

**ENVIRONMENT DIRECTORATE  
ENVIRONMENT POLICY COMMITTEE  
TASK FORCE FOR THE IMPLEMENTATION OF THE ENVIRONMENTAL ACTION  
PROGRAMME FOR CENTRAL AND EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA**

**PROGRESS IN IMPLEMENTING THE EAP TASK FORCE PROGRAMME OF WORK IN 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**

*Updated on 11 August 2006*

*Agenda Items 3 (ii) and 4 (iii)*

***ACTION REQUIRED:***

*Delegates may wish to discuss progress and raise questions concerning implementation of the EAP Task Force Programme of Work in 2006*

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## **PROGRESS IN IMPLEMENTING THE EAP TASK FORCE PROGRAMME OF WORK FROM SEPTEMBER 2005 TO AUGUST 2006**

### **PART 1: AN OVERVIEW**

The first part of this Progress Report provides an overview of some of the main activities of the EAP Task Force since its last meeting in November 2005, and describes how they relate to the overall objectives of the EAP Task Force established following the 2003 Kiev Ministerial meeting. It complements the project-by-project report on progress in the second part of this report.

2006 is the year before the Belgrade “Environment for Europe” ministerial meeting. Activities are focussing increasingly on delivering policy conclusions and recommendations for this event and disseminating the results of work, including through training. All the major programme goals were achieved though there were some delays in implementing some activities due to the changing political situation and/or administrative reforms in some countries. This progress was facilitated by the relatively stable staffing and financing compared to previous years. Thanks to the strong support from a small group of donors, the resources received broadly matched those required to implement the agreed programme<sup>1</sup>.

The major event during the reporting period was the Yerevan meeting of Economics, Finance and Environment ministers on financing water supply and sanitation in EECCA countries. In 2006, work on water and finance was adapted in light of the conclusions of the ministerial meetings, and a number of new projects launched. The receipt of grant for €1.5 million for work on water and finance from EC/TACIS in mid 2006 also requires a considerable investment in start-up activities that will continue into 2007.

Guidance for work was provided by the EAP Task Force at meeting in November 2005 in Yerevan. Two meetings of the EAP Task Force Bureau in March and June 2006 also provided important guidance and initiated a discussion on the future of the EAP Task Force and PPC after the 2007 Belgrade ministerial meeting.

A summary of activities is provided below under the following headings:

1. Water supply and sanitation
2. Public environmental finance
3. Effective and efficient environmental policies
4. EECCA Environment Strategy support

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1. In 2005 and 2006, the EAP Task Force budget amounted to just over €3 million. Seven donors accounted for more than 90 per cent of its budget: EC, Germany, the Netherlands, Norway, Sweden, Switzerland and the UK. The EC has emerged as the largest contributor, accounting for about one-quarter of the budget in this period.

## *1. Water supply and sanitation*

Work on water aims at reversing the deterioration of water supply and sanitation infrastructure and supporting the achievement of the water-related MDGs. The guiding principles adopted at the Almaty Ministerial meeting in 2000 and reinforced at a Ministerial follow-up meeting in Yerevan in 2005, provide the framework for developing specific activities of highest priority to EECCA countries. Work is overseen by the Group of Senior Officials for Reform of the Water Supply and Sanitation Sector in EECCA. In view of the increased convergence of interest with the Environmental Finance Network, the two bodies met back-to-back, and with a joint session, for the first time in 2005 and again in April 2006. These meetings were also organised in conjunction with a meeting of the EU Water Initiative's EECCA Working Group. In order to further improve the synergies between the various activities and to reduce costs, the EAP Task Force Group of Senior Officials and the EUWI EECCA Working Group decided at their last meeting, in April 2006, that they would meet jointly and oversee a common work programme.

### *Monitoring of water supply and sanitation*

Monitoring water utility performance data has been a major focus of work in this area. In Yerevan Ministers asked the Task Force to update its water utility database to take account of recent developments in the sector. Work to collect new data in the Russian Federation, Kazakhstan, Kyrgyzstan and Tajikistan is currently under way and will complete data sets collected by the World Bank in the Ukraine, Georgia and Armenia. This should help to provide an up-to-date picture of the status of the water sector for the Belgrade Ministerial Conference.

### *Financing water supply and sanitation*

The closer integration of work within the EAP Task Force on water and finance, and its linkage with the EUWI, has focused largely around the development of finance strategies in selected EECCA countries. This supports a policy dialogue in those countries involving all relevant stakeholders on the costs of achieving policy objectives, including the water-related MDGs, and the mechanisms that could be used to mobilise the necessary finance. Assessment of the affordability constraints for both governments and households, and how they could be overcome is a standard feature of the methodology. The scope of work is also expanding to include rural as well as urban water supply and sanitation, and to address integrated water resource management (IWRM). The work on IWRM is being conducted in cooperation with UNECE. Further details on the finance strategy work are described below under the finance programme.

The other element of work in this area concerned the development of a financial planning tool for water utilities. Application of this type of tool is urgently needed to help establish water utilities on a sounder financial footing. The tool was developed through a demonstration project at the water utility in Bishkek. It complements related work on financial planning in municipalities that was conducted in earlier work. Work in 2006, has focused on the implementation of the tool in a regional water utility in Armenia (Armvodokanal), which is coming to completion shortly, and will help to improve the tool's applicability in different EECCA contexts.

### *Legal and institutional reform*

Guidelines for performance-based contracts were finalised in 2005, based on case studies in Russia and Ukraine. The Guidelines are intended to address one of the most important bottlenecks to improved performance in the water sector; namely to clarify the relative roles of municipalities and water utilities in providing water services to the local populations, including how they are financed. In 2006, work has focused on the development and fundraising for a follow-up project to assist 5 EECCA municipalities in

developing recommendations on how to improve their existing performance contracts, based on the best practices in the Guidelines.

Opportunities and obstacles to private sector participation in the water sector were also examined. A joint workshop with the Russian ministry of housing and communal services (Rosstroy) took place in Moscow on the 1-2 June 2006. The meeting examined implications for private sector participation of concession and tariff laws that recently came into force in Russia, and discussed the prospects and policy measures to allow the water sector to gain access to local capital and financial markets in Russia. Participants provided Rosstroy with stakeholder views on implementation of the new laws and how they might be improved in the future.

## ***2. Public Environmental Finance***

Work in this area aims to support EECCA countries to make the most cost-effective use of scarce public financial resources available for environmental expenditures and to identify mechanisms for mobilising additional finance for environmental purposes. Work in this area is overseen by the Environmental Finance Network which brings together representatives from Finance/Economics and Environment Ministries, from Environmental Funds, from the local level and from donors and IFIs. For the second time, it met with the equivalent group for the water sector and the EUWI – EECCA Working Group in Almaty in April 2006.

### *Data collection on environmental expenditure*

Work to align the systems for collecting environmental expenditure data in the Kyrgyz Republic and Ukraine with those of OECD/Eurostat has been concluded. A report was published in both English and Russian, and disseminated in a number of meetings. Better information on environmental expenditures establishes a better basis for managing them. From the EAP Task Force perspective, it also facilitates a better comparative analysis of trends in environmental expenditures in EECCA countries. A project has been launched to update the report on trends in environmental expenditure in EECCA which was presented at the Kiev Ministerial Conference in 2003. The updated report will consist of analyses of recent trends in environmental expenditure in EECCA countries and environment-related ODA in the region. It will also refer to innovative financing mechanisms introduced in EECCA, building on previous analytical work from the EAP Task Force (on Debt-for-Environment swaps, Clean Development Mechanism (CDM), local capital markets for environmental infrastructures, intergovernmental transfers for environmental expenditure, etc.). It is proposed that the trends report be submitted as a Category II document to the Belgrade Conference.

