

**OECD  
EAP Task Force**

**TENTH MEETING OF THE EAP TASK FORCE'S  
EECCA ENVIRONMENTAL FINANCE NETWORK**

**FINAL AGENDA**

**VENUE**

OECD Headquarters  
2 rue André Pascal, Paris, France

**TIME**

22-23 February, 2007

*The meeting is organised by the EAP Task Force Secretariat (OECD).*

## **TENTH MEETING OF THE EECCA ENVIRONMENTAL FINANCE NETWORK**

### **Background**

The Task Force for the Implementation of the Environmental Action Programme for Central and Eastern Europe (EAP Task Force) is organising the tenth annual meeting of the Environmental Finance Network of experts from Eastern Europe, Caucuses and Central Asia (EECCA). The meeting will be held on 22-23 February 2007 at the OECD Headquarters in Paris.

Since 1995, OECD and EECCA experts have maintained this technical network of the EECCA environmental finance stakeholders to oversee the implementation of a comprehensive work programme on environmental finance. The result-oriented programme has so far produced a number of technical guidelines and practical tools to help EECCA countries better manage their public environmental expenditure and strengthen their public environmental financing institutions. The integrated package of environmental financing tools places a strong emphasis on the practical applicability and on compatibility with international standards of good governance and management. It has been developed through several years of a participatory process comprising empirical analyses, policy dialogue and field work on several pilot institutional strengthening projects.

The Network provides a forum for facilitating exchange of experience, good practices and tools among the EECCA, CEE, OECD donors, IFIs, independent experts and the NGO community on issues pertaining to environmental finance in the EECCA region. It brings together EECCA delegates from ministries in charge of the Environment, and of Finance/Economy, as well as representatives of the IFIs and OECD member countries supporting the reform of environmental policy in the region.

At the Fifth “Environment for Europe” Conference, held in Kiev, Ukraine in May 2003, Environment Ministers endorsed the EECCA Environment Strategy and gave the overall responsibility for overseeing its implementation to the EAP Task Force. In addition, Ministers gave the EAP Task Force a mandate to support and facilitate implementation of the Strategy in a number of areas, including environmental finance. This entails financial resource mobilisation and allocation. This Network meeting will seek to discuss the major results emerging from the work on environmental finance and agree on the main messages which will be conveyed to the Environment Ministers when they meet in Belgrade, Serbia in October 2007, within the framework of the “Environment for Europe” process.

### **Objectives of the Meeting**

The major objectives of the tenth meeting of the Network are to:

1. Review implementation of the 2005-2006 EAP Task Force Programme on Environmental Finance with a focus on lessons learnt from different projects; and
2. Discuss and endorse the main messages and conclusions emerging from the work on environmental finance to be submitted to the Environment Ministers at the 6th “Environment for Europe” Conference.

### **Language of the Meeting**

The working language of the meeting will be Russian. English-Russian interpretation will be provided as well.

<b>Thursday, 22 February</b>	
<b>Session 1</b>	<b>OPENING AND ADOPTION OF THE AGENDA</b>
08:30	Registration
09.00	<p>Opening and introduction</p> <ul style="list-style-type: none"> <li>• <b>Mr. Brendan Gillespie</b>, EAP Task Force, <i>Welcome, rationale of the meeting, the perspective of the Belgrade Ministerial</i></li> <li>• <b>Mr. Xavier Leflaive</b>, EAP Task Force, <i>report on the main activities carried out since the last meeting of the Environmental Finance Network in 2006, projects underway or planned for 2007, presentation of the agenda</i></li> </ul>
<b>Session 2</b>	<b>ENVIRONMENTAL EXPENDITURE AND ENVIRONMENTAL FINANCE IN EECCA</b>
09.30	<p>Discussion on the key conclusions of the report on Trends in Environmental Finance in EECCA</p> <ul style="list-style-type: none"> <li>• <b>Mrs. Carla Bertuzzi, Mr. Xavier Leflaive</b> EAP Task Force. <i>Presentation of the objectives, methodology and conclusions</i></li> </ul> <p>Recent trends in environmental expenditure in EECCA countries highlight a sharp dichotomy between the richer and poorer EECCA. In the bigger economies and in Belarus, levels of environmental expenditure have increased and now compare with some CEE countries; environmental expenditure is very low in absolute and in relative terms in the smaller economies.</p> <p>Environmental assistance to EECCA has witnessed a structural change since 2001: multilateral assistance has increased nearly 2 times; in contrast, bilateral environmental assistance in 2005 is below the level of 2001. This is consequential as IFIs and donors have different (although complementary) priorities.</p> <p><b>Open discussion</b>  Are the conclusions valid?  What key messages should be conveyed to the Belgrade Ministerial?</p> <p><i>Reference document:</i>  <i>Document 1. Report on Trends in Environmental Finance in EECCA</i></p>
11.00	<b>COFFEE BREAK</b>

