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

ENV/EPOC/EAP(2008)1  
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**CONSOLIDATED DRAFT PROGRAMME OF WORK AND BUDGET OF THE EAP TASK FORCE  
FOR 2008**

**Annual meeting of the EAP Task Force**

**7-8 February 2008**

*This document presents a consolidated draft programme of work prepared by the OECD secretariat and the Executive Directors of EECCA RECs. It responds to the priorities identified by Ministers at the Belgrade Environment for Europe meeting in October 2007.*

*Action Required: The EAP Task Force is invited to discuss, amend as appropriate and adopt a work programme and budget for 2008; and to indicate the priority to attached to the various projects in case there is a budgetary short-fall.*

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English - Or. English

## **CONSOLIDATED DRAFT PROGRAMME OF WORK AND BUDGET OF THE EAP TASK FORCE FOR 2008**

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## **BACKGROUND**

This document presents a consolidated draft programme of work prepared by the OECD secretariat and the Executive Directors of EECCA RECs. It responds to the priorities identified by Ministers at the Belgrade Environment for Europe meeting in October 2007. The preparation of the document has benefitted from several discussions in the outgoing EAP Task Force Bureau.

The document is divided into three parts:

- 1) Activities to be carried out jointly by the OECD and EECCA RECs. These activities were identified in discussions with the outgoing Bureau and support the gradual transfer of some of the secretariat functions of the EAP Task Force from OECD to EECCA RECs as called for at the Belgrade Ministerial Conference.
- 2) Activities to be carried out by OECD.
- 3) Activities to be carried out by EECCA RECs.

A summary of the financing needs to implement the programme is set out below. In discussing the draft programme, delegates will be invited to indicate the priority they attach to the various activities in case there should be a budgetary short-fall.

## A SUMMARY OF ESTIMATED FINANCING NEEDS IN 2008

Activities	OECD Secretariat			EECCA RECs		
	Total Required	Total Received	Still Required	Total Required	Total Received	Still Required
<b><i>JOINT PROJECTS TO BE IMPLEMENTED BY THE OECD/EAP TASK FORCE SECRETARIAT AND EECCA RECS</i></b>						
<b>Water Sector Reform</b>						
Project JP/1.2.3: Development of financial planning capacity in municipalities and water utilities	225,000	215,000	10,000	246,000	0	246,000
<b>Environmental Policy Reform</b>			0			
Project JP/2.1.3: Environmental liability regimes	59,000	25,000	34,000	130,500	0	130,500
Project JP/2.1.4: Promoting public information and participation in EIA and permitting	7,500	0	7,500	101,100	0	101,100
Project JP/2.2.4: Training for environmental inspectorates	105,360	95,360	10,000	190,000	0	190,000
<b>Total EUR (Joint Projects)</b>	<b>396,860</b>	<b>335,360</b>	<b>61,500<sup>1</sup></b>	<b>667,600</b>	<b>0</b>	<b>667,600</b>
<b><i>PROJECTS TO BE IMPLEMENTED BY THE OECD/EAP TASK FORCE SECRETARIAT</i></b>						
<b>Water Sector Reform</b>						
<b>Activity 1.1 Monitoring progress in implementing the water-related MDGs (starting in 2009)</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Activity 1.2 Managing the water sector more effectively and efficiently</b>						
• Project 1.2.1: Guidelines for performance based contracts	191,000	142,000	49,000			

<sup>1</sup> This figure represents resources that would be needed to support OECD inputs into the joint projects. Please note that it was not included into the preliminary budget figures presented to the outgoing EAP Task Force Bureau on the 14 December (Room document 1).

Activities	OECD Secretariat			EECCA RECs		
	Total Required	Total Received	Still Required	Total Required	Total Received	Still Required
<ul style="list-style-type: none"> <li>Project 1.2.2: Policy dialogue on opportunities and obstacles for private sector participation</li> </ul>	50,000	0	50,000			
<ul style="list-style-type: none"> <li>Project 1.2.3: Development of financial planning capacity in municipalities and water utilities (see JP/1.2.3 above)</li> </ul>	0	0	0			
<ul style="list-style-type: none"> <li>Project 1.2.4: Report on measures to cope with over-fragmentation in the water supply and sanitation sector (starting in 2009)</li> </ul>	25,000	0	25,000			
<b>Activity 1.3 National policy dialogue on more efficient financial management of the water sector</b>						
<ul style="list-style-type: none"> <li>Project 1.3.1: Supporting national policy dialogue on water supply and sanitation through the development of financing strategies to achieve the water-related MDGs</li> </ul>	420,000	260,000	160,000			
<ul style="list-style-type: none"> <li>Project 1.3.2: Improving FEASIBLE and extending financing strategy methodology beyond water supply and sanitation to issues of water resources management</li> </ul>	0	0	0			
<b>Sub-total EUR (Water projects)</b>	<b>686,000</b>	<b>402,000</b>	<b>284,000</b>			
<b>Environmental Policy Reform</b>						
<b>Activity 2.1: Environmental policy instruments</b>						
<ul style="list-style-type: none"> <li>Project 2.1.1 Integrated permitting</li> </ul>	50,000	50,000	0			
<ul style="list-style-type: none"> <li>Project 2.1.2 Surface water quality standards</li> </ul>	36,575	36,575	0			
<b>Activity 2.2 Environmental compliance and enforcement</b>						
<ul style="list-style-type: none"> <li>Project 2.2.1 Efficiency of compliance monitoring</li> </ul>	25,000	0	25,000			
<ul style="list-style-type: none"> <li>Project 2.2.2 Benchmarking and improving inspectorates performance</li> </ul>	80,000	54,000	26,000			

Activities	OECD Secretariat			EECCA RECs		
	Total Required	Total Received	Still Required	Total Required	Total Received	Still Required
• Project 2.2.3 Drivers of environmental performance in enterprises	0	0	0			
<b>Activity 2.3: Institutions and financing</b>						
• Project 2.3.1 Institutional development of environmental ministries	125,650	75,650	50,000			
• Project 2.3.2. Mid-term budgetary planning	100,575	65,575	35,000			
<b>Sub-total EUR (Policy projects)</b>	<b>417,800</b>	<b>281,800</b>	<b>136,000</b>			
<b>Total EUR (Water + Policy projects)</b>	<b>1,103,800</b>	<b>683,800</b>	<b>420,000</b>			
<b>PROJECTS TO BE IMPLEMENTED BY THE EECCA RECS</b>						
<b>Water Sector Reform</b>						
• Project 1. Enhancing Transboundary Water Management in the EECCA Region through Training Courses				175,000	0	175,000
<b>Sub-total EUR (Water projects)</b>				<b>175,000</b>	<b>0</b>	<b>175,000</b>
<b>Environmental Policy Reform</b>						
<b>Activity 2.1: Environmental compliance and enforcement</b>						
• Project 2.1.1 Promotion and implementation of Local Environmental Action Plans (LEAPs) in EECCA countries				300,000	0	300,000
<b>Sub-total EUR (Policy projects)</b>				<b>300,000</b>	<b>0</b>	<b>300,000</b>
<b>Total EUR (Water + Policy projects)</b>				<b>475,000</b>	<b>0</b>	<b>475,000</b>
<b>TOTAL EUR (Joint projects + specific programmes by OECD/RECs)</b>	<b>1,500,660</b>	<b>1,019,160</b>	<b>481,500</b>	<b>1,142,600</b>	<b>0</b>	<b>1,142,600</b>
<b>Whole EAP Task Force programme (OECD+RECs)</b>				<b>Total Required</b>	<b>Total Received</b>	<b>Still Required</b>
<b>GRAND TOTAL EUR</b>				<b>2,643,260</b>	<b>1,019,160</b>	<b>1,624,100</b>

