

**ENVIRONMENT DIRECTORATE
ENVIRONMENT POLICY COMMITTEE
TASK FORCE FOR THE IMPLEMENTATION OF THE ENVIRONMENTAL ACTION
PROGRAMME FOR CENTRAL AND EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA****ASSISTANCE TO THE PROJECT PREPARATION COMMITTEE REVIEW 2006****Fourth 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)****21-22 September 2006, Berlin***Agenda Item 6(ii)*

Delegates should note that a draft report of the PPC review is to be presented for discussion at the Berlin meeting. The draft report presents an analysis of the PPC's organisation and achievements, together with broad recommendations on the future of the PPC after 2007. Delegates will be invited to comment on the draft report and to provide advice on the specific recommendations that the finalised report should contain. A final version of the report will then be completed after the Berlin meeting, taking into account the views expressed by the delegates at Berlin and giving specific recommendations on how the PPC should operate after 2007.

ACTION REQUIRED: Delegates will be invited to:

- discuss the findings of the PPC review, as presented in the draft report*
- provide comments or amendments for inclusion in the final version of the report*
- provide recommendations to the PPC on how to take forward the report's recommendations in the run-up to the Belgrade Ministerial Conference*

The complete document is available in PDF format only.

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**Assistance to the Project Preparation
Committee Review 2006**

Assistance to Project Preparation Committee Review 2006

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	Report Outline				
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LIST OF ABBREVIATIONS

ADB:	Asian Development Bank
CDM:	Clean Development Mechanism
CEE:	Central and Eastern Europe
CIS:	Community of Independent States
CIS 7:	7 countries being part of CIS
DABLAS:	Danube and Black Sea Support Programme
EAP:	Environmental Action Programme
EBRD:	European Bank for Reconstruction and Development
EECCA:	Eastern Europe, Caucasus and Central Asia
EfE:	Environment for Europe
EIB:	European Investment Bank
ENPI:	European Neighbourhood Policy Instrument
ETC:	Early Transition Countries
ETCI:	Early Transition Country Initiative
EUWI:	EU Water Initiative
GEF:	Global Environment Facility
IFI:	International Financial Institution
IMF:	International Monetary Fund
ISF:	Investment support facility
JASPER:	Joint Assistance to Support Projects in European Regions
MDG:	Millennium Development Goals
NDEP:	Northern Dimension Environment Partnership
NGO:	Non-Governmental Organisation
PHARE:	EC Assistance programme to CEE
PPC:	Project Preparation Committee
PPP:	Public Private Partnership
REC:	Regional Environmental Centre
SEE:	South-Eastern Europe
TA:	Technical Assistance
TACIS:	Technical Assistance to Community of Independent States
TC:	Technical Cooperation
TOR:	Terms of Reference
UNECE:	United Nations Economic Commission for Europe
WGSO:	Working Group of Senior Officials
WISF:	Water Investment Support Facility
WSS:	Water supply and sanitation

1 EXECUTIVE SUMMARY

The purpose of this review is threefold: (1) to assess progress made with the implementation of the 2004-07 PPC (Project Preparation Committee) Strategy; (2) to recommend ways of maximizing the impact and effectiveness of the PPC during the remainder of the duration of the strategy; and (3) to suggest options and recommendations for the future of the PPC, beyond the Environment for Europe (EfE) conference being held in Belgrade in October 2007. The review is based on an analysis of two main data sources: questionnaire responses/interviews with PPC stakeholders, and statistical material on PPC activities.

Since 2003 the PPC has facilitated 17 investment projects and 7 technical assistance projects that have been either signed or approved by the European Bank for Reconstruction and Development (EBRD). The total cost of the investment projects is €653 million. Out of these, 14 projects, with a total cost of €340 million, are in Eastern Europe, Caucasus and Central Asia (EECCA) or South-Eastern Europe (SEE). The PPC has also supported the development of an additional 24 investment projects, with an estimated total cost of more than €812 million. Eighteen of these additional projects are in EECCA or SEE countries.

Since 2003 the PPC has focussed its activities in the EECCA and SEE countries, in close cooperation with the EBRD. It has staff working both in EBRD headquarters in London and in EBRD Resident Offices in the region. The PPC has been able to secure donor funds to implement its core functions during the first few years of the 2004-2007 strategy. From the second half of 2006 onwards the PPC will benefit from additional donor-funded PPC Officers, thus enabling it to operate at a higher level of activity than during 2004-06.

Due to the limited time until the Environment for Europe (EfE) conference, it is recommended that the PPC focus on implementing the work programmes, taking stakeholder views into account where feasible. Furthermore, the PPC should prepare for the Belgrade conference by engaging in the preparatory work and by continuing the dialogue with its stakeholders on the future of the PPC after 2007.

The inputs from stakeholders have provided the PPC with a clear view of the diverse demands which it may consider acting on after 2007 and with a list of options on what and how the PPC can deliver. Five key areas for the PPC's future activities are recommended for further consideration:

- Identification, preparation and financing of environment and infrastructure projects through PPC Officers, aiming at a wide IFI cooperation with the EBRD, World Bank, Asian Development Bank and European Investment Bank.
- Development and support to the implementation of donor funded Investment Support Facilities.
- Mobilization of donor grant co-finance for investment projects.
- Improving access to good practice studies with the aim of facilitating the development of investment projects.
- Building EECCA and SEE stakeholders' institutional capacity to develop project pipelines and to develop and finance investment projects.

To enable the PPC to undertake these tasks it is further recommended that:

- The PPC increase its cooperation with donors and EECCA and SEE countries through PPC consultants working alongside IFI banking teams, but not reporting directly to them.

- PPC Officers increase their contribution to information sharing and capacity building at the national and local level in EECCA and SEE.
- PPC strengthens its organizational set-up.
- PPC develops a wider and less restricted base for the funding of its activities.
- PPC develops a comprehensive work programme after Belgrade.

It is recommended that the PPC use the time until Belgrade to discuss these recommendations and options with its stakeholders and consider how it may best present the results of these discussions in Belgrade.

2 INTRODUCTION AND BACKGROUND

2.1 PPC from 1993-2003

The PPC was established in 1993 at the second ministerial ‘Environment for Europe’ (EfE) conference in Lucerne. It was created to serve as a networking mechanism to improve coordination between IFIs (International Financial Institutions) and donors, and to facilitate the mobilisation of financial resources for environmentally-related investment projects in Central and Eastern Europe (CEE). Since then, the PPC has helped to mobilise significant financial flows. For example, between 1998 and 2003, 219 projects were subject to the PPC mechanism. By 2003, 68 of these projects, at an accumulated investment value of €3,853 million, had been Board approved by an IFI. These projects benefited from financial support equal to €1,895 million in IFI loans and €904 million in donor grants. The PPC was reviewed by an independent consultant in 2001, and a further consultancy review of the impact of PPC projects was conducted in 2003.

At the EfE ministerial conference in Kiev (2003), it was decided that the PPC should continue with its activities but focus on the countries of Eastern Europe, the Caucasus and Central Asia (EECCA) and other non-accession countries. It was agreed that participation in the PPC’s activities should be extended to all countries of the UNECE (United Nations Economic Commission for Europe) region, international organisations, Regional Environmental Centres (RECs), the private sector and NGOs (non-governmental organisations), in addition to donor governments and IFIs. It was also agreed that the PPC and the EAP Task Force (its sister organisation under the EfE process) should continue to work together, including through joint annual meetings and with a common bureau to improve coordination. Ministers also agreed that the PPC’s mandate should be reviewed at the next EfE ministerial conference in 2007.

2.2 PPC Strategy and context since 2003

Since Kiev, environmental and health status reports continue to show a poor or even worsening situation in most EECCA countries and in some countries in South-Eastern Europe. The recent assessments of the costs of complying with the Millennium Development Goals (MDGs) in EECCA show that a significant amount of financial resources are still required for rehabilitation and construction of new infrastructure for water supply.

In EECCA and SEE donor and IFI assistance to environmental projects is gradually being delivered in more strategic and coordinated ways in the form of programmes such as the Northern Dimension Environmental Partnership (NDEP), the Danube and Black Sea (DABLAS) Task Force, the Early Transition Country Initiative (ETCI), and the CIS 7 Initiative

in which the World Bank, EBRD and International Monetary Fund (IMF) cooperate to mobilize political attention and resources for investments in seven EECCA countries.

The EBRD has been the main partner of the PPC since 2003. Since its establishment in 1991 it has developed a strong regional presence in both EECCA and SEE. In order to maximise the flows of donor co-finance for investment projects in the poorer countries of EECCA and SEE, the EBRD has established two regional initiatives; the Early Transition Countries Initiative (ETCI) and the Western Balkans Initiative. Both have received substantial donor funds for co-financing of investment projects. The ETCI already has a pipeline of projects, including environment and infrastructure projects. It also has the stated aim of encouraging smaller investment projects.

The World Bank and, in the Caucasus and Central Asia, the Asian Development Bank are well established in the region, with regional and national presence in most countries. They have access to donor trust funds for technical assistance to help develop projects and can lend on concessional terms, unlike the EBRD. The World Bank may, in the future, be able to provide sub-national loans on non-concessional terms.

The European Commission (EC) has gradually strengthened its role in the region through its accession policies and its new Neighbourhood Policy. From 1 January 2007 the EC will be providing its assistance to SEE through an Instrument for Pre-Accession Assistance, which combines all previous pre-accession instruments for SEE countries into one instrument. Support can be provided to all countries in SEE with a clear European perspective, with EU accession as its final goal. In other parts of the region the EC provides funds for technical assistance, including project development and co-financing of IFI investment projects.

A number of bilateral donors support environmental projects in EECCA and SEE (e.g. the Governments of Germany, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the UK and the USA). This support is provided for project development, project implementation and capacity building. Some donors also provide funds for co-financing IFI investment projects. In general donors participate in donor coordination activities in the countries and sectors in which they operate.

During the period 1996-2002 total grant commitments to EECCA and SEE increased in absolute terms, but the absolute share for environmental assistance remained small, and even declined in the EECCA region. Environmentally related bilateral assistance is estimated to account for approximately 2.8-6.4% of the total assistance to these two regions. In comparison, environmentally related bilateral assistance to CEE accounted for approximately 10% of total assistance over the same period.

The PPC undertook a survey of environmental grant financing in EECCA and SEE in 2004-2005. The survey found the following general trends: increases in grant financing in SEE (in particular in the EU accession countries) and in North-West Russia; stable levels of funding available for grant financing in the Caucasus and western parts of EECCA; and small but increasing levels of funds being made available in Central Asia. The major recipients of donor funds in EECCA up to 2005 were Russia, Ukraine and Kazakhstan.

