



Cross-Country Analysis of Environmental Compliance Assurance Systems: Key Results

Eugene Mazur
Environment Directorate, OECD

OECD Comparative Study

- Main features:
 - Comprehensive: from setting regulatory requirements to assessing results
 - Three main pillars: compliance promotion, monitoring, enforcement
 - Focus on “brown” issues
 - Analysis of instruments in different legal, institutional and cultural contexts
 - Identification of key trends
- Participating countries: OECD members and selected non-members
 - Finland
 - United Kingdom
 - France
 - United States
 - Japan
 - China
 - Netherlands
 - Russia

Main Trends: Doing More with Less

- Increased focus on strategic planning and performance assessment on environmental outcomes
- Integration of permitting and compliance monitoring regimes across media
- Growing importance of compliance promotion
- Risk-based targeting of compliance monitoring
- Making enforcement more proportionate to the extent of non-compliance
- Other trends

Improving Planning and Accountability through Better Performance Indicators

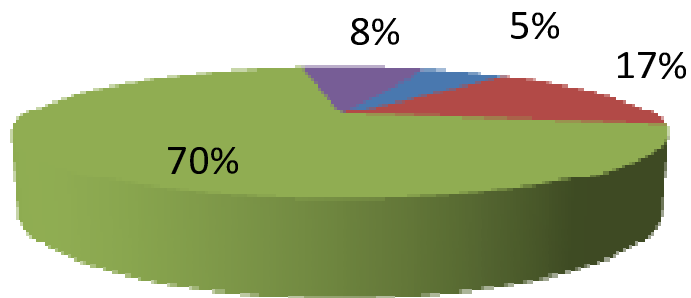
- More task-oriented strategies: determining appropriate interventions based on the knowledge of where and why non-compliance occurs
- Shift from output-based to outcome-oriented indicators
 - The US, NL experiment with compliance rates
 - The UK started using outcome indicators (emissions of priority pollutants, quality of rivers)

BUT

- Quantitative data are hardly comparable across countries

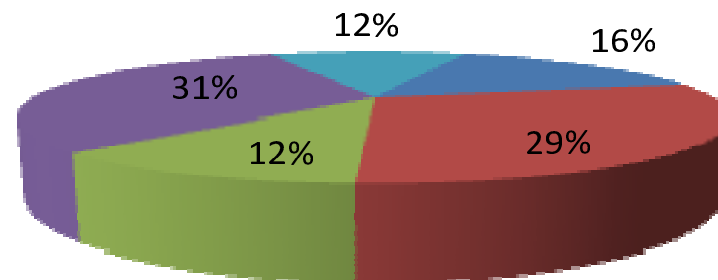
Example: Budget Allocation Data

US EPA



- Compliance assistance
- Compliance monitoring
- Non-compliance response

Environment Agency, England & Wales



Is this a good indicator of the agencies' strategic priorities?

Greater Efficiency through Integration

- Cross-media integration within environmental permitting and compliance monitoring regimes
 - EU countries integrate media within both regimes
 - Russia and China mostly conduct integrated inspections
 - US and Japan maintain medium-based regimes
- Simplification of regulatory requirements for SMEs
 - General Binding Rules in the UK, the Netherlands, France