## PART I

### ACTIVITIES TO BE CARRIED OUT IN 2008 JOINTLY BY THE OECD SECRETARIAT AND EECCA RECS

#### PROGRAMME AREA 1. WATER SECTOR REFORM

##### ***PROJECT JP/1.2.3: DEVELOPMENT OF FINANCIAL PLANNING CAPACITY IN MUNICIPALITIES AND WATER UTILITIES***

###### ***Objectives:***

The project objective is to set-up a train-the-trainer programme in order to improve the capacity of local actors to carry-out medium-term financial planning for the water sector.

###### ***Background:***

EECCA Ministers of Economy/Finance and Environment, at their consultations in Yerevan 17-18<sup>th</sup> November 2005, identified slow progress in reform at the municipal level as one of the most important obstacles to improved provision of urban water supply and sanitation. The lack of capacity in financial planning and management, as well as in project preparation are an important cause for this situation. As a result, few water utilities have been established as commercially-run, autonomous entities, and even fewer have been able to develop business models that would attract investment from both, public and private sources.

Within the work of the EAP Task Force several tools and approaches have been developed and applied in EECCA countries, mainly to facilitate more realistic financial planning, and to enhance and monitor the performance of sector institutions. The tools were developed in response to expressed demand in EECCA countries and they have been developed and tested in demonstration projects in EECCA countries. Results have been presented to the Group of Senior Officials for Water Supply and Sanitation Sector Reform in EECCA, where many countries have requested support to apply these tools and approaches. The set of tools available to support local level actors include: a Multi Year Investment Planning Tool (MYIP) to support more effective investment planning for the water sector in municipalities; a complementary Financial Planning Tool for Water Utilities (FPTWU); a Handbook for appraisal of environmental projects financed from public funds and for capacity building in municipalities and utilities; Guidelines for developing performance-based contracts between municipalities and utilities; and a set of indicators for benchmarking utility performance (for more information see [www.oecd.org/env/eap/](http://www.oecd.org/env/eap/)). In addition to these tools and approaches, several more are available from other stakeholders, i.e. the Project Preparation Committee has developed a training module in project preparation. The focus of the training would be to strengthen the financial management capacity in municipalities and water utilities, involving a concentration of training efforts on tools such as the MYIP and the FPTWU.

###### ***Activities:***

The activities under this task would consist of an ongoing OECD project (funded by the TACIS programme) and of a project that would be launched by the EECCA RECs, probably at the beginning of 2009.

*Activities of ongoing OECD project*

In phase 1 this work would involve the identification and training of institutions (including Regional Environment Centres) in at least 3 EECCA countries to become trainers. The institutions and trainers will be selected on the basis of their incentives and capacity to further disseminate the tools EECCA-wide after project completion. This would ensure that local capacity is used and developed on a sustainable basis and that best practices are spread widely even after the project ends.

This would be followed in phase 2 by a training involving at least two utilities/municipalities per EECCA country, at the level of finance directors. The training would consist of a one-week workshop, followed by a two-month phase of homework supported by on-site visits by trainers, and finalised in another one week workshop at the end of the training. International and local trainers would share responsibility for this second phase of the programme.

The activity would involve the following:

- Preparation of the training programme, including EAP Task Force and other organisation's training materials;
- Training of at least 6 local trainers from 3 or more EECCA countries, who would serve as trainers in phase 2 of the project. This could possibly involve qualified staff from one of the EECCA RECs;
- Training of about 40-50 water utility/municipality staff, selected in close consultation with Aidco, WISF, the project preparation committee and IFIs;
- Training of utility/municipality staff in 4-6 one-week training sessions, involving international and local trainers;
- Implementation of financial management tools in participating municipalities/utilities by trainees;
- Site visits to support tool implementation to all utilities/municipalities involved in the training;

**Outputs:**

- Training package
- 6 local trainers trained
- 40-50 utility/municipality staff trained
- Final report

*Activities of the EECCA RECs*

Following the completion of the OECD project and the finalisation of the training methodology and materials, the EECCA RECs would carry this work forward by training additional practitioners in water utilities and municipalities. To do this the RECs could draw on their own staff that would have been trained in the framework of the OECD project (where relevant), as well as on other local trainers that the project has trained.

The EECCA RECs would be ultimately responsible for project preparation and implementation. They would:

- Prepare a project proposal for the purpose of fund raising;
- Prepare terms of references for the project for possible contracting of consultants to help project implementation;
- Identify local trainers;

- Identify about 40-50 practitioners that would benefit most from the type of training proposed; involve donors and IFIs in the identification process;
- Hold 4-6 one-week training sessions;
- Provide on-site support to trainees in between training sessions;
- Draft report summarising lessons learned from the training and proposing possible improvements of training methodology and materials;
- Develop a web-tool that supports web-based training in these EAP Task Force tools;

The OECD would support the EECCA RECs in the start-up phase of the project, i.e. by supporting:

- The drafting of a project proposal for fund raising;
- The drafting of the terms of references of the project;
- The design and implementation of the first training session;
- Review and provide feed-back on any written outputs that the project would produce;

***Outcomes:***

Improved financial planning capacity in utilities and municipalities in the region, facilitating access to finance from donors, IFIs, public budgets and the private sector. Capacity in key organisations in the region, including one or several of the EECCA RECs, that will help to disseminate these good practices further throughout the region.

## PROGRAMME AREA 2. ENVIRONMENTAL POLICY REFORM

### *PROJECT JP/2.1.3: MONETARY PENALTIES AND LIABILITY*

#### **Objective:**

Assist EECCA countries to streamline the design and implementation of civil monetary penalties for environmental violations and environmental liability regimes.

#### **Background:**

The EAP Task Force has done extensive work on helping environmental regulatory agencies in EECCA countries to modernise their systems of economic instruments for environmental protection, particularly pollution and product charges. Recognising the need to further strengthen financial incentives for good environmental behaviour, EECCA countries have requested assistance in reforming two crucial instruments of deterrence against environmental non-compliance and risks: administrative (non-criminal) monetary penalties and liability for environmental damage.

