving environmental conditions and to implementing WSSD Plan of Implementation in EECCA by developing action plans and partnerships for the implementation at the national, sub-regional, bilateral and multilateral level. The Ministers also agreed that the Strategy will identify areas in which environmental actions are needed and in which partnership with EECCA countries could be reinforced.

3. At the Tbilisi Conference of EECCA Environment Ministers and their Partners held in 2004 the Ministers further promoted the multi-stakeholder partnership approach to address critical challenges in the EECCA region. They, in particular, recognised the need for continued improvement of the ways in which the environment authorities work with NGOs and the private sector. A 1st progress report on partnerships that support implementation of the EECCA Strategy was prepared as a background document for the Tbilisi Ministerial.

1.2. Purpose of the Report

4. The purpose of this document is to report on progress in developing and implementing partnerships in the EECCA region and to provide background information for the discussion on partnerships at the Belgrade “Environment for Europe” Ministerial Conference in October 2007.

5. The report discusses the concept of “partnership” and analyses the available information on completed, ongoing and planned partnerships in the EECCA region registered in the EECCA Strategy Partnership Database (www.eecca.net).

2. DEFINITION, SCOPE AND PROCESS

2.1 Partnership Definition

6. The term “partnership” is used in a variety of ways and in different contexts. There is no agreed definition of partnerships. In the technical literature as well as general media, the term is used loosely and covers any type of relationship and alliance. While the concept of partnership has become more fashionable, many traditional arrangements have been reclassified in this way, sometimes purely for public relations.

7. In the work of the UN Commission on Sustainable Development (CSD) partnerships are developed and implemented in accordance with an agreed set of criteria and guidelines. Some of the key elements of the CSD definition of partnerships are as follows:

- Voluntary
- Multi-stakeholder
- Contribute to the achievement of inter-governmental commitments in Agenda 21, the Programme for the further implementation of Agenda 21, and the Johannesburg Plan of Implementation
- Complement but not substitute inter-governmental commitments
- Oriented to sustainable development.

8. Many of the partnerships registered by CSD can be considered “macro-partnerships” in the sense that they provide a framework on which collaborative project-level relations (“micro-partnerships”) can crystallize and get implemented. For example, both the EECCA Environment Strategy and the EU Water Initiative, can be considered as “macro-partnerships” and specific projects implemented in the framework of the EECCA Strategy and EU Water Initiative would be as “micro-partnerships”.

9. The approach adopted in this report is pragmatic and inclusive. This approach was endorsed during the preparatory process to the 2004 Tbilisi Ministerial Conference. The report considers all projects, with clear financial indications, carried out in the EECCA region and focused on achieving the objectives of the EECCA Strategy to be as “partnerships” for the purposes of this report. As a result, the following criteria for the partnerships were adopted:

- Partnerships should be voluntary initiatives/co-operation projects undertaken by governments and relevant stakeholders such as international institutions, non-governmental organisations, private sector;
- They should be focused on countries of the EECCA region and implemented internationally (through bilateral or multilateral programmes) or nationally/sub-nationally;

- They should contribute to achieving the objectives of the EECCA Environment Partnership Strategy and they should not substitute commitments made by Governments but supplement them;
- They should be completed, ongoing or planned since 2002;
- They should be initiatives/projects for which funding has been secured.

10. Loans provided on commercial (non-concessional) terms without any grant component would not be considered as partnerships, since they would not differ from a typical commercial transaction. They will be excluded from the analyses in this report.

2.2. Process

11. Following the 2004 Tbilisi Ministerial Conference the EAP Task Force further decided to continue monitoring development of partnerships that would contribute to the achievement of EECCA Strategy objectives in EECCA. For this purpose the EAP Task Force Secretariat established an internet-based, visual and interactive Database on Partnerships. This Database allows access to registered information on partnerships developed and implemented since 2002 in the EECCA region. It also allows different partners to share and disseminate information on new partnerships and to view EECCA country specific socio-economic data as well as statistics directly reflecting the information related to the partnerships entered in the Database. The English version of the Database was launched in November 2005 and the Russian version in May 2006.

12. All partners were invited to update the partnership information in the Database. Representatives from the EECCA Environment Ministries, selected International Organisations and NGOs were briefed about the Database during the Regional Meeting organised in May 2006 in Kiev (Ukraine). A letter was sent out to the donors early July 2006 requesting to submit updated information by 31 of August 2006. Due to numerous requests the deadline for updating the partnership information for the current report was extended until 30 November 2006. In spite of these efforts only a limited number of new partnerships were reported through the Database.