### *Finance strategy in water supply and sanitation and in municipal solid waste*

In 2005, work on a finance strategy for wastewater in Armenia was concluded and published in English, Russian and Armenian. In 2006, a follow-up task was undertaken, to implement the results of this strategy into the medium-term expenditure framework in Armenia. This activity, which is being carried out in conjunction with a UK project to support the establishment of a medium-term expenditure framework in Armenia, serves as a model for how public or donor funds could be used to channel finance to the water sector in a stable and predictable manner in order to achieve policy goals, including the water-related MDGs.

A similar project is being implemented in Moldova, to update a strategy for urban water supply and sanitation which was developed in 2000, to extend it to rural areas, to articulate it with the poverty reduction strategy and medium term expenditure framework, and to structure and facilitate a policy dialogue on the water supply and sanitation based on the financing strategy.

In a similar vein, in 2005, a module for rural water supply and sanitation was integrated into the FEASIBLE model used to develop finance strategies. A project is being implemented to develop a methodology for data collection in rural areas. The methodology will be pilot tested in rural Armenia in the fall 2006. Given the important challenges that exist in the rural sector, this will facilitate the development of strategies for achieving the water-related MDGs. Similar projects will be implemented in 2007 in Georgia and a Central Asian country.

On these issues, the Finance Team has developed closer links with the Finance Working Group of the EUWI. In particular, this will facilitate access to additional expertise in the field of finance strategies and strategic planning for water supply and sanitation. Members of the Group have developed a tool which is likely to complement what can be achieved with FEASIBLE. A detailed comparison of the advantages of each tool and methodology should be organised early in 2007.

Lessons learnt from previous finance strategies for municipal solid waste (in Armenia, Russia, and Ukraine) are being synthesised. The structure of the publication and the key messages were developed at an expert meeting at the end of 2005, and refined and endorsed at the Environmental Finance Experts meeting in April 2006. This work has stimulated a renewed interest in financing waste management in the region, and the results will be available for Belgrade.

#### *The management of public environmental expenditure*

Preliminary conclusions of the review of the Ukrainian National Environmental Fund were endorsed by the Ukrainian stakeholders in June 2006. The final report will be published in three languages (English, Russian, and Ukrainian). Recommendations suggest ways to use existing resources of the fund more cost-effectively, thus increasing the ability of the fund to attract additional resources from national, donor or IFI sources. The Handbook for appraisal of environmental projects financed from public funds will be finalised in 2006. Training materials have been developed and the first training session should be organised in the autumn of 2006.

#### *Dissemination*

The following reports have been, or will be, published:

1. Synthesis report on Financing Water and Environmental Infrastructure in EECCA, drawing on work undertaken by the Finance Team since Kiev;
2. A publication on opportunities for, and obstacles to, harnessing local capital and financial markets to finance water and other environmentally related infrastructure. Case studies of Russia, Ukraine and Kazakhstan formed basis for the review.
3. A publication on intergovernmental transfers as a mechanism to finance environmentally related infrastructure; it was prepared based on case studies in Russia, Ukraine, and Armenia.
4. Lessons from pre-feasibility studies for debt-for-environment swaps in Georgia and the Kyrgyz Republic.

### ***3. Environmental policy implementation***

This programme area includes the design of environmental policy instruments, development of strategies to ensure regulatory environmental compliance, and institutional capacity building. Activities are implemented within the framework of the Regulatory Environmental Programme Implementation Network – REPIN – which provides EECCA policy makers and practitioners with a platform for direct communication and partnership development with their counterparts from OECD countries, Central and Eastern Europe, as well as with representatives of NGOs and the private sector. The Network met in October 2005 in Moscow and in June 2006 in Tbilisi.

#### *Environmental policy instruments*

Environmental permitting continued to be the main element of the work on environmental policy instruments. Building on the Integrated Environmental Permitting Guidelines for EECCA Countries published in 2005, Guiding Principles of Effective Environmental Permitting Systems were prepared, aiming to convince high-level policy makers in EECCA countries of the value of this approach. The Guiding Principles were endorsed by REPIN at the Network's 8th annual meeting in June 2006. Strategies for transition to integrated environmental permitting in the Kyrgyz Republic and Georgia were finalized in 2006. In Ukraine, the World Bank and the Swedish EPA are supporting a comprehensive programme of environmental permitting reform launched by the Ministry of Environmental Protection based on the results of an earlier programmatic study done by the EAP Task Force in 2004-2005. A training course for environmental officials from Armenia, Azerbaijan, and Georgia was conducted in Tbilisi in April 2006. A user-friendly CD ROM was produced to assist environment ministries and non-governmental organisations in EECCA countries in developing training programmes on integrated environmental permitting for relevant government officials and the regulated community.

In the area of reform of environmental standards, a project has been launched in Moldova to support its convergence with EU surface water quality standards. The project's objective is to implement the principle of risk management in Moldova's environmental regulation and converge with the EU water quality legislation by making the water quality objectives and standards fairer, more economically feasible and realistic.

#### *Strategies to ensure regulatory compliance*

A feasibility study for the introduction of a performance rating and information disclosure scheme in Ukraine was carried on in cooperation with the World Bank with the goal of developing a common methodology for such schemes in EECCA countries. The report "Modernizing Environmental Self-Management in Kazakhstan" was published in early 2006. It addresses the organisational and technical measures that enterprises should put in place in order to monitor their compliance with environmental regulatory requirements. The Kazakh Ministry of Environmental Protection enacted a new regulation and introduced a new chapter on self-management by industrial enterprises in the draft Environmental Code. The EAP Task Force Secretariat provided input to the development of the "Guidelines for Enterprise Environmental Monitoring and Reporting in EECCA", a Category I document for the Belgrade Ministerial Conference.

#### *Institutional framework for environmental compliance assurance*

In November 2005 the report "Promoting Compliance with Environmental Requirements in Armenia" was published and presented at a stakeholder meeting in Yerevan. The main recommendations were accepted by the Armenian authorities. REPIN members agreed to prepare a report on trends in reforming environmental

regulatory frameworks and compliance assurance systems in EECCA for the Belgrade Ministerial Conference. Environmental enforcement and compliance (ECE) indicators were reviewed in Armenia and Russia. On this basis, draft Guidelines on Performance Measurement for Environmental Enforcement Authorities of EECCA were prepared.

Training for environmental inspectorates was implemented in several countries: Georgia (an Institutional Development Workshop was held on 20-25 November 2005 with 22 managers from the Georgian Inspectorate for Environmental Protection. Following the meeting, participants drafted the Inspectorate's Strategy for 2006-2008); Kazakhstan (a Workshop on Modern Tools of Environmental Compliance Assurance was conducted in Almaty on 10-14 April 2006 with 26 managers and inspectors from all regions of Kazakhstan. Workshop materials will be integrated into regular training programmes carried out by the Ministry's training centre in Astana); Russia (Two workshops on modern practices of environmental compliance assurance were co-organised with the Russian Regional Environmental Centre (RREC) in the North West region of the Russian Federation (Novgorod, 16 March 2006 and 4-5 July 2006)).

The workshops in Georgia and Kazakhstan were part of demonstration projects to provide broad support for reform of inspectorates in these two countries. These projects follow the creation of environmental inspectorates in both countries and the enactment of enabling legislation based on the recommendations of the Guiding Principles for reform of Environmental Enforcement Authorities in EECCA.