1. **Administrative monetary penalties.** Monetary penalties (fines) are the most widespread environmental enforcement instrument in EECCA. However, they are widely considered too small to act as a deterrent, with many offenders preferring to pay the fines as a “lesser evil”. Analytical tools to estimate (and legal means to recover) financial gains from non-compliance as well as to account for the gravity of violations and affordability of fines are lacking, compromising the proportionality and fairness of a penalty and leaving room for abuse.

In international practice, there are a number of methods to determine administrative fines (the system used by the U.S. Environmental Protection Agency is a notable example). There are several economic models that calculate a violator’s savings from delaying or avoiding costs of compliance. This project would adapt such tools to the legal and institutional frameworks and economic conditions in the EECCA region to ensure effective and equitable treatment of non-compliance.

2. **Environmental liability.** Liability for environmental damage is an important aspect of the Polluter Pays Principle. As it makes the polluter bear financial responsibility for its environmental impact, the threat of potential damage compensation becomes a powerful incentive to prevent regular and accidental pollution releases. The concept of environmental liability usually applies to damage to water resources, land, and habitats and species and does not cover “traditional damage” (economic loss, personal injury and property damage). While environmental liability issues are gaining visibility in the European Union in the context of implementation of the EU Environmental Liability Directive (2004/35/EC), this system remains underdeveloped in EECCA, where it is still based on the Soviet concept of “compensation for damages” and is seldom put into practice. The existing state-approved methodologies for environmental damage assessment are speculative, inaccurate, and often too complex to present to courts that are supposed to adjudicate on these issues. This project will use the EU and other OECD countries’ approaches as benchmarks to help EECCA countries modernise their legislation and methodologies on environmental damage assessment, remediation and/or compensation.

#### **Activities:**

This project will comprise two sets of activities: (1) development of guidance on the assessment and application of administrative monetary penalties; and (2) assistance in reforming the systems of liability for environmental damage. It will draw on best international practices in these subject areas currently

investigated as part of the OECD project “Environmental Compliance Assurance Systems: A Cross-Country Analysis” covering a number of OECD member and non-member countries.

The scope of project activities will be discussed at the annual REPIN meeting. The activities related to monetary penalties will be entirely implemented by the OECD Secretariat.

As concerns liability regimes, both the OECD Secretariat and EECCA RECs will be involved in project implementation. RECs will launch the project with a regional review of current practices, with OECD Secretariat providing support to this work. As of July 2009, the OECD Secretariat will become more closely involved in reforming the systems of liability for environmental damage. This will include preparation of a report on international best practices, two case studies with EECCA country-specific legal analysis and recommendations, as well as conducting a regional expert meeting and one or two country-specific stakeholder workshops on case study results.

#### *Activities by the OECD Secretariat*

In the second half of 2008, the OECD Secretariat will launch activities on monetary penalties. In close cooperation with EECCA experts, the Secretariat will draft user-friendly guidelines for EECCA environmental enforcement authorities on how to assess and apply administrative fines, which will incorporate, among others:

- a methodology to evaluate economic benefits from non-compliance;
- a methodology to account for the seriousness of the violation of environmental requirements;
- a methodology to account for the compliance record, ability to pay and other operator-specific factors; and
- guidance on the use of discretionary administrative powers in applying fines.

#### *Activities by EECCA RECs*

In 2008, EECCA RECs will launch activities on liability regimes. They will review the legal framework on environmental liability and mechanisms of its application in EECCA countries. As part of this work, examples of litigation cases related to environmental liability regimes will be collected and analysed.

The OECD Secretariat will provide support to EECCA RECs, including:

- commenting the methodology of the review,
- facilitating its discussion during the annual REPIN meeting, and
- providing feedback on the draft report.

#### **Outputs:**

The following outputs are envisaged in 2008:

- the OECD Secretariat will produce the Draft guidelines on assessment of administrative fines;
- the EECCA RECs will produce a review of current systems of environmental liability in the EECCA region.

#### **Benefits/Outcomes:**

- The improved methodology for assessment of administrative fines will enhance the deterrent effect while ensuring proportionality and fairness of the punitive effect of their application in enforcement practices in EECCA.
- The reform of the environmental liability system in EECCA would encourage industries to take preventive measures against environmental accidents, increase remediation of environmental

damage by responsible parties, contribute to the establishment of a level playing field by internalising of environmental costs by polluters, and engage new actors such as banks and insurance companies in promoting sound environmental management.

#### ***PROJECT JP/2.1.4: PROMOTING PUBLIC INFORMATION AND PARTICIPATION IN EIA AND PERMITTING***

##### ***Objectives:***

This project aims to improve mechanisms used by EECCA environmental authorities to disclose facility-specific information provided under EIA and permitting procedures.

##### ***Background:***

The regulatory basis for the environmental impact assessment (EIA) is sufficiently developed in EECCA to provide a good basis for public participation but its application in practice is hindered by capacity problems, particularly at the sub-national level. This includes, for example, such problems as absence of avenues for disclosing EIA materials and limited training of NGOs and officials. In a transboundary context, the problem of capacity for implementation and public participation is more acute and further aggravated by intermittent contacts among neighbouring countries. Same problems affect permitting, which is the next stage of environmental assessments. This leads to a situation when public participation is essentially a procedural step that seldom influences decision-making.

Besides, impediments to public participation are encountered as a result of an excessively technical language of regulatory documents (e.g. permits) that prevents citizens from understanding the real meaning of regulatory conditions. Unlike procedures in OECD countries, the assessment and permitting processes in EECCA do not involve development and dissemination of non-technical summaries for the general public. At the same time, by endorsing the “Guiding Principles for Effective Environmental Permitting”, EECCA countries recognised that public participation and information disclosure is an important principle of permitting that helps governments and enterprises manage environmental but also financial risks. Unfortunately, legal and institutional frameworks, as well as IT infrastructure are not yet supportive to the implementation of this principle.

Working to solve these problems will support and complement work already done in the region by various international and local actors, in particular the Aarhus Convention Secretariat. To date, the EECCA RECs acquired an extensive experience in the domain of public participation in EIA. For instance, the Russian REC implemented a capacity building programme among NGOs and local population to help them participate in the EIA process of Nord Stream.

##### ***Activities:***

In a first phase, the project will establish a capacity building programme on public participation in EIA and permitting and, simultaneously, will identify gaps in current legal and institutional frameworks, as well as problems with infrastructure for disclosure of facility-specific regulatory documents. EECCA RECs will have a leading role in the project, with the OECD Secretariat providing support at the start-up phase.

More specifically, activities in 2008 will include:

- Assessment of capacity building needs, identification of key target groups and development of training programmes;
- Development of a questionnaire to assess the current situation as concerns disclosure of EIA and permitting materials;

- Discussion of the questionnaire with members of the Regulatory Environmental Programme Implementation Network and its amendment based on feedback from Network members;
- Information gathering and analysis;
- Development of general recommendations and specific legal and institutional changes in a pilot country;
- Assessment of feasibility to introduce IT and other tools for disclosing EIA and permitting materials.