2.3. Scope

13. The information in the EECCA Strategy Partnership Database forms the basis for this Progress Report. The analysis covers the partnerships established in relation to the seven EECCA Strategy objectives, and their sub-objectives as well as their geographic focus, partners involvement (e.g. Governments, International/Facilitating Organisations, NGOs), types (e.g. capacity building, technical assistance, investments, transfer of technology) and financial resources. Only those partnerships that were entered into the Database before the end of 31 January 2007 and for which basic information (related to all above mentioned information categories) was provided were included in the current report.

14. The EAP Task Secretariat has spent more time than originally expected to review the information in the Partnership Database and to ensure that there was no double reporting of partnerships. This review process is still on-going and further efforts are needed to ensure quality analyses. In addition such aspects as loans determination, financial contribution of the EECCA countries and annual donor contributions (in a case of multi-year partnerships) are among the issues that need to be clarified when reviewing the partnerships.

3. PROGRESS ON PARTNERSHIPS

15. The EECCA Environment Strategy serves as a useful instrument to promote environmental co-operation in the EECCA region. The Partnerships Database presents a tool for providing information about effective forms of environmental co-operation among the partners in the “Environment for Europe” process. Sharing information and monitoring the partnerships help consolidate partners’ efforts in achieving progress, to use limited resources more efficiently, and to stimulate different and innovative forms of cooperation.

3.1 General overview

16. As of 31 January 2007, a total of 318 partnerships were registered to the EECCA Strategy Partnership Database. This includes partnerships developed and implemented in the EECCA region since 2002. Of the total number of partnerships included in this review 42% are ongoing and 58% completed. While probably many of these partnerships/projects can not be directly attributed to the adoption of the EECCA Environment Strategy, they are included as they have contributed to the achievement of the specific EECCA Strategy objectives. The same approach was used when a similar report was prepared for the meeting of EECCA Environment Ministers and their Partners in Tbilisi in October 2004.

17. Updated and new partnerships information was provided by only a few countries/institutions: Germany, Finland, Norway, UNECE and the OECD/EAP Task Force Secretariat. Clearly the information presented in this paper is far from complete and any conclusions should be regarded as tentative at this stage.

3.2 Link to the EECCA Strategy Objectives

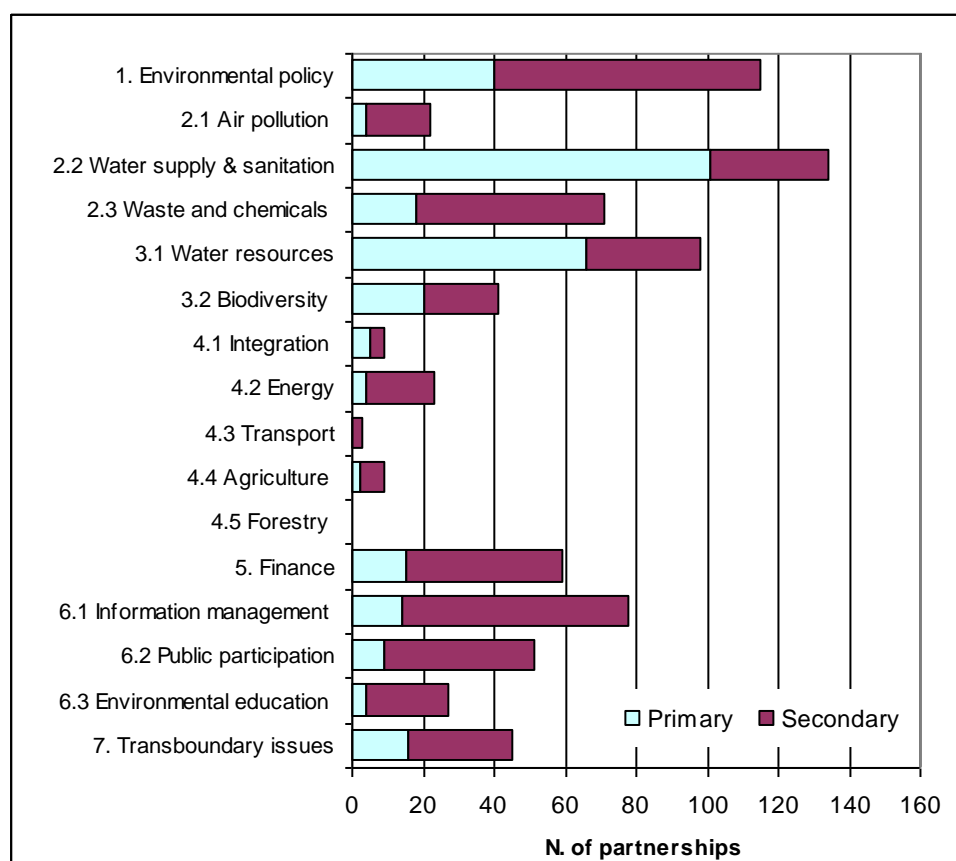
18. Almost all the EECCA Strategy objectives are the subject of some partnerships. The greatest number of partnerships contributes to the achievement of the Strategy objective 2.2. that is focused on the Municipal Water Supply and Sanitation. This area was indicated as a primary objective in 32% of the partnerships. Objective 3.1 - Integrated Water Resources Management (IWRM) was the focus of about 21% of partnerships registered in the Database. The third most frequent area for partnerships is Environmental Policy and Legislation (objective 1) covering 13% of the total. Least frequent are Agriculture (objective 4.4), Energy (objective 4.2), Urban Air Pollution (objective 2.1) and Environmental Education (objective 6.3). Transport (objective 4.3) and Forestry (objective 4.5) are not the subject of any partnerships registered in the Database.

