

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

**THE FUTURE OF THE EAP TASK FORCE AFTER THE BELGRADE "ENVIRONMENT FOR
EUROPE" MINISTERIAL CONFERENCE**

**Fifth 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)**

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The attached paper has been prepared by the OECD/EAP Task Force secretariat to support the discussion of agenda item 7 (ii), "Priority areas for environmental cooperation with EECCA countries after the Belgrade Conference." It is the same paper that was discussed at the EAP Task Force/PPC meeting in Berlin in September 2006 and its Bureau in December 2006. It presents some background information on the work of the EAP Task Force, discusses possible areas for environmental cooperation with EECCA countries, and examines what role, if any, should be played by the EECCA Environment Strategy after the Belgrade Ministerial Conference. It is not intended in any way to prejudge decisions that will be made at the Belgrade Conference, nor to engage the Task Force in this regard.

***ACTION REQUIRED:** The Task Force is invited to discuss this document.*

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THE FUTURE OF THE EAP TASK FORCE

This note aims to facilitate discussion of the possible future of the EAP Task Force after the next “Environment for Europe” Ministerial Conference in 2007.

Background

The EAP Task Force and the Project Preparation Committee (PPC) were established 13 years ago following the 1993 “Environment for Europe” Ministerial Conference in Lucerne. The Task Force was mandated to support environmental policy and institutional reform and capacity building; the PPC to help accelerate environmental investments. The European Commission was established as a permanent co-Chair, together with a co-Chair from the region. OECD was invited to serve as secretariat.

Initially the Task Force focussed primarily on the needs of central European countries and provided early support for their accession to the European Union. Following the 1998 Aarhus Ministerial Conference, its work has focused increasingly on the needs of EECCA countries. In 1998, the secretariat function for the sub-programme for central and eastern European countries was transferred to the Regional Environment Centre (Szentendre), with OECD retaining responsibility for providing secretariat support for the EECCA sub-programme.

At the 2003 Kiev Conference, the Task Force’s CEE sub-programme was terminated; cooperation with the PPC was strengthened through annual meetings and a common Bureau. The adoption of the EECCA Environment Strategy provided a new framework for the Task Force’s work. In addition to working in its traditional areas of expertise, the Task Force was asked to support and facilitate the overall achievement of the objectives of the EECCA Environment Strategy.

Since its establishment, the Task Force has concentrated on strategic, cross-cutting issues that support the reform of environmental policies and the integration of environment into the broader processes of economic and political reform in transition countries. These were:

- Environmental Policy Reform
- Environmental Management in Enterprises
- Public Environmental Finance.

With the increased focus on the EECCA region, work on environmental management in enterprises was integrated with work on environmental policy reform. In addition, the work on environmental policy reform shifted from priority-setting and programming to issues more closely related to implementation, including enforcement and compliance. Following the Almaty Ministerial Conference of 2000, work on water supply and sanitation became part of the Task Force’s work programme.

The working methods of the Task Force are based largely on those of OECD. They emphasise policy dialogue and peer learning, and rigorous analysis and good practice guides to support reform efforts. As a result, the Task Force has developed a suite of practical tools to assist EECCA governments to implement reforms. Since 1998 the Task Force added non-investment demonstration projects to its working methods in order to help promote environmental reform by achieving concrete results “on the ground”. These demonstration projects have been used both to develop and to apply the tools referred to above. The results

of these projects are used also to drive the regional process of peer learning. Some of the outcomes of Task Force work are presented in document ENV/EPOC/EAP(2005)1.

In carrying out its work, the Task Force has built up “capital” which is largely vested in the tools it has developed and in its networks and secretariat.

Networks have been established in the Task Force’s three main areas of work: Environmental Finance (since 1996); Environmental Policy (NEAP Coordinators from 1994; REPIN since 1999); and Water Supply and Sanitation (since 2001). In addition to sharing information, analysing selected issues, agreeing on policy recommendations and disseminating good practices, the networks provide an important means for enhancing the knowledge, contacts and skills of participants from EECCA countries. They also help focus Task Force work on EECCA country priority needs. By involving representatives from Finance, Economy, Water and other Ministries, they have helped to overcome institutional barriers and to integrate environment into other policy sectors. They have also facilitated cooperation with broader international initiatives such as the EU Water Initiative (EUWI) and networks working on environmental enforcement and compliance (such as IMPEL and INECE).