In 2009, this activity will be followed and the capacity development programme will be implemented. Also, the project envisages helping EECCA countries to use IT tools that would enable governments to disclose EIA materials and permits on their web-sites. This might be particularly relevant for those countries that have embarked on e-government promotion.

*Support from the OECD Secretariat*

As part of project implementation, the OECD Secretariat will assist the EECCA RECs by:

- Sharing knowledge on the subject, e.g. during the train-the-trainer event on integrated permitting that will be organised in April 2008;
- Helping EECCA RECs to develop the questionnaire;
- Providing relevant materials and contacts from EECCA and OECD countries;
- Facilitating the discussion with REPIN members;
- Commenting on outlines and final products.

**Outputs:**

The following outputs will be produced:

- A report summarising capacity development needs and proposing tailored programmes for the key target groups, including governmental authorities and NGOs;
- A report with analysis of approaches to disclose EIA and permit materials in EECCA countries in light of good international practice and policy recommendations on their improvement;
- A set of specific legal and institutional recommendations for one pilot country;
- A report addressing the feasibility of introducing IT and other tools to improve disclosure of EIA and permitting materials.

**Outcomes:**

Public participation as a part of environmental assessment procedure is a prerequisite for comprehensive risk assessment, due diligence and, overall, building supportive environment for business operations in long-term.

Better disclosure of facility-specific regulatory requirements will stimulate feedback from the public at the final phases of regulation thus demonstrating willingness of competent authorities to enable citizens to voice their opinion and verify whether it is taken into account.

**PROJECT JP/2.2.4: TRAINING FOR ENVIRONMENTAL INSPECTORATES****Objectives:**

This project aims to transfer the EAP Task Force training programme for environmental inspectorates to specialised institutions in the EECCA region and facilitate networking among them and with similar institutions in OECD and CEE countries.

**Background:**

Within the 2003-2007 work programme, the EAP Task Force Secretariat organised numerous training and know-how transfer events at the level of sub-regions (e.g. in the Caucasus) and countries, including Armenia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, and Ukraine. In total, training involved about 300 people. Most of the training events were conducted in cooperation or with logistical support from EECCA RECs. The training programme was based on the “Toolkit for Better Environmental Inspectorates”, which is a comprehensive manual reflecting modern theory and practice of environmental compliance promotion, monitoring, and enforcement. The programme had a positive impact and, as a result, the Secretariat and its partners in EECCA have faced an increasing demand for training, which is difficult to satisfy without enlarging the number of trainers and creating a mechanism that would enable trainers to continuously update the training programmes and materials.

While some EECCA countries have their national training curricula, based on the national legal systems, it is important to supplement them and promote cross-country coherence in inspection planning and execution. This can help to prevent environmental dumping and distortions in the level playing field for businesses.

**Activities:**

The project activities will consist of (i) developing and conducting a train-the-trainer programme and (ii) implementing follow up training activities in the region and facilitating information exchange among trainers and training institutions.

*Activities by the OECD Secretariat*

In 2008, the Secretariat will identify appropriate institutions in at least 6 EECCA countries whose staff can be trained as trainers. This will be done in cooperation with environmental inspectorates or similar enforcement authorities based on a number of criteria, including willingness and capacity to replicate the training using domestic resources.

This will be followed by a train-the-trainer programme. The programme will include a five day workshop and development of training materials with, possibly, a shorter meeting to discuss the final package of training materials.

*Activities of the EECCA RECs*

When the training methodology and materials are finalised, the EECCA RECs will help local trainers to replicate the training and will facilitate networking among trainers. The main target group for training are sub-national environmental enforcement authorities, possibly in Armenia, Russia and Kyrgyzstan as these countries expressed an interest in such events.

The replication phase will involve:

- Identification of recipient authorities;

- Development of agenda and adaptation of training materials;
- Identification of training participants;
- Conducting the training sessions in accordance with the needs of specific recipients.

In addition, a web portal to support the process of training will be developed. The portal will provide one-stop-shop access to relevant materials in both English and Russian, and will help trainers to share training materials and practical experience and examples that would support the training process.

As part of project implementation, the OECD Secretariat will assist the EECCA RECs by:

- Training 2-3 members of EECCA RECs staff;
- Helping in the set up of the web portal;
- Providing relevant materials and contacts from EECCA and OECD countries;
- Assisting in the design of adapted training programmes;
- Providing, to a limited extent, on-the-job coaching to EECCA trainers.

***Outputs:***

The OECD Secretariat will produce the following outputs:

- A train-the-trainer package on CD-ROM and hard copy;
- 18 trainers from the EECCA region trained.

EECCA RECs will deliver the following:

- A bilingual web portal for trainers and inspectors to share training materials, analytical reports, and practical experience;
- At least 90 subscribers from specialised training units identified and involved in networking;
- Training replicated at the sub-national level, possibly in Armenia, Russia and Kyrgyzstan – involving 90-110 people in total.

***Outcomes:***

The project will further promote coherence in inspection planning and execution within the EECCA region and in relation to approaches used in OECD countries. This will provide for a regulatory monitoring “playing field” for businesses and higher environmental performance.

By creating a pool of trainers, the project will develop capacity to deliver training on environmental inspection in key institutions in the region, including one or several of the EECCA RECs, in such a way disseminating good international practices. It will also establish a mechanism of information exchange that will help trainers to continuously learn about new developments.

## PART II

### ACTIVITIES TO BE CARRIED OUT IN 2008 BY THE OECD SECRETARIAT

#### PROGRAMME AREA 1. WATER SECTOR REFORM

##### ***ACTIVITY 1.1: MONITORING PROGRESS IN IMPLEMENTING THE WATER-RELATED MDGs (starting in 2009)***

Given the recent efforts to monitor progress in the EECCA water sector that have been undertaken in 2005 for the Yerevan Conference of Ministers of Economy/Finance and Environment and for the 2007 Environment for Europe Conference, no further work in this area is planned for 2008. Efforts would be concentrated in 2009 and 2010 in order to provide a good empirical basis for the next Environment for Europe Conference in 2011.

##### ***ACTIVITY 1.2 MANAGING THE WATER SECTOR MORE EFFECTIVELY AND EFFICIENTLY***

###### ***PROJECT 1.2.1: GUIDELINES FOR PERFORMANCE BASED CONTRACTS***

###### ***Objectives:***

Disseminate and support the implementation of the EAP Task Force Guidelines for Performance-based Contracts that were published in 2005 and improve the Guidelines by adding further practical examples and analysis to them.