19. Environmental Legislation and Policies (objective 1) and Environmental Monitoring and Information Management (objective 6.1) are most frequently mentioned as the secondary objective of partnerships (24% and 20% of the total number respectively). Waste and Chemicals Management (objective 2.3), Public Participation (objective 6.2) and Environmental Finance (objective 5) were also a significant secondary objective. Overall Sectoral Integration, Transport, Agriculture and Forestry sectors are the least mentioned as secondary objectives for those partnerships registered in the Database. This could be because the information on partnerships was collected mainly from the Environment Ministries.

20. When comparing the information only across the main seven objectives, Pollution Prevention (objective 2) and Natural Resource Management (objective 3) are still the most frequently addressed

Strategy objectives, due to their strong water components. In such a comparison Environmental Legislation and Policies (Objective 1) reaches again the third position. However, if you take into account both primary and secondary objectives the Information, Public Participation, Education (Objective 6) reaches the second position after the Pollution Prevention (objective 2) as the most frequently addressed Strategy objective. The following graph shows in detail the distribution of different objectives/sub-objectives, broken down by primary and secondary objectives.

Figure 1. Primary and Secondary Objectives of Partnerships



Note: The primary type of partnership is a singular category. The secondary type is a multiple category. Therefore the number of secondary types of partnerships does not coincide with the total number of partnerships analysed.

Source: EECCA Partnerships Database

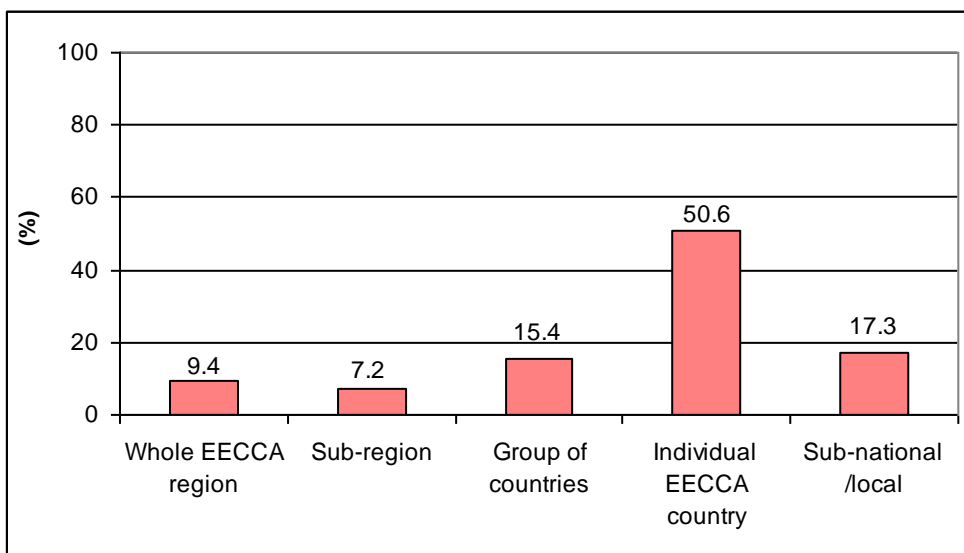
3.3 Geographic focus of partnerships

21. The distribution of partnerships by geographic focus shows that the majority of partnerships (50.6%) were implemented in individual EECCA countries. The partnerships implemented at the sub-national/local level cover 17.3% of the total. 15.4% were focused on group of countries. The group of countries varies from two (of the same or different sub-regions) to seven (representing different sub-regions). 7.2% of the registered partnerships are implemented in the Caucasus or Central Asia sub-region. (As a sub-region, the Western EECCA was not a focus of any partnerships.) Those partnerships focused on the whole EECCA region represent 9.4% of the total number of partnerships reported.

22. Partnerships with a focus on individual EECCA country are mostly implemented in Russia (52%), Ukraine (14%), and Armenia (8%). In Russia most of those partnerships are implemented at the sub-

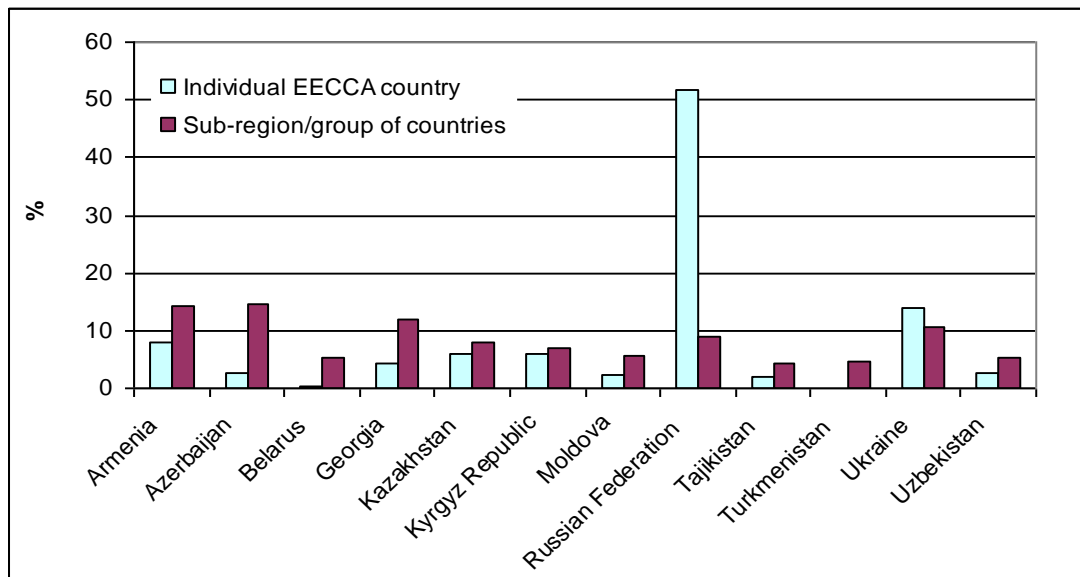
national/local level. So far Turkmenistan does not have any partnerships reported in this group. The following two graphs illustrate the geographical focus of partnerships.

Figure 2. Geographic Focus of Partnerships, share in total number of partnerships



Source: EECCA Partnerships Database

Figure 3. Participation of Each EECCA Country in Partnership by Geographic Focus



Note: The category "individual EECCA country" includes partnerships implemented at sub-national/national level.
 Source: EECCA Partnerships Database

23. Information on the countries of Central Asia shows that partnerships are most often developed at the sub-regional level. For the countries of western EECCA, the preferences in the geographic focus vary. Russia implements mostly sub-national/local and national partnerships, Ukraine – national, Belarus and Moldova are most frequently involved into partnerships implemented in a group of countries. Countries of the Caucasus region are most frequently involved in partnerships that are focused on the sub-region/group

of countries. Armenia implements most partnerships with national geographic focus among Caucasus countries.

24. Some trends can be identified in partners' preferences to implement partnerships in EECCA countries and sub-regions. Partnerships focusing on municipal water supply and sanitation (objective 2.2.) are implemented in all EECCA countries. The biggest number of the partnerships in the water supply and sanitation sector as well as on waste and chemicals management (objective 2.3.) are implemented in the Russian Federation and Ukraine. The Central Asian region is implementing partnerships on IRWM (objective 3.1). Biodiversity and ecosystem protection (objective 3.2.) are less addressed in Caucasus compared with other sub-regions of EECCA.

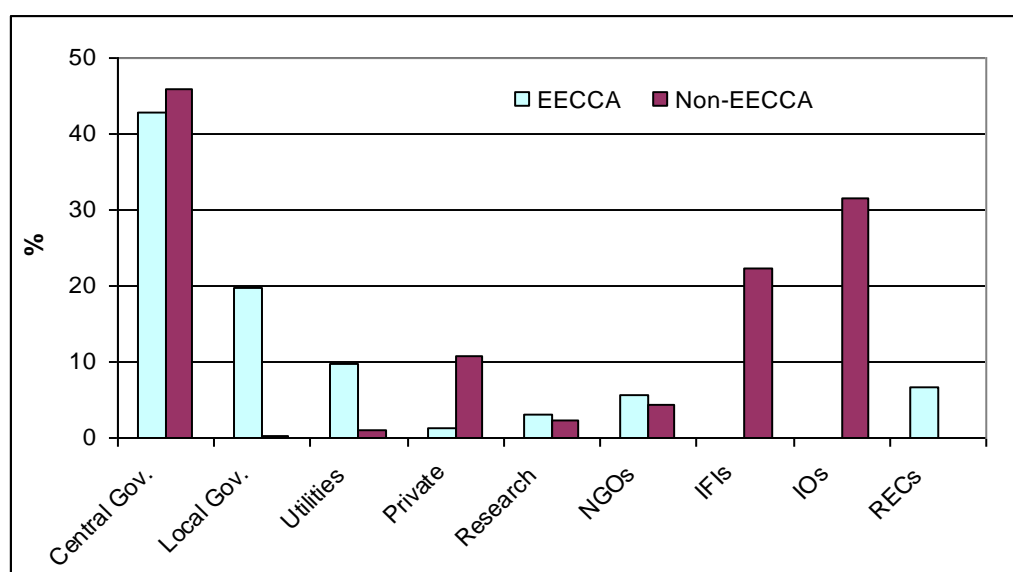
3.4 Stakeholder participation in the partnerships (Partners involved)

25. A significant majority of partnerships involve national or local EECCA government (63%) and Non-EECCA governments (46%). International Organisations participate in 31% of registered partnerships. The International Financing Institutions (IFI) are involved in 22% of reported partnerships, the majority of which are focused on investments into the water supply and sanitation sector. NGOs are involved in 10 %; the utilities – in 11%; the private sector in 12 %; the research institutions in 5% of registered partnerships.

26. Most of the partnerships have national or local EECCA governments as a lead partner. More than a half of these partnerships are government – government partnerships. The rest in this group includes as “other partner” International Organisations (OECD, OSCE, UNECE, UNEP, UNESCO, UNDP country offices, WHO), International Financing institutions (e.g. EBRD, GEF, NIB, NEFCO, World Bank), NGOs, local water utilities, research institutions. Relatively high percentage of private sector partnerships can be explained by the fact that in the Database private consultancy firms are reported as a private sector representative. The figure below shows a distribution of partners' involvement by each partner category.

27. Information is not sufficient to analyse more specifically the number and leadership of each partnership

Figure 4. Partners Involvement by Type of Partner, percentage share on total partnerships

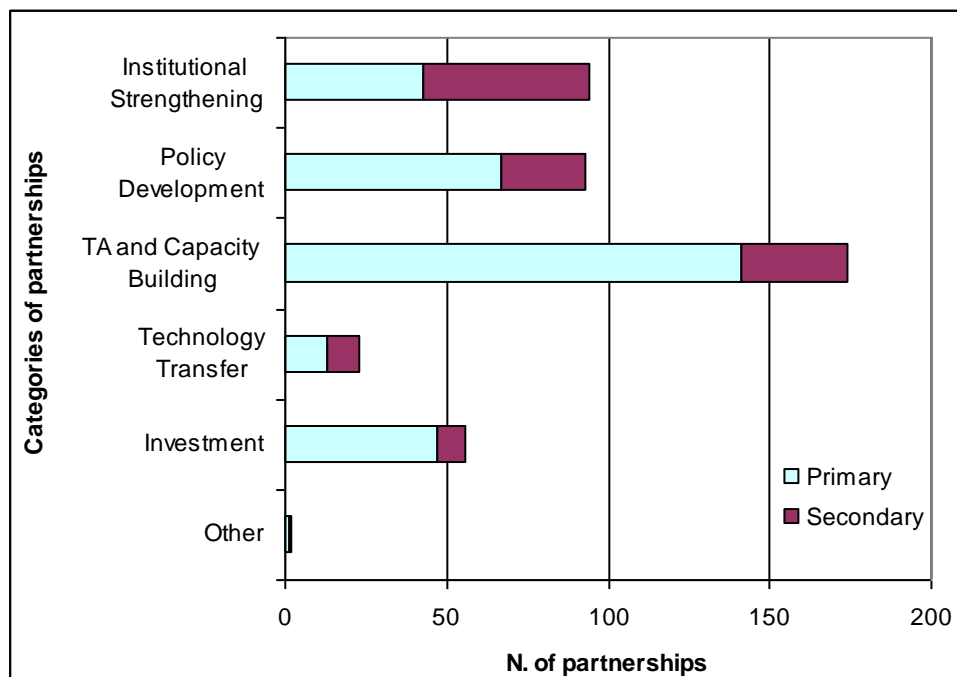


Source: EECCA Partnerships Database

3.5 Types of partnerships

28. Most of the partnerships registered in the Database provide “technical assistance and capacity building”. Other most frequently used types of partnerships in EECCA are “policy development” and “investments”. Almost all partnerships implemented through investments address issues related either to water supply and sanitation (objective 2.2) or to integrated water resources management (objective 3.1). “Institutional strengthening” was most frequently considered as secondary type of partnership.

Figure 5. Partnership Type

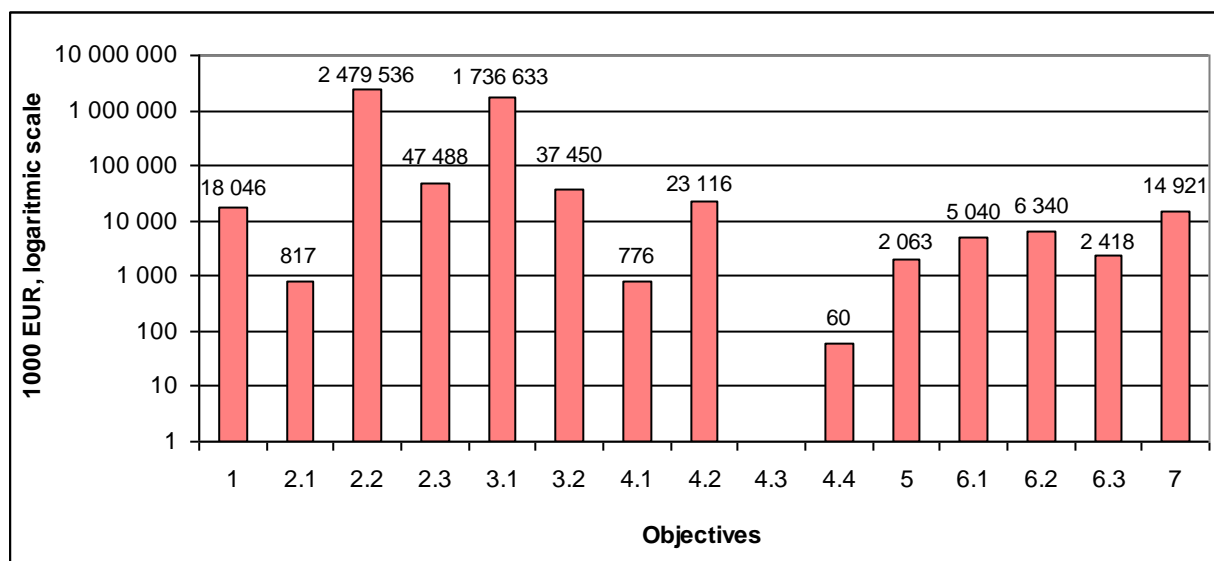


Note: The primary type of partnership is a singular category. The secondary type is a multiple category. Therefore the number of secondary types of partnerships does not coincide with the total number of partnerships analysed.

Source: EECCA Partnerships Database

3.6 Financial aspects of the partnerships

29. Since 2002, the overall amount of financial resources secured by registered partnerships in relation to all 7 objectives (including the sub-objectives) constitutes about EUR 4.4 billion. The partnerships primarily addressing water supply and sanitation (objective 2.2.) and IWRM (objective 3.1) reported the biggest shares of funding, approximately EUR 2.5 million and EUR 1.7 million respectively. Together they accounted for 96% of total reported partnership financing. [These figures may include non-concessional loans.]

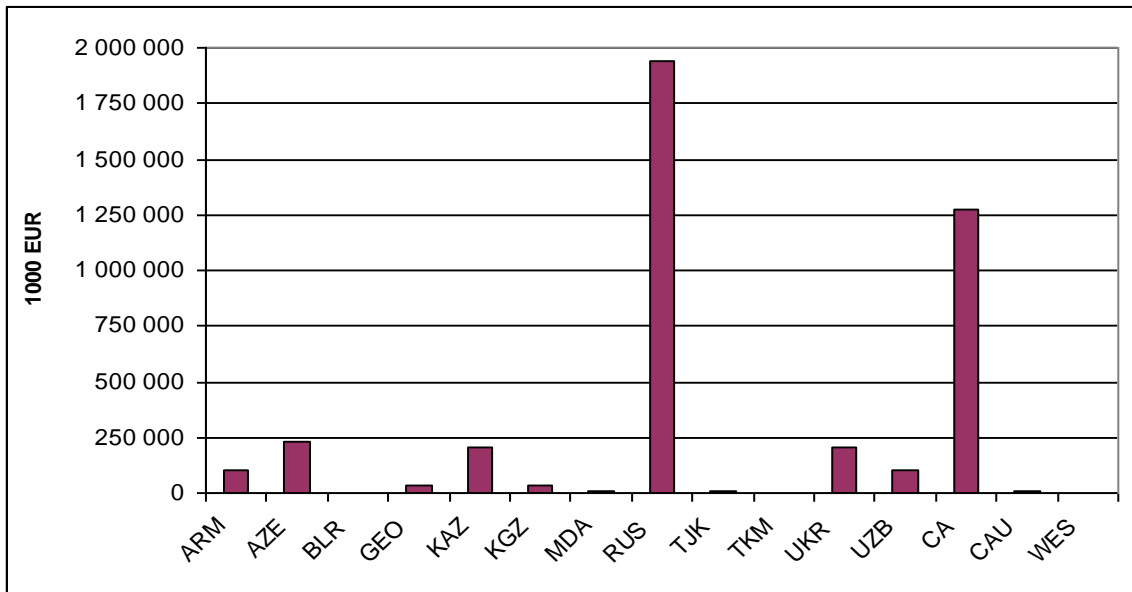
Figure 6. Allocation of Finances to EECA Strategy Objectives

Source: EECCA Partnerships Database

30. The share for the objective 2.3 (waste and chemical management partnerships) is about EUR 47.5 million. The objective 3.2 (biodiversity and ecosystem protection partnership) reported so far of about EUR 37.5 million secured funding. EUR 23.1 million were secured for the objective 4.2 (sectoral integration: energy sector). EUR 18 million were allocated for objective 1 (Environmental legislation and policy). The objective 7 (transboundary issues and the conventions) was supported with approximately EUR 15 million. The rest of the partnerships reports on funding between EUR 0.8-6.3 million. The partnerships focused on urban air pollution, overall sectoral integration and agriculture report on the least shares of the resources EUR 817K and EUR 776K and 60K respectively.

31. In terms of geographic distribution of funding, the biggest share is allocated for individual EECCA countries and constitutes a total of about EUR 2.9 billion. From this amount approximately EUR 1.94 billion (67%) is used for ongoing and completed partnerships in the Russian Federation, mainly focused on municipal water supply and sanitation. About EUR 233 million (or 8% of the rest) is being spent in Azerbaijan, EUR 207 million – in Ukraine and EUR 201 million – in Kazakhstan (another 7% of the rest). Approximately EUR 100 million each (about 4%) were allocated for partnerships implementation in Armenia (EUR 106 million) and Uzbekistan (EUR 101.5 million). Based on the information registered so far the least share of financial support is secured for Belarus and Moldova. No information was registered for Turkmenistan on this category of partnership.

Figure 7. Geographic Distribution of Finances in EECCA



Source: EECCA Partnerships Database

32. Among the major contributors to the partnerships funding in EECCA are IFIs, the European Union/TACIS programme, UNDP, Denmark, Finland, Germany, the Netherlands, Norway, Sweden, Switzerland, the UK. It was not possible to calculate the relative financial contribution of EECCA countries, donors and other partners.