The concentration of work within the EECCA region over the last seven years has also enabled the secretariat to develop its capacity to work in this region. The experience gained has helped to develop and implement projects that are effective and realistic within the context of EECCA countries. This knowledge is also available to donors, and the secretariat has been able to help donors to better target their assistance projects, and to facilitate cooperation between donors and individual EECCA countries. Synergies with the activities of IFIs and other international organisations have been developed. Closer links have been established between policy and institutional reform on the one hand, and investment activities on the other, through EAP Task Force – PPC cooperation.

Future Role

The EAP Task Force, including the role of the OECD secretariat, was always considered as an *ad hoc arrangement* to support integration of environment into the transition process. Moreover, it is recognised that institutions from the region should ultimately take on this role. This was the thinking that underlay the decision at the 1998 Aarhus ministerial conference to invite the REC (Szentendre) to provide the secretariat role for the CEE sub-programme of the Task Force¹. It was also recognised by Ministers at the 2003 Kiev Ministerial Conference when, in reference to the PPC and EAP Task Force, they indicated that at their next conference in 2007 “we will consider opportunities to relocate the secretariat functions to Eastern Europe, the Caucasus or Central Asia.”

It is worth emphasizing that the secretariat functions of the Task Force concern both support for substantive activities and the more administrative support provided for meetings of the Task Force and its Bureau. This paper is primarily concerned with the former, though it briefly identifies some of the main functions associated with the latter.

At its November 2005 meeting, the EAP Task Force/PPC considered that “from an institutional point of view, it would be premature to transfer the secretariat functions of the EAP Task Force and PPC to the EECCA RECs; rather a coherent and coordinated programme of work should be developed that builds on the comparative advantages of these bodies as well as the “capital” they have developed.”

At the Tbilisi meeting there was also recognition of the diversity within the EECCA region – environmentally, economically and culturally. Although environmental policies and institutions share

¹ The CEE sub-programme was subsequently terminated at the 2003 Kiev Ministerial Conference

common origins in the former Soviet Union, there is also a tendency to “sub-regionalisation”, particularly in Central Asia. The way in which RECs have been established (in Central Asia, Caucasus, Russia, Moldova and formerly Ukraine) can also be seen as a reflection of this tendency. Nevertheless, the November 2005 meeting of the EAP Task Force considered that “future work should include elements that are common for all EECCA countries as well as elements that could be carried out at a sub-regional level.”

The March 2006 EAP Task Force Bureau meeting emphasised the importance of examining the substantive policy goals that a possible post-Belgrade programme of work for the EAP Task Force should focus on. To advance thinking in this direction, it might be useful to consider possible further work in relation to the main, current programme areas:

- Water supply and sanitation
- Strengthening environmental policies and institutions
- Facilitating and supporting achievement of the objectives of the EECCA Environment Strategy.

Whatever institutional arrangements might be put in place after Belgrade, it is proposed that work on environmental finance, which has been central element of Task Force work since 1993, be integrated into work on water and environmental policy reform, and not continue as a separate area of work.

Activities that are not currently the subject of EAP Task Force work, but which might be included in a future programme of cooperation with EECCA countries, are not discussed in this paper.

(i) Water Supply and Sanitation

Achieving the water-related MDGs of reducing the numbers of people without access to safe water and basic sanitation by half by 2015 remains a shared goal of EECCA countries and donors. The Yerevan Ministerial conference took stock of progress in this area and provided guidance on areas where future efforts should be concentrated. The Yerevan conference emphasised that the continued deterioration of water infrastructure, and its associated impacts on human health and economic activity, should continue to be the main focus of work. Ministers also recognised the need to give more attention to rural water issues.

Taking account of these developments, work on water supply and sanitation in the post-Belgrade period could be re-directed along the following lines:

- A stronger focus on achieving the water-related MDGs
- Continued engagement of Ministries of Economy and Finance, and a continued strong emphasis on financing issues
- Better integration of rural and peri-urban water issues with existing work on urban water supply and sanitation
- The integration of national policy dialogue carried out within the EUWI into the programme of work
- A new initiative to integrate work on water supply and sanitation with that on Integrated Water Resource Management (IWRM); this would involve closer cooperation with UNECE
- Greater emphasis on supporting implementation efforts at the local level, including through closer cooperation with the PPC and EECCA RECs.

