

EAP Task Force

**ENVIRONMENTAL FINANCE
WORK PROGRAMME**

2001-2003

Yerevan, 21 May, 2001

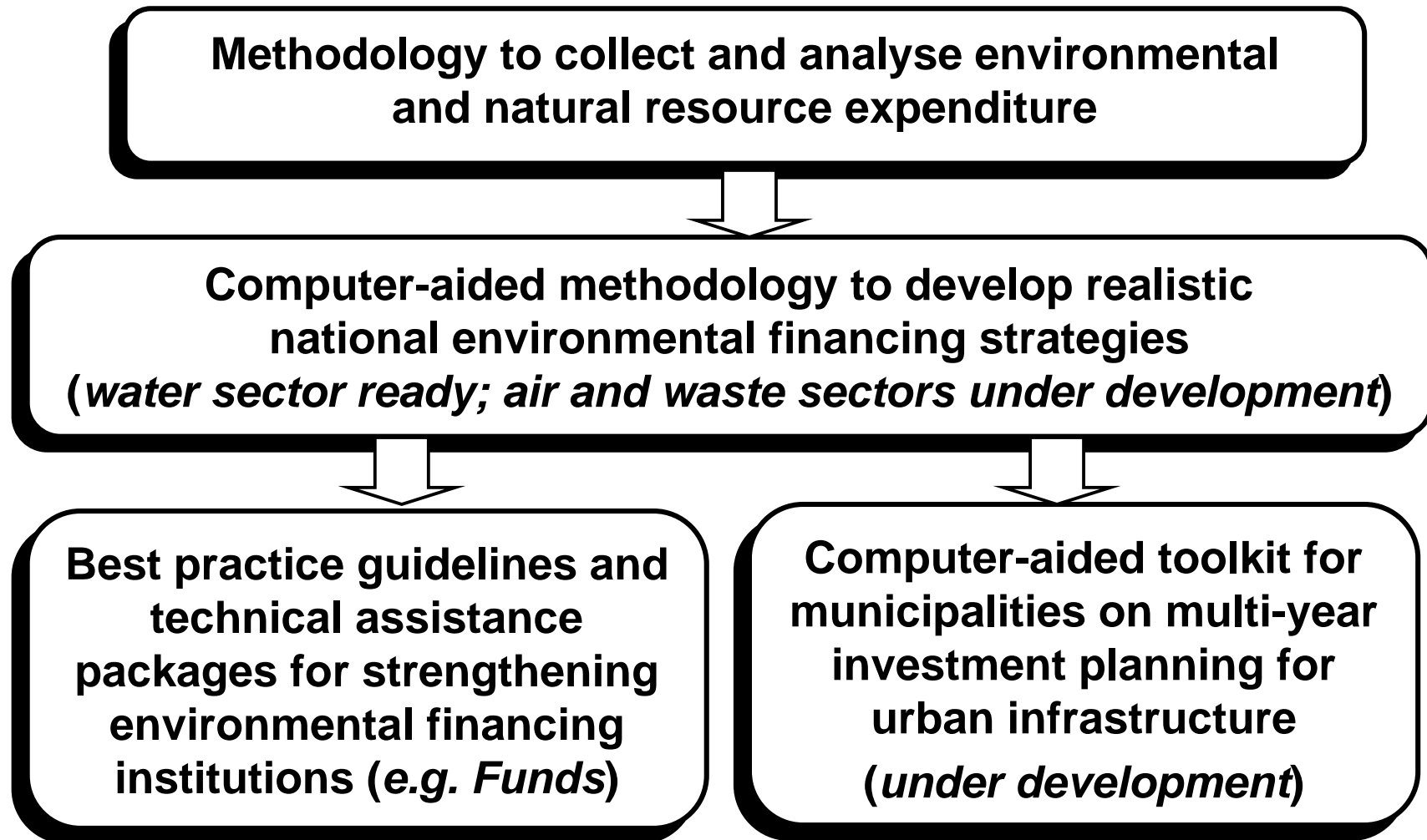
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Mission of environmental financing work program of EAP Task Force

- **Help NIS develop and apply tools to strengthen the capacity of public institutions and municipalities to undertake long-term capital improvements in order to prevent the deterioration of environmental and water infrastructure.**
- **Minimum standards for the EAP TF tools:**
 - ▶ integrated and practically applicable in the NIS,
 - ▶ rooted in understanding of demand for investments,
 - ▶ based on knowledge of environmental expenditure trends and mechanisms,
 - ▶ based on knowledge of financial and affordability constraints.

Integrated package of environmental financing tools developed within EAP Task Force



Methodology to collect and analyse environmental and natural resource management expenditure

● Goals

- improve the quality and transparency of environmental expenditure data,
- enhance their compliance with internationally adopted classifications and definitions
- promote the use of these data in decision making and reporting to the public.

● Outcomes for the NIS

- Data sheets on historical environmentally related expenditure trends on national/regional level;
- Analytical study on environmental and water sector expenditure;
- Implemented system for regular collection of expenditure data in line with international classification;
- Study on the domestic and external financing trends in the NIS.

Computer-aided methodology to develop national financing strategies for water and sanitation sector (1)

● Goals

- improve efficiency of the use of scarce public funds (more effects from the same money)
- leverage additional finance (domestic and foreign)
- aggregate individual programs and investments into comprehensive and transparent planning framework

Computer-aided methodology to develop national financing strategies for water and sanitation sector (2)

● Outcomes for the NIS

- National/regional environmental financing strategy analysis (costs+financing requirements+measures to mobilise finance+affordability limits)
- Interactive decision support tool (computer model) with local data available to government for additional simulations
- Realistic and affordable pipeline of infrastructure investment projects identified in selected cities as a priority for government financial support

Strengthening environmental financing institutions

● Goals

- reform and strengthen the capacity of selected environmental funds and budgetary institutions to co-finance infrastructure investments
- manage public expenditure in a cost-effective, accountable and transparent manner

● Outcomes for the NIS

- Best practice guidelines for managing public environmental expenditure (St. Petersburg Guidelines+6)
- a performance review of selected public environmental financing institutions
- targeted technical assistance tailored to practical needs of specific institutions

Toolkit for municipalities on multi-year investment planning for urban infrastructure (1)

(under development)

● Goals

- Improve transparency and efficiency of local budgets;
- Focus scarce resources on critical infrastructure needs;
- Improve municipal long-term investment capacity;
- Enhance financial viability and creditworthiness of cities;
- Support reform of subsidies to local utilities.

Toolkit for municipalities on multi-year investment planning for urban infrastructure (2)

(under development)

● Outcomes for the NIS

- ➔ Multi-year investment plans for infrastructure in selected cities;
- ➔ Elements of task-based budgeting practices;
- ➔ Computer-aided toolkit, adjusted to the NIS regulatory and institutional conditions, freely available to municipalities;
- ➔ Local experts trained in methodology and certified to implement multi-year investment plans and to manage a reform towards task based municipal budgets