2.3 PPC 2006 review - methodology and data

The review is based on an analysis of two main data sources: (1) opinion based data from key PPC stakeholders; and (2) statistical information on PPC activities and results since 2003.

- 1) Opinion based data: The data used in the review are based on interviews with key stakeholders and on a questionnaire (master questionnaire enclosed in appendix C) which

was sent prior to the interviews. Where stakeholders were not interviewed, questionnaires were the only data source. A list of those stakeholders who participated in the review is attached at Appendix B.

- 2) Statistical Information: This included information on PPC project pipelines, PPC organised meetings, and PPC Officers' activity reports.

The results of the above analyses have been used to: assess the implementation of the 2004-2007 PPC Strategy (presented in section 3 of this report); prepare recommendations to the PPC on how it could maximise its efficiency up to the 2007 EfE conference in Belgrade (section 4); and to outline options and recommendations for the future of PPC after 2007 (section 5).

This report has been prepared by an external consultant in close collaboration with the PPC Executive Secretary and the PPC Chair, who also undertook the majority of the interviews with stakeholders. The recommendations presented in this report are the sole responsibility of the external consultant.

3 ASSESSMENT OF THE IMPLEMENTATION OF 2004-2007 PPC STRATEGY

3.1 The PPC strategy in general

Since the EfE conference in Kiev (2003), the three guiding documents for the PPC have been: (1) the declaration by the Environment Ministers of the UNECE region, at the Fifth Ministerial Conference, Kiev, May 2003; (2) the Environmental Strategy for Countries of Eastern Europe, Caucasus and Central Asia, presented at the 2003 Kiev Conference; and (3) the Millennium Development Goals (MDGs), particularly the water and sanitation targets encompassed within MDG 7.

Following Kiev the PPC prepared a new strategy on the basis of these three guiding documents. The strategy was developed through dialogue with PPC stakeholders and endorsed at the 2nd Joint Meeting of the EAP Task Force/PPC in 2004. The strategy is intended to take the PPC up to the next EfE ministerial conference in Belgrade in 2007, when its mandate will again be reviewed. The current strategy commits the PPC to three pillars of action: (1) project identification, preparation and financing; (2) coordination, matchmaking and networking; and (3) good practice and capacity building.

The PPC's 2004-2007 Strategy set a target staffing level of six PPC Officers, plus a Secretariat staffed by an Executive Secretary and an Administrative Officer. At the time of the approval of the strategy, funds were only secured for four PPC Officers and the Secretariat. The PPC was also able to draw on some consultancy funds provided by UK to undertake capacity building and specific studies, and the Officers were able to draw on some of the resources of their host banking teams. The UK Government has continued to sponsor a PPC chair who oversees the implementation of the PPC strategy.

At each joint meeting of the EAP Task Force/PPC, the PPC has proposed a programme of work with outcomes and activity targets for approval by its stakeholders. In reviewing the PPC strategy, however, it seems that there is no obvious link between the strategy, annual work programmes and terms of reference (ToR) of key staff. It is not clear either how the overall targets and the annual activity targets were set. Compared to the PPC's achievements from

1993-2003, the outcome targets are lower in the 2004-2007 strategy, while the target of the number of PPC Officers is higher.

While it is clear from the ToRs of the PPC Officers that project identification, preparation and financing is their main task, it is less clear what their responsibility is vis-à-vis the two other pillars of action. Their ToRs only briefly mention this aspect. It seems that these activities were left to the responsibility of the PPC Executive Secretary. Since 2004 the PPC Secretariat has undergone frequent changes with four different Executive Secretaries (three permanent and one interim). This has significantly affected progress with the implementation of the PPC's 2004-2007 strategy.

3.2 *Project identification, preparation and financing*

Under the first pillar of the its 2004-2007 strategy, the PPC aims to “support the identification, preparation and financing of environmental projects through the work of the PPC Officers”, “work with donors to mobilise technical assistance funds, grants and co-financing to complement IFI loans” and “support donor funded Project Support Facilities”.

In table 1 the annual strategic output targets are presented for a three year period (2003 to present) together with the actual PPC achievements during the same period based on the most recent PPC pipeline presented in detail in Appendix A.

Table 1: PPC output targets and achievements for Pillar 1: Project identification, preparation and support (Kiev 2003-present)

PPC Output targets for a three year period	PPC achievements - new signed or approved projects	New PPC projects in development to the stage of approval or signing	New PPC projects in exploratory stage or on hold
45 PPC investment projects financed by IFIs in EECCA	12	7	3
15 PPC investment projects financed by IFIs in SEE	2	2	9
Other investment projects outside EECCA and SEE financed by IFIs	1 regional project + 2 in an EU accession country outside SEE	1 regional project + 1 in an EU accession country outside SEE	1 project in a new EU member state + 2 in an EU accession country outside SEE + 1 regional
All investment projects in EECCA and SEE	Total project cost €340 million	Total project cost €231 million	Estimated total project cost >€140 million
All investment projects, including projects outside EECCA and SEE	Total project cost €653 million	Total project cost €312 million	Estimated total project cost >€500 million
Technical assistance projects managed by EBRD	3 EECCA + 1 SEE + 3 regional Project cost €3 million	0	0

The PPC pipeline comprises 41 investment projects and 7 technical assistance projects primarily for project preparation managed by EBRD.

From the above table it can be seen that PPC has not been able to meet the targets set in the strategy. While there may be several reasons for this the main contributing factor seems to be that the PPC has been functioning with less than the targeted six PPC Officers. In addition, the reorientation towards EECCA and SEE may have been more difficult than expected, with the preparation and development of projects in these regions being far more time-consuming.

The current PPC pipeline only includes new projects which have been prepared since the EfE conference in Kiev (2003), but it should be noted that work has continued on the development of projects that were in the pre-Kiev pipeline. The geographical refocusing of the PPC is also illustrated in table 1, with 36 of the 48 investment and TA projects located in EECCA or SEE and only a few (counted as others in table 1) in EU accession countries or new EU member states.

Projects in the PPC pipeline are defined as having had input from PPC staff either in the preparation or development stages, or as having received support through a donor-funded facility or have been highlighted at PPC meetings. Some of these projects also figure in other pipelines, for example as NDEP projects, in donor supported investment programmes and in the EBRD's pipelines. This "double counting" has led some of the stakeholders interviewed to raise questions on the actual contribution of the PPC to these projects. In fact the "double counting" is the result of the broad strategic approach of the PPC, providing support to a number of initiatives such as the NDEP, DABLAS, EU Investment Facility, etc. For example, the PPC Officer located in St. Petersburg was directly involved in the preparation of projects that benefited from NDEP finance and which feature in the NDEP project pipeline

Table 2: PPC targets for activity level and achievements (2004-present)*

PPC targets for annual activity level	PPC achievements	Location of PPC Officers
6 PPC Officers working in different IFIs, regions and sectors	5 PPC Officers working in 2004 4 PPC Officers working in 2005 4 PPC Officers and one PPC Consultant working in 2006 and one in planning	(2 EECCA, 1 SEE, 2 EBRD Headquarters) (1 EECCA, 1 SEE, 2 EBRD Headquarters) (2 EECCA, 1 SEE, 2 EBRD Headquarters)
2 PPC project support facilities operational each year	3 PPC project facilities operational in 2004 5 PPC project facilities operational in 2005 6 PPC project facilities operational in 2006	

As table 2 shows, the PPC has met the target of the number of operational facilities. The facilities developed on energy efficiency and emission trading have assisted the EBRD in developing investment projects in this field. The biodiversity financing facility is in the process of being tested at the pilot stage and will need further development before it can assist the EBRD in developing investment projects.

While the PPC did not meet its annual target of six Officers (table 2), as already mentioned, it has actively pursued the target. The World Bank and the EC were unable to agree on the scope and conditions for an EC-funded PPC position in the Bank, and lengthy discussions between the PPC Secretariat, the EBRD and the EC resulted in a one-year EC-funded consultancy position, rather than the planned PPC Officer position within the EBRD.

As can be seen from table 3 below, the number of PPC Officers is projected to increase in 2006 with more staff working in EECCA and SEE countries.

Table 3: Projected status of PPC Officers in 2006-2007

Officer (Location)	Donor sponsor	Term of office	Regional focus	Sector focus
Jan-Willem van de Ven (EBRD, London)	Netherlands	August 2003 - December 2007	EBRD countries of operation	Energy projects, especially related to energy efficiency, renewables and emissions trading.
Jean-Marie Frentz (EBRD, London)	Luxembourg	June 2004 – June 2007	EBRD countries of operation	Environmental additions to EBRD pipeline projects, particularly industrial and SME projects; and stand-alone environmental projects, particularly the setting up of a Biodiversity Financing Facility.
Gaetano Massara (EBRD, Belgrade)	Italy	February 2005 – February 2007	SEE	Municipal and environmental infrastructure projects, with a particular focus on building on the DABLAS pipeline.
PPC Consultant - Ashot Baghdasaryan	EU	October 2005 – October 2006 (part-time).	ETC (focus on Armenia, Moldova, Kyrgyz Republic)	Identification and development of an environmental investment and technical assistance pipeline. Links with EU Water Initiative/Water Investment Support Facility.
Catarina Bjorlin Hansen (EBRD, Tbilisi)	Sweden	September 2006 - September 2008	ETC	Municipal and environmental infrastructure projects in Early Transition Countries.
PPC Officer to be appointed (EBRD, St. Petersburg)	Finland	Two years (starting autumn 2006)	North-West Russia	Municipal and environmental infrastructure projects in North-Western Russia.

The PPC Strategy 2004-2007 has a broad environmental focus that does not limit itself to specific sub-sectors. PPC environmental investment projects are defined as both “environmental service projects”, such as water supply and sanitation, solid waste management, energy efficiency and renewable energy and transport, as well as projects “addressing the environmental needs in other sectors”, such as nature conservation, forestry, agriculture, tourism, oil and gas, mining and industry.

Since 2003 the PPC has focussed on project development and financing activities in just a few sectors, as shown in table 4. One reason for this focus is that donors have been more willing to concentrate on these sectors. Furthermore, EBRD banking teams responsible for projects in these sectors have been the most active in recruiting PPC Officers.

Table 4: Thematic focus areas of PPC projects (based on assessment of pipeline in annex 2) and thematic focus of facilities (based on PPC reports to the Bureau and joint EAP Task Force/PPC meetings)

Thematic focus of PPC projects (2003-2006)	Thematic focus of PPC facilities
21 on water supply and sanitation 19 on energy/heating 4 on waste management 3 on nature conservation and biodiversity 1 on transport	4 with focus on energy/heating and energy efficiency/renewable energy/GHG emission trading 2 on water supply and sanitation 1 on biodiversity under development

While the sector focus may be seen as “narrow” in view of the wider needs for environmental investments in EECCA and SEE, both water supply and energy efficiency projects were given high priority by ministers at the 2003 Kiev conference.