In recent years, there has been a gradual strengthening of cooperation between the water related components of the Task Force’s work, through its water and finance networks, and the EUWI’s EECCA Working Group. These bodies have now met twice back-to-back, most recently in Almaty, Kazakhstan in April 2006. At that meeting, it was agreed to develop a common work programme and effectively merge the work of the bodies. This would bring efficiency gains, provide a sharper profile and identify a single

forum for cooperation on water issues in the EECCA region. Although this would effectively result in a single EECCA water programme, for institutional and reporting reasons, the EAP Task Force and EUWI bodies should retain distinct institutional identities, at least until the Belgrade Conference. There could be further scope for streamlining these institutional arrangements after that time.

EECCA RECs have supported various projects on water supply and sanitation, particularly in the rural sector. They have carried out work on IWRM and helped organise meetings for the EUWI. One of the big challenges is to disseminate and scale-up the use of various tools, especially at the local level. The EECCA RECs would be well-placed to support such activities.

(ii) Strengthening environmental policies and institutions

The Chair's summary at the Tbilisi ministerial meeting states: "EECCA countries recognised that additional finance without policy and institutional reform would probably lead to a waste of resources. EECCA Environment Ministers recognised that they must build the institutional capacity to tackle the problems ourselves. The need to set fewer and clearer priorities and to set realistic targets, for our own needs and to identify opportunities for partnerships, was a recurrent theme of the Conference."

The Tbilisi ministerial meeting identified the weak position of Environment ministries in EECCA governments, their limited base in popular support and their poor organisation and capacities as fundamental obstacles to achieving national and international environmental goals, including those of the EECCA Environment Strategy. These systemic weaknesses impede the ability of EECCA Environment Ministries to absorb and successfully implement the various tools and instruments that are typically supported through cooperation programmes, including those of the EAP Task Force. Yet the successful application of such tools is needed if concrete results "on the ground" are to be achieved.

To address this dilemma, it might be helpful to think about organising any future work on environmental policy reform around two, inter-related themes. The first would aim to strengthen environmental governance and focus on the strategic position, integrity and capacities of environmental institutions, including their capacity to manage financial resources. The second would support the design and application of new policy instruments that EECCA environment ministries need to apply to improve their environmental performance. Some examples of the types of activities that could be carried out under each theme are identified below:

(a) Strengthening environmental governance and capacities

- Promoting performance-oriented planning and management. Weak priority- and target-setting, as well as the absence of realistic financing strategies, results in inefficient use of resources and lack of concrete results. The policy dialogue that was conducted in Georgia following the Tbilisi meeting identified the absence of a "corporate plan" to develop and implement a coherent set of activities as a related weakness. Further policy dialogues and cooperation could focus around strategic plans, and maximising the cost-effective use of existing resources, to help EECCA environment ministries to address these issues. Special consideration would need to be given to the needs of larger countries where the relations between different levels of government are also of great importance.
- Integrating environment into Poverty Reduction Strategy Papers (PRSPs) or similar national development plans. Donors are increasingly focusing their cooperation with partner countries on PRSPs or related national development strategies. However, EECCA countries lag other regions in integrating environment into such strategies. At the same time, there are some good examples of successful integration of environment in development strategies in some EECCA countries. The lessons learned from EECCA and other regions could be used to design demonstration projects on

integrating environment into national development plans, and thereby help to raise the profile and resources allocated to the environment sector within national governmental strategies.

- Mobilising public support for the environment. Promoting civil society and environmental protection are mutually supportive. As Ministers in Tbilisi recognised, it is essential that Environment Ministries in EECCA countries base their policies and programmes more firmly on popular support. This is a core mission of the EECCA RECs. It could be possible to identify priority activities in this area for further work, while taking account of related activities in other institutions, notably the Aarhus Convention.

(b) Promoting efficient and effective environmental policy instruments

- Promoting integrated permitting and other instruments for strengthening regulation of, and partnership with, the enterprise sector. Enterprises in EECCA countries must play a greater role in achieving environmental policy objectives than in the past. On the one hand this requires the even-handed implementation of modern environmental management approaches by the state. On the other hand, it requires the development of new forms of partnership and cooperation between the state and enterprises to achieve compliance with environmental requirements. Detailed guidance on integrated environmental permitting has been prepared, and demonstration projects implemented to support the transition to such schemes. Further work could be conducted in this area and/or similar work for other policy instruments could be developed, using the work on permitting as a model.
- Supporting convergence with EU environmental standards. This is a common objective within the framework on the new neighbours programme that will be implemented by the EU. In addition to work on integrated permitting, the Task Force is currently working on a project in Moldova to support the convergence of Moldova's water standards with those of the EU. Similar projects on water and other standards are needed in other EECCA countries, and to share experience through regional networking. The aim of such work is not to transpose EU environmental Directives but to use the environmental principles on which they are based as a guide for the reform of EECCA environmental legislation.
- Reforming enforcement of, and compliance with, environmental requirements. This has been a core activity of the Task Force over several years. Further efforts are needed to strengthen the efficiency and effectiveness of instruments used by environmental inspectors, as well as strengthening the capacity of inspectorates.
- Promoting environmental improvement at the local level. Environment is ultimately a local issue. Achieving results requires policies, capacities and resources at the local level. The Task Force, EECCA RECs and PPC are working, or have worked, to promote environmental improvement at local level, not only in the water sector. This provides a basis for further work in this area after the Belgrade Conference.