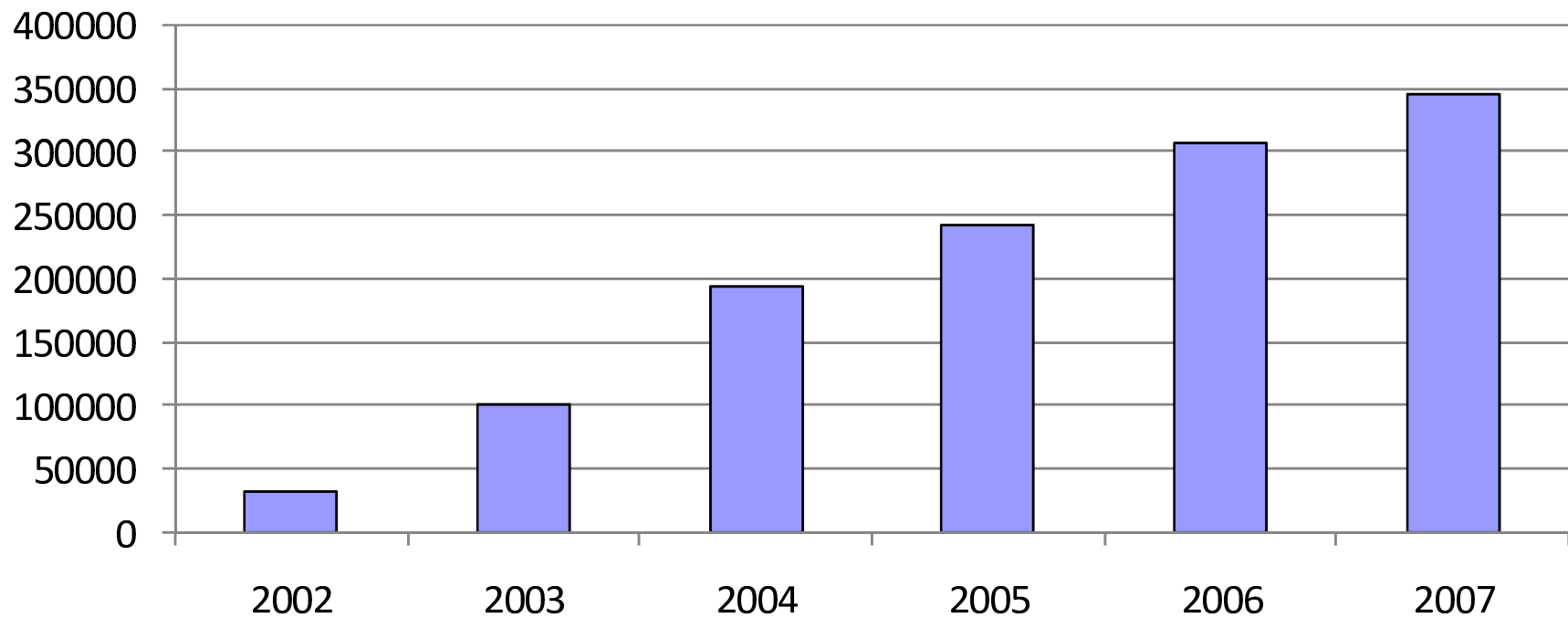
Growing Importance of Compliance Promotion

- Information for, and assistance to, the regulated community
 - Direct contacts between inspectors and operators
 - Third party compliance assistance (special bodies, trade associations)
 - Sector-specific guidance (US, UK, Finland)
 - Web-based tools (US, UK)
- Promotion of EMS
- Industry performance rating and public disclosure (China)
- Financial assistance
 - Subsidies, loans, fiscal incentives – France, Japan

