



**UNITED NATIONS ENVIRONMENT PROGRAMME  
DIVISION OF TECHNOLOGY, INDUSTRY AND ECONOMICS  
(UNEP/DTIE)**

**REPORT**

**ON THE**

**EXPERT GROUP MEETING ON**

**UNEP CAPACITY BUILDING MATERIAL  
TO PROMOTE CLEANER PRODUCTION INVESTMENTS**

UNEP/DTIE office  
Paris, France  
27-28 November 2001

## TABLE OF CONTENTS

<b>I. INTRODUCTION .....</b>	<b>3</b>
<b>II. PLENARY: OVERVIEW OF STRENGTHS AND AREAS OF IMPROVEMENT.....</b>	<b>4</b>
<b>III. WORKING GROUP ON DRAFT GUIDE AND PRIMERS .....</b>	<b>5</b>
<b>IV. WORKING GROUP ON TRAINING MODULES.....</b>	<b>7</b>
<b>V. NEXT STEPS AHEAD .....</b>	<b>9</b>
<b>ANNEXES.....</b>	<b>13</b>
<b>Annex 1</b>	<b>List of participants</b>
<b>Annex 2</b>	<b>Issue paper for the meeting</b>
<b>Annex 3</b>	<b>Agenda</b>

## I. INTRODUCTION

The Expert Group Meeting (EGM) was convened within the context of the UNEP project “Strategies and Mechanisms for Promoting Cleaner Production in Developing Countries” financed by the Kingdom of Norway. The immediate objective of this project is given as:

“To facilitate the financing of cleaner production investments in developing countries by:

- **Demonstrating** how to initiate and facilitate the financing of cleaner production investments through the case of five developing countries (Guatemala, Nicaragua, Tanzania, Vietnam and Zimbabwe);
- Developing **financing instruments** for effectively promoting cleaner production investments in developing countries and designing **enabling strategies** for supporting public and private financial institutions and the industrial community to adopt these financing instruments; and
- **Motivating** key decision-makers to pursue cleaner production investments in developing countries.”

The participants had been provided with:

- The Issue Paper for the Expert group Meeting
- Draft Guide to Investing in Cleaner Production
- Draft Primer Bank on Cleaner Production
- CD-ROM with all slides, instruction manuals and selected handouts for draft generic versions of the four training programmes:
  - CP1 – Cleaner Production concept and practice (1-day awareness course)
  - CP2 – Introduction to capital budgeting and funding of capital projects (1-day awareness course)
  - CP3 – Profiting from Cleaner Production (2-day skill course)
  - CP4 – Funding Cleaner Production projects (2-day skill course)

The invited participants included training specialists from selected financial institutions, academic and research institutions and consulting companies with experience in environmental training to financial intermediaries and/or environmental accountancy, risk assessment and appraisal of environmentally related investment projects. These specialists were supported by selected representatives of potential users of the materials as well as partner organisations in the demonstration countries with direct experience in implementing the UNEP/DTIE courses developed under the project. The List of Participants is available in Annex 1.

Several training modules have been adapted to local conditions and are being implemented in all the five countries. UNEP/DTIE intends to make use of the experience gained to disseminate tools and instruments also to a broader audience in other developing countries. The EGM was an important part of that process. The background and purpose of the EGM is described in the issue paper in Annex 2.

The Moderator referred participants to the objective of the EGM: “Companies and banks adopt preventive strategies when making investment decisions”. He noted that the excellent documentation produced by the project was a necessary but not sufficient condition to attain that objective; “**Motivating** key decision-makers to pursue cleaner production investments in

developing countries” - the overall project objective - implies that they take ownership of CP concepts.

He concluded by stressing that the present documentation will have to have an impact at the level of stakeholders’ beliefs and values as this will influence their willingness to apply the CP capabilities and skills acquired through the training modules.

The programme of the Meeting is provided in Annex 3.