###### ***Background:***

The establishment of water utilities as autonomous, commercially-run utilities was one of the key reform objectives in the Almaty Guiding Principles (October 2000). The absence of a clear definition of the roles of water utilities and those of the municipalities currently hampers an independent management of water utilities. Also the absence of monitorable service and management targets limits the ability of the utility to maintain adequate and efficient service. At the same time, many performance contracts have now been developed in the region, mostly between a private operator and a municipality or a regional/central authority. Parties to such contracts frequently are looking for ways to improve these further.

Based on lessons learned from experiences in EECCA as well as OECD countries, the project aims to assist water utilities and municipalities in clarifying their institutional relationship and in achieving their service and management target level cost-effectively. Although elements of performance-based contracts must reflect specificities of each local condition, the Guidelines aim to serve as a general reference for parties that consider developing such a contract.

###### ***Activities:***

The activity would consist of:

- The assessment of recent contracts between municipalities and public or private water utilities in two utilities in Armenia and two municipalities elsewhere in EECCA, involving a field trip to collect data and to meet with relevant stakeholders;
- For each of these locations, the development of a report containing a description of each of these contracts, a critical analysis against the background of the “Guidelines”, and recommendations on the key measures that need to be undertaken to improve these contracts;
- A seminar to discuss these recommendations with local stakeholders in each of the project locations;
- A desk study of any other relevant, recent performance contracts in the EECCA region;
- The drafting of a synthesis report drawing together the lessons learned from the case studies;

The presentation of this report in a joint meeting of the EU Water Initiative EECCA Working Group and of the EAP Task Force Group of Senior Officials for Water Supply and Sanitation

**Output:**

- Case Studies of performance contracts in four locations
- Updated and revised Guideline for Performance-Based Contracts in the Urban Water Sector in EECCA

**Outcome:**

It is expected that the Guidelines would serve as a useful reference for urban water utilities and municipalities that consider developing performance-based contracts in their efforts to establish the sector more cost-effective and efficient. The technical assistance provided would help the involved municipalities/state authorities to improve their existing contracts. The work is relevant for both privately and publicly operated utilities.

*PROJECT 1.2.2: POLICY DIALOGUE ON OPPORTUNITIES AND OBSTACLES FOR PRIVATE SECTOR PARTICIPATION*

**Objectives:**

The objective of this project is to continue the dialogue on opportunities and obstacles of private sector participation in the water sector that has initially focused on the private sector, IFIs and donors, to also involve EECCA policy makers. The aim is to improve the common understanding of the potential role of the private sector, the constraints that it is operating under and the important role that public authorities need to play in regulating the sector.

**Background:**

Even though there is so far only limited experience with private sector participation in the EECCA urban water sector, this has been a hotly debated topic in the past. Despite past efforts, many of the challenges to improve utility efficiency and effectiveness through PSP remain intact. Under the previous work programme a joint activity with the World Bank to hold annual workshops with private and public sector actors operating in the region has been initiated. Previous workshops have focused on identifying the geographic focus of various actors, the main reasons for failure of PSP, and the ways to increase private sector competition in the water sector.

**Activities:**

- Hold a stakeholder workshop with EECCA policy makers, donors, IFIs and private sector representatives, possibly back-to-back with a joint meeting of the EU water Initiative EECCA Working Group and the EAP Task Force Water Network.

- Draft a report drawing together the main conclusions from the workshop.

**Outputs:**

- One workshop
- One paper

**Outcomes:**

Achieve a common understanding of the main obstacles and opportunities for PSP, as well as to the measures that can help to overcome these obstacles between stakeholders.

Improve the quality of the debate on PSP in EECCA countries.

*PROJECT 1.2.3: DEVELOPMENT OF FINANCIAL PLANNING CAPACITY IN MUNICIPALITIES AND WATER UTILITIES*

See project description (JP/1.2.3) in previous section.

*PROJECT 1.2.4: REPORT ON MEASURES TO COPE WITH OVER-FRAGMENTATION IN THE WATER SUPPLY AND SANITATION SECTOR (preparation work in 2008, starting in 2009)*

The objective of this project is to identify possible policy reforms that can help to overcome the fragmentation effects of decentralisation in the water sector through a policy dialogue with EECCA and OECD experts.

### ***ACTIVITY 1.3 NATIONAL POLICY DIALOGUE ON MORE EFFICIENT FINANCIAL MANAGEMENT OF THE WATER SECTOR***

*PROJECT 1.3.1: SUPPORTING NATIONAL POLICY DIALOGUE ON WATER SUPPLY AND SANITATION THROUGH THE DEVELOPMENT OF FINANCING STRATEGIES TO ACHIEVE THE WATER-RELATED MDGs*

#### ***Objectives:***

The objective of this project is to support national policy dialogue on the financing of water supply and sanitation infrastructure by providing support to EECCA governments for the development of strategic financial sector plans. This would help to ensure that available financial resources are used in the most effective way and to facilitate access to donor and IFI funds for the achievement of the water-related MDGs.

#### ***Background:***

A strategic financial planning methodology developed jointly by the OECD/EAP Task Force and the Government of Denmark is designed to help countries improve their financial planning for the water supply and sanitation sector. It provides a framework to design infrastructure targets and to prepare realistic multi-year investment and financing programmes for those environmental sectors that require investment-heavy public infrastructure, such as water supply and sanitation. It also helps to identify relevant policy packages, to reach these infrastructure targets. This methodological approach is targeted at the countries or regions where "central planning" and micro-management of project-specific pipelines of investments owned by many different economic agents (e.g. firms, municipalities) are neither feasible nor desirable. Such financing strategies provide the necessary link between the general programmes on the one hand, and project pipelines and public budgets on the other.

The Financing Strategy toolkit includes a methodology for elaborating such strategies, a computer-based model (called FEASIBLE<sup>©</sup>) and a user-manual for the model (for more information visit [www.oecd.org/env/finance](http://www.oecd.org/env/finance)). The model simulates in quantitative terms the consequences of different policy choices and in particular it assesses the investment, maintenance and operational expenditure that would be required to reach specific targets determined by local policy makers. These expenditure needs are subsequently compared with forecasted levels and sources of finance and the model calculates the resultant "financing gaps".

These applications are more than technical exercises: by engaging all the major stakeholders involved in financing environmentally related infrastructure, they support constructive dialogue and agreements that facilitate effective programme implementation, improvement of service quality and the achievement of environmental goals. If properly developed financing strategies can help to generate additional financial flows from water users, public budgets, donors, IFIs, and the private sector. In some cases, the results of such work have been incorporated into medium term expenditure frameworks in Ministries of Finance, and they could provide a useful input into Poverty Reduction Strategy Programmes.

This methodology has been successfully used in the past to assist several EECCA governments with their financial planning (e.g., Moldova, Kazakhstan, Armenia, Georgia, Ukraine, and several regions in the Russian Federation). Recent exercises in Moldova and in Armenia have been carried-out in the framework of the EU Water Initiative's work in EECCA, with strong support from the EC and EU Member States.