Particular emphasis on small businesses

Example: Web-based Compliance Assistance to SMEs in the UK

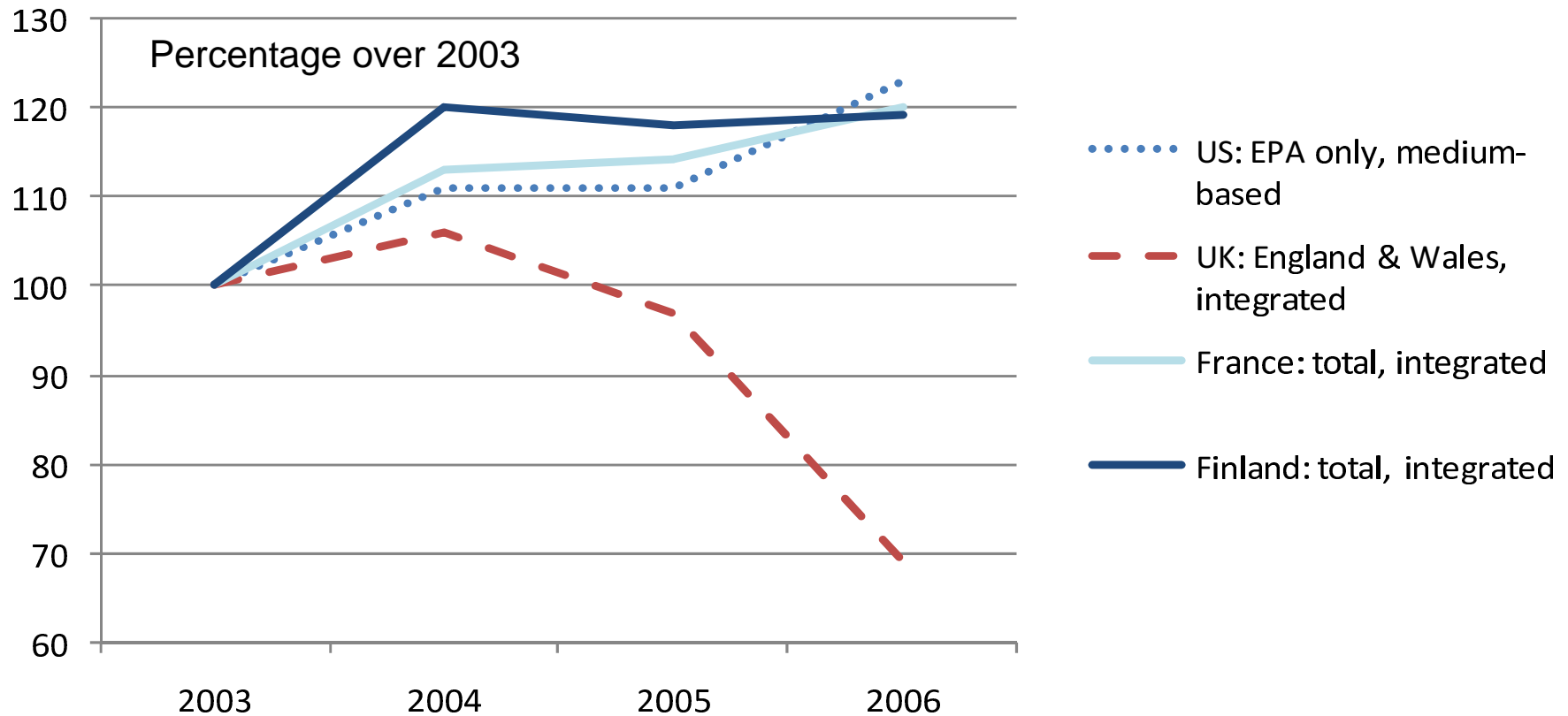
Number of NetRegs Users



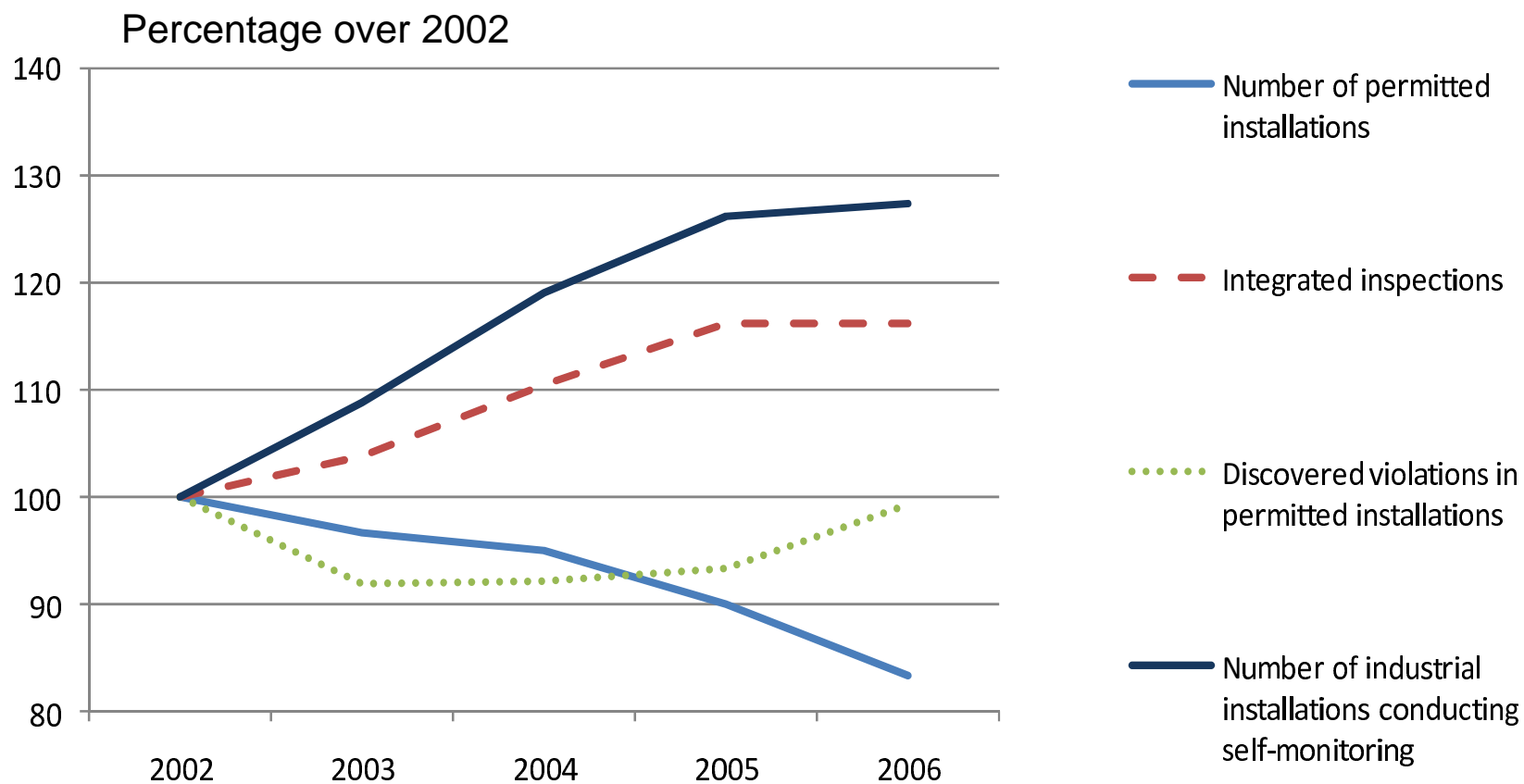
Risk-based Targeting of Inspections

- Reasons:
 - Growing number and variety of statutory requirements
 - Diminishing resources of compliance assurance authorities
 - Pressure to reduce the administrative burden on the regulated community
- Risk factors:
 - Environmental hazard: installation's complexity, location, pollution releases, potential for accidents
 - Operator performance: compliance rate, EMS
- Different approaches:
 - Classification of installations and setting minimum inspection frequencies for each (France, Finland, US)
 - Formal prioritisation and scoring systems (Opra in the UK, “tailor-made enforcement” in the Netherlands)

Diverging Trends in the Number of Inspections

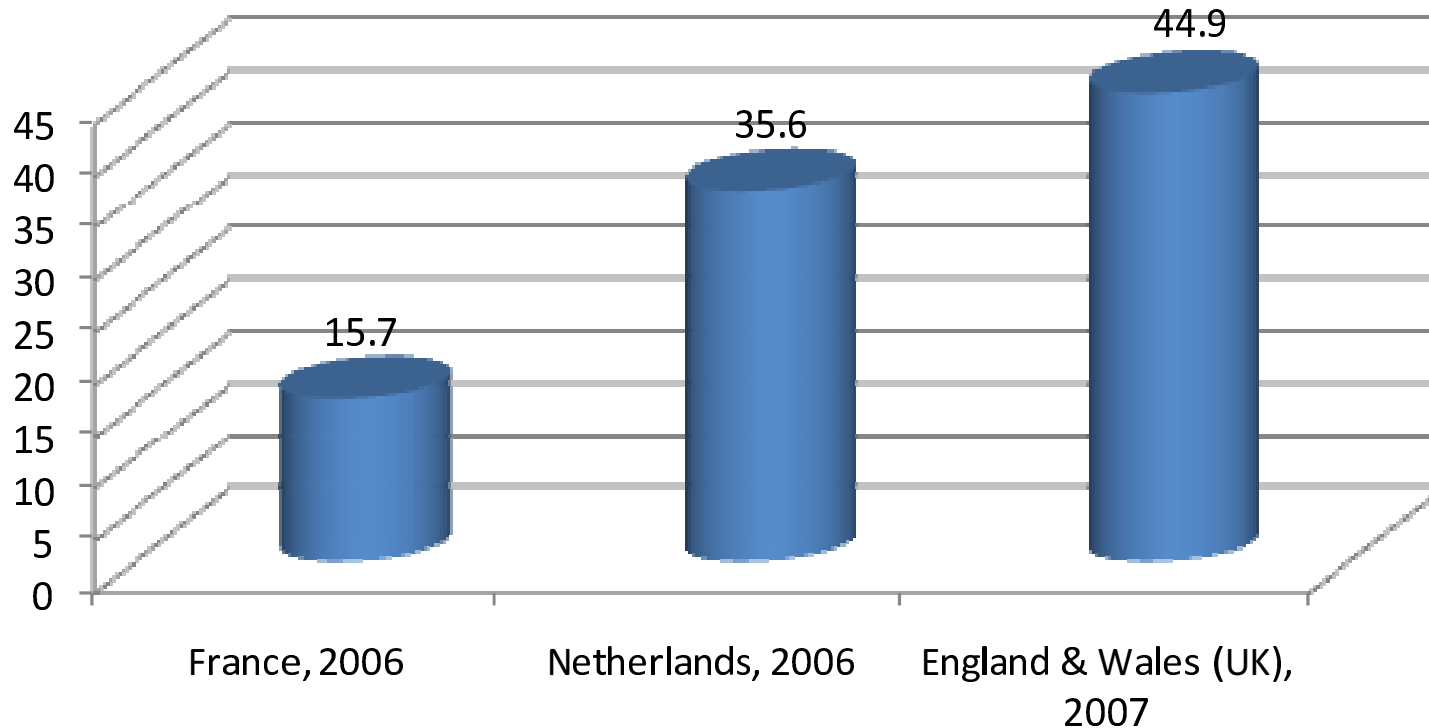


Dynamics of Inspection and Discovered Offences (case of France)



Targeting Contributes to More Efficient and Effective Compliance Monitoring

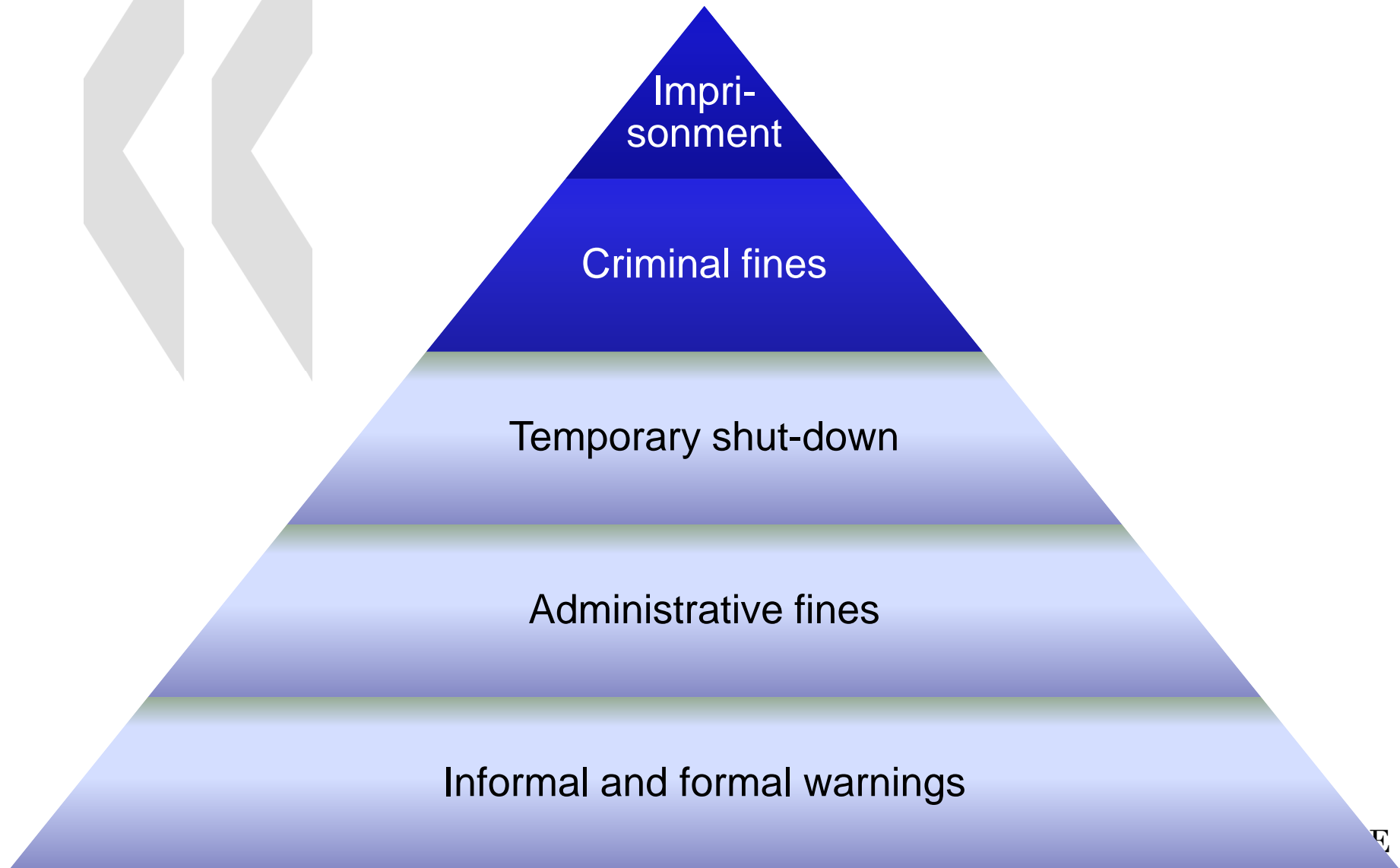
Number of Discovered Offences per 100 Integrated Inspections