## **II. PLENARY: OVERVIEW OF STRENGTHS AND AREAS FOR IMPROVEMENT**

Several participants had submitted detailed written comments on the draft material in advance of the Meeting. The plenary session began by taking an overview of the participants’ main comments on the entire set of documentation: the Guide and Primers, and the training modules CP1 to CP4. They were each asked to identify the unique strengths of each document as well as the main areas for improvement.

### **GUIDE AND PRIMERS**

#### Strengths:

- Matching mainstream needs
- Designed to assist 3 clearly identified target groups
- Complete, (very) comprehensive
- Accessible to decision-makers
- Involvement of the media
- Barriers to investment in CP clearly identified
- A good introduction to investment in CP
- Shows that CP is a good business
- Guidance on adapting course content and length to a particular audience
- There are no strengths.

#### Areas for improvement:

- Structure, format and presentation of the Guide and Primer
- Lack of substance
- Lacks beliefs and values
- More case studies; real examples from industry and from banks
- Needs analysis of the target audience
- Connection (integration) to training modules CP1 to CP4
- Options and paths to sources of finance
- Position the documents in the broader business and finance context
- Needs a brief outline of each of the 4 training courses
- Low actor differentiation
- Lack of focus.

## **DRAFT TRAINING MODULES**

The most positive aspects include:

- a complete and comprehensive set of modules addressing a wide range of interrelated topics
- flexibility and adaptability to local conditions
- good exercises and case studies.

The most negative aspects include:

- inadequacy of time to deliver courses as intended
- need to strengthen the links and eliminate overlaps between the four courses
- add material on company cash flow analysis, steps of financial assessment and where to look more information on sources of financing.

On this basis, two working groups were formed to debate the draft material and suggest new avenues in detail.

Each group was requested to focus on three main issues and agree on recommendations on each of them:

- relevance (for whom is the guide, checklist, training module, etc. intended?)
- content
- presentation

## **III. WORKING GROUP ON DRAFT GUIDE AND PRIMERS**

During the first plenary, it became apparent that the intended target group and nature of the draft Guide was ambiguous and that its format was more suitable for use by trainers of the UNEP/DTIE modules rather than the broader audience described in its introduction. The draft set of primers also needed further clarification and elaboration before any assessment could be made. It was decided that the working group would review the needs by various intended target group and suggest alternative approaches. 10 participants (see Annex 1) attended the working group. They concluded that the UNEP capacity building material on CP financing should be reorganised and improved as follows:

- a)** Current "draft Guide" (distributed to EGM participants on 17 October) is to be used as a trainer manual.
- b)** Generation of an 8-page "Brochure" to market CP. The content of this Brochure will have to be placed in today's financial and economic context, which has substantially evolved since 1998 when the project document and its deliverables (including a "guide" and "primers") were designed.

The Brochure, that needs to be clear and concise to convey the CP message, values and objectives, could be structured in four main parts (three levels and one reference part) , going in progressive stages as follows:

- 1) "Strategy Part", first level (approximately one page in length). Focussed on business leaders, regardless of the business in which they are, however with priority given to the private sector (including SMEs) and the public sector as a secondary audience). The Brochure should be easy to use and to adapt to business leaders' situation. It should highlight the business case for internalising CP; allow the reader to position him/herself insofar as knowledge of CP is concerned; encourage and promote the change of beliefs and values about CP, enabling business leaders to better communicate CP to the middle and operational management and act as a motivation tool.
- 2) Second Part, addressed to technical people, middle management and professionals who are more concerned with capabilities and skills required to apply CP (approximately four pages in length). This part should deal with: what CP means to business; interrelation between CP and EMS/ISO 14000; mainly targeting four different stakeholders:

i) Financial Institutions;

ii) Private manufacturing plus service sectors (including State Owned Enterprises, SOE, as far as they operate according to private rules);

iii) Government departments (SOE are not included, see ii) above);

iv) Service providers and consultants (e.g. NCPCs, accountancy, legal professionals).

It was noted that the Brochure's content should be developed in such a way as to reach out to the whole productive chain (e.g. SMEs tend to listen particularly to their suppliers).