#### ***4. Facilitating the Achievement of the EECCA Environment Strategy Objectives***

The EAP Task Force was asked by Ministers at the 2003 Kiev Ministerial meeting to "lead efforts to facilitate and support the achievement of the EECCA Environment Strategy" that they adopted at that time. The EAP Task Force organised a meeting of EECCA Environment Ministers and their partners in Tbilisi in October 2004 to take stock of progress and to provide further guidance on how to support the process. Based on this, the EAP Task Force and its Bureau have identified several specific activities. These activities are limited: they do not detract from the ultimate responsibility of EECCA countries for achieving the objectives of the Strategy, nor do they substitute for the support that donors, IFIs, international organisations and other partners provide EECCA countries in this regard.

##### *Progress in Environmental Management in EECCA (EECCA Report)*

A report assessing progress in achieving the objectives of the EECCA Environment Strategy will be the main input from the EAP Task Force to the Belgrade Ministerial meeting. Close cooperation has been established with UNDP, UNECE, UNEP, WHO and World Bank to provide substantive inputs to the report; other organisations (IEA, ECMT) were also informed of the preparation of the report and their early input sought. Special efforts have been made to closely coordinate the preparation of the EECCA report with the Belgrade Assessment Report (prepared by the EEA) as well as with other reports such as UNEP's GEO-4 and UNDP's West Balkan Assessment. Close co-operation is continued with EECCA RECs for the identification and review of relevant analytical inputs for the report. Co-operation with NGOs through the ECO-Forum will be focused on the preparation of targeted substantive inputs on specific sub-objectives on public participation and environmental education as well as reviewing and reality-checking the draft report. A regional workshop that was organised in May 2006 discussed the structure of the report and a draft questionnaire to collect information from EECCA countries.

##### *Policy dialogue for institutional strengthening*

A policy dialogue was organised between Georgia and partner countries to examine some of the systemic obstacles to achieving environmental objectives in the Georgian ministry of environment could be overcome. The better use of human and financial resources, communication with stakeholders and

establishing an environmental information system adapted to the needs of policy makers were identified as the highest priority issues. In 2006, the Secretariat worked with partner countries to address some of these key issues, including: the preparation of a corporate plan for institutional strengthening (by UKDEFRA), and improving the human resources management system (by the German Ministry of Environment).

*Communication and cooperation*

A comprehensive data base was established in both, English and Russian, to monitor, describe and facilitate partnerships to achieve the Strategy's objectives. Work continued on the monitoring of partnerships and the development of a methodology to monitor their effectiveness. Various other activities were undertaken to facilitate communication among partners, including the production of a "snap-shot" document summarising the main activities of international organisations, and maintaining a web-page for the EECCA Environment Strategy up-to-date.



## PROGRESS IN IMPLEMENTING THE EAP TASK FORCE PROGRAMME OF WORK, SEPTEMBER 2005 – AUGUST 2006

## Part II: Progress project-by-project

Work Programme Area 1: URBAN WATER SECTOR REFORM				
Project 1.1: Monitoring water sector reforms in EECCA				
Task	Status of Implementation	Planned Outputs/ Planned Meetings	Financial Status	Links to Overall Objectives
<p><b>1.1.1 Secretariat function for the Group of Senior Officials for Urban Water Reforms in EECCA</b></p> <p><i>Peter Börkey</i></p>	<ul style="list-style-type: none"> <li>– Ministerial conference on financing the water supply and sanitation sector in EECCA countries, held on 17 and 18 November 2005 in Yerevan, Armenia</li> <li>– Conference proceedings available at <a href="http://www.oecd.org/dataoecd/29/46/36388760.pdf">http://www.oecd.org/dataoecd/29/46/36388760.pdf</a></li> <li>– 2<sup>nd</sup> joint meeting of the EAP Task Force Environmental Finance Network, the Group of Senior Officials and of the EU Water Initiative EECCA Working Group held on 26-28<sup>th</sup> of April 2006 in Almaty, Kazakhstan.</li> <li>– Discussions in Almaty have resulted in a decision to merge the two groups that would now oversee both the EUWI and the EAP Task Force water programme.</li> </ul>	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> joint meeting of EAP Task Force Group of Senior Officials for Water Supply and Sanitation Sector Reform and the EU Water Initiative EECCA Working Group, to be held in spring 2007.</li> </ul>	Germany, Norway, EC/TACIS, UK	<p>The Group of Senior Officials brings together high-level officials responsible for the urban water sector, which includes but is not limited to Environmental Ministries. It is currently co-chaired by Mr. Semchuk (Ukraine), 1<sup>st</sup> Deputy Chairman of the State Committee for Housing Policy and Communal Services and Mr. Peter Gammeltoft, Head of Unit, European Commission. Donors, IFIs, the private sector and NGOs also participate.</p> <p>The group has been instrumental in helping to prepare the Ministerial conference in Yerevan, as well as generating significant exchange of experience between the countries in the region.</p>

<p><b>1.1.2 Monitoring institutional and regulatory reform</b> <i>Peter Börkey</i></p>	<ul style="list-style-type: none"> <li>- Report assessing progress in the urban water sector in EECCA countries since the Almaty Conference presented at the Yerevan Ministerial conference as a background document.</li> <li>- No further work in this area planned in 2006</li> </ul>			<p>The objective of this project was to assess legal and institutional reforms in the EECCA urban water supply and sanitation sector in at least 6 out of 12 EECCA countries. The project used information from other parts of the water and of the finance programme. The project has been instrumental in assessing progress achieved since the Almaty Conference and preparing Yerevan documentation.</p>
<p><b>1.1.3 Rural water supply and sanitation in EECCA</b> <i>Peter Börkey</i></p>	<ul style="list-style-type: none"> <li>- Report providing a diagnosis of the rural water sector in EECCA including case studies of Moldova and Kyrgyzstan presented at the Yerevan Ministerial conference as a background document.</li> <li>- Further work on rural water supply and sanitation is taking place under activity 1.3.2</li> </ul>			<p>The objectives of this project are threefold:</p> <ul style="list-style-type: none"> <li>o To analyse the status of the rural water supply and sanitation sector in the EECCA region.</li> <li>o To assess the challenge of achieving the Millennium Development Goals for water and sanitation in these areas.</li> <li>o To propose policy recommendations.</li> </ul> <p>The work would be carried out in close co-operation with the World Bank, UK DFID and other donors active in the rural water sector in EECCA.</p>

<p><b>1.1.4 Utility performance indicators and benchmarking</b></p> <p><i>Tatiana Efimova</i></p>	<ul style="list-style-type: none"> <li>- This activity has contributed important data into the background documentation that was prepared for the Yerevan Ministerial conference.</li> <li>- Work to update and extend the data-base of water utility performance indicators and to promote benchmarking of utilities is currently being carried-out in the Russian Federation, Kazakhstan, Kyrgyzstan, and Tajikistan, using World Bank benchmarking methodology, and should be finalised by the end of the year.</li> </ul>	<ul style="list-style-type: none"> <li>• Several country reports (Russian Federation, Kazakhstan, Kyrgyzstan and Tajikistan), end of 2006</li> <li>• Publication of utility performance data sets on the World Bank's International Benchmarking Website (<a href="http://www.ib-net.org">www.ib-net.org</a>), early 2007</li> <li>• Updated and extended data-base of water utility performance indicators (end of 2006).</li> <li>• Report on status and financing of water supply and sanitation in EECCA to be presented at Belgrade Ministerial Conference.</li> </ul>	<p>Norway, Germany, EC/TACIS.</p>	<p>The objective of this project is to establish capacity for the collection and analysis of benchmarking and performance data; constitute a data base with utility performance information; help institutionalise the regular collection of these data. To date about 400 utility staff from 9 EECCA countries have been trained in the usage of the methodology. In Moldova, the water utilities association is now collecting performance data from its members on an annual basis, using the Methodology introduced by the EAP TF. In Russia, utility associations are considering to follow the same approach.</p>
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**Project 1.2: Promoting legal and institutional reforms**