The Regulatory Environmental Programme Implementation Network (REPIN) has overseen the Task Force's environmental policy programme, supported by the OECD secretariat, since 1999. If further work in the field of environmental policy is carried out after Belgrade, how best could the "social capital" developed by the REPIN network be used? In so far as strategic issues were a central focus of further work, it would be important to ensure that representatives at a sufficiently senior level (at least Deputy Minister) were engaged.

A workshop on environmental policy in EECCA countries will be organised back-to-back with the March 2007 meeting of the EAP Task Force and REPIN. This would provide a good opportunity to discuss the priority needs of EECCA countries in this area and contribute to a discussion on possible work after the Belgrade Conference.

(iii) Facilitating and supporting achievement of the objectives of the EECCA Environment Strategy

Participants at the March 2006 EAP Task Force Bureau meeting considered that the EECCA Environment Strategy remained a potentially useful tool: it could help raise the environmental profile in both EECCA and donor countries, promote better coordination of activities implemented by different international organisations in EECCA, and facilitate the development of partnerships. However, it was also recognised that this potential was not being sufficiently realised. This raises the question of what role, if any, the Strategy should play post-Belgrade.

At the Bureau meeting there was some support for taking stock of lessons learnt from the EECCA Strategy work, and progress in implementing it. The Bureau also considered that it would be more realistic to identify a more focused set of activities that could be carried out after Belgrade, rather than trying to elaborate the Strategy further. At the same time, the Bureau recognised the need to address some of the fundamental obstacles to progress in achieving the Strategy's objectives. The 2007 Assessment of EECCA country implementation of the Strategy that the EAP Task Force is currently preparing could support this effort. A first draft of the Assessment will be ready by the end of 2006, and it is envisaged that this will be the major focus for discussion at the March 2007 meeting of the Task Force. It is probably appropriate to take up the issue of the possible future role of the EECCA Environment Strategy at that time.

If the Belgrade ministerial meeting decided that there was a further role for the EECCA Environment Strategy, there would also be a need to review the current arrangements to support EECCA countries to achieve its objectives. In Kiev, the Task Force was asked to "lead efforts to facilitate and support" the achievement of the objectives of the Strategy. A variety of international organisations and EECCA RECs were also asked to support EECCA countries to achieve the specific objectives of the Strategy.

Following the Kiev ministerial meeting, the EAP Task Force agreed on the following main activities to "facilitate and support" the achievement of the EECCA Strategy objectives:

- Promoting and assessing partnership development. This has included work to support policy dialogues referred to above and developing a computer-based partnership data base
- Preparing assessment reports for the Tbilisi and Belgrade ministerial meeting
- Facilitating communication and cooperation among partners.

EECCA RECs have been involved in all of these activities and could be well-placed to take on more responsibility for them after the Belgrade conference.

(iv) Task Force Management and Support: the secretariat function

The secretariat functions of the EAP Task Force can be divided into two types of tasks:

- Support for substantive activities such as those described above, and
- The responsibility for organising and supporting the work of the EAP Task Force.

The second responsibility includes: organising the annual Task Force meeting; organising two meetings of the Task Force Bureau; preparing documents for these meetings including programmes of work and budget and progress reports; communications, including web-site and publications.

If a programme of cooperation for EECCA countries was established after Belgrade, whether through the EAP Task Force or not, there would be a need to decide how to allocate responsibility for the management of such a programme. Over the last couple of years, EECCA REC staff worked with the OECD secretariat and received training in some of their working methods. This, and the other experience the EECCA RECs

have gained through project implementation in recent years, should enable them to take on more, possibly full, responsibility for managing a programme of cooperation with EECCA countries after the Belgrade conference.