- 3) Tools and techniques: it was recommended that the Brochure include cross references (key extracts) to the CP training modules (CP1,CP2,CP3,CP4) as a means of raising awareness and letting the reader know where to go for more details.

Case studies in the Brochure. These should be real ones from developing countries. The group recommended to have one case study only - if necessary a real one complemented with extra information for the sake of completeness. The same case study could present various topics/subject areas from the different perspective of business leaders, professionals and technicians in various stakeholders' groups.

4) Fourth Part: "Where to go for further information", at both national and global level. This should lead the reader to additional sources of information, including such items as portals of the UNEP/UNIDO NCPC network, main development banks, green funds, donors active in environment and social issues, etc.

The Group concurred that the Brochure should be finalised by marketing experts.

**c)** CP1 Executive Summary to be published cum CD-ROM or diskette

**d)** "Checklists" (referred to as "primers" in the project document). These should be a *Decision Support Tool*, to be published as a set of stand-alone checklists for use of CP practitioners as well as promoters. It was agreed to have specific checklist(s) on environmental risk assessment and management, and one specifically dedicated to a CP loan application "standard profile", which does not intend to be "the" standard format par excellence, but to provide users with clear guidance as to which information should be included in a loan application for submission to a source of funding. The group also recommended to introduce, to the extent possible, "scoring" criteria in the checklist .

The set should bear a cover page giving a "flow-chart" or "map" to help the reader and user position her/himself in the document and where to go for the relevant checklist (i.e. checklist group a) for financial institutions; group b) for entrepreneurs; group c) for consultants, etc.). It was recommended that the checklists be cross referenced to the four CP training courses and that they be sent for comments to the UNEP Financing Initiatives based at UNEP/DTIE/ETB in Geneva. The checklist could be pilot-run in the demonstration countries, once finalised.

e) CP training modules to be published in CD-ROM format. They will be cross-referenced to the Training Guide, Brochure and the CP1 Executive Summary.

#### **IV. WORKING GROUP ON DRAFT TRAINING MODULES**

The working group was composed of 10 participants (see Annex 1). It reviewed each of the four courses and concluded the following:

##### **CP1 – Introduction to cleaner production concept and practice**

The material is relevant to the following target groups:

- enterprises, business
- bank loan officers and accountants
- government (policy making departments, operational management)
- others

Contents and presentation:

- the case study is considered too technical and needs simplification
- change the sequence of different topics (history of environmental management approaches first)
- delete the slide on 'environmental assessment of a project'
- simplify the slides 'CP & financial institutions' and 'CP definition' and add a second one on CP & financial institutions highlighting increased cash flow, shareholder value, etc. of customers
- transfer some slides ('iceberg' and 'management options' from CP3 to CP1)
- harmonise and use one common list of CP management options (to be reviewed also with WCPS in Norway)

CP1 is the foundation of all other courses and makes financiers and others interested in CP. It is too detailed to attract senior management and CEOs. The working group recommended that **UNEP/DTIE design a one-hour executive version** based mostly on material available in CP1 and CP3 to reach senior audiences and to replace a brief CP introduction in other courses, if needed. This executive version should be published also as a stand-alone hard copy version.

## **CP2 – Introduction to capital budgeting and funding of capital projects**

This should be seen as an awareness course on financial issues which primarily uses material available in more detail in skill courses CP3 and CP4. It is relevant to the following target groups:

- enterprises, business
- some government and teaching professions
- it is mostly not relevant to finance providers

The course should be maintained to be available for such target groups who do not have the opportunity to go through the entire skill training programme. Any improvements and changes made in CP3 and CP4 need to be adjusted also in CP2.