Task	Status of Implementation	Planned Outputs/ Planned Meetings	Financial Status	Links to Overall Objectives
<p><b>1.2.1 Opportunities and obstacles for private sector participation (PSP)</b></p> <p><i>Peter Börkey</i></p>	<ul style="list-style-type: none"> <li>- Two private sector position papers have been prepared with support from the secretariat for the Yerevan Ministerial conference. A private sector roundtable has been organised jointly with the World Bank on the margins of the Yerevan Ministerial Conference (17<sup>th</sup> November 2006).</li> <li>- Private sector roundtable, organised jointly with Rosstroy, on 1-2 July 2006, covering recent developments with private sector participation in the Russian Federation</li> </ul>		<p>Germany, EC/TACIS, Norway, OECD Russia Programme</p>	<p>The objective of this project is to continue the dialogue on opportunities and obstacles of PSP in the water sector with IFIs and donors. The dialogue focuses on issues such as trust and information asymmetry, the management of social aspects, and regulatory failures. This activity is helping IFIs and donors to assess opportunities and means to facilitate PSP in water.</p>

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<p><b>1.2.2 Guidelines for performance based contracts</b></p> <p><i>Nelly Petkova</i></p>	<ul style="list-style-type: none"> <li>- This project has been finalised. A publication is available and has been disseminated at the Yerevan Ministerial conference.</li> <li>- Dissemination and presentation of the publication at a workshop co-organised by Russian Rosstroy in the framework of the annual ECWATEC trade fair (1-2 June 2006),</li> <li>- Follow-up work to assess performance contracts in 5 municipalities in EECCA has been agreed with EC Aidco.</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations for improving existing performance contracts in 5 EECCA municipalities (2007 and 2008).</li> <li>• Analytical report summarising information from the 5 case studies (2008).</li> </ul>	<p>Germany, EC/TACIS, Norway</p> <p>UK,</p>	<p>The project aims to develop Guidelines for performance-based contracts between urban water utilities and municipalities in EECCA. The Guidelines will assist them to clarify their institutional relationship and to achieve service and management target levels cost-effectively. Discussions on these guidelines are already influencing negotiations between municipalities and utilities in Russia.</p>
<p><b>1.2.3 Reforming water related standards in EECCA</b></p> <p><i>Peter Börkey</i></p>	<ul style="list-style-type: none"> <li>- No funding could be secured for this activity.</li> </ul>			<p>The objectives of the project are threefold:</p> <ul style="list-style-type: none"> <li>○ To identify the key categories of standards to be reformed, as well as the possible process of doing so.</li> <li>○ To identify the potential cost-savings that could be achieved by reform.</li> <li>○ To demonstrate how water standards could be reformed.</li> </ul>

<b>Project 1.3: Promoting financial reforms and managing their social impacts</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<p><b>1.3.1 Promoting financial reforms in utilities</b></p> <p><i>Tatiana Efimova</i></p>	<ul style="list-style-type: none"> <li>– The demonstration project in Bishkek has been finalised with a dissemination workshop that took place in Bishkek on 23<sup>rd</sup> of September 2005. The tool and a manual to support its usage have been finalised and are available on the EAP Task Force website (<a href="http://www.oecd.org/env/eap">www.oecd.org/env/eap</a>).</li> <li>– A regional dissemination workshop for water utilities from Belarus, Moldova, Russia and Ukraine took place in Moscow in December 2005</li> <li>– A second demonstration project in Armenia has been finalised in mid-September.</li> <li>– To disseminate the FPTWU tool and other financial planning methodologies used at the local level more widely a capacity building programme including a train-the-trainer approach was agreed and will be funded by EC Aidco.</li> </ul>	<ul style="list-style-type: none"> <li>• A third demonstration project in an additional municipality, possibly in Central Asia (tentatively 1Q 2007).</li> </ul>	EC/TACIS, Germany, Norway, UK	The objective of this project is to help water and sanitation utilities reach financial sustainability by providing them with a financial planning tool (FPTWU) and associated training. It complements earlier work on a related financial planning tool for municipalities (see project 2.5).

<p><b>1.3.2 Assessing the social impacts of water sector reforms</b></p> <p><i>Peter Börkey</i></p> <p><i>Alexander Martoussevitch</i></p> <p><i>Tatiana Efimova</i></p>	<ul style="list-style-type: none"> <li>- A financing strategy and social assessment for the water supply and sanitation sector of Georgia has been finalized. The final report is available on the EAP Task Force website. Georgia has requested assistance to extend the financing strategy to the rural areas. Funding from EC Aidco has been secured to provide this additional assistance.</li> <li>- Following the completion of a financing strategy for the urban water infrastructure of Armenia, the State Water Committee has requested additional assistance to extend this work to rural areas. The EU Water Initiative EECCA Working Group has agreed to support this work in the framework of its support for National Policy Dialogues. Terms of references have been finalized, and consultants now need to be hired to help with the implementation of this work.</li> <li>- A request for assistance in developing a financing strategy and social assessment for the water supply and sanitation sector has been received from Moldova, including work on rural drinking water and sanitation. Consultants have been selected to implement this work. A kick-off meeting to launch the project took place on the 18<sup>th</sup> of July 2006 in Chisinau.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A financing strategy in a Central Asian country is planned in 2007/8. Consultations with the EC and IFIs will help to identify the country where such a project would make most sense.</li> </ul>	<p>EC/TACIS, Germany, Norway, UK DFID, EUWI Finance Working Group</p>	<p>The objective of this project is to complement Environmental Financing Strategies (EFS) with a more in-depth analysis of the social implications of different reform scenarios, including the financial implications of consumer protection schemes. Work on finance strategies and affordability has guided the reform of water tariffs in Armenia and some regions of Russia. It is expected that this will help underpin greater financial viability in water utilities. A finance strategy for the water sector in Moldova stimulated the harmonisation of municipal effluent standards with those of the EU.</p>
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<b>Work Programme Area 2: ENVIRONMENTAL FINANCE</b>				
<b>Project 2.1: Aligning Environmental Expenditures Information Systems with OECD/EUROSTAT Standards</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>2.1.1 Demonstration Projects: Aligning Environmental Expenditure Information Systems with OECD/Eurostat Standards</b>  <i>Carla Bertuzzi</i>	<ul style="list-style-type: none"> <li>- Project completed</li> </ul>		TACIS, Norway	<p>This project builds on a similar project that was successfully implemented in Georgia, 2001-03. It is closely linked to Project 2.1.2 and 2.2.2 and aims to strengthen the basis for decisions about environmental expenditures and finance strategies.</p>
<b>2.1.2 The 2006 update of the Report on the Trends in Environmental Expenditures and International Commitments for Environment</b>  <i>Carla Bertuzzi</i>	<ul style="list-style-type: none"> <li>- The project started in late 2005, in time for the 2007 "Environment for Europe" Ministerial Conference</li> <li>- Data collection launched in June 2006 among EECCA governments, donors and IFIs</li> </ul>	<ul style="list-style-type: none"> <li>• Updated database on environmental expenditure in EECCA, 4Q 2006</li> <li>• Report on environmental expenditure and international commitments for the environment, 4Q 2006</li> <li>• Project to be completed by May 2007</li> </ul>	UK DEFRA	<p>The project will update and strengthen previous work carried out in this area. It will review data for countries that were not covered by previous studies (Belarus, Tajikistan) and will aim at improving data quality and their international comparability.</p>