3.3 Coordination, matchmaking and networking

Under pillar 2 of its strategy, the PPC aims to “organise meetings to strengthen cooperation and enhance coordination between IFIs, donors and client organisations”, “provide stakeholders with information about sources of finance for environmental investments” and “enable project sponsors and proponents to disseminate details of their financing needs to donors and IFIs”. The PPC’s annual performance targets for coordination, matchmaking and networking are presented in table 5 together with actual achievements.

Table 5: Targets and achievements of the PPC in 2004-2006 under strategic pillar 2 on coordination, matchmaking and networking

PPC target for annual activity level	PPC achievements during the period 2004-2006
2 PPC coordination meetings supported by the PPC at a regional or sub-regional level	Meetings DABLAS task Force meetings (2003-2006) Caspian Environment Programme Investment and Donors Forum, Azerbaijan, November 2004 EUWI EECCA Working Group, Moldova, April 2005 and Almaty, April 2006 CDM workshop/meeting, Tbilisi, November 2005 Annual EAP Task Force/PPC meetings
PPC additional activities	New PPC website developed in English and Russian, including database of PPC projects. Survey of donor grant environmental financing, with on-line database of finance sources and mechanisms available on website

Since Kiev there have been no formal PPC meetings bringing together donors, IFIs and country representatives. This has partly been due to the fact that fewer donors are active in EECCA and SEE than in CEE, but also because it was felt that the joint EAP Task Force/PPC meetings PPC could be used to attract donor funds. The PPC has improved the accessibility of information on investment sources through its website; however, as some stakeholders in EECCA and SEE do

not have access to the internet, other media such as CDs are needed to inform these stakeholders.

PPC stakeholders have very different views on the effectiveness of the PPC as a coordinating and networking mechanism. Those who have cooperated with the PPC find that it has been effective in its coordination and networking activities, while those who have not cooperated with the PPC are less positive or have no opinion. From table 5 it appears that the PPC has moved away from organising its own coordination meetings and instead has participated in meetings organised by other organisations. While this may be effective in terms of reaching out to a large number of stakeholders, it may have diminished the PPC’s visibility.

3.4 **Good practice and capacity building**

Under pillar 3 of the 2004-2007 strategy the PPC aims to “provide access to case studies, good practice and know-how documents related to project identification, preparation and finance” and “ad-hoc advice to stakeholders on mobilising finance”, and “deliver a small number of capacity building workshops, designed to improve project identification, preparation and finance skills in partner countries”.

Annual targets and achievements during 2004-2006 on good practice and capacity building are shown in table 6 below.

Table 6: Targets and achievements of the PPC in 2004-2006 on strategic pillar 3 on good practice and capacity building

PPC target for annual activity level	PPC achievement for the period 2004-2006
1 good practice paper/lessons learned case study produced each year	3 good practice/lessons learned papers: - Good practice in project preparation - Model Public Services agreement for the public sector - Project concept preparation manual
2 Project Financing Workshops held each year	- 1 Pilot Project Financing Workshop, Moscow, July 2004 - 1 Project Financing Workshop, Georgia, July 2006 - 3-4 Project Financing Workshops planned for 2006
PPC additional achievements	- Assistance to a number of financing mechanisms DABLAS, NDEP, EU Water Initiative - EECCA component - 1 Project financing session at REC Workshop on water sector investment projects, Belgrade, December 2004

As can be seen from table 6 the PPC has achieved its targets on good practice papers/lessons learned. These documents have been made available to stakeholders through the PPC website. The “Good practice in project preparation” document has, in addition, had wide exposure through the DABLAS network and been translated into local languages. There is no information available, however, on the extent to which these papers have been used or the usability of the documents for stakeholders.

The PPC has not met its target on Project Financing Workshops. However, with the roll-out plan for workshops in place it is likely that the target will be met in 2006 and 2007.

4 RECOMMENDATIONS FOR MAXIMISING THE EFFECTIVENESS AND IMPACT OF THE PPC UP TO OCTOBER 2007

As there will effectively only be one year from the presentation of this review report until the Belgrade Conference in October 2007, these recommendations will not consider major revisions to the organisation and work of the PPC. Instead they will focus on fine-tuning and implementing work already planned, and on the preparation for the next EfE conference in Belgrade.

4.1 Implementing the PPC work programme 2006 and 2007

The PPC could maximise its effectiveness through the following activities:

- Roll-out the planned series of Project Financing Workshop. When feasible, involve PPC Officers in capacity building activities. Assess where and how cooperation with the EAP Task Force and the RECs could support the outcomes of the workshops.
- Continue the networking activities of the PPC Secretariat with EECCA and SEE countries, IFIs and donor countries, including building on dialogue initiated during this review.
- Prepare a new edition of the PPC newsletter and update the website with latest available information on pipeline projects and other activities. Use the term “PPC facilitated projects” instead of “PPC projects” as this more clearly explains the facilitation role of the PPC and the fact that the projects are not financed or implemented by the PPC itself.

4.2 Preparing for the future of the PPC after October 2007

The PPC should take a proactive role in the preparations for Belgrade and should make use of the results of this review and the contacts made during the review process. The preparations for Belgrade may include, but not be limited to:

- Preparing a PPC report to Belgrade on the PPC’s achievements, including lessons learned on the approach and mechanisms used by the PPC and how this has supported implementation of environmental projects in EECCA and SEE.
- Participating in the preparatory Working Group of Senior Officials and other relevant preparatory meetings for Belgrade.
- Assessing in more detail the needs of the Asian Development Bank (ADB) and European Investment Bank (EIB) for PPC assistance after 2007.
- Entering into dialogue with those EECCA and SEE countries which did not respond during the review, to get a view on their needs for PPC assistance.
- Discussing with the EBRD what the future organisational set-up of the PPC could be, including the role of the PPC Secretariat and Chair vis-à-vis PPC Officers and Consultants. The discussions should also include funding mechanisms (accessing ETCI funds, arrangements for pooled funds, etc.). The PPC Chair and Executive Secretary may also wish to develop more precise TOR for PPC Officers and Consultants and for the role of the Chair and Secretary vis-à-vis PPC Officers and Consultants.

5 OPTIONS AND RECOMMENDATIONS FOR THE FUTURE OF THE PPC AFTER OCTOBER 2007

5.1 Demands for project development, coordination and capacity building beyond Belgrade

The following analysis (table 7) focuses on the EECCA and SEE regions. Demands for PPC activities on project development, coordination and capacity building have been compiled from stakeholder interviews and questionnaires.

Demands for project development and mobilising grant co-financing are clearly stated by the IFIs, as is a request from the EBRD for continued support through PPC Officers.

Table 7: Stakeholder demands for project development, coordination and capacity building

Stakeholders	Demands
<u>EECCA countries:</u>	<p>Development of environmental investment projects using national EECCA country programmes as a basis</p> <p>Provision of information on funding sources and good practices</p> <p>Capacity building for development of investment projects</p> <p>Development of PPC links with the Asian Development Bank</p>
<u>Donor countries:</u>	<p>Development and implementation of Investment Support Facilities (ISFs) and provision of closer links between ISFs and IFIs</p> <p>Development of smaller investment projects and rural water supply projects</p> <p>Development of good practice and information material</p> <p>Capacity building and roll-out of the planned Project Financing Workshops</p>
<u>IFIs:</u>	<p>EBRD needs to raise co-financing for its investment projects</p> <p>EBRD has established new facilities in Early Transition Countries and Western Balkans</p> <p>EBRD requests more PPC Officers to support development of water supply and energy projects</p> <p>PPC consultants outside IFIs must have a detailed knowledge of IFI procedures, the particular region, its institutional set up, and the area of support – e.g. water supply</p> <p>The World Bank needs to raise co-financing for its investment projects. Furthermore, if the World Bank is able, in future, to operate at sub-national level, they would need inputs of good projects from the local level. The World Bank also suggests that the PPC could assume a more development, rather than a brokering mandate, thus focussing more on areas that are more risky and which are not business-as-usual for the World Bank. Development of thematic publications and IFI good practices publications are important.</p> <p>The ADB did not express specific demands for PPC assistance. The ADB finds that capacity to develop projects in EECCA remains low and weaknesses include: (1) general lack of experience in project preparation; (2) poor scientific, technical and engineering skills; and (3) lack of sufficient reliable information. ADB has its own sources for project development.</p>
<u>PPC Officers and PPC Consultant in EBRD:</u>	<p>To work efficiently PPC Officers and Consultants need to be seen as part of the IFI team developing projects. A PPC Officer or Consultant cannot serve two or more IFIs.</p> <p>Development of IFI facilities in EBRD is needed and is best undertaken from the Bank's headquarters with close links to donors interested in supporting the activities. The development of facilities needs testing in pilot projects and needs to be supported by awareness raising and capacity building activities.</p> <p>Development of investment projects and identification of donor funds to fill financial gaps is needed and can effectively be done from the region, linked to the operation of the regional offices of the EBRD. PPC Officers may be more effective if they work with more banking teams and are allowed to develop projects in several sectors, e.g. both energy and heating and water supply and sanitation.</p> <p>PPC Officers and Consultants may work with all or parts of the IFI project cycle, depending on the needs of the donor and IFI, as well as the individual's particular skills.</p> <p>PPC Officers have much to offer the PPC in terms of capacity building and good practices - both much needed in EECCA and SEE.</p>
<u>EAP Task Force Secretariat and RECs:</u>	<p>PPC could focus more on "development-oriented" projects, such as rural water and upstream development of new facilities.</p> <p>Scope for more cooperation between the EAP Task Force and the PPC in linking priority-setting, financial planning and project preparation.</p> <p>RECs could play a greater role in disseminating information and the capacity building work of the PPC.</p>

Donors request support for the establishment of investment facilities for the development of investment projects, and to assist EECCA and SEE countries in increasing their capacity for project development and financing. The EECCA stakeholders who have taken part in the review demand support for developing their national project pipelines into investment projects and assistance in increasing their capacity for project development and financing. Both the EAP Task Force and the REC consider that they would be able to assist the PPC in meeting some of the demands for capacity building and information dissemination.

5.2 Options for the PPC to deliver on the demands

While table 7 showed that PPC stakeholders see a need for activities which PPC may deliver, the question is what and how the PPC can deliver on these demands.

To analyse this, the views of the PPC stakeholders on the present PPC activities (status quo) and alternative options have been compiled and organised into three topics: i) *strategic orientation of the PPC*, ii) *operational modalities* and iii) *modalities for organisational set-up and funding opportunities*” as presented in tables 8-10. Relevant statistics on PPC activities and performance have also been included in the tables.

