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**EU4Environment**

Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine

## STRENGTHENING PUBLIC FINANCE CAPACITY FOR GREEN INVESTMENTS IN THE EASTERN PARTNER (EaP) COUNTRIES

### TRAINING WORKSHOP

## Designing and implementing green public investment programmes

Draft agenda

Friday, 25<sup>th</sup> February 2022, 14:00 – 18:15 (AZT) / 11:00 – 15:15 (CET)

Please register for the training [here](#)

Action implemented by:



## Background

### ***Objectives of the Project***

The EU-funded EU4Environment Action supports countries in the EaP region, including Azerbaijan, to improve national governance and regulatory mechanisms that support transition to a greener and more sustainable development path. Efficient and effective public expenditure is important in meeting environmental and climate-related objectives.

The main objective of the project “Designing Green Public Investment Programme and Conducting Training in Azerbaijan” is to equip the government officials and experts in Azerbaijan with know-how and practical skills on designing a public environmental expenditure programme. Such programmes help to obtain adequate resources from the public budget and leverage international co-financing for its implementation. The project is implemented by the OECD in cooperation with the Ministry of Ecology and Natural Resources of Azerbaijan.

The project provides technical assistance to increase the capacity of government authorities to better manage public environmental expenditure with a special focus on achieving the national objectives in the water supply sector. The proposed investment measures of the public support programme will aim to address a decline in supply of quality water. The programme will focus on enabling a more widespread use of non-standard water resources – in particular, the groundwater extraction and surface water catchment.

The project aims to direct programme development toward four main activity areas:

1. Increase water abstraction/catchment volumes
2. Increase available water storage capacities
3. Ensure groundwater level recovery/increase
4. Ensure efficient water supply

The designed green public investment programme will contribute to the overall objective of diversifying water supply sources by using an increased mix of surface water and groundwater to ensure that water supply does not fall below water demand in future (taking into account the predictions of climate change impacts on the water resources).

The programme will also contribute to improving water availability for regions vulnerable to climate change (areas with low groundwater levels or combined with frequent floods). The rationale behind this programme is based on premise that public environmental expenditure – direct or indirect – is a key instrument to address some of the fundamental problems related to future water supply reliability and security.

### ***Policy Context***

Azerbaijan has developed a National Water Strategy and Action Plan, the latter of which was approved by Presidential Decree no. 2178 in 2020. The Action Plan is to be implemented in the short-term and mainly is focused on improving the institutional capacity and legal framework. Investments will take place in particular in the medium and long-term. Water resource inventories and integrated river basin management planning will be introduced. Efficient water use will be promoted based on cost recovery tariffs.

The Action Plan also contains activities such as 15.7.4 to “Expand the supply of quality drinking water to the population in accordance with SDGs,” as well as activities to rehabilitate irrigation infrastructure, to programmes to reduce water losses.

To facilitate achievement of the selected objectives of the Water Strategy and the Action Plan, a green public expenditure programme is under development to focus and leverage investment in expanding and security water supply in areas that are expected to be most acutely affected by climate change. A component of this programme is the definition of project pipelines that include investment in small-scale measures to increase water supply resiliency in underserved and vulnerable areas.

**Box: Selected examples of green public investment programmes**

Since 2012, the OECD has provided technical assistance and capacity building to public authorities from Eastern Europe, the Caucasus and Central Asia (EECCA) in designing and costing green public investment programmes, as well as in supporting complementary activities and requirements that need to be in place for the programmes’ actual implementation. The green public investment programmes were prepared for energy efficiency of the housing sector ([Kazakhstan](#)), as well as clean urban public transport ([Kazakhstan](#), [Kyrgyzstan](#), and [Moldova](#)). Beyond the primary technical assistance, also capacity development activities on the programmes’ implementation are being currently conducted under the EU4Environment Action ([Moldova](#)). During the current phase, EU4Environment supports strengthening public expenditure management in two EU’s Eastern Partnership (EaP) countries and two new environmental sub-sectors: the water supply ([Azerbaijan](#)) and biodegradable waste stream ([Georgia](#)). The programmes have been designed in line with international good practices and can serve as a model for preparing other low-carbon public investment programmes within national medium-term expenditure frameworks (MTEFs).

### Objectives of the training

- Present, discuss and agree on the major elements of the Programme as proposed by the Project Team (e.g., environmental priorities for potential project pipelines, targets, major beneficiaries and major project types to be supported through the Programme) and have a reality check of the assumptions made for these elements
- Identify and discuss potential challenges to Programme financing and implementation. Identify and agree on a set of priority policy actions for legal and regulatory changes that need to be put in place in order to enable the implementation of the Programme
- Improve the capacity and understanding of government officials and other relevant experts in Azerbaijan in the design and costing of medium to long-term green public investment programmes by providing them with access to modern management tools developed in accordance with good international practices
- Improve the capacity and understanding of government officials and other relevant experts in Azerbaijan of programme implementation and more specifically of appraisal

and selection techniques of investment projects that will be financed through the Programme

- Support Azerbaijan in leveraging private (non-state) investments into equipment and technologies that divert environmental and climate-related problems connected with the water supply

### **Trainees**

The training session will be designed for ca. 20 participants. The trainees could include government officials from different ministries, agencies but also local governments, NGOs, preferably with experience in designing and managing environmentally-related public programmes or programmes in the water sector.