<b>Project 2.2: Implementing Financing Strategies for Water and Environmental Infrastructure</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>2.2.1 Integrating Rural Water and Sanitation Cost Functions into the FEASIBLE model for EECCA countries</b>  <i>Alexander Martoussevitch</i>	<ul style="list-style-type: none"> <li>- Project completed</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot projects launched in 2006 in Armenia and Moldova to extend the Financing Strategy methodology to rural areas applying the new Rural WSS Module of the FEASIBLE tool (see task 1.3.2)</li> </ul>	UK DEFRA, EC/TACIS	This activity complements previous work that focussed on the urban water sector. It will enable the scope of finance strategies to be extended to the rural sector. In some EECCA countries it should provide valuable support for efforts to achieve the MDGs.
<b>2.2.2 Implementing Financing Strategies for Water and Environmental Infrastructure</b>  <i>Alexander Martoussevitch</i>	<ul style="list-style-type: none"> <li>- Implementing the Financing Strategy in Armenia: steering committee meetings in Yerevan, in May and September 2006. Training workshops on related tools and methodologies in Yerevan in September 2006</li> <li>- Facilitating sectoral policy dialogue and implementing a Financing Strategy for WSS in Moldova:               <ul style="list-style-type: none"> <li>o Selection of consultants (international and local)</li> <li>o Kick off meeting and inception mission in July 2006</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Contributions to sectoral policy dialogue in respective countries based on FS case-studies in Moldova and Armenia</li> </ul>	UK DFID (Armenia). UK DFID (via EUWI Finance Working group), Germany, EU Tacis (Moldova).	These strategies have had an important policy impact in the previous programme. They were implemented with substantial support from Denmark. Thanks to other donors support this highly policy relevant activity have been maintained after the reduction in Danish support, while the FS methodology has been further developed. The scope of work includes rural water supply and sanitation, affordability, social impacts assessment and strategies for achieving the water-related MDGs. Attention is given to integrating finance strategies into budgetary processes (MTEF) and PRSP



<b>2.2.3 Lessons Learnt from Financing Strategies for Municipal Solid Waste (MSW) sector</b>  <i>Alexander Martoussevitch</i>	<ul style="list-style-type: none"> <li>- Draft publication underway, building on the expert workshop organized in Moscow in December 2005, and on additional comments received during the Almaty meeting (April 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Publication on the lessons learnt from the financing strategies for municipal solid waste in EECCA countries, 4Q 2006</li> </ul>	Germany	<p>Most of the strategies have had an important policy impact in the previous programme. The main aim of this project is to identify and present key policy “lessons learned” for EECCA countries.</p>
<b>2.2.4 Training of EECCA Experts in Strategic Investment and Financial Planning of Large Scale Infrastructure Development (Using FEASIBLE Model)</b>  <i>Alexander Martoussevitch</i>	<ul style="list-style-type: none"> <li>- No formal training in 2005-06.</li> </ul>			<p>These training activities help disseminate and institutionalise the use of this tool by building the capacities of local experts.</p>
<b>Project 2.3: Improving Management of Public Environmental Expenditures</b>				
Task	Status of Implementation	Planned Outputs/ Planned Meetings	Financial Status	Links to Overall Objectives
<b>2.3.1 Performance Rating of Public Environmental Expenditure Programs</b>  <i>Nelly Petkova</i>	<ul style="list-style-type: none"> <li>- Review mission of the Ukrainian National Environmental Fund organised in Kiev, in February 2006. Steering Committee meeting organised in June 2006, back-to-back with a multi-stakeholder meeting to discuss findings and conclusions of the report. Final report issued in August 2006.</li> <li>- The Good Practices of Public Environmental Expenditure Management (PEEM) are being considered for adoption as an OECD Council Recommendation (May 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• A performance review system and methodology supported by national and multi-national stakeholders.</li> </ul>	Switzerland, the Netherlands,	<p>Independent assessments of public environmental expenditure programmes can help them to improve their performance, enhance their credibility and attract additional resources. Work with rating agencies complements earlier work of good practices of public environmental expenditure management.</p>

<b>2.3.2 Demo Project(s): Improving Performance of Public Environmental Financing Institutions</b> <i>Nelly Petkova</i>	<ul style="list-style-type: none"> <li>- Donors approached with a request for support</li> </ul>	<ul style="list-style-type: none"> <li>• New institutional structure, transparent management practices, operational tools.</li> <li>• Pipeline of water and environmental projects.</li> <li>• Staff trained in good practices of project cycle management.</li> <li>• Dissemination workshop</li> </ul>	Financing sought	<p>These projects would use the Good Practices of Public Environmental Expenditure Management (PEEM) as a guide for the review and reform of public environmental expenditure programmes, in keeping with the recommendations of the Kiev Ministerial declaration.</p>
<b>2.3.3 Training in Appraisal of Environmental Projects Financed from Public Funds (Using the Handbook Prepared as Part of the Previous Work Program)</b> <i>Nelly Petkova</i>	<ul style="list-style-type: none"> <li>- Training materials, including practical examples and case studies, completed</li> <li>- First pilot training scheduled tentatively in Moldova in November 2006</li> <li>- The Kyrgyz Republic has expressed interest to participate in future training</li> </ul>	<ul style="list-style-type: none"> <li>• Training curricula and materials, including practical examples and case studies in financial appraisal and cost-effectiveness analysis.</li> <li>• Training of up to 30 managers in programming and project cycle management, 3Q 2007</li> </ul>	UK DEFRA.	
<b>Project 2.4: Facilitating Access of Environmental Projects to Local Capital and Financial Markets</b>				
Task	Status of Implementation	Planned Outputs/ Planned Meetings	Financial Status	Links to Overall Objectives
<b>2.4.1 Analysis of Opportunities for Harnessing Local Capital and Financial markets to Support Water and Environmental Infrastructure Investments in EECCA Countries</b> <i>Xavier Leflaive</i>	<ul style="list-style-type: none"> <li>- Project completed</li> </ul>		Some funding was available from OECD	<p>The goal of this project is to examine opportunities beyond the public sector for financing water and other environmental infrastructure. Specifically opportunities for accessing savings through private financial and capital markets will be examined. Encouraging experience has been gained in other regions with such approaches.</p>

<b>2.4.2 Demo Project(s): Capacity Building in Using Public Funds to Leverage Debt Financing of Water and Environmental Infrastructure Investments</b> <i>Xavier Leflaive</i>	<ul style="list-style-type: none"> <li>- No demonstration project planned</li> </ul>	<ul style="list-style-type: none"> <li>• Feasibility analysis of using public funds to leverage debt financing of environmental projects.</li> <li>• Pipeline of projects co-financed by public funds and banks.</li> <li>• Templates for co-financing contracts, appraisal and reporting documents.</li> </ul>	No financing available	The project will start after the report from project 2.4.1 is completed. The aim would be to implement a demonstration project using public funds to leverage private resources for investment in the water sector.
<b>Project 2.5: Strengthening Local Governments' Capacity to Invest in Environmentally-Related Infrastructure</b>				
Task	Status of Implementation	Planned Outputs/ Planned Meetings	Financial Status	Links to Overall Objectives
<b>2.5.1 Multi-Year Investment Planning in Russia and Ukraine</b> <i>Xavier Leflaive</i>	<ul style="list-style-type: none"> <li>- No training organised during the reporting period</li> <li>- Discussions underway to organise future sessions in coordination with the PPC training on project preparation</li> </ul>		TACIS	The aim of this project is to support the introduction of modern financial planning techniques into EECCA cities. Extending the planning horizon from one to several years has been an important part of this exercise. Work has been carried forward through demonstration projects in Lutsk and Yekaterinburg. The next phase of work concentrates on dissemination and training.
<b>2.5.2 Training of consultants and trainers from Russia and Ukraine in Developing Multi-Year Investment Programs</b> <i>Xavier Leflaive</i>	<ul style="list-style-type: none"> <li>- No training organised during the reporting period</li> </ul>			This project will disseminate the experience and tools developed in the first phase of work to other cities in Russian and Ukraine. 20-25 consultants will be certified to provide technical assistance to EECCA municipalities interested in