## **CP3 – Profiting from cleaner production**

The course is relevant to the following target groups:

- primarily enterprises and business
- some government departments and local government
- some accountants
- finance providers who want to improve their clients' performance

The strengths of the course are:

- case study and exercises
- useful checklists
- balance in topics for a mixed audience
- promotes team work

Suggestions for improvement are:

- reduce overlap with CP1 (replace intro to CP with new executive version of CP1, if required)
- use extra time by introducing optional modules on cash flow projection, basic cost accounting, taxes & depreciation, and/or sensitivity analysis (Zimbabwe country team to provide samples of material used in providing training in these issues)
- add a flow chart showing all steps in cost identification and capital budgeting
- modify some specific slides (details with UNEP/DTIE team)

## **CP4 – Funding of cleaner production projects**

The course is relevant to the following target groups:

- people in business (including consultants) dealing with finance and banks
- some government and bank people to increase awareness
- the course can help to educate bankers to manage their customer relations
- teachers at universities
- government department which are close to business

Contents and presentation:

- move taxation and discounting to CP3
- remove capital budgeting as it is covered by CP2 and CP3
- check cross-linkages with other courses and checklists
- add an explanation regarding the role of financial statements
- give more time to dwell on case studies (which are considered well chosen)
- expand on future planning in post funding management
- add extended family to other sources of funding
- add environmental due diligence information of the client
- add community relationships and importance of image
- other detailed corrections in slides in written comments and available with UNEP/DTIE project team
- the sample loan application form for SMEs is not applicable to many cases as each financial institution has very different practices; this will be discussed more in detail under checklists and primers

The working group agreed that **there is a need to provide more material to address the bankers' angle**. As much of this would be more generally related to the importance of environment and socially responsible investment, the best way ahead would be to cooperate with institutions (UNEP FI, DEG, EBRD, FMO, IFC, etc.) who already have **well established training programmes on environment for financial intermediaries**. Instead of generating new material at UNEP/DTIE, the **challenge is to integrate some of the CP financing training material into those courses in order to mainstream preventive approaches in them**. In addition, the material already produced for a one-day training programme for bankers by the project field team in Zimbabwe will be reviewed in relation to adding some banker-specific components to the modules.

## V. NEXT STEPS AHEAD

For the adapted training courses CP1-CP4, being currently implemented in the five demonstration countries, there are early signs of sustainability. They are being delivered by a number of national institutions of which two in Tanzania and Zimbabwe and one in Guatemala have so far indicated an interest in integrating some of the material into their regular curricula. In addition, the project has resulted in the adoption of CP into the curricula of some other academic institutions. A network has emerged in Zimbabwe and Vietnam exchanging experience in course implementation and gradually developing into a broader vehicle for promoting CP in the country. More details on sustainability indicators will be included in the self-evaluation report, to be prepared by the project team early 2002.

Based on the recommendations made by the Expert Group Meeting (EGM), the following steps will be taken in finalising the planned capacity building material into publications:

### 1. Brochure on investing in CP

Draft to be prepared by UNEP/DTIE staff and consultant team by February 2002 when it will be circulated for comments amongst EGM participants and members of the project International Advisory Board. The project field teams can also test the draft in some of the demonstration countries during February-April 2002. The brochure will be shaped by a

professional P&R or communications specialist/company before finalisation for publishing in April/May 2002. Subsequently it will be translated into Spanish and Vietnamese and published together with the country supplements for Guatemala, Nicaragua and Vietnam in June-August 2002.

## **2. Executive version of CP1**

The one-hour presentation will be based on selected slides from the current CP1 and CP3 plus some elements of the Brochure. It will be finalised for printing in March 2002 and published with a diskette or CD-ROM which will contain the slides.

## **3. Country supplement**

Drafts are currently being prepared by national country teams. The supplement will update the Investment and Environment Outlooks published on the five demonstration countries in November 2000 and add information on lessons learned in implementing the project, relevance of training programmes to local conditions and a road map to sources of further information and training in each country. The supplements will be printed locally and published in June-August 2002.

## **4. Checklists/primers**

A set of checklists and primers for practitioners in four different target groups will be published under one cover, with a cover explaining their relevance for each group. It will address different steps in the investment decision making process. Clear cross references to the training modules in CP1-CP4 will be made. The draft checklists and primers will be prepared by the UNEP/DTIE staff and consultant team by January 2002 and they will be submitted to peer review to selected EGM participants, members of the project's International Advisory Board and the Steering Committee of UNEP FI. They will be finalised for publishing in March 2002.