The OECD is supported in organising this training by Kommunalkredit Public Consulting (KPC) from Austria.

### **Practical Information**

English-Azerbaijani simultaneous interpretation will be provided during the meeting.

### **About EU4Environment**

The “European Union for Environment” (EU4Environment) aims to help the six partner countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine preserve their natural capital and increase people's environmental well-being, by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and setting mechanisms to better manage environmental risks and impacts. The Action is funded by the European Union and implemented by five Partner organisations: OECD, UNECE, UNEP, UNIDO and the World Bank based on a budget of some EUR 20 million. The Action implementation period is 2019-2022.

For further information contact: [EU4Environment@oecd.org](mailto:EU4Environment@oecd.org)

Project website: <https://www.eu4environment.org>

## DRAFT AGENDA

<b>Session 1</b>	<b>Welcoming remarks</b>
14:00 – 14:10 (10 min)	<ul style="list-style-type: none"> <li>• Objectives of the training, background of the project and introduction of presenters</li> </ul> <p><b>David Simek</b>, OECD</p>
<b>Session 2</b>	<b>Presentation of the GPIIP programme in Azerbaijan</b>
14:10 – 14:20 (10 min)	<ul style="list-style-type: none"> <li>• Introduction to the Green Public Investment Programme</li> </ul> <p><b>David Simek</b>, OECD</p>
14:20 – 14:40 (20 min)	<ul style="list-style-type: none"> <li>• Overview of the water resources and water use in Azerbaijan</li> </ul> <p><b>Farda Imanov</b>, Baku State University</p>
14:40 – 15:10 (30 min)	<ul style="list-style-type: none"> <li>• Presentation of the proposed Green Public Investment Programme in Azerbaijan</li> </ul> <p><b>David Toft</b>, KPC</p>
15:10 – 15:30 (20 min)	<ul style="list-style-type: none"> <li>• Review of green technologies in water supply sector in Azerbaijan</li> </ul> <p><b>Anar Nuriyev</b>, Baku State University</p>
15:30 – 15:50 (20 min)	<ul style="list-style-type: none"> <li>• Review of the green technologies in water supply sector and leakage detection in EU, including airborne water leak detection</li> </ul> <p><b>Christian Oberleitner</b>, KPC</p>
15:50 – 16:00 (10 min)	<ul style="list-style-type: none"> <li>• Q&amp;A and discussion</li> </ul> <p>Facilitation: <b>Christian Oberleitner</b>, KPC</p>
16:00 – 16:10 (10 min)	Break
<b>Session 3</b>	<b>How to prepare the GPIIP</b>
16:10 – 16:25 (15 min)	<ul style="list-style-type: none"> <li>• Programming cycle, setting programme priorities and targets, monitoring, reporting and evaluation of the Programme</li> </ul> <p><b>David Toft</b>, KPC</p>
16:25 – 16:40 (15 min)	<ul style="list-style-type: none"> <li>• Estimation of the programme cost</li> </ul> <p><b>Rafal Stanek</b>, KPC</p>

16:40 – 16:55 (15 min)	<ul style="list-style-type: none"> <li>Setting the optimal level of the public financial support and the choice of the form of the financial support</li> </ul> <p><b>Rafal Stanek, KPC</b></p>
<b>Session 4</b>	<b>How to implement the GPIIP</b>
16:55 – 17:05 (10 min)	<ul style="list-style-type: none"> <li>Introduction to Project Cycle Management (PCM)</li> </ul> <p><b>Rafal Stanek, KPC</b></p>
17:05 – 17:20 (15 min)	<ul style="list-style-type: none"> <li>Methods for appraisal of environmental investments – Cost-effectiveness analysis (CEA), including Dynamic Generation Cost and Annualised Costs</li> </ul> <p><b>David Toft, KPC</b></p>
17:20 – 17:30 (10 min)	<ul style="list-style-type: none"> <li>Methods for appraisal of environmental investments – Multi-Criteria Analysis (quantifiable and non-quantifiable) – Scoring systems</li> </ul> <p><b>Rafal Stanek, KPC</b></p>
17:30 – 17:40 (10 min)	<ul style="list-style-type: none"> <li>Managing the programme implementation: procedures, call for proposals, organisation of the appraisal</li> </ul> <p><b>David Toft, KPC</b></p>
17:40 – 18:00 (20 min)	<ul style="list-style-type: none"> <li>Feasibility study as a major document used for the project preparation in the water sector</li> </ul> <p><b>Rafal Stanek, KPC</b></p>
18:00 – 18:10 (10 min)	<ul style="list-style-type: none"> <li>Q&amp;A and discussion</li> </ul> <p>Facilitation: <b>Christian Oberleitner, KPC</b></p>
<b>Session 5</b>	<b>Closing remarks</b>
18:10 – 18:15 (5 min)	<ul style="list-style-type: none"> <li>Wrap up of the event and key takeaways</li> </ul> <p><b>David Simek, OECD</b></p>
	<p><i>Related documents:</i></p> <ul style="list-style-type: none"> <li>Presentations (English, Azerbaijani)</li> <li>Draft GPIIP (English)</li> </ul>