				budget and investment reforms. Selection of participants for training is coordinated with EECCA RECs.
<b>Project 2.6: Facilitating Policy Dialogue on Opportunities and Risks of Debt for Environment Swaps</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>2.6.1 Institutional support to Georgian Debt for Environment Swap</b> <i>Nelly Petkova</i>	<ul style="list-style-type: none"> <li>– Project completed</li> <li>– Discussions underway with the World Bank to use the outcomes of the potential project pipelines report with the aim of financing selected pipelines identified through this project.</li> </ul>		The Netherlands	There may be new opportunities to negotiate debt-for-environment swaps. However, there are many technical and political obstacles to successfully concluding such initiatives. This project aims to illustrate how such a swap could be implemented in Georgia, and the benefits for creditor countries as well as Georgia.
<b>2.6.2 Demonstration Project: Pre-Feasibility Analysis and Support for Debt-for-Environment Swap in the Kyrgyz Republic</b> <i>Nelly Petkova</i>	<ul style="list-style-type: none"> <li>– Project completed</li> <li>– Pre-Feasibility Study, with institutional options and project pipelines opportunities analysis published in Russian and English , November 2005</li> <li>– Outline of a publication on Lessons learnt from experience with DFES in economies in transition presented at the Almaty Network meeting (April 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Final presentation on Lessons learnt will be presented at the next Network meeting (Q1 2007)</li> </ul>	EU Tacis	The analysis of this report to be used by the Kyrgyz authorities in negotiations with individual creditor countries interested in DFES. Discussions with Germany are underway.

<b>Project 2.7: Environmental Finance Network Meetings</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>2.7.1 Meeting of the EECCA Environmental Finance Network</b> <i>Nelly Petkova</i>	<ul style="list-style-type: none"> <li>– 9th network meeting in Almaty, 26-28 April 2006, back-to-back with the EAP Task Force Group of Senior Officials for urban water sector reform in EECCA countries and the EU Water Initiative (EECCA working group). Three reports published under the Environmental Finance series of the OECD on: <ul style="list-style-type: none"> <li>○ Financing water and environmental infrastructure in EECCA</li> <li>○ Local capital and financial markets to finance water and other environmentally related infrastructure</li> <li>○ Intergovernmental transfers as a mechanism to finance environmentally related infrastructure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 10<sup>th</sup> Meeting of the EECCA Environmental Finance network (Q1 2007)</li> </ul>	Germany (Network meeting) UKDEFRA and Denmark (papers)	The Network brings together representatives from Environment, Economics and Finance ministries to oversee the EAP Task Force work on environmental finance. Other stakeholders, including IFIs, donors and local government representatives are also involved.

<b>Work Programme Area 3: PROMOTING EFFECTIVE AND EFFICIENT ENVIRONMENTAL POLICIES</b>				
<b>Project 3.1: Reforming Environmental Policy Instruments</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<p><b>3.1.1 Streamlining and Integrating Environmental Permitting</b></p> <p><i>Eugene Mazur</i></p>	<ul style="list-style-type: none"> <li>- A concise policy document “Guiding Principles of Effective Environmental Permitting Systems” approved at the 8th Annual EECCA Regulatory Environmental Programme Implementation Network (REPIN) meeting in June 2006.</li> <li>- A case study on the transition to integrated permitting in Georgia implemented in November 2005-April 2006. A draft report was presented and discussed at a stakeholder meeting in April 2006. The report was published in June 2006.</li> <li>- The case study report on the transition to integrated permitting in Kyrgyzstan published in January 2006.</li> <li>- A three-year World Bank project “Reform of Legal Framework and Enhancing Institutional Capacity for Environmental Permitting” launched in Ukraine in February 2006 with significant involvement of the EAP TF Secretariat, which is represented on the project’s steering committee.</li> <li>- An interregional training on integrated environmental permitting conducted for senior environmental officials of 9 oblasts (regions) of eastern Ukraine in Donetsk in February 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued involvement in the implementation of the World Bank and Swedish (to be launched in June 2006) projects on environmental permitting reform in Ukraine.</li> <li>• An interregional training on integrated environmental permitting for senior environmental officials of 7 oblasts (regions) of central and southern Ukraine in Odessa in September 2006 and for 9 oblasts of western Ukraine in Lvov in February 2007.</li> </ul>	<p>Funding for the 2006 activities was ensured through grants from EC/TACIS, Sweden, the Netherlands, Poland, and the Czech Republic.</p>	<p>The overall objective of this project is to help countries to develop a new permitting system for large and small and medium size industrial polluters and manage the transition process. EU Directives are used as a reference.</p>

	<ul style="list-style-type: none"> <li>– A sub-regional training on integrated permitting for permitting officials and experts from Armenia, Azerbaijan and Georgia conducted in April 2006 in Tbilisi.</li> <li>– A CD ROM with a consolidated training package on integrated permitting developed by mid 2006.</li> </ul>			
<b>3.1.2 Making Environmental Standards More Realistic</b> <i>Eugene Mazur</i>	<ul style="list-style-type: none"> <li>– Presentations and discussion of the experience from reforming of environmental standards in EECCA region at the 7th Annual REPIN meeting in October 2005.</li> <li>– The project “Support for Convergence with EU Water Quality Standards in Moldova” launched in April 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• A draft Technical Report containing a detailed proposal of a new system of surface water quality standards for Moldova to be prepared by September 2006. It will undergo extensive stakeholder consultations in October-November 2006.</li> <li>• Two pilot projects to test the proposed new system of surface water quality standards in Moldova will be launched in November 2006.</li> </ul>	The UK DERFA grant for a project in Moldova was provided in March 2006.	This project aims to assist countries in establishing realistic environmental quality objectives and standards, particularly with respect to surface water management, and linking these improvements with the reform of the environmental permitting systems. Current standards are excessively rigid and often more stringent than in OECD countries.
<b>3.1.3 Strengthening Economic Instruments for Environmental Protection</b> <i>Eugene Mazur</i>	<ul style="list-style-type: none"> <li>– No activities in the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>• An issues paper covering economic instruments, among others, to be prepared for a workshop on future environmental policy and institutional challenges in EECCA countries to be organized in March 2007.</li> </ul>	Funding for the workshop on future environmental policy in March 2007 is required.	The project aims to develop recommendations for applying economic instruments as an element of an effective policy mix.