<b>Session 2</b>	(Continued)
11.30	<p>Presentation of the draft conclusions on the report on Trends in Environmental Expenditure in South-Eastern Europe (SEE)</p> <ul style="list-style-type: none"> <li>• <b>Ms Joanna Fiedler, REC CEE.</b> <i>Presentation of the key messages</i> REC CEE will present recent trends in environmental expenditure and finance in CEE countries. The discussion can highlight the differences with EECCA countries and draw lessons.</li> </ul> <p>Discussion on the draft Category I paper on Mobilising Finance for Environmental Priorities: Recommendations for the Future in SEE and EECCA</p> <ul style="list-style-type: none"> <li>• <b>Mr. Craig Davies, PPC, Mr. Xavier Leflaive, EAP Task Force.</b> <i>Presentation of the structure of the paper and the key messages</i> This paper argues that the sustained provision of adequate financial resources for the environment is a prerequisite for addressing environmental challenges in Eastern Europe, the Caucasus and Central Asia (EECCA) and South-Eastern Europe (SEE). It sets out options for how optimal use could be made of the various available sources of environmental finance, including domestic public expenditure, private sector participation and official development assistance.</li> </ul> <p><b>Open discussion</b> Comments on the messages contained in the draft report. Should further refinements be made to the report before it is finalised? How can EECCA governments support these messages in the preparations for the Belgrade Ministerial?</p> <p><i>Reference document:</i> <i>Document 2. Draft Category I paper on Mobilising Finance for Environmental Priorities: Recommendations for the Future in SEE and EECCA</i></p>
13.00	<b>LUNCH BREAK</b>
<b>Session 3</b>	<b>PPC SESSION</b>
14.30	<p>Presentation of the work programme</p> <ul style="list-style-type: none"> <li>• <b>Mr. Craig Davies, PPC,</b> Report on PPC activities since the last meeting of the Environmental Finance Network in 2006, planned PPC activities up to the Belgrade Ministerial, and prospects for the PPC after Belgrade</li> </ul> <p><b>Open discussion</b> Discussion on the PPC's planned activities. Expression of interest in supporting specific PPC activities before Belgrade. Suggestions on how the PPC might operate after Belgrade.</p> <p><i>Reference document:</i> <i>Document 3. PPC Work Programme for 2007</i></p>
15.30	<b>COFFEE BREAK</b>

Session 4	THE MANAGEMENT OF PUBLIC ENVIRONMENTAL EXPENDITURE
16.00	<p>Presentation of recent work on managing public environmental expenditure programmes</p> <ul style="list-style-type: none"> <li>• <b>Ms. Nelly Petkova</b>, EAP Task Force Secretariat and <b>Mr. Mykola Pilipchuk</b>, Ministry of Environmental Protection of Ukraine. <i>Presentation of the results from the Performance Review of the State Environmental Protection Fund of Ukraine</i></li> <li>• <b>Ms. Nelly Petkova</b>, EAP Task Force Secretariat. <i>Handbook for Appraisal of Environmental Projects Financed from Public Funds and Training on the Handbook</i></li> </ul> <p>The OECD/EAP Task Force Secretariat has developed the Good Practices for Public Environmental Expenditure Management (PEEM). This work has resulted in three further developments: First, a methodology has been developed, based on the Good Practices, for assessing the performance of public finance institutions. Second, a Handbook has been developed to show how to implement the Good Practices, the Handbook provides practical guidance on both programming and project cycle management issues. Finally, on the basis of the Handbook, the EAP Task Force has developed a toolkit for training managers of public environmental expenditure programmes. The first training was delivered to Moldovan experts from the National and local environmental funds.</p> <p><b>Open discussion</b>  Discussion of the methodology of the performance review. Lessons learnt from the Ukrainian case study.  Discussion of the approaches and tools developed as part of the Handbook.  Suggestions for further dissemination of the Handbook.</p> <p><i>Reference documents:</i>  Document 4. <i>Report from the Performance Review of the State Environmental Protection Fund of Ukraine</i>  Document 5. <i>Handbook for the Appraisal of Environmental Projects Financed from Public Funds and a Toolkit of Training Materials on Appraisal of Environmental Projects Financed from Public Funds</i>  Document 6. <i>Report on Mechanisms for Managing Public Environmental Expenditure in Selected OECD Countries</i></p>
18.00	<b>CLOSING OF THE DAY</b>
18.30	<b>COCKTAIL</b>