#### ***Activities:***

The specific activities that would be carried-out in 2008 would form part of the National Policy Dialogues that the EU Water Initiative is carrying-out in the EECCA region:

- Continuation of work for the extension of a financing strategy for the urban water supply and sanitation sector of Georgia to include rural water supply and sanitation. The original report was finalised in 2005 (the report can be accessed on <http://www.oecd.org/env/water>). The work would consist of (i) the collection of data on rural water supply and sanitation infrastructure, (ii) the update of data on urban water infrastructure, (iii) the development of different policy relevant infrastructure development scenarios and their discussion in a policy dialogue involving all relevant stakeholders, and (iv) support for the integration of the financing strategy into the Ministry of Finance's medium term expenditure framework. Assistance for this work has been officially requested by the Georgian Ministry of Economy (see letter attached in annex).
- Support for the development of a financing strategy for the urban and rural water supply and sanitation sector in Kyrgyzstan. The work would consist of (i) data collection on water supply and sanitation infrastructure and main sources of available finance, (ii) a review of the socio-economic constraints in the sector, including a social assessment, (iii) the development and comparison of a number of policy relevant infrastructure development scenarios and their discussion in policy dialogues with stakeholders, (iv) the preparation of recommendations on tariff policy and on major institutional reforms that will be needed to ensure the implementation of the scenarios and the sustainable operation of water utilities, and (v) a final report presenting these results and a final workshop to discuss the results and recommendations with stakeholders. The project would be overseen in all its phases by a steering group consisting of key stakeholders.

The results from all of these activities will be presented and disseminated in the framework of the annual joint meetings of the EAP Task Force Group of Senior Officials for Water Supply and Sanitation sector Reform in EECCA and the EU Water Initiative EECCA Working Group.

**Outputs:**

- 2 case demonstration project reports
- several policy workshops involving key government and non-government stakeholders in both countries

**Outcomes:**

It is expected that the project would help to accelerate the achievement of the water-related MDGs at the lowest possible cost, while at the same time improving the mobilisation of financial resources for the sector.

*PROJECT 1.3.2: IMPROVING FEASIBLE AND EXTENDING FINANCING STRATEGY METHODOLOGY BEYOND WATER SUPPLY AND SANITATION TO ISSUES OF WATER RESOURCES MANAGEMENT*

It is planned that this work would start in 2009. Small improvements of the FEASIBLE methodology may be carried-out in 2008 in the framework of in-country work under task 1.3.1.

## PROGRAMME AREA 2. ENVIRONMENTAL POLICY REFORM

### **ACTIVITY 2.1: ENVIRONMENTAL POLICY INSTRUMENTS**

#### **PROJECT 2.1.1 INTEGRATED PERMITTING**

##### **Objective:**

Assist EECCA countries in reforming permitting systems for individual polluters, consistent with EU principles and approaches.

##### **Background:**

Most EECCA countries (*e.g.* Georgia, Kazakhstan, Russia and Ukraine) have started to reform their environmental permitting systems, trying to shift the regulatory emphasis from single-medium permitting spanning a large number of substances to more realistic technique-based norms and integrated permits for large industry. The changes are largely inspired by the approach of the European Union's Integrated Pollution Prevention and Control Directive (96/61/EC) but take different forms in different countries. Permitting reform was one of the focus areas of the 2003-2007 work programme of the EAP Task Force, resulting in the elaboration of the Guiding Principles of Effective Environmental Permitting Systems, the Integrated Environmental Permitting Guidelines for EECCA Countries, a training programme delivered (with support of an especially designed CD ROM) across the EECCA region, and several country case studies. The Task Force Secretariat has also been providing expert support to the government of Ukraine in implementing the permitting reform and coordinating relevant financial assistance of the World Bank and Sweden. The activities in Ukraine will continue under this project.

##### **Activities:**

In 2008, the EAP Task Force Secretariat will maintain its expert support to Ukraine's Ministry of Environmental Protection in the framework of the World Bank project "Reform of Legal Framework and Enhancing Institutional Capacity for Environmental Permitting in Ukraine" through the end of 2008.

The main activities will include participation in the steering committee and working group meetings and critical review of the project's key outputs: a draft law on environmental permitting, procedural and technical guidance.

The training programme on integrated permitting will be transferred by the Task Force Secretariat to specialised non-governmental organisations in the region following a train-the-trainer workshop for their representatives.

##### **Outputs:**

- Train-the-trainer workshop on integrated permitting: May-June 2008

##### **Benefits/Outcomes:**

- The adoption by the Ukrainian government of legislation and tools reforming the system of environmental permitting will improve the effectiveness of the country's environmental management programmes. In addition, enterprises will benefit from more feasible, realistic and transparent permit requirements and procedures that would result in reduced compliance costs, foster technological innovation, and facilitate business planning.

*PROJECT 2.1.2 SURFACE WATER QUALITY STANDARDS***Objective:**

Assist EECCA countries in setting realistic, achievable environmental quality standards.

**Background:**

The reform of surface water quality standards (SWQS) is under preparation in several EECCA countries. The basic premise of this reform is that policy decisions based on risk management should dictate new ambient standards for water quality for different locations, with the number of regulated polluting substances limited to those that can be effectively monitored. In Moldova, the EAP Task Force has developed a proposal for a new system of surface water quality standards and the legal and institutional changes required for its implementation. This experience will be disseminated across the EECCA region.

**Activities:**

To complement the Moldova experience, a case study in one other EECCA country will be conducted to assess progress in reforming the SWQS system and provide recommendations for further improvements.

An expert workshop will be convened to discuss lessons learned from the country-specific experiences implications for other EECCA countries.

**Outputs:**

- Case study on the progress of reform of surface water quality standards: April-July 2008
- Expert workshop of the reform of surface water quality standards: second half of 2008

**Benefits/Outcomes:**

- The establishment of realistic, achievable water quality standards in line with EU requirements will help EECCA countries optimise their investments in water resources management programmes and water supply and sanitation infrastructure improvements. The regulated community will benefit from transparent, feasible effluent limit values and self-monitoring requirements.

*PROJECT 2.1.3: MONETARY PENALTIES AND LIABILITY*

See the description of this project (JP/2.1.3) in the previous section.

**ACTIVITY 2.2: ENVIRONMENTAL COMPLIANCE AND ENFORCEMENT***PROJECT 2.2.1 EFFICIENCY OF COMPLIANCE MONITORING***Objective:**

Assist EECCA environmental authorities to increase the efficiency of compliance monitoring/assessment by targeting polluters associated with higher environmental risk and/or with history of non-compliance.

**Background:**

In the majority of EECCA countries, the frequency of inspections is limited by law to once every year or two without regard to the environmental impact of regulated installations. As a result, a lot of agency

resources are wasted on trivial compliance checks whereas serious non-compliance and pollution risks remain unaddressed. In many OECD countries, there is a clear trend toward risk-based targeting of compliance monitoring activities. Environmental hazard and operator performance are the two principal factors in planning inspections as well as other regulatory interventions (e.g., environment-related charges). There are several approaches (for example, the Operator and Pollution Risk Appraisal scheme in the UK) to quantifying these two factors through a range of indicators. This project will adapt the best practices developed in OECD countries to the EECCA context and provide guidance on introducing risk-based approaches in compliance monitoring practices in the region.