<b>Project 3.2: Modernising Strategies and Tools to Ensure Regulatory Compliance</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>3.2.1 Developing Incentive-Based Strategies for Compliance Assurance</b>  <i>Angela Bularga</i>	<ul style="list-style-type: none"> <li>– No activities in the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a methodological framework for assessing administrative costs of compliance assurance and a feasibility study on regulatory costs recovery in Kazakhstan. This work will be budgeted under the Task 3.3.3.</li> </ul>	No funding requested.	This project aims to address economic and financial aspects of compliance assurance. In 2003-2005, good international practice was reviewed and two publications developed: “Economics of Environmental Enforcement” and “Funding Environmental Compliance Assurance”.
<b>3.2.2. Promoting Information-Based Instruments and Public Involvement in Compliance Assurance</b>  <i>Krzysztof Michalak (industry rating)</i>  <i>Angela Bularga (public involvement)</i>	<ul style="list-style-type: none"> <li>– A special session on performance rating and information disclosure schemes in Russia and Ukraine at the 7th Annual Meeting of REPIN in October 2005</li> <li>– Implementation of performance rating and information disclosure scheme in Ukraine.</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation with Eco-Forum to widen the use of citizens’ compliance monitoring and enforcement in EECCA, including (i) identification of good practices in EECCA and OECD countries; (ii) organisation of a regional capacity building workshop in November 2006, and (iii) development of a thematic information package by June 2007;</li> <li>• Practical application and dissemination of the industry performance rating scheme.</li> </ul>	Funding provided by the Netherlands and UK.  Further funding sought for the joint project with Eco-Forum.	This project aims to promote compliance by using disclosure of information about performance of individual enterprises and public and media pressures.
<b>3.2.3. Improvement of Industrial Self-Monitoring</b>  <i>Angela Bularga</i>	<ul style="list-style-type: none"> <li>– Publication of the report “Self-Monitoring in Kazakhstan: A Concept for Reform” in early 2006;</li> <li>– Development of training materials on self-monitoring (October 2005 – February 2006);</li> <li>– Input to the development of the UNECE Guidelines on Enterprise Environmental Monitoring and Reporting (April-June 2006).</li> </ul>	<ul style="list-style-type: none"> <li>• Input to the organisation of an expert meeting on the UNECE Guidelines within the framework of the UNECE Working Group on Monitoring and Assessment (4-6 September 2006, Warsaw)</li> <li>• Cooperation with UNECE on finalisation and promotion of the Guidelines for Enterprise Environmental Monitoring and Reporting in EECCA.</li> </ul>	The expert meeting will be funded by Poland and the UNECE.	This project aims to help redesigning environmental self-monitoring systems, which are an important tool of early prevention of accidents and environmental non-compliance at industrial sites.



<b>Project 3.3: Strengthening Environmental Enforcement Authorities</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>3.3.1. Peer Reviews of Environmental Enforcement Authorities</b>  <i>Angela Bularga</i>	<ul style="list-style-type: none"> <li>– Publication of the Review Report on Armenia and presentation of the main findings at the stakeholder meeting in Yerevan (November 2005);</li> <li>– Presentation of the initial results of reform following the Armenia and Kyrgyzstan peer reviews at the REPIN meeting in June 2006;</li> <li>– Development of the outline for a report assessing progress in the implementation of the “Guiding Principles for reform of Environmental Enforcement Authorities” (February 2006) and identification of its key messages at the REPIN meeting in June 2006;</li> <li>– Drafting a report on Environmental Regulation and Compliance Assurance in Russia (May 2006).</li> </ul>	<ul style="list-style-type: none"> <li>• The report on Environmental Regulation and Compliance Assurance in Russia will be published by November 2006;</li> <li>• E-discussions will be carried out in September-November 2006 in cooperation with Eco-Forum to consult NGO opinion on results and integrity of environmental enforcement authorities in EECCA;</li> <li>• The regional assessment of efforts to modernise environmental inspectorates in EECCA will be completed and comparison made with international benchmarks. The report is proposed as Category II document for the Ministerial Conference in Belgrade in 2007.</li> </ul>	Funding provided by the Netherlands. Further funding sought for the finalisation and publication of the assessment report.	This project aims to support improvements in working methods and organisational structures of Enforcement Agencies and strengthen political support and the dialogue with other stakeholders. The project uses the Guiding Principles for Reform of Environmental Enforcement Agencies as a framework for conducting the reviews.
<b>3.3.2. Developing of Environmental Compliance and Enforcement Indicators</b>  <i>Angela Bularga</i>	<ul style="list-style-type: none"> <li>– Participation in two INECE expert meetings to discuss the international training course on performance measurement (November 2005 and May 2006);</li> <li>– An inventory of enforcement and compliances indicators in EECCA (March 2006);</li> <li>– Discussion of the indicator guidelines at the REPIN meeting in Tbilisi (12-13 June 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of a core set of indicators to measure performance of environmental enforcement authorities in EECCA, October 2007;</li> <li>• Organisation of an expert meeting (late 2006 – early 2007) on performance measurement and benchmarking for environmental inspectorates, possibly in cooperation with the Environmental Compliance and Enforcement Network for Accession (ECENA);</li> <li>• Finalisation of the EECCA regional guidelines on compliance and enforcement indicators, April 2007;</li> <li>• Contribution to the finalisation of the INECE training course on environmental compliance and enforcement indicators, its translation into Russian and dissemination in EECCA by mid 2007.</li> </ul>	Funding sought.	The project is implemented in co-operation with the INECE with the aim to elaborate good practices which can be used in different regions of the world. It will also contribute to the OECD work on environmental indicators.

<p><b>3.3.3. Building Capacities of Enforcement Managers and Officers</b></p> <p><i>Angela Bularga</i></p>	<ul style="list-style-type: none"> <li>– Organisation of the 8th REPIN annual meeting (June 2006, Tbilisi);</li> <li>– Training on administrative enforcement provided to 77 staff members of the Georgian Inspectorate and 6 trainers (September 2005);</li> <li>– Training provided to 20 managers of the Georgian Environmental Inspectorate on strategic management (November 2005);</li> <li>– Participation in an international seminar on compliance assurance as part of the Russian REC project to build capacity of inspectors in North West Russia (16 March 2006);</li> <li>– Development of the Georgian Inspectorate's Strategic Plan;</li> <li>– Drafting the Master Plan for the Georgian Inspectorate's Information System (May 2006)</li> <li>– Training on modern tools of compliance assurance provided to staff of the Kazakh Committee for Environmental Control (April 2006);</li> <li>– Development of a draft study on non-compliance responses in Kazakhstan (May 2006);</li> <li>– Facilitation of a study tour of Kazakh inspectors to Norway regarding the environmental regulation of off-shore oil extraction (May 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Further implementation of capacity building projects in Kazakhstan and Georgia, (throughout 2006-2007);</li> <li>• Training for inspectors in Ukraine and Moldova will be conducted in late 2006 or early 2007, partly in cooperation with REC Moldova;</li> <li>• A training CD will be developed for environmental inspectorates and a train-the-trainer programme will be organised, mid 2007;</li> <li>• Networking and dissemination of EAP Task Force tools will continue.</li> </ul>	<p>Country-specific activities are supported by grants from the Netherlands and Norway.</p> <p>Additional funding needed for regional activities.</p>	<p>The responsibilities for training activities will be transferred over time to specialised institutions in EECCA countries.</p>
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<b>Work Programme Area 4: FACILITATING ACHIEVEMENT OF EECCA ENVIRONMENT STRATEGY OBJECTIVES</b>				
<b>Project 4.1: Monitoring and Facilitating Partnerships</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>4.1.1. Monitoring Partnership Development</b>  <i>Eija Kiiskinen</i> <i>Carla Bertuzzi</i>	<ul style="list-style-type: none"> <li>– A project on evaluating effectiveness and efficiency of partnerships that is carried out under the OECD EPOC programme of work was discussed at the EPOC meeting in early March 2006; an expert workshop will be organised to discuss the draft report on 12<sup>th</sup> September 2006; the lessons learnt from the project will be shared with EECCA and donor countries;</li> <li>– The Partnership Database in English was launched in November 2005 and in Russian in April 2006; all partners were requested to review and update the information in the Database (<a href="http://www.eecca.net">http://www.eecca.net</a>) by the end of August 2006. A status report on Progress in Partnerships is being prepared for the September TF meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Paper on Evaluating of Effectiveness and Efficiency of Partnerships (4<sup>th</sup> Q 2006)</li> <li>• Progress Report on Partnerships (March 2007)</li> </ul>	EC/TACIS, Switzerland  The EPOC project is covered from the separate budget and supported by Italy.	This activity responds to the mandate given to the EAP Task Force by the Kiev and Tbilisi Ministerial Meetings to facilitate and support the achievement of the EECCA Environment Strategy objectives overall.
<b>4.1.2. Facilitating Country-Driven Partnerships for Institutional Strengthening (IS)</b>  <i>Eija Kiiskinen</i> <i>Roberto Martin-Hurtado</i>	<ul style="list-style-type: none"> <li>– Conclusions from the Policy Dialogue for IS in Georgian Ministry of Environment were finalised in January 2006 based on the feedback received from the Georgian MoE; practical support provided by the Secretariat for follow-up activities carried out by the UK DEFRA and Germany MoE;</li> <li>– Identification of the 2<sup>nd</sup> pilot country of the Policy Dialogue on IS is underway;</li> </ul>	<ul style="list-style-type: none"> <li>• Informal Consultations with Environment Ministers from one or two EECCA countries (4Q 2006)</li> <li>• 2<sup>nd</sup> Policy Dialogue for Institutional Strengthening (IS) (launch in November 2006 /mission in February 2007)</li> </ul>	EC/TACIS, Switzerland ----- In-kind support for the pilot in Georgia from Estonia, Germany, the Netherlands and UK  In-kind support sought for the 2 <sup>nd</sup> Policy Dialogue	This is a new activity developed as a follow-up to the Conference of EECCA Environment Ministers and their Partners held in Tbilisi in October 2004 to respond to the Ministers' request for institutional strengthening and more targeted support to the Ministries of Environment in the EECCA region.