## **5. Training modules CP1-CP4**

The electronic versions of the generic modules as referred to above will be revised in accordance with the recommendations of the EGM by January 2002. The Zimbabwe country team will provide samples of additional material to be incorporated as optional modules into CP3. All modules will be referred to in the Brochure and many of the checklists and primers will directly support the training material. The generic modules will be finalised in March 2002 and they will be published in CD-ROM and web format in April 2002. In addition, the country versions will remain the ownership of the current host training institutions in the five demonstration countries which will be referred to in the country supplements.

## **6. Trainer's Guide**

Institutions interested in using the training modules will be provided with a simple Guide which will provide a map to the entire menu and links with the other available material. This Guide will be finalised in March 2002 and published in hard copy in April 2002 to support the CD-ROM version of the courses.

## 7. Bankers' courses

UNEP/DTIE will pursue cooperation with those institutions already involved in training banks and financial intermediaries in environmental issues. Such activities have already started with the introduction of CP financing elements to the Competitive Environmental Advantage courses organised for Eastern Europe by IFC/EBRD/DEG/FMO in Istanbul in November 2000 and for Africa by IFC in Johannesburg in November 2001. In addition, introduction of CP elements to the planned Sustainability Performance Development Programme (SPDP) of the UNEP Financing Initiatives should be pursued with UNEP/DTIE/ETB.

The **strategies for marketing** the above material will include the following partners and methods:

- through training institutions working with business
- through business associations
- through Cleaner Production Centres
- personal contacts and presentations rather than passive mailing of documents
- start from senior level (e.g. through letters from globally known leaders) and recruit champions and examples in the business community and government
- use arguments highlighting the advantages of CP for each target audience (what is in it for me?)
- create competition between institutions and service providers
- promote government incentives and pressure
- promote donor incentives and pressure

UNEP/DTIE was requested to make a global overview of who is doing what in green funding and CP investment fields and launch a series of communications with potential partners providing a matrix of potential interventions at the global, regional and country level. These potential partners and donors will include the multilateral development finance institutions (World Bank, IFC, EBRD, AfDB, AsDB, IADB, etc.), bilateral DFIs (KfW, FMO, JBIC, etc.), selected donor agencies (CDG, GTZ, SECO, Norway, Denmark, the Netherlands, SIDA, etc.), NGOs, etc.

## Annex 1

### EXPERT GROUP MEETING ON UNEP CAPACITY BUILDING MATERIAL TO PROMOTE CLEANER PRODUCTION INVESTMENTS

Paris, France  
27-28 November 2001,

#### LIST OF PARTICIPANTS

##### WG1 – attended Working Group 1 on Guide and Primers

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**EXPERT GROUP MEETING  
ON UNEP CAPACITY BUILDING MATERIAL  
TO PROMOTE CLEANER PRODUCTION INVESTMENTS**

**PARIS, FRANCE, 27-28 NOVEMBER 2001**

**ISSUE PAPER**

**1. BACKGROUND**

The UNEP/DTIE project “Strategies and mechanisms for promoting cleaner production investments in developing countries” includes extensive awareness and capacity building with policy makers, financial institutions and the business community in the five demonstration countries: Guatemala, Nicaragua, Tanzania, Vietnam and Zimbabwe. Following a study on past investment practices, training needs assessments in all demonstration countries, financial engineering interactive training programmes and an Expert Group Meeting on Training Services, a consortium of institutions was subcontracted to design course materials which were adapted to local conditions and are currently being implemented in all the five demonstration countries. Based on extensive feedback from the pilot courses by international experts and subsequent runs by national host institutions, the generic material has been revised and broken down into modules to form a menu to serve different types of target audiences for varying degrees of depth. The training modules cover broadly the following:

- Introduction to cleaner production concepts and practice
- Introduction to the capital budgeting process
- Identification of costs of manufacturing inputs, waste management and less tangible items
- Profitability assessment
- Cash flow management
- Preparation of an investment proposal to present to a financier
- Sourcing of financing
- Post-funding implementation and management

The main target groups for these courses are:

- Industry and commerce
- Banks and financial institutions
- Government/state ministries and agencies (including investment promotion)
- Media
- Technical assistance providers and consultants
- Educational institutions

UNEP/DTIE intends to publish the material in a summarised Guide, country supplements and a series of generic modules for adaptation and use in other countries and regions. In addition, training material related to environment and finance have been produced by the UNEP Finance Initiatives and the Energy Unit. Before the project finalises the cleaner production financing training material into publications, an Expert Group Meeting is convened.

## **2. OBJECTIVE/GOAL**

Companies and banks adopt preventive strategies when making investment decisions.

## **3. MEETING ACTIVITY**

To review the draft Guide and training modules generated by UNEP/DTIE to promote the financing of cleaner production investments to ensure their demand-orientation and compatibility with materials generated by other institutions, and to discuss ways of reaching the target audiences effectively.

## **4. MEETING OUTPUT**

Substantive comments on the draft Guide and training modules allowing the finalisation of the material for publishing in 2002, and recommended marketing steps to contribute to reaching the overall objective/goal as outlined in 2. above.

## **5. PARTICIPANTS**

Training specialists from selected international financial institutions, academic and research institutions and consulting companies with experience in environmental training to financial intermediaries and/or environmental accountancy, risk assessment and appraisal of environmentally related investment projects. These specialists will be supported by selected representatives of potential users of the material as well as partner organisations in the demonstration countries with direct experience in implementing the courses. A total of 25 participants are expected.

## **6. STRATEGY AND TIMING**

The invited experts will receive the draft Guide and course material (tables of contents and PowerPoint slides) by mid-October 2001. They will be invited to provide written comments on them by mid-November 2001. Based on the written comments, the Expert Group Meeting organisers will be able to determine the areas of emphasis for the agenda and break the participants into 3-4 working groups. Each group will consist at least of a team leader, training experts and a field implementing agent.

## **7. VENUE**

The meeting will be held at UNEP/DTIE at Tour Mirabeau, 39-43 quai André Citroën, 75015 Paris, 11<sup>th</sup> floor, on 27 November 2001 from 9.30 to 18.00 hrs and on 28 November 2001 9.00 to 16.00 hrs.

**UNITED NATIONS ENVIRONMENT PROGRAMME**

**EXPERT GROUP MEETING  
CAPACITY BUILDING MATERIAL TO  
PROMOTE CLEANER PRODUCTION INVESTMENTS**

Paris, 27 - 28 November 2001

**PROGRAMME**

Tuesday, 27 November

- 09.30      Opening of the Expert Group Meeting
- 09.45      Introduction to the EGM programme and modalities
- 10.00      Plenary: Overview of strengths and areas for improvement with regard to the:  
                 Guide to Investing in Cleaner Production  
                 Primer Bank on Cleaner Production  
                 Cleaner Production Training Modules: CP1 - 4
- 13.00      Lunch
- Working groups on areas for improvement and on how to ensure that UNEP materials are demand-oriented and compatible with those prepared by other institutions:  
                 WG1: Guide to Investing in Cleaner Production and Primer Bank on Cleaner Production  
                 WG2: Cleaner production training modules
- Plenary: Review of Working Groups' status
- 18.00      End of working group activities. Close for the day. Cocktail at UNEP/DTIE.

Wednesday, 28 November

- 09.00      Plenary: Presentation of the results of the Working Groups, discussion and consensus on the improvements to be made to each document.
- 12.30      Lunch
- 14.00      Discussion (possibly in Working Groups) and recommendations on the:
- Ways to reach target audiences effectively — so that audiences “believe” in the benefits of cleaner production investments.
  - Marketing and other steps to achieve the purpose: “Companies and banks adopt preventive strategies when making investment decisions”.
- 16.00      Close of workshop.