

Foreword

This report presents the objectives, methodology, procedures and main findings of the project "Strengthening public finance capacity for green investments in the EECCA countries". The project, funded by the Organisation for Economic Co-operation and Development (OECD), was part of a collaboration under the GREEN Action Task Force, for which the OECD provides a secretariat.

The project, conducted between 2016-19, sought to help the partner countries achieve their environmental and climate-related objectives. In line with countries' transition to a greener path of development – in particular, by reducing the energy and carbon intensity of their economies – the technical assistance also aimed to contribute to socio-economic advancement. The project included three country case studies in Eastern Europe, Caucasus and Central Asia (EECCA) region: Kazakhstan (implemented in 2016), Moldova (implemented in 2016-18) and Kyrgyzstan (implemented in 2018).

The following ministries were the OECD's main counterparts in the respective country projects: Ministry of Energy of Kazakhstan; Ministry of Agriculture, Regional Development and Environment (previously, the Ministry of Environment) of Moldova; and Ministry of Economy of Kyrgyzstan. They were assisted in designing and costing of country-level green public investment programmes in line with good international practices. Together, the co-operation partners analysed how (scarce) public funds could be used to benefit the environment and citizens.

The focus of the respective investment programmes was discussed with, and eventually selected by, the partner ministry. In all three countries, the programmes focused on reducing air pollution and greenhouse gas (GHG) emissions from the transport sector. Given limited preparation time and resources for implementation, the scope was narrowed in all three countries. It ultimately focused on improving the environmental consequences of public transport in large urban centres and became known as the Clean Public Transport (CPT) Programmes. The designed programmes help estimate overall implementation costs and, importantly, find sources (both national and international) for their financing.

The respective country reports – published in 2017 (Kazakhstan) and 2019 (Moldova and Kyrgyzstan) – outline the results of a scoping exercise for increasing an investment demand in public transport fleets. Each of the three country case studies summarises the results of a proposed stepwise approach to the CPT Programme implementation. The approach proposes two phases and – in the case of Kazakhstan and Moldova – two scenarios for the second (scaling-up) phase. It also identifies two cities to participate in the first (pilot) phase.

The scoping studies for the CPT Programmes involved four main activity areas and outputs: 1) an initial scoping and analytical stage; 2) a costing methodology; 3) a design aligned with international good practice; and 4) an analytical report and training. Activity areas 2) and 3) constituted the backbone of each country project. They aimed to demonstrate in practice how to use scarce public funds to incentivise the private sector to invest in clean and socially important projects.

The respective country reports relied on several elements. First, an extensive review of environmental legislation was undertaken, reflecting standards of the partner country and the European Union. This included, for example, technical regulations regarding public transport. Second, the reports reflected an extensive collection of primary and secondary data on environment, transport and public services. The stocktaking analysis considered the country's national green growth and climate change commitments and budgetary requirements. The reports also drew from several visits of the project team to the partner country. The team discussed various elements of the investment programme with experts from government offices and local public administrations in pilot cities. It also met and consulted with representatives of various international and non-governmental organisations active in the country.

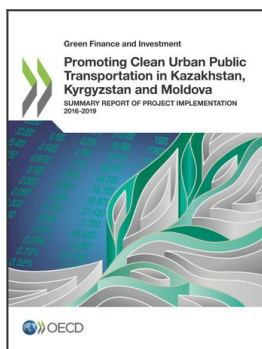
While this synthesis report is not comprehensive, it aims to highlight issues common to all three programmes. All three country case studies have similar objectives and approaches. This is true of the design of the programme, as well as its proposed implementation set-up. However, this synthesis is not a full-fledged comparative analysis of the target sectors (and associated opportunities and challenges) in the respective countries. This is partly due to the report's limited scope, but more due to the fact that each country project was specific and tailored to the partner country needs. Still, this report aims to lay out the main common features with regard to problem analysis, policy recommendations, etc.

The designed CPT Programmes built on previous work by the OECD in public environmental expenditure management, integrating the environmental sector into medium-term budgetary processes and on climate change economics. They also built on earlier OECD work on climate change economics.

More specifically, they use a programme costing methodology (called OPTIC) developed by the OECD, with support by Germany, and tested previously in Kazakhstan. The methodology is focused on climate-related investment programmes.

The project was implemented within the framework of the GREEN Action Task Force. The work in Kazakhstan was financially supported by the government of Kazakhstan. Meanwhile, activities in Moldova and Kyrgyzstan were supported by Germany's Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) through its 2014 International Climate Initiative (IKI).

The views expressed in this report are those of the authors and do not necessarily reflect those of the OECD or its member countries.



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