<b>Project 4.2 Assessing progress in achieving the objectives of the EECCA Environment Strategy</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<p><b>4.2.1. Developing and Piloting Monitoring Framework for Progress Assessment Report</b></p> <p><i>Roberto Martin-Hurtado, Carla Bertuzzi</i></p>	<ul style="list-style-type: none"> <li>– The Stocktaking Report on Environmental Management in EECCA in Russian was distributed widely in the EECCA region in November 2005;</li> <li>– A draft outline, a timetable and a questionnaire for the preparation of the 2007 EECCA Strategy Progress Assessment Report was developed in February 2006;</li> <li>– Bilateral consultations with experts from different Facilitating Organisations on the elements of the draft outline of the Report carried out in March-April 2006; meetings with additional organisations (IEA, ECMT) to seek their early input. Additional coordination activity with EEA's Belgrade Report, UNEP's GEO-4 report and UNDP's West Balkan report undertaken.</li> <li>– A joint (between the ECOForum and the EAP TF) project proposal aiming at facilitating NGOs participation in assessing progress on the implementation of the EECCA Strategy prepared for the Dutch funding in May 2006; funding confirmed and side-project launched in June 2006.</li> <li>– Agreement in May 2006 with EECCA RECs in supporting the preparations of the 2007 EECCA Report; work on identifying and reviewing relevant analytical inputs launched.</li> <li>– The Regional Meeting on progress in Achieving the Objectives of the EECCA Environment Strategy was organised in Kiev, Ukraine, 18-19 May 2006;</li> <li>– Information collection launched; the Questionnaire was finalised and sent to EECCA countries in early July.</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations with the EECCA MoEs on EECCA Report Country Profiles, November 2006)</li> <li>• 1<sup>st</sup> draft of the Final Progress Assessment Report (January 2007)</li> <li>• The Final Progress Assessment Report (April 2007)</li> </ul>	<p>The Netherlands, EC/TACIS, Switzerland, UKDEFRA</p>	<p>At the Kiev 2003 Ministerial Conference the EAP Task Force was invited to monitor progress in achieving the objectives of the EECCA Environment Strategy. This task is to be carried out in co-operation with other international bodies and on the basis of information provided by the EECCA countries. For the 2004 Tbilisi Ministerial a Stocktaking Report was prepared to provide a baseline against to which the progress could be measured in 2007.</p>

Project 4.3 Promoting effective co-operation and communication among partners				
Task	Status of Implementation	Planned Outputs/ Planned Meetings	Financial Status	Links to Overall Objectives
<p><b>4.3.1. Facilitating co-operation among partners through better communication</b></p> <p><i>Aziza Nasirova, Shukhrat Ziyaviddinov</i></p>	<ul style="list-style-type: none"> <li>– The EECCA strategy web-page was updated and linked with the Partnership Database;</li> <li>– Ongoing negotiations with a consultant to expand the Partnership Database to include activities implemented by International Organisations in the EECCA region (snapshot document).</li> </ul>	<ul style="list-style-type: none"> <li>• A Newsletter (3<sup>rd</sup> Q 2006)</li> </ul>	Switzerland. EC/TACIS, UKDEFRA	The EECCA Environment Strategy invited the EAP Task Force to establish, as appropriate, work-sharing arrangements with Facilitating and Co-operating Organisations. Effective communication and exchange of information will be essential to facilitate the co-operation. Special efforts are needed to communicate effectively with NGOs and private sector.
<p><b>4.3.2. Facilitating Co-operation with the Regional Environmental Centers</b></p> <p><i>Aziza Nasirova</i></p>	<ul style="list-style-type: none"> <li>– Currently there are no specific funds available for this activity. Involvement of EECCA RECs in the EAP Task Force activities is integrated into specific programme areas.</li> </ul>			This activity was developed to support EECCA RECs capacity development and enhance closer co-operation between EAP Task Force Secretariat and the RECs through implementing joint activities and disseminating Task Force results in the EECCA region.

<b>Work Programme Area 5: TASK FORCE MANAGEMENT AND SUPPORT</b>				
<b>Project 5.1: Management and Support of the EAP Task Force</b>				
<b>Task</b>	<b>Status of Implementation</b>	<b>Planned Outputs/ Planned Meetings</b>	<b>Financial Status</b>	<b>Links to Overall Objectives</b>
<b>5.1.1. Management and Support of the EAP Task Force</b>  <i>Aziza Nasirova</i>	<ul style="list-style-type: none"> <li>– 3<sup>rd</sup> joint meeting of the EAP Task Force and the PPC held on 16-17 November 2005, back-to-back with the Conference of EECCA Ministers of Economy/Finance, Environment and Water and their partners from the OECD countries on financing the water supply and sanitation sector in EECCA countries.</li> <li>– Informal meeting between the EAP Task Force Secretariat, PPC and EECCA RECs to discuss future activities of three institutions after the 2007 Belgrade “EfE” Ministerial Conference, 6<sup>th</sup> February 2006 in Paris; and a brainstorming between the Bureau members, EECCA RECs and invited EECCA experts, held on 9<sup>th</sup> March in Brussels</li> <li>– Bilateral meetings between the EAP Task Force and PPC secretariats and EECCA RECs to continue discussion on elaboration of joint activities (March-April 2006)</li> <li>– Meetings of the Bureau of the EAP Task Force and the PPC, held on 10<sup>th</sup> March in Brussels (EC) and 16<sup>th</sup> June in London (PPC/EBRD)</li> <li>– On-going preparations for the next joint meeting of the EAP Task Force and PPC, to be held on 21-22 September</li> <li>– Participation in the preparatory process for the Belgrade Ministerial Conference</li> <li>– Preparation of a mailing of the questionnaire on results and outcomes of completed EAP Task Force projects in individual EECCA countries</li> <li>– Elaboration of a communication strategy for dissemination of EAP Task Force products at the Belgrade Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Last joint meeting of the EAP Task Force – PPC to be organised on 15-16 March 2007, immediately after the next meeting of the REPIN and a workshop on future of environmental policy in EECCA (venue to be determined).</li> <li>• Next meeting of the EAP Task Force-PPC Bureau: 11 December 2006 (date and venue to be confirmed)</li> </ul>	Austria, EC/DGENV, Switzerland, UKDEFRA	This activity includes the organisation of Task Force/PPC meetings, fundraising, communications (publications, web-site) and the overall coordination of the work of the Secretariat.