Table 8: Stakeholder views or statistics on PPC performance supporting future orientation of the PPC

	“Status quo”	Stakeholder views or statistics	Alternative option for PPC	Stakeholder views or statistics
Strategic orientation towards stakeholders	Continued narrow focus on EBRD	<ul style="list-style-type: none"> -All current pipeline projects are EBRD projects. Project value of projects under development since 2003 is more than €1.4 billion. -New requests for PPC Officers in EBRD -PPC Secretariat in EBRD -PPC Officers have influenced EBRD orientations on environment and energy 	Wider PPC focus on other IFIs including EIB, World Bank and Asian Development Bank	<ul style="list-style-type: none"> -PPC should widen its IFI cooperation -World Bank needs co-financing for environmental projects and is interested in support from PPC -World Bank is considering sub-national lending and needs input of investment projects and PPC could play a role -EIB has a mandate to move “south and east” and has no regional structure to build on - PPC should link with Asian Development Bank to support EECCA countries
Sector Focus	Most projects in PPC pipeline on water supply, sanitation and energy sector projects	<ul style="list-style-type: none"> - PPC’s added value is due to its close connection with IFIs - IFIs prefer to work directly with the projects they have agreed with their clients. PPC assistance should therefore be closely linked into the banking teams 	PPC also to support development of donor/EECCA and SEE pipelines	<ul style="list-style-type: none"> -EECCA, SEE countries and donors and investment facilities need assistance to get projects developed and financed -Good PPC experience in assisting DABLAS to build on -PPC should use its expertise more broadly as a facilitator of existing pipelines rather than support the developing of new pipelines -PPC can add continuity and has an institutional memory
		<ul style="list-style-type: none"> -48 out of 56 PPC pipeline projects are on water supply, sanitation, energy/heating -6 out of 7 EBRD facilities are within this area - The water sector is a priority in most donor supported programmes in EECCA and SEE -Large investment in the water sector is still needed to fulfil MDG targets in EECCA and comply with EU Directives (in SEE) 	<ul style="list-style-type: none"> -Focus on development oriented sectors like rural water supply, and WSS in small towns and more innovative project areas like biodiversity, carbon credit projects 	<ul style="list-style-type: none"> -Facilities and projects on biodiversity and carbon credit has been initiated in EBRD -Water supply and sanitation projects in bigger cities are in progress; more emphasis is needed on smaller towns and rural areas -World Bank and ADB are active in rural water supply and small town water supply. PPC can build partnership with these -Concepts for combining smaller town projects may make investments more feasible

	<p>“Status quo” PPC - Continued broad focus on EECCA and SEE</p>	<p>Stakeholder views or statistics -PPC has its mandate from EifE process which has a broad regional approach covering all countries in EECCA and SEE</p>	<p>Alternative option for PPC A sub-regional approach</p>	<p>Stakeholder views or statistics -Within EECCA and SEE the conditions for developing and financing environmental investment projects differ widely -Only some countries are eligible for Official Development Assistance, i.e. ETC/CIS-7 countries, SEE and poorer parts of Ukraine and Russia -EC policy initiatives and programmes have a sub-regional approach to EECCA (ENPI countries and Central Asia) and to SEE (accession and non-accession countries)</p>
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Table 9: Stakeholder views and statistics on PPC and EBRD performance supporting future orientation of modalities of operation for the PPC

	“Status quo”	Stakeholder views or statistics	Alternative option for PPC	Stakeholder views or statistics
Modalities of operation	<p>PPC Officers involved in development of projects throughout the whole IFI project cycle</p> <p>PPC facilitation of co-financing</p> <p>Implementation of existing EBRD investment facilities</p>	<p>- Some EBRD banking teams require PPC Officers to work on the whole project cycle, working as part of the banking team</p> <p>- PPC pipeline 2003-2006 comprises environmental investment projects of a value of almost €1.4 billion</p> <p>- EBRD estimated that from 1993-2003 they mobilised €35 billion for investment capital and €623 million of donor funds (all sectors not only environment)</p> <p>- PPC assisted in development of District Heating Support Facility and in a Municipal and Environmental Infrastructure TC Framework Contract. Both facilities are now managed by the EBRD banking teams</p> <p>- Some EBRD facilities have matured to a level where they are mainstreamed into EBRD normal operations</p>	<p>PPC Officers focus on more “upstream work”, i.e. the initial parts of the IFI project cycle</p> <p>Increased focus on PPC facilitation of co-financing</p> <p>Develop and implement new PPC facilities if an IFI has the need</p>	<p>Stakeholder views or statistics</p> <p>-Some EBRD banking teams use PPC Officers primarily in upstream work in developing facilities and identification of investment project facilities</p> <p>-Both PPC and EBRD (and other IFI) banking teams attract donor co-financing for environmental investment projects</p> <p>-The need for new facilities in EBRD or other IFIs is uncertain</p>

	<p>“Status quo” PPC networking through Joint EAP Task Force/PPC meetings</p>	<p>Stakeholder views or statistics -Some stakeholders view the joint EAP Task Force/PPC meetings as unbalanced, with most focus on policy reform - Key stakeholders for PPC (e.g. IFIs, donors with active donor programmes in EECCA or SEE, EECCA and SEE Ministries of Finance and municipality representatives) are often not present at the meetings - PPC could organise targeted meetings back-to-back with EAP Task Force/PPC meetings -The joint meetings have increased the knowledge of PPC and its work -With the present focus on developing better investment projects the target group will be the local level actors and in particular municipalities</p>	<p>Alternative option for PPC PPC networking activities targeted to thematic sectors and countries</p>	<p>Stakeholder views or statistics -PPC could organise sub-regional and thematically targeted meetings and invite relevant IFIs and donors to these meetings -PPC could participate in donor coordination meetings at the national and regional level in EECCA and SEE</p>
<p>Capacity building targeting lenders at local level</p>	<p>- Most stakeholders support the PPC approach on Project Financing Workshops -Donors are willing to support “rolling out” the Project Financing Workshops based on requests from EECCA and SEE countries</p>	<p>Capacity building also including the national level</p>	<p>-Engaging at the national level may be more relevant if the PPC workshops dealt more with the national-level barriers of developing and financing of investment projects -PPC could engage more in advising on the national institutional set-up for capacity development of investment projects -A need for a stronger focus on institutional and human resources development, on development and financing of investment projects, but also a broader need for addressing the institutional barriers -PPC Project Financing Workshops should build on a wider use of PPC Officers, cooperation with the EAP Task Force and RECs and also engage regional IFI and donor staff.</p>	
<p>Capacity building aiming at project development</p>		<p>Building human and institutional capacities</p>		

Table 10: Stakeholder views and statistics on PPC performance in support future organisational set-up and funding arrangement of the PPC

	"Status quo"	Stakeholder views or in support of "status quo"	Alternative option for PPC	Stakeholder views in support of an alternative orientation of PPC
Organisational set-up	<p>PPC Officers in banking teams</p> <p>PPC Officers on special IFI employee staff contracts</p>	<p>Some EBRD banking teams feel that PPC Officers should be part of the banking team and report directly to the banking team</p> <p>-The majority of the PPC Officers in the EBRD have been working in a banking team either at EBRD headquarters or in regional offices</p> <p>See comments above</p>	<p>PPC Officers working alongside banking teams in the form of PPC Consultants, for example, but not reporting directly to the banking teams</p> <p>PPC Consultants on consultancy contracts</p>	<p>-Only the PPC Officer in the EBRD's Environment Department is working outside a banking team. As the Environment Department is not developing investment projects, the PPC Officer has to develop these through other banking teams</p> <p>-A model linking the PPC Officers to the PPC Secretariat may be an option, however this would require the TOR to describe the working relations and the Secretariat to have the resources to manage this</p> <p>-The experiences of the PPC Consultant working on project development until concept review (alongside the EBRD banking team but not reporting directly to it) to support the EU Water Initiative/Water Investment Support Facility is viewed positively both by EBRD and the donor</p> <p>-A pre-condition for the model to be successful is that the Consultant has a clear EBRD mandate regulated by clear TOR</p> <p>-The PPC Consultant is faster to mobilise and may be a way to overcome different donor and IFI modalities</p> <p>-The PPC Consultant may be less costly and may also be a possibility for qualified candidates from EECCA and SEE as they have better knowledge of local conditions and better networks than PPC Officers from donor countries</p> <p>-The "Black Sea Broker" is an example of a consultant working outside the IFIs who is viewed as successful in developing environmental investment projects</p>
	<p>PPC Officers in IFIs</p>	<p>See comments above</p>	<p>PPC Officers/Consultants outside IFIs</p>	

	"Status quo"	Stakeholder views or in support of "status quo"	Alternative option for PPC	Stakeholder views in support of an alternative orientation of PPC
	PPC Officers in IFI headquarters	<ul style="list-style-type: none"> -Development of facilities can only be done from IFI headquarters in close contact with banking teams and donor headquarters -Some countries like Russia prefer to work with staff from IFI headquarters 	PPC Officers/Consultants in the region	<ul style="list-style-type: none"> -PPC Officers/Consultants in the region are closer to the national stakeholders and IFI/donor representatives in the region -PPC Officers in the region may be more effective if they are linked to more banking teams, as the number of projects in one sector may be too small -PPC Consultants may travel often to the region and it may be less important if s/he stays in the region
A slimmed down secretariat	A slimmed down secretariat	<ul style="list-style-type: none"> -If PPC has a narrow focus on EBRD there may only be a need for a slimmed down Secretariat -The funding situation of the Secretariat has been difficult during recent years 	A larger Secretariat with a wider range of tasks	<ul style="list-style-type: none"> -A larger Secretariat will be needed if funding of PPC is through pooled donor funds -More resources will be needed if the Secretariat has a role in managing PPC Officers/Consultants -A stronger Secretariat can assist in analysing national and local obstacles for environmental investment projects and manage more consultancy support activities
A loosely arranged PPC organisation like the present	A loosely arranged PPC organisation like the present	<ul style="list-style-type: none"> - PPC has a rotating chair - PPC is to a wide extent embedded in the management structure of EBRD and draws on these resources to manage its activities 	A PPC with a more tightly structured organisation	<ul style="list-style-type: none"> -PPC lacks a unified management system to match EBRD and the banking teams. -PPC needs a permanent chair to match EAP Task Force, to strategically lead the PPC and to assist the Executive Secretary in implementing the work programme -The Secretariat needs to develop stronger links to the PPC Officers – this could be described in the TOR for PPC Officers
Further integration of PPC with EAP Task Force and RECs	Further integration of PPC with EAP Task Force and RECs	<ul style="list-style-type: none"> -With its limited staff resources the PPC may benefit from a closer integration with EAP Task Force, even in the form of a joint secretariat. -The present set-up with joint EAP Task Force/PPC meetings has been a step in the right direction 	Clearer separation according to tasks and key stakeholders	<ul style="list-style-type: none"> -PPC, EAP Task Force and REC have different objectives -Joint working programmes on specific areas can bring added value (capacity building, information sharing, pilot projects)

	"Status quo"	Stakeholder views or in support of "status quo"	Alternative option for PPC	Stakeholder views in support of an alternative orientation of PPC
Funding arrangements	<p>Donor funding sought for specific PPC activities on an ad hoc basis (often tied)</p> <p>Donor funds to support the PPC</p>	<p>-Some donors prefer "tied" PPC Officer positions</p> <p>-Targeted donor funding of PPC Officers requires limited reporting, administration, etc.</p> <p>-the PPC currently receives support from individual donors including EU, Finland, Italy, Luxembourg, Netherlands, Sweden and UK, which together have so far provided sufficient funding for its core activities</p>	<p>Pooled donor funding</p> <p>Attracting non-donor funds</p>	<p>-Previous experience in joint donor funding of PPC staff positions - however not with pooled funds</p> <p>-ECTI in EBRD is based on pooled donor funds</p> <p>-Pooled funds may increase the overall amounts available for PPC and allow PPC to take a more strategic approach on location and thematic focus of Officers</p> <p>-Pooled funds require more administration and reporting</p> <p>-Pooled funds should be an alternative and not a substitute</p> <p>-There are a number of IFI programmes that share the same objective as PPC. PPC may be eligible to apply for such funds to assist its activities, e.g. EBRD ETCI or Western Balkan funds.</p>

The stakeholder views presented in tables 8-10 provide a very valuable input to the PPC in its preparations for Belgrade.

Some key conclusions can be drawn from the stakeholders view on options for the PPC after 2007. These comprise options for the PPC to:

- Help to develop and finance environmental and infrastructure projects through Officers based in IFIs, not only in the EBRD but also in the World Bank, Asian Development Bank and European Investment Bank.
- Facilitate development of Investment Support Facilities and act as the linking mechanism between the ISF and the IFIs.
- Help to develop and finance projects in a wider range of sectors including rural water supply and small municipalities, biodiversity and nature protection. Widening the IFI focus will assist the PPC in widening its sector focus.
- Build capacity in municipalities to develop investment projects through Project Financing Workshops; however also have options to assist in a broader institutional development of capacities at national and municipal levels in EECCA and SEE to build capacity for investment planning and implementation.
- Increase its ability to raise grant co-finance for investment projects through sub-regional and thematically targeted meetings.
- Facilitate project development through increased accessibility of good practice and lessons learned studies, and financing sources for project development and co-finance in EECCA and SEE.
- Increase its collaboration with donors in EECCA and SEE countries through PPC Consultants working alongside IFIs.
- Increase its impact and visibility through strengthening its organisational set-up.
- Increase its funding base through pooled donor funds and access to other funding sources.

5.3 Recommendations for the future of the PPC after October 2007

In view of the stakeholder demands and the potential options for the PPC to deliver them, the consultant recommends that the PPC, in consultation with its stakeholders, should consider five key focus areas for its continuation after 2007. For each of the five key focus areas recommendations are given on what the PPC could deliver.

1 – PPC to support the identification, preparation and financing of environmental project through one or more of the following activities:

- i) The PPC should continue to provide Officers to the EBRD with the aim of facilitating the identification, preparation and financing of environmental investment projects. The aim of the PPC should be to increase the share of environmental investment projects in the EBRD pipeline. The thematic focus of PPC-facilitated investments could be water supply, waste water and waste management and sustainable energy/energy efficiency. The PPC could focus on supporting the implementation of the ETCI and Western Balkans Initiative. As both initiatives are supported by bilateral and multilateral donor in pooled funds, the detailed funding arrangements for the PPC's engagement through its Officers should be further elaborated. For Russia the PPC could continue its support to the NDEP.
- ii) The PPC should cooperate with the World Bank with the aim of facilitating donor co-financing for environmental investment projects and developing investment projects. The latter would be particularly important if the World Bank is able to provide sub-

national loans in the future. In this case the PPC may assist in developing environment and infrastructure pipelines at the local level in municipalities. The sectors where the PPC could potentially bring added value are the provision of water supply and sanitation services in rural areas of EECCA countries. The PPC could also assist the World Bank to develop projects in sectors such as industrial pollution abatement, energy conservation/efficiency and biodiversity in EECCA and SEE.

- iii) In Central Asia, the Asian Development Bank supports investment projects to mitigate environmental degradation and to foster regional cooperation. Environmental investment projects are provided through agriculture and natural resources programmes. The ADB also provide loans for investments in infrastructure activities to water supply, sanitation and waste management. The PPC could provide assistance to the ADB through a PPC Officer with the aim to increase investments in the areas of environmental management (biodiversity and natural resources management) and water supply and sanitation, with an emphasis on rural areas.
- iv) The PPC could provide assistance to joint IFI initiatives in EECCA and SEE. The World Bank, EBRD and IMF cooperate through the CIS 7 initiative to mobilize political attention and resources for investments, including the environment sector. PPC Officers located in banking teams could support either the individual IFI pipeline projects or support the development of the environmental pipelines of the broader initiatives which more IFIs participate in.
- v) The European Investment Bank will, in the coming years, expand its operations further east into EECCA and further south into SEE. The EIB does not have a regional presence in these countries and does not have a pipeline of environmental projects. A PPC Officer in EIB may enable the Bank to develop an environmental pipeline and assist it in linking up with national partners and donors.

2 – PPC to support donor funded environmental investment initiatives and Investment Support Facilities through one or more of the following activities:

- i) A number of donor supported initiatives (e.g. DABLAS, NDEP) have resulted in priority lists of environmental projects comprising both technical assistance and investment projects. The PPC is presently supporting the further development of priority environmental projects in the DABLAS region through a PPC Officer in the EBRD working from the Belgrade Office. The PPC could assist similar initiatives in EECCA and SEE through the work of PPC Officers in the IFIs who are active in the respective sub-regions and sectors.
- ii) The EC has created a number of Investment Support Facilities (Black Sea Investment Support Facility, Water Investment Support Facility, etc.) with the aim of promoting environmental and infrastructure investments. EC programmes will continue to develop Investment Support Facilities in its future programmes in EECCA and SEE. The PPC could build on the positive outcomes of the present support to the EU Water Initiative and WISF through the PPC Consultant to provide assistance to the EC, both in the development of new Investment Support Facilities and in being the linkage mechanism between these Investment Support Facilities and an IFI.
- iii) From 1 January 2007 the EC will provide its assistance to SEE through the Instrument for Pre-accession Assistance, which combines all previous pre-accession instruments for SEE countries into one instrument. A possible niche for the PPC may be to assist the EC and IFIs in developing facilities in SEE similar to JASPER (Joint Assistance to Support Projects in the European Region). JASPER is a joint initiative by EC, EBRD and EIB targeting new EU member countries aimed at helping them develop major

infrastructure projects as part of the EC structural and cohesion funds. JASPER will establish a network of experts to be posted in the field to assist national authorities in the new member states.

3 – PPC to assist in mobilizing donor grant co-finance for investment projects through one or more of the following activities:

- i) In EECCA and the non-accession countries of SEE environmental and infrastructure projects will need substantial donor grants for co-financing. The PPC may provide assistance to this through the work of its Officers and its web-based information service on funding mechanisms and ad-hoc information on financing possibilities. However, the PPC may consider strengthening this activity through sub-regional and sector specific meetings between governments, donors and IFIs with the aim to enable project sponsors and proponents to disseminate details of their financing needs. The PPC may also consider establishing a system to monitor IFI and donor pipelines and priorities with the aim to improve the information available to national stakeholders, IFI and donor countries on matching possibilities.

4 – PPC to increase access to case studies, good practice and know-how documents related to project identification, preparation and finance through one or more of the following activities:

- i) The PPC could strengthen its dissemination of information on project development and finance. Specifically, this could be done by disseminating the results of work undertaken by a wide range of actors in EECCA and SEE. Both IFIs and donors undertake lessons learned studies which could be of benefit to stakeholders. The PPC could utilise the information channels already established by the EAP Task Force and RECs to disseminate this information to its stakeholders.
- ii) Complementary to the preparatory work carried out by national and local representatives in EECCA and SEE, the PPC may also establish an upstream technical expertise service to assist national stakeholders, as required, from the early stages of project identification and preparation to the final decisions of project financing. To undertake this task the PPC would need to identify the key stakeholders in EECCA and SEE who would need this advice.

5 - PPC to assist EECCA and SEE stakeholders to build capacity for project identification, preparation and finance in partner countries through one or more of the following activities:

- i) The PPC is in the process of implementing a roll-out plan for its Project Finance Workshops. This has been welcomed by most donors and EECCA and SEE countries and the PPC could continue this activity after 2007. The outputs of the workshops may be improved through the engagement of PPC Officers and using the activities and networks of the EAP Task Force and RECs.
- ii) The PPC could also assist in the development of institutional capacity for project development and finance in EECCA and SEE. In doing so it could take a “train-the-trainers” approach to staff in institutions which at the national level have a responsibility for training staff at the municipal level, for example. This may be particularly relevant in sectors where a large number of smaller projects need to be developed, e.g. rural water supply and water supply in small towns.

In the following section, five additional recommendations on operational modalities, organisational set-up and funding arrangements are provided for further consultation between the PPC and its stakeholders.

6 - PPC to increase its collaboration with donors and EECCA and SEE countries through PPC consultants working alongside IFI banking teams, but not reporting directly to them:

- i) Since 1993 IFIs have been the main cooperating partners for the PPC through hosting PPC Officers. To reach out to more stakeholders the PPC could consider developing a new type of cooperation through PPC Consultants working alongside IFI banking teams, but not reporting directly to them. While the PPC would be able to secure the close link to IFI teams, Consultants working on these terms could be more effective in advising on the development of investment support facilities, national pipelines for investments, and implementing “train-the-trainers” programmes, than PPC Officers working as part of an IFI banking team. To facilitate dialogue between the PPC and its stakeholders a sample ToR for a PPC Consultant has been drafted (Appendix D).

7 - PPC Officers to assist in information sharing and capacity building:

- i) PPC Officers have much to offer to the PPC’s information sharing and capacity building activities. To facilitate the dialogue between the PPC, donors and IFIs, a sample ToR for a PPC Officer in a banking team has been developed (Appendix D). The aim of the ToR is to support a balancing of the needs for project development, information sharing and capacity building.

8 - PPC to strengthen its organisational set-up:

- i) In order take up the above tasks and to reach out to more stakeholders the PPC would benefit from a stronger institutional set-up. One option may be to establishing a permanent Chair to support the Executive Secretary at the strategic level and in negotiations with key stakeholders. The PPC may also wish to discuss with the EBRD how the Bank could assist it in strengthening its organisation. Finally, the PPC may consider whether a location outside the EBRD, in cooperation with the EAP Task Force and RECs, may be a better solution.

9 - PPC to develop a wider funding base:

- i) Reaching out to more stakeholders would require more resources. Being 100% donor funded, PPC should explore a wider base for its funding. This could entail pursuing pooled donor funding or even attracting funds from IFI mechanisms which have the same overall objective as the PPC (e.g. the ETCI or Western Balkans Fund). Finally, the PPC may find ways of reducing its overall operation costs through, for example, using PPC Consultants who may work part-time and incur lower costs than IFI-based PPC Officers. The PPC may also consider attracting “seconded” staff from donor countries.

10 - PPC to develop a comprehensive work programme after 2007:

- i) To support the implementation of the PPC’s activities after Belgrade it is recommended that the PPC should develop a work programme, subdivided into activities and with clear success indicators and budgets. It is further recommended to develop ToR for key staff, with clear links to the work programme and its indicators of success. In preparing the work programme the PPC may consider developing “products” such as the Project Financing Workshop model which may be replicated in more EECCA and SEE countries.

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A P P E N D I C E S

A P P E N D I X A

PPC project pipeline (at August 2006)

Project pipeline at August 2006

The following is a list of all projects/facilities being developed by PPC Officers since April 2003, as well as those projects that have been highlighted at PPC meetings as requiring additional grant funding.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Bazenc Mini-Hydro Power Plant – Project under EBRD's Direct Lending Facility	Armenia	Energy / Heating	1.18	EBRD	Signed	This mini-hydro project in Armenia was identified during a survey for CDM projects. The Netherlands are providing support for the CDM baseline and validation studies, and the project is expected to have a strong demonstration effect for further mini-hydro projects. The loan is being provided through EBRD's Direct Lending Facility, which is designed to provide small loans.
Lake Sevan Environmental Project	Armenia	Water Supply / Sanitation	14.6	EBRD	Concept reviewed	Investment project to rehabilitate two operating wastewater treatment plants and build three new wastewater treatment plants in five municipalities around Lake Sevan.
Armenia Renewable Energy Programme	Armenia	Energy / Heating	12.5	EBRD WB	Signed	Loan to financial intermediary which will invest in renewable energy projects, primarily mini-hydrors. A PPC Officer is contributing to a TA component that will enable the monetisation of carbon emissions in individual projects.
Rehabilitation of AzDRES Power Plant	Azerbaijan	Energy / Heating	USD 127.7 mil.	EBRD	Approved	Investment into rehabilitation of the major generation station and selected transmission facilities with the aim of improving power system reliability and efficiency. PPC staff are assisting in the development of the energy efficiency and fuel-switch project as a CDM project.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Baku Solid Waste Management Project	Azerbaijan	Waste Management	10.0	EBRD	Concept reviewed	Construction of EU compliant landfill segments, improvement of collection and possible construction of an incinerator.
Tuzla Waste Water System	Bosnia & Herzegovina	Water Supply / Sanitation	5.0	EBRD	On hold	Construction of a wastewater treatment plant for the municipality of Zivinice to protect the water supply from Lake Modrac, the only viable source of potable water for the area.
Plava Voda Water Supply System	Bosnia & Herzegovina	Water Supply / Sanitation	20.0	EBRD	Exploratory	Construction of a 30-km long pipeline to deliver drinking water to five municipalities.
Bijeljina Waste Water Collection System	Bosnia & Herzegovina	Water Supply / Sanitation	9.75	EBRD	Concept reviewed	Construction of a priority wastewater collection network in order to prevent further pollution of underground water.
Capljina Water Project	Bosnia & Herzegovina	Water Supply / Sanitation	10.0	EBRD	Exploratory	Construction of a 50-km long pipeline to deliver drinking water to municipalities through two cantons.
Sofia Water Infrastructure PPP	Bulgaria	Water Supply / Sanitation	190.0	EBRD	On hold (pending approval of tariff reforms)	To finance part of capital expansion programme of Sofiyska Voda, a joint venture between United Utilities, EBRD and the city of Sofia, encompassing modernisation of water supply and waste water collection infrastructure in Sofia.
Bulgarian Energy Efficiency and Renewable Energy Credit Line (BEERECL)	Bulgaria	Energy / Heating	125.0	EBRD	Framework facility approved	A €50 million credit line for six Bulgarian banks to provide loans to sub-borrowers for industrial energy efficiency and renewable energy projects and a €10 million grant for technical assistance and incentives. In 2006 an extension was agreed for a further €55m loan from the EBRD and €10m grant from the KIDSF.
Primorsko-Goranska Regional Waste Project	Croatia	Waste Management	tbd	EBRD	Exploratory	The project will finance regional waste management centres.
Osijek Water Supply and Sewerage Project	Croatia	Water Supply / Sanitation	11.0	EBRD	Cancelled	Construction of a new wastewater treatment plant to treat sewage from Osijek City and the surrounding area.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Karlovac Water Supply and Sewerage Project	Croatia	Water Supply / Sanitation	36.0	EBRD	Signed	Upgrade of water supply and wastewater sewer networks and construction of a waste water treatment plant.
Elektrostopanstvo - Implementation of an Environmental Management System	FYR Macedonia	Energy / Heating	0.2	EBRD	Approved	Stand-alone TA project, managed by EBRD, to assist in the implementation of an Environmental Management System at Elektrostopanstvo na Makedonija. The EMS constitutes a milestone in the privatization process which is supported by the EBRD.
Adjara Solid Waste Management Project	Georgia	Waste Management	10.3	EBRD	Concept reviewed	Creation of an integrated solid waste management system for the Adjara region.
Poti Water Supply Project	Georgia	Water Supply / Sanitation	12.3	EBRD	Approved	The project will finance improvements in the municipal water supply system.
City of Tbilisi Public Transport Project	Georgia	Transport	6.38	EBRD	Signed	The project is designed to help the municipal bus company to improve transport services.
Kutaisi Water Supply Improvement Project	Georgia	Water Supply / Sanitation	12.6	EBRD	Approved	The project will aim to restore a regular (full-time) service in 50% of the city and improve the commercial viability of the Kutaisi Water Company. In addition access to water supply will be increased and wastewater services provided through an efficient service which will mitigate the risk of water transferred diseases and environmental damage to the River Rioni.
Enguri Hydro Power Plant Rehabilitation	Georgia	Energy / Heating	56.7	EBRD	Exploratory	A major project to rehabilitate the Enguri power plant is being developed by EBRD, with grant financing from the EU. A CDM component is being developed in order to access carbon credit finance which will make the next phase of the rehabilitation bankable.
Georgian Gas Transmission Pipeline Rehabilitation	Georgia	Energy / Heating	USD 90.0 mil.	EBRD	Concept reviewed	An energy efficiency and environmental safety project aimed at rehabilitating the North-South main gas pipeline of the Georgian transmission system through a carbon credit financing structure.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Institutional Capacity Building - Biodiversity Conservation	Kyrgyz Republic	Nature Conservation / Biodiversity	0.25	EBRD	Approved	TA project, managed by EBRD, to promote private sector involvement in biodiversity conservation activities and to support institutional capacity building and local livelihoods in the Sary-Chat Ertash Zapovednik. The site is adjacent to the Kumtor Gold Mine, an EBRD investment project.
Bishkek Water Utility Restructuring	Kyrgyz Republic	Water Supply / Sanitation	17.6	EBRD	Exploratory	Improvement to the quality of the water supply services in the capital Bishkek through a complex investment programme designed to rehabilitate a substantial part of the water supply mains and distribution pipes, modernise the pumping equipment and replace drinking water disinfection equipment.
Interglass Energy Efficiency Project	Kyrgyz Republic	Energy / Heating	5.5	EBRD	Signed	The EBRD is currently assisting the sponsor Interglass in developing its energy efficiency project as a CDM project. Financing is being made available from the Bank's CDM Project Support Facility for the Early Transition Countries.
Construction of the Chisinau – Strasheni – Calarash Pipeline	Moldova	Water Supply / Sanitation	9.0	EBRD	Exploratory	Extension of the existing water mains passing from Chisinau to Strasheni to the city of Calarash, thus enabling delivery of clean water to the city. The project will include building of mains pipes and pumping stations.
Pilot Biodiversity Funding Facility	Poland	Nature Conservation / Biodiversity	10.0	EBRD	In negotiation	This facility, managed by the EBRD, will provide sub-loans to SMEs in Poland whose operations impact on biodiversity. The project responds to a demand to engage the private sector in the protection and enhancement of biodiversity.
Sibiu Water and Waste Water Project	Romania	Water Supply / Sanitation	37.6	EBRD	Signed	The rehabilitation and refurbishment of the water and waste water treatment plants in Sibiu to upgrade and extend the water supply and sewerage networks.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Sustainable Energy Finance Facility	Romania	Energy / Heating	85.0 - 105.0	EBRD	Exploratory	A credit line to provide loans to sub-borrowers for industrial energy efficiency and renewable energy projects. A market potential of €500 million for sustainable energy projects has been identified in a recent market survey commissioned by the EBRD.
Arkhangelsk Municipal Water Services Project	Russia	Water Supply / Sanitation	25.5	EBRD	Signed	Rehabilitation and modernisation of the water supply and sewerage infrastructure. This will result in improved water quality and standards of sewage treatment effluent, as well as energy savings with upgraded pumping and other electrical equipment.
St. Petersburg Northern Wastewater Treatment Plant Incinerator	Russia	Water Supply / Sanitation	90.4	EBRD EIB NIB	Signed	Construction of a sludge incinerator at the Northern Waste Water Treatment Plant to provide an environmentally sustainable solution to the sludge disposal problem in the northern part of St. Petersburg.
Komi Municipal Services Improvement Project - Syktyvkar	Russia	Water Supply / Sanitation	21.0	EBRD	Signed	The investment project is designed to improve the quality of drinking water, the water supply and wastewater infrastructure, and services in the municipality of Syktyvkar.
Vologda Municipal Services Improvement Project	Russia	Water Supply / Sanitation	18.0	EBRD	Final reviewed	Investments are to include the construction of a new water treatment facility to improve drinking water quality, modernization of water pumping stations and network, installation of meters and modernisation of the existing wastewater treatment facilities in the City of Vologda.
St. Petersburg District Heat Metering Project	Russia	Energy / Heating	60.0	EBRD	Concept reviewed	To install and operate heat meters in 17,000 buildings serviced by local district heating companies. The project is a key integral part of the reform programme for district heating and municipal housing.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Kaliningrad District Heating Renovation and Reform	Russia	Energy / Heating	21.8	EBRD	Final reviewed	The project will include the rehabilitation of the district heating system in Kaliningrad, the promotion of sound pricing policies and practices and the institutional development of the district heating utility.
City of Subotica – Municipal Infrastructure Reconstruction Programme	Serbia	Water Supply / Sanitation	14.0	EBRD	Signed	The project will finance improvements to the municipal water services in the City of Subotica.
Serbian Small Municipalities – Environmental Programme	Serbia	Water Supply / Sanitation Waste Management	40.0	EBRD	Exploratory	Investments in wastewater collectors and treatment plants, and construction of regional landfills. Programme expected to include up to six municipalities.
Novi Sad District Heating Project	Serbia	Energy / Heating	13.0	EBRD	On hold	To finance the extension of the City's district heating network with the aim of addressing the heating needs of those areas of the City which are rapidly growing and still lack heating for the winter months.
Pančevo Waste Water Treatment Plant	Serbia	Water Supply / Sanitation	15.8	EBRD	Concept reviewed	Construction of a waste water treatment plant and extension of the sanitary network to alleviate the problems caused by the discharge of chemical wastes into the River Danube.
Cacak-Uzice Sanitary Landfill	Serbia	Waste Management	8.0	EBRD	Exploratory	Construction of regional sanitary landfill in compliance with EU rules for nine municipalities of eastern Serbia.
Sustainable Energy Finance Facility	Slovak Republic	Energy / Heating	75.0	EBRD	Concept reviewed	The EBRD is developing a financing facility for sustainable energy projects in the Slovak Republic.
Khujaud Water Supply Improvement Project	Tajikistan	Water Supply / Sanitation	4.9	EBRD	Signed	The project concerns the rehabilitation of the water treatment plant and chlorination plant and will include the installation of water pumps and the rehabilitation of the pump stations and boreholes.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
Tashkent Water Supply Improvement Project	Uzbekistan	Water Supply / Sanitation	USD 14.0 mil.	EBRD	Signed	This investment project will enable the replacement of existing water pumps, valves and transformers, as well as the installation of a water distribution unit, pumping station, water meters and construction of a reservoir.
Ecair Eastern Europe Landfill Gas Utilisation	Regional	Energy / Heating	6.5	EBRD	Concept reviewed	An experienced project sponsor has developed a portfolio of landfill gas extraction and utilisation projects that result in greenhouse gas emissions reductions. A Carbon Credit revenue stream for these projects can be provided under the Joint-Implementation mechanism.
Renewable Energy Financing Entity	Regional	Energy / Heating	80.0	EBRD	On hold	The REFE will be a financing vehicle (structured either as a corporation or a fund) which will invest in small and medium-sized renewable energy projects (e.g. wind, hydro power, biomass and geothermal projects) across EBRD's countries of operation.
Multilateral Carbon Credit Fund	Regional	Energy / Heating	150.0	EBRD EIB	Approved	The Multilateral Carbon Credit Fund (MCCF) will facilitate the purchase of Carbon Credits from projects financed by the EBRD and/or EIB for both sovereign shareholders of the EBRD and private / non-sovereign contributors.
Pro-biodiversity business in the steppe zones of the Eurasia region	Regional	Nature Conservation / Biodiversity	0.6	EBRD	Approved	This pilot TA project is in support of the Tacis regional programme biodiversity component focusing on the steppe ecosystems covering parts of Kazakhstan, Moldova, Russia and Ukraine. The project will provide targeted TA, managed through EBRD, to selected micro, small and medium-sized enterprises that use biodiversity resources and that are willing to work towards creating pro-biodiversity businesses.
Austrian MEI Fund for South East Europe and the Russian Federation	Regional – Russia and SE Europe	Waster Supply / Sanitation Waste Management	0.6	EBRD	Approved	To provide support in undertaking the necessary due diligence and appraisal work for specific municipal investment projects in Russia and SE Europe. Funds managed by EBRD.

Project or facility	Location	Sector	Total project cost (€ million)	IFI	Project status at August 2006	Project summary
CDM in Caucasus and Central Asia	Regional	Energy / Heating	0.9	EBRD	Approved	Funds, managed by EBRD, to assist project sponsors in monetising emission reductions by providing consultancy services for CDM Project Design Documents, host Country Letter of Approvals and Validation and Registration with the CDM Executive Board.
CDM Project Support Facility for Early Transition Countries	Regional	Energy / Heating	0.35	EBRD	Approved	Funds, managed by EBRD, to assist project sponsors in monetising emission reductions by providing consultancy services for CDM Project Design Documents, host Country Letter of Approvals and Validation and Registration with the CDM Executive Board.
District Heating Support Facility	Regional	Energy / Heating	0.13	EBRD	Disbursed	Funds, managed by EBRD, to structure district heating projects, focusing particularly on financial, technical, institutional and affordability issues during early project preparation stages.

A P P E N D I X B

Contributors to the Review (August 2006)

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Government/ Organisation	Name (Department)
Armenian Government	Ruzanna Davtayn (Ministry of Nature Protection)
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A P P E N D I X C

Review Questionnaire

REVIEW QUESTIONNAIRE

PPC 2006 Review

Please review this questionnaire and provide answers to the questions it contains in advance of your interview with the PPC Executive Secretary

An electronic version of the completed questionnaire should be returned to Craig Davies, PPC Executive Secretary (DaviesC@ebrd.com) no later than DAY MONTH 2006

Background to the PPC Review 2006

Purpose of PPC review 2006

The purpose of this review is threefold:

- i) To assess progress made with the implementation of the 2004-07 PPC Strategy;
- ii) To recommend ways of maximising the effectiveness and impact of the PPC and its activities for the remainder of the duration of the strategy (i.e. up to October 2007);
- iii) To suggest options and recommendations for the future of the PPC, beyond the Belgrade ministerial conference in October 2007.

Background

1. The PPC was established in 1993 at the second ministerial 'Environment for Europe' (EfE) conference in Lucerne. It was created to serve as a networking mechanism to improve coordination between IFIs and donors, and to facilitate the mobilisation of financial resources for environmentally-related investment projects in Central and Eastern Europe.
2. At the EfE ministerial in Kiev (2003), it was decided that the PPC should continue with its activities, but focus on the countries of Eastern Europe, the Caucasus and Central Asia, and other non-accession countries. It was agreed that participation in the PPC's activities should be extended to all countries of the UNECE region, international organisations, RECs, the private sector and NGOs, in addition to donor governments and IFIs. It was also agreed that the PPC and the EAP Task Force (its sister organisation under the EfE process) should continue to work together, including through joint annual meetings and with a common Bureau to improve coordination. Ministers also agreed that the PPC's mandate should be reviewed at the next EfE ministerial meeting in 2007. Following Kiev a new PPC strategy was agreed in October 2004, which is intended to take the PPC up to the next EfE ministerial conference in Belgrade in 2007. The strategy commits the PPC to three pillars of action, i) project identification, preparation and financing, ii) coordination, matchmaking and networking and iii) good practice and capacity building.

The Review questionnaire

3. As a part of the 2006 review the PPC is consulting its stakeholders on a number of key questions, which PPC consider relevant for evaluating the progress made since 2003, and for setting the future direction of the PPC up to 2007 and beyond the next 'Environment for Europe' Ministerial Conference in Belgrade in October 2007. The results of the questionnaire will provide an important input into the review report, which will be presented at the next PPC/EAP Task Force meeting in September 2006.

QUESTIONNAIRE

You are kindly asked to fill in the questionnaire based on your experience of working with the PPC. If you feel that you are unable to provide an answer to any of the questions, please leave that question blank.

1. Your details

Name:

Organisation:

Date:

Please indicate whether the opinions expressed reflect your personal views or the formal position of the institution you represent

2. Your contact with the PPC

Please describe briefly the nature of your exposure to the PPC and its work, how long you have been involved with the PPC and in what capacity:

1	<i>PPC Strategy in general</i> <i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree 4= don't know/no opinion</i>					
1.1	How effective is the PPC as a mechanism for leveraging donor resources?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
1.2	What motivates donors to work with the PPC?					

1.3a	In your view, have there been clear links between donor countries' priority setting and the activities of the PPC?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
1.3b	How could these be strengthened (e.g. project financing workshops, closer cooperation with the EAP Task Force)?					

Please give any further comments in the space below:

2	<i>PPC Strategy Pillar I : PPC role in identification, preparation and financing of projects</i> <i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree 4= don't know/no opinion</i>					
2.1	How effective has the PPC been in getting environmentally related projects into IFI pipelines?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
2.2	Is a project pipeline a useful tool for promoting and tracking PPC projects?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
2.3	How effective has the PPC been in mobilising donor financing for both project preparation costs and for co-financing for projects?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
2.4	How effective has the PPC been in establishing IFI facilities for project preparation?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>

Please give any further comments in the space below:

3	PPC Strategy Pillar II coordination, matchmaking and networking <i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree 4= don't know/no opinion</i>					
3.1	How effective has the PPC been as a coordination and networking mechanism?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.2a	Does PPC have an added value <i>vis a vis</i> other networking and financing initiatives in the region, such the Danube and Black Sea Task Force (DABLAS) and investment support facilities such as the Water Investment Support Facility (WISF), both supported financially by EU?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.2b	How could the PPC work in a complementary way with these other networks and facilities?					
3.3	Is the PPC mandate as a coordinating and networking mechanism still relevant?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.4a	How effectively does the PPC work with the EAP TF?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.4b	What room is there for improvement?					
3.5a	How effectively does the PPC work with the RECs?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.5b	What room is there for improvement?					
3.6	How effective have the joint PPC/EAP Task Force meetings been for PPC networking purposes?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>

3	PPC Strategy Pillar II coordination, matchmaking and networking (continued) <i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree 4= don't know/no opinion</i>					
3.7a	How effective are the PPC's current approaches to communications and the dissemination of information?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.7b	Should regular PPC meetings be held, or are there more effective approaches?					
3.8	How effective are tools such as newsletters and the PPC website?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.9	Are these (3.8 and 3.9) enabling the PPC to engage effectively with EECCA countries and other stakeholders?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
3.10	Would a professional communication strategy be a help for PPC to achieve its goals?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
<i>Please provide any further comments in the space below :</i>						

4	PPC Strategy Pillar III : good practice and capacity building and organisational issues <i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree 4= don't know/no opinion</i>					
4.1	How effective has the PPC been at spreading good practice and building capacity?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
4.24	Has best use been made of good practice case studies?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
4.2b	Could this be improved, and if so how?					
4.3	What is the PPC's added-value, if any, with respect to capacity building in EECCA countries on project preparation and mobilisation of finance?					
4.4	How best can the PPC contribute towards capacity building and training? What partnerships (e.g. EAP Task Force, RECs) could be useful in this respect?					

Please provide any further comments in the space below:

5	Structural and organisational issues, including staffing					
	<i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree 4 = don't know/no opinion</i>					
5.1	How appropriate and effective have the PPC's current structural and management arrangements (i.e. Bureau, Chair, Secretariat, Officers) been?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
5.2	How effective are relations and links (including reporting lines) between the Secretariat and PPC Officers?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
5.3a	How effective are current PPC Officers' ToRs in ensuring that they coordinate with the PPC strategy	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
5.3b	Could this be more targeted (i.e. along geographical, IFI-based, or functional lines)?					
5.4	Are PPC Officers recruited and managed in the most appropriate way?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
5.5	What are the advantages and disadvantages of having PPC Officers based in the region as opposed to IFI headquarters?					
5.6	At what pace should we relocate PPC Officers to regional hubs?					

5	Structural and organisational issues, including staffing (continued)					
5.7	What are the advantages and disadvantages of the PPC's institutional location within EBRD? Does this have positive or negative implications in terms of reaching out to other IFIs?					
5.8	Could donors play a more hands-on role, particularly in support of the PPC Chair and PPC Secretariat?					

Please provide any further comments in the space below:

6	Funding of the PPC and its activities <i>Indicate the assessment using the following scale 0= not at all 1= to some degree 2= to a reasonable degree 3= to a high degree</i>					
6.1	How appropriate are current funding arrangements for the PPC? Is the current scale of resources sufficient to enable it to influence positively environmental outcomes in the region?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
6.2a	How appropriate are current funding arrangements for PPC Officers?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
6.2b	Could these be made more strategic, for example through pooled funding arrangements?					
6.3a	Are existing arrangements appropriate to support longer-term PPC activity, (if this is agreed post-Belgrade)?	0: <input type="checkbox"/>	1: <input type="checkbox"/>	2: <input type="checkbox"/>	3: <input type="checkbox"/>	4: <input type="checkbox"/>
6.3b	If not, what alternative arrangements could be considered?					
6.4	How can the PPC ensure that its work continues (and continues to be useful) in an environment of diminishing donor support?					
6.5	What strategic partnerships should the PPC aim to have with leading donors – especially the EC as the largest potential donor in the EECCA region? How should these be prioritised and developed?					
Please provide any further comments in the space below:						

A P P E N D I X D

Sample ToRs – PPC Consultant and PPC Officer

**SAMPLE
TERMS OF REFERENCE
for a
PPC Consultant on a consultancy contract working alongside an IFI**

1. BACKGROUND

The background will comprise background information on the i) national environmental pipeline of investment projects 2) donor investment projects pipeline 3) Investment Support Facility which the PPC Consultant will be working with, with the aim to develop the projects and find co-financing.

The geographic focus and sector focus will be EECCA or SEE or sub-regions and the sector focus will be within the environmental sector. It will primarily be the country, donor and ISF priorities which will decide this.

The background will further describe the PPC work programme during the period of the PPC consultancy, the elements of this programme and the proposed working relationships with the PPC Secretariat and the IFI banking team.

2. DESCRIPTION OF THE ASSIGNMENT

2.1. Beneficiaries

The beneficiaries will be countries within EECCA and SEE. There may however be a specific focus on particular sub-regions

The PPC Consultant will work directly with the PPC, IFI and the i) EECCA or SEE government body responsible for the environmental investment pipeline, donor organisation or secretariats/staff in a donor organisation responsible for the implementation of an Investment support Facility to facilitate the identification and preparation of such investments.

2.2. Global and Specific Objectives

The Global Objective of this assignment will be to improve the environmental conditions in the EECCA, SEE or relevant sub-region, and contribute to the agreed environmental goals such as MDG 7.

The Specific Objective of this assignment is to catalyse environmental investments in a specified sector in the specific region and to improve coordination between the PPC, the relevant counterpart of the specific task be it national, donor or ISF and other donors and IFIs as appropriate.

2.3. Requested Services

The PPC Consultant will work with the PPC and relevant IFI teams to build a pipeline of environmental projects in the given region, while maintaining close links with the relevant counterpart of the specific task be it national, donor or ISF and other donors and IFIs as appropriate.

The services to be provided by the PPC Consultant could include the following:

- *In close cooperation with the PPC and EBRD and the relevant counterpart of the specific task (be it national, donor, IFI or ISF) identify and develop environmental investment projects in the relevant region.*
- *As appropriate, identify and develop investments in EECCA and SEE that are likely to fit the requirements both the donor and the IFI*
- *Encourage full consideration of environmental and social outcomes within investment projects;*
- *Liaise with project proponents;*
- *Liaise with co-financiers: IFIs, commercial banks and donors;*
- *Identify, prepare and coordinate co-financing, including grant TC finance for project due diligence, preparation and implementation;*
- *Prepare ToRs for studies for project preparation and project implementation assignments including institutional support;*
- *Contribute to the work, and where relevant participate in meetings and other activities of the PPC (capacity building, lessons learnt assessments, etc) the national, donor or ISF teams to ensure the transfer of experience with financing or municipal and environmental infrastructure to their stakeholders.*

2.4. Expected Results

The PPC Consultant is expected to contribute to the developing and implementing of an environmental investment and technical assistance programme. A detailed Work Plan with specific targets to this end will be prepared and agreed during the first month of the assignment.

3. EXPERT PROFILE

Sector specific and general qualifications are as follows:

Sector specific requirements

- *Minimum of 10 years experience of work related to:*
 - *infrastructure/environmental investments and project finance in emerging markets, preferably in the ETC/CIS region;*
 - *banking, credit assessment, accounting or other financial discipline;*
 - *bilateral and multilateral programmes or technical assistance projects in the field of environmental infrastructure and development.*
- *Professional and personal capacity to deal with entities in emerging markets where legal and regulatory framework are often weak and financial information scarce;*
- *Thorough understanding of the general project cycle, credit and financial analysis and their application in the context of both municipal and environmental projects.*

General requirements

- *Any country according to donor priorities but including EECCA and SEE countries*
- *Very good written and oral communication skills in English; Russian or other national relevant language skills an advantage;*
- *University degree;*

- *Relevant work experience, which may include experience from merchant/investment banks, commercial banks, IFIs, public institutions or consultancy;*
- *Good knowledge of developmental issues and the linkages between environment and poverty;*
- *Ability to communicate effectively with senior government officials;*
- *Strong client relationship building and negotiation skills;*
- *Computer literacy.*

4. LOCATION AND DURATION

To be specified according to the task.

5. REPORTING

To be specified according to the task.

**SAMPLE
TERMS OF REFERENCE
for a
PPC Officer working within an IFI banking team**

1. BACKGROUND

The background will describe the PPC work programme during the period of the staff contract, the elements of this programme and the proposed working relationships with the PPC Secretariat, the IFI banking team and the donor supporting the PPC Officer.

The background will provide information on the geographic focus in EECCA or SEE (or sub-regions thereof) and the sector focus within the environmental sector and how the work will contribute both the development and financing of investment projects and to the development of other PPC tasks such as lesson learning and capacity building, according to agreements made between the donor to the PPC Officer, the IFI team and the PPC Chair and Secretariat.

2. OBJECTIVES

The PPC Officer will work within an IFI banking team to identify and develop environment-related projects in EECCA or SEE, mobilising donor support and local resources to match IFI project financing, thereby contributing to the overall objectives of the Environment for Europe Process. The PPC Officer will also contribute to the implementation of the PPC work programme/strategy.

3. SCOPE OF WORK AND TASKS

The proposed PPC Officer would have the status of EBRD employee, be located in IFI head quarters or in the EECCA or SEE and would be part of an IFI banking team. The tasks of the PPC Officer would include, but not be limited to:

- Together with the teams within the banking teams assess and develop environmental infrastructure projects in the agreed focus country or countries;;*
- Collect information on the current local conditions relating to environmental project needs and the framework and legislation for investment;*
- Assist the IFI in fund matching, project identification and preparation;*
- Prepare ToRs for studies for priority projects*
- Contribute to the development of IFI facilities if relevant*
- Contribute to the implementation of the PPC work programme according to specific agreements made between the PPC Secretariat and the IFI team*

Inception period:

The PPC Officer is expected to participate in the IFI's orientation course and to fully understand the detailed requirements of the stage-by-stage approval procedures of the Bank's project cycle.

The officer will become fully acquainted with the financing of technical assistance by the Bank's Official Co-financing Unit and bilateral arrangements.

Work in IFI head quarters or in the region:

Depending on the specific tasks after the inception period the PPC Officer will either keep working in the IFI head quarters or move to the region and if possible be linked to the relevant IFI regional office.

At the end of the first six months with the Bank and semi-annually thereafter the PPC Officer will prepare a work-plan for the following six months, identifying expected activities and output and to what extent he/she will contribute and support the development of the projects. These will be agreed by the IFI banking team, the PPC Secretariat and the donor to the PPC officer. The scope of the PPC officer's work will consist of bringing projects benefiting the EECCA or SEE country through parts or through the full IFI project cycle (this will depend on the specific tasks of the PPC officer in project development, in the tasks to be undertaken in the PPC work programme and be agreed between the donor, IFI banking team and PPC Secretariat):

The following are examples of tasks:

- *Identification, assessment and development of operations;*
- *Establishing and maintaining contact with operation sponsors at senior level;*
- *Operation structuring;*
- *Preparing projects through parts of or through the full IFI process cycle*
- *Arranging and carrying out due diligence on potential borrowers;*
- *Negotiating with project sponsors and potential borrowers;*
- *Establishing and maintaining contacts with donors;*
- *Promoting and supporting co-financing between donors and the IFI*
- *Participate in PPC meetings, capacity building activities and analyses according to agreed specific TOR which will be an integral part of the PPC consultants work programme.*

4. REPORTING

The PPC Officer will report to the IFI banking Team, the PPC Secretariat and the donor. The PPC Officer will prepare bi-annual Progress Reports that will evaluate work carried out against the targets described in the agreed work-plan.

5. TIME SCHEDULE AND RECRUITMENT PROCEDURES

To be specified.

6. QUALIFICATIONS

Sector specific requirements:

- *Minimum of 5 years experience of work related to environmental investments and project finance in emerging markets, in the relevant countries;*
- *Professional and personal capacity to deal with entities in emerging markets where legal and regulatory framework are often weak and financial information scarce;*

- *Thorough understanding of the general project cycle, credit and financial analysis and their application in the context of both municipal and environmental projects;*
- *Thorough understanding of environment components of investment projects.*

General requirements:

- *Fluency in the relevant language*
- *Very good written and oral communication skills in English;*
- *Degree from a leading university;*
- *Relevant work experience in a merchant/investment, commercial, public institution or development bank or in a corporation closely associated with and/or exposed to the operations of the IFI;*
- *Ability to communicate effectively with senior government officials;*
- *Strong marketing and negotiation skills; and*
- *Computer literacy.*