<i>Friday, 23 February</i>	
<b>Session 5</b>	<b>LESSONS LEARNT FROM FINANCING STRATEGIES IN THE MUNICIPAL WASTE AND WATER SECTORS</b>
<i>09.00</i>	<p>Presentation of recent work and prospects for development</p> <ul style="list-style-type: none"> <li>• <b>Mr. Alexandre Martoussevitch</b>, EAP Task Force. <i>Presentation of the lessons learnt from the development of financing strategies for municipal solid waste</i> The analyses in the report indicate that in EECCA countries, service quality for MSW management and the environmental performance of the service providers are poor and deteriorating. This is even more a concern that waste production is likely to rise. The case studies indicate that policy-packages can be set up at both national/regional and local levels to improve the economic and environmental performance of the sector.</li> </ul> <p><b>Open discussion</b> Are the conclusions robust enough? Is the municipal solid waste sector an area for further financing strategies? Which are the main issues a financing strategy on municipal waste should consider?</p> <p><i>Reference document:</i> <i>Document 7. Lessons Learnt from Financing Strategies in the Municipal Waste Sector</i></p>
<i>10.30</i>	<b>COFFEE BREAK</b>
<b>Session 5</b>	(Continued)
<i>11.00</i>	<p>Latest developments of the methodology for financing strategies and of FEASIBLE</p> <ul style="list-style-type: none"> <li>• <b>Mr. Xavier Leflaive</b>, EAP Task Force. <i>Update of the latest developments of the methodology to steer policy dialogue, based on a financing strategy; information about current projects in the water sector</i></li> <li>• <b>Mr. Alexandre Martoussevitch</b>, EAP Task Force. <i>FEASIBLE: prospects for further developments</i> Financing strategies can be very instrumental to substantiate policy dialogues on water and waste. The methodology has been adapted to reflect this objective: development of a module for rural water, focus on implementation and the articulation with national strategies (PRSP – Poverty Reduction Strategy Paper) and budgetary decision making (MTEF – Medium-Term Expenditure Framework).</li> </ul> <p><b>Open discussion</b> Priorities in the development of FEASIBLE. How to better support the implementation of financing strategies? Suggestions for further work on this issue, after Belgrade.</p> <p><i>Reference documents:</i> <i>Document 8. Rural Cost Functions for Water Supply and Sanitation: Technology Overview and Cost Functions</i></p>

Session 6	WRAP UP
12.00	<p>Conclusion. Emerging Issues</p> <ul style="list-style-type: none"> <li>• <b>Mr. Xavier Leflaive</b>, EAP Task Force. <i>Major conclusions from and overall assessment of the meeting. Future priorities for environmental finance in EECCA</i></li> <li>• <b>Mr. Brendan Gillespie</b>, EAP Task Force. <i>Environmental finance after Belgrade</i></li> </ul> <p><b>Open Discussion</b> Environmental finance as a policy issue: Belgrade and after</p> <p><i>Reference documents:</i> <i>Document 9. Chapter on Environmental Finance as part of the report on Progress in Environmental Management in Eastern Europe, Caucasus and Central Asia</i></p>
13.00	<b>CLOSING OF THE MEETING</b>