Making Enforcement More Efficient and Proportional to Non-compliance

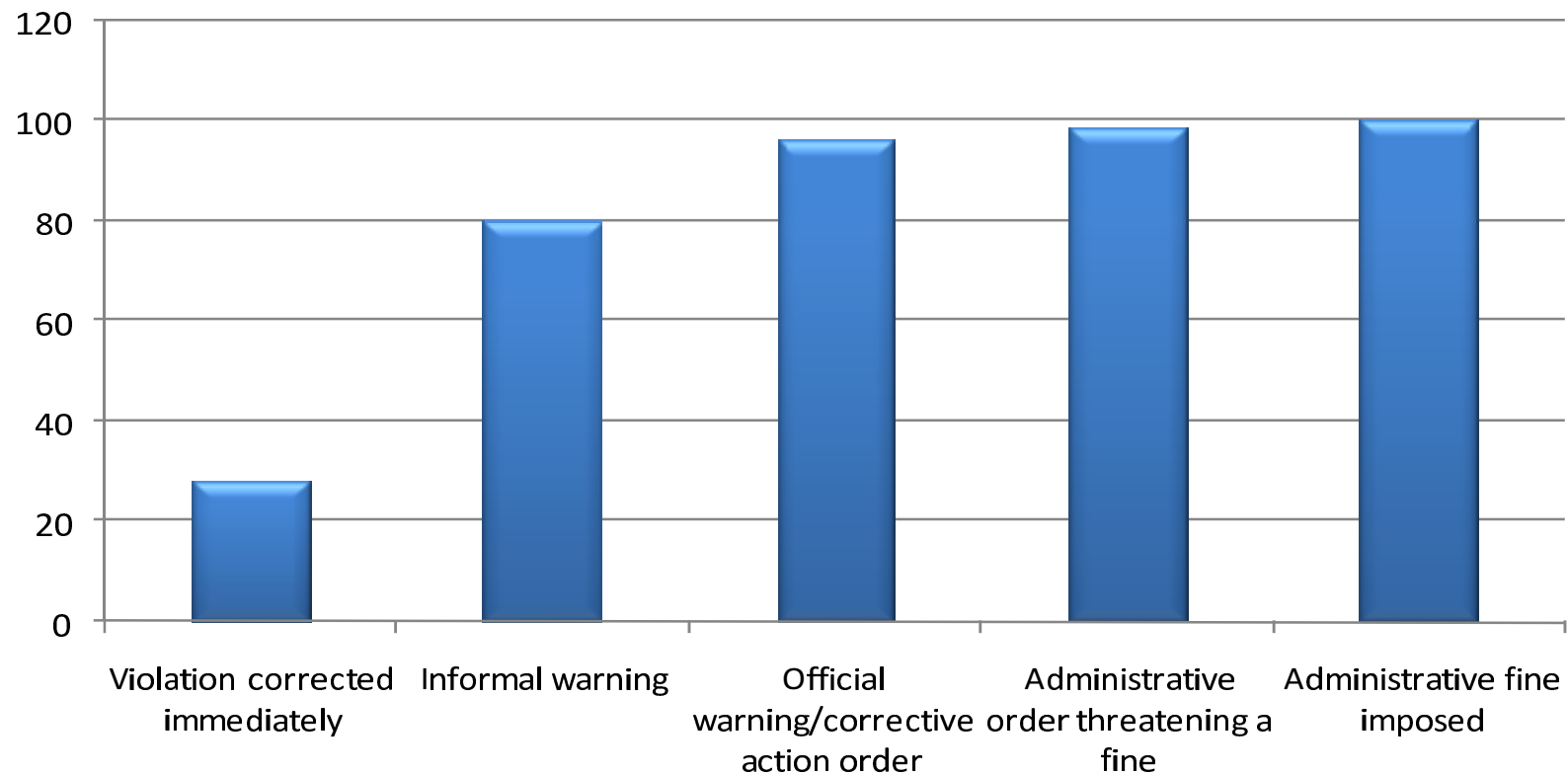
- More emphasis on administrative vs. criminal response
- Taking more account of economic benefits to enterprises of non-compliance (economic methods to calculate fines)
- Little emphasis on sanctions in general (and criminal ones in particular) in countries with consensual compliance cultures (Finland, Japan)

Enforcement Pyramid



Better Use of the Enforcement Pyramid (case of the Netherlands)

Percentage of offenders returning to compliance following administrative actions, 2006



Other Trends

- Greater emphasis on self-monitoring by the regulated community, with appropriate oversight safeguards
- Enhancing stakeholder cooperation, transparency and public disclosure of information
- Mobilising opportunities provided by information technology
- Analysing non-compliance with environmental requirements in order to improve policy design

Issues for Further Analysis

- Does the implementation gap reflect a policy failure or ineffective compliance assurance?
- How could the feedback loop to legislative and policy design be strengthened?
- Which indicators are most useful in measuring performance of environmental compliance assurance programmes?
- Where are the limits of doing *more with less*?