In the course of its previous work programme, the EAP Task Force Secretariat provided assistance to the environmental inspectorates in Georgia and Kazakhstan to improve inspection procedures and planning. Under this project, the experience of their implementation over several years will be evaluated and fed into the region-wide guidance.

**Activities:**

In early 2008, a demonstration project in Georgia, started under the previous work programme, will be finalised. Follow up regional activities will be implemented in 2010-2011.

**Outputs:**

- The Guidance document for the Georgian Inspectorate on risk-based targeting of environmental compliance monitoring will be disseminated in early 2008, including during the REPIN meeting.

**Benefits/Outcomes:**

- The adoption of risk-based targeting in compliance monitoring practices in EECCA would increase the probability of offence detection and enhance the effectiveness and efficiency of all compliance assurance efforts (including compliance promotion and enforcement) of environmental authorities in EECCA countries.

*PROJECT 2.2.2 BENCHMARKING AND IMPROVING INSPECTORATES PERFORMANCE*

**Objective:**

Assisting EECCA countries to improve performance measurement of environmental enforcement authorities and promote higher performance through cross-country comparison.

**Background:**

Within the previous work programme, the EECCA countries requested the EAP Task Force Secretariat to help them identify better environmental compliance and enforcement (ECE) indicators against which the performance of environmental enforcement authorities (EEAs) can be measured and continuously improved. Responding to this request, the EAP Task Force Secretariat has assisted EEAs to review current practices and international benchmarks for performance measurement.

This work has been carried out in close cooperation with the International Network for Environmental Compliance and Enforcement, founded in early 1990s by the Netherlands and the United States. Using a guidance document that resulted from this cooperation, ECE indicators were reviewed in Armenia and Russia. These reviews showed a certain convergence with international benchmarks. Nevertheless, a number of design flaws were revealed, most importantly:

- The missing link between performance measurement and activity planning;

- A perverse interpretation of ECE indicators whereby output indicators are used as “targets”. As a result, the effectiveness of environmental enforcement authorities is often associated with high numbers of imposed sanctions, in particular fines or other monetary penalties;
- Poor standardisation of performance measurement terminology and procedures that opens up opportunities for misinterpretation or manipulation of data;
- Prevalence of a mere description rather than analysis of compliance and enforcement data;
- Limited coverage of the regulatory cycle, *e.g.* lack of indicators that describe compliance assistance efforts and criminal enforcement;
- Focus on disclosing “outputs” with less attention to “inputs” (*e.g.* human, material and financial resources dedicated to specific tasks) that does not allow to scrutinise outputs versus costs.

In order to address some of these problems, the Secretariat developed the *Guidelines on Performance Measurement for Environmental Enforcement Authorities of EECCA* (<http://www.oecd.org/dataoecd/12/5/38137583.pdf>). The Guidelines were discussed at the REPIN meeting in June 2006 where the need and proposals for a core set of ECE indicators, as well as their standardisation were identified.

**Activities:**

This project will build on regional and country-specific activities, implemented within the previous work programme. In 2008, a demonstration project in Kazakhstan, started under the previous work programme, will be finalised. Regional activities to develop a core set of performance indicators will be implemented as well, including an expert meeting in the first half of 2008. Cooperation with INECE on this subject will continue, including participation in global know-how transfer activities.

**Outputs:**

- Recommendations for reforming the system of environmental compliance and enforcement indicators in Kazakhstan;
- An expert meeting (January or February 2008) to discuss a possible set of common indicators to be used in the EECCA region, standardisation of definitions, and data collection procedures;
- Outline for a technical guide on environmental compliance and enforcement indicators
- .

**Benefits/Outcomes:**

- Performance indicators (and cross-country benchmarking that can be enabled when indicators are identified) are instrumental to monitor activities, support policy making, and ensure the transparency and accountability of environmental enforcement authorities.

**PROJECT 2.2.3 DRIVERS OF ENVIRONMENTAL PERFORMANCE IN ENTERPRISES**

This project will start in 2009.

## **ACTIVITY 2.3: INSTITUTIONS AND FINANCING**

### **PROJECT 2.3.1 INSTITUTIONAL DEVELOPMENT OF ENVIRONMENTAL MINISTRIES**

#### **Objective:**

Assist EECCA countries to strengthen the institutional capacity of environmental ministries. The main target for in-country work under this project is the group of IDA countries.

#### **Background:**

Institutional capacity development is of utmost importance for an effective functioning of environmental management systems. Analysis of past experience showed that approaches involving enhancement of knowledge and skills of individuals in environmental ministries was not sufficient to produce sustainable results. There is growing recognition that capacity depends crucially on the quality of the institutions, the incentives that exist within institutions, and the overall governance system. The challenge is to understand what does institutional capacity involve in the case of environmental authorities and what are the conditions that can facilitate capacity development.

A basic problem is that the notion of “institution” has traditionally been associated in EECCA with organisation charts and availability of material and human resources. As a result, “institutional reforms”, are often reduced to changes in the structure of governmental bodies while “capacity development” is viewed as procurement or equipment and training of individuals. Contrary to this understanding, the modern interpretation of “institutions” shifts this notion towards working methods rather than structures.

Indeed, given the variety of structures for environmental and natural resources management, it might be more productive to describe “institutional capacity” through key functions of public authorities and conditions enabling their effective and efficient implementation. This can help governments to better assess the capacity development needs and the resources required to satisfy these needs.

#### **Activities:**

In 2008, the following activities are planned:

- Drafting the methodology for assessing institutional capacities of environmental ministries;
- Launching activities in one pilot country.

The project will be based on previous activities, including the Policy Dialogue for Institutional Strengthening in Georgia and the framework for progress assessment under the Objective 1 of the EECCA Environmental Partnerships Strategy. The scope of the project will be discussed at the annual REPIN meeting.

#### **Outputs:**

- Draft methodology for assessing institutional capacities of environmental ministries by July 2008 and its discussion with stakeholders;
- Scoping report for the pilot project and an in-country policy dialogue by November 2008.

#### **Benefits/Outcomes:**

- This project will offer the benefit of measuring the level of institutional development within environmental authorities that would lead to a better identification of capacity building needs and more effective use of both public and external aid money.

*PROJECT 2.3.2. MID-TERM BUDGETARY PLANNING***Objective:**

Assist EECCA countries to enhance the capacity of environmental ministries to prepare economically sound, well-justified and realistic medium-term expenditure programmes.

**Background:**

Medium-term expenditure frameworks (MTEFs) can serve as a tool to ensure that at a country level the environmental sector is not marginalised and receives adequate support in the budgetary process. Given that there is a major disconnect between policy making, planning and budgeting in EECCA countries, MTEFs are often seen as a way to align budgetary decision-making with government strategic orientation on a multi-year basis. MTEFs have received a renewed attention in the context of Poverty Reduction Strategies (PRSPs). In several countries, ministries of finance are already using MTEFs to translate national policy objectives into public expenditure programmes within a multi-year macroeconomic and fiscal framework.

**Activities:**

To better understand EECCA experience with mid-term budgeting, particularly in the environmental sector, a regional review of existing practices would be produced in 2008. The study will cover the practices applied to design and practically implement MTEFs with a special focus on experience in the environmental sector. It will draw first lessons learnt from experience and identify good practices for designing environmental programmes in the context of the MTEFs implementation. It may also provide suggestions to the donor community on how to make the best use of MTEFs in providing general support to the budgets of least developed EECCA countries in order to ensure that environment is included in this process. The scope of the project will be discussed at the annual REPIN meeting.

**Outputs:**

- Expert meeting in mid 2008;
- A regional review of MTEF practices, developed by December 2008.

**Benefits/Outcomes:**

- This project will help countries achieve greater budgetary predictability and more efficient use of public money in environmental ministries

### **PART III**

#### **ACTIVITIES TO BE CARRIED OUT IN 2008 BY EECCA RECS**

#### **PROGRAMME AREA 1. WATER SECTOR REFORM**

##### ***PROJECT 1. ENHANCING TRANSBOUNDARY WATER MANAGEMENT IN THE EECCA REGION THROUGH TRAINING COURSES***

###### **Objectives**

The project objective is to strengthen transboundary water management in EECCA countries by providing qualified trainings to officials and other involved stakeholders and to enable participants in the training to identify the advantages of collaborative transboundary water management and to apply it to their respective organizations.

###### **Background**

In all EECCA countries, effective transboundary water management constitutes a major challenge. Water resources are often unequally distributed and while in some countries access to water is limited, other countries have sufficient access to water. Most rivers are transboundary. Beside quantitative also quality issues are of concern and effective transboundary water management is to be seen as pre-condition for applying effective policies in the area of water supply and sanitation.

Thus, in Central Asia 23% of the water bodies in the area adjacent to the Aral Sea are considered clean or slightly polluted. Increased agricultural activities since 1990 have led to increased use of water for irrigation purposes, while at the same time it is estimated that over 35% of the water used for irrigation could be saved if proper techniques would be applied.

Most EECCA countries currently lack the sufficient legal and administrative framework on all levels to address the issues of transboundary water management. Given the unequal distribution of water resources, water may also become a security issue. At the same time, authorities and others actors dealing with transboundary water management often lack appropriate skills and techniques to address this issue in a proper manner.

###### **Activities**

The specific activities would be carried out in 2008 and 2009 and would complement ongoing activities, e.g. within the framework of the EU Water Initiative. The envisaged training courses programme (with the involvement of international experts and the OECD) will be developed on the bases of existing training activities, that will be adapted to specific situations in the sub-regions and water basins in EECCA Countries. In developing training courses programme, a sub-regional approach will be applied that reflects the hydro-geographic realities.

Participants to be selected will represent decision makers from state institutions, national and regional water bodies and NGOs.

Beside providing training in TWM, participants will be also requested to develop individual projects related to one case of transboundary water management that concerns their area of responsibility.

The project will have the following phases:

1. Adaptation of existing training courses to region specific situations and requirements
2. Training of trainers in EECCA Countries
3. Conduction of trainings in EECCA countries: The training will consists of up to five moduls that include individual work in the home-countries of the participants as well as up to two training sessions. EECCA countries will be grouped to reflect shared water bodies.
4. Site visits to demonstrate successful models of transboundary water management
5. Follow up with participants

### **Outputs**

- Training Methodology and Courses on Transboundary Water Management for EECCA Countries, including all related materials
- Up to 80 officials from EECCA countries trained in effective strategies of transboundary water management that can be applied in their day to day work.

### **Outcomes**

- Improved understanding of Transboundary Water Management-related legal, practical, financial and political considerations and of opportunities and challenges for improved transboundary water management.
- Participants will understand how national and international water policies interact and how they provide opportunities for water and benefit sharing.
- A final concrete project on transboundary water management for each participant
- A network of EECCA professionals on transboundary water issues
- Better transboundary water management in EECCA Countries.

### **Implementation**

The project will be implemented jointly by EECCA RECs under the leadership of CAREC and with the involvement of international experts, e.g. from Ramboll Natura from Sweden in 2008 and 2009. Since its foundation, working on water issues in a transboundary context, has been a priority of CAREC's work and CAREC has implemented numerous projects in this field in Central Asia, among them the development of an Integrated Water Management Plan for the Ily-Balkash Basin (funded by the EU, overall budget ) CAREC, as well as the other involved EECCA RECs has the proven capacity to organize and implement successfully international training programs.

## PROGRAMME AREA 2: ENVIRONMENTAL POLICY REFORM

### ***PROJECT 2.1. PROMOTION AND IMPLEMENTATION OF LOCAL ENVIRONMENTAL ACTION PLANS (LEAPS) IN EECCA COUNTRIES***

#### **Background**

The National Environmental Action Programmes, developed by the majority of the EECCA countries in the 90's prioritized a range of environmental problems for this region, and resulted in the launch of a number of targeted environmental projects, financed by different international institutions. However, it became obvious at the beginning of NEAPs implementation that the best results could be obtained only if the priorities were responded to through a bottom-up approach. Hereby, the methodology of the local environmental planning was developed and the definition of the Local Environmental Action Plans appeared.

“Local Environmental Action Plan (LEAP) is a participatory process for a local/regional community. LEAP provides a forum for bringing together a diverse group of individuals who work together — in partnership with a local or regional government — to agree on common priorities and actions for addressing environmental problems in their community.

LEAPs recognised under various names (e.g. an environmental protection programme, a municipal environmental strategy) in different countries in Central and Eastern Europe (CEE) and within the EECCA region share some important characteristics. They all involve assessing and ranking environmental problems, setting priorities and developing an action plan to address the main priorities with broad public involvement. The action planning approaches are frequently based on a strategic planning principle, while a degree of public involvement depends on the community's specifics and preferences, as well as national circumstances.”

The experience of the EECCA countries differs from country to country. Though, it is important to mention, that the EECCA RECs in these countries jointly implemented a transboundary project “Strengthening local environmental governance in the EECCA countries”, financed by the Dutch government, that gave the possibility to evaluate the actual situation with respect to LEAPs development and implementation in the EECCA countries, as well as to transfer experience from the EAP Task Force and the REC CEE in this field. Later Dutch Government financed a project “**LEAPs as a Tool for Public Participation in Environmental Decision-making in the EECCA countries**”. The purpose of the project was to exchange experