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**HARMONISATION OF ENVIRONMENTAL  
EXPENDITURE INFORMATION  
WITH OECD/EUROSTAT STANDARDS:  
KYRGYZ REPUBLIC AND UKRAINE**

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# OUTLINE

- PROJECT OBJECTIVE
- WHY SHOULD COUNTRIES ALIGN WITH OECD/Eurostat STANDARDS?
- OECD-EAP TF WORK IN TRANSITION ECONOMIES: EXPERIENCE, APPROACH AND METHODOLOGICAL FRAMEWORK
- CURRENT STRENGTHS AND WEAKNESSES
- PRELIMINARY OUTCOMES AND PRIORITIES



# PROJECT OBJECTIVE

Assist EECCA countries in the collection and dissemination of reliable environmental expenditure data based on internationally agreed methodologies taking into account affordability constraints

# WHY SHOULD COUNTRIES ALIGN WITH OECD/Eurostat STANDARDS?

- Develop effective environmental policies
- Integrate environmental concerns into economic and sectoral policies
- Efficient use of financial resources available for environmental protection
- Develop reliable, internationally comparable indicators
- Encourage public participation

# OECD-EAP TF EXPERIENCE

- **1995:** Bulgaria, Estonia, Moldova, Poland, Slovak Republic, Ukraine
- **1997:** Georgia, Hungary, Lithuania, Poland, Russia, Slovenia
- **1999-2002:** Georgia and two Russian Oblasts
- **2003:** Review of key trends in: Armenia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Turkmenistan, Ukraine
- **2004-05:** Kyrgyz Republic and Ukraine

# OECD-EAP TF APPROACH

- Analysis of national methodologies, institutional set-up for collection of environmental expenditure data
  - Strengths and weaknesses
  - Priorities for improvement
- Proposals based on
  - International experience (standards, previous case studies)
  - Policy relevance criteria
  - Cost efficiency
- Data collection based on OECD-Eurostat questionnaire
  - A preliminary set of consistent data
  - Value added for policy making
  - Identification of further work

# OECD-EAP TF METHODOLOGICAL FRAMEWORK

- A sound definition of environmental expenditure
- A working definition of environmental domains
- An exhaustive definition of the scope
- The abater / financier principle

# **METHODOLOGICAL FRAMEWORK: DEFINITION OF ENVIRONMENTAL PROTECTION**

All purposeful activities directly aimed at the prevention, reduction and elimination of pollution or any other degradation of the environment resulting from the production process or from the use of goods and services

# METHODOLOGICAL FRAMEWORK: SCOPE OF ENVIRONMENTAL PROTECTION EXPENDITURE (1)

## Environmental domains:

1. Protection of ambient air and climate;
2. waste water management;
3. waste management;
4. protection & remediation of soil, groundwater, surface water;
5. noise and vibration abatement;
6. protection of biodiversity and landscape;
7. protection against radiation;
8. R&D;
9. Other environmental protection activities.

# METHODOLOGICAL FRAMEWORK: SCOPE OF ENVIRONMENTAL PROTECTION EXPENDITURE (2)

- **Institutional Sector:**
  - Public sector,
  - Industry
  - Specialised producers of environmental services
- **Type of expenditure:**
  - Investment (end-of-pipe & process integrated)
  - Current expenditure
- **Data collected according to:**
  - Abater principle
  - Financing principle

# CURRENT STRENGTHS AND WEAKNESSES

- Strengths include
  - Procedures and know how
  - Mandatory surveys
- Major weaknesses
  - The scope of reporting entities (including specialised producers)
  - The area covered by the surveys (solid waste)
  - The reliability of data
    - **current** versus **investment** expenditures
    - **water supply** versus **wastewater** expenditures
  - **abater** vs **financier** principle
  - Quality control
  - Comparability among countries and over time

# PRIORITIES

- The scope of reporting entities (Register)
- Definitions and classification (expenditure, domains)
- A tool to collect data (questionnaire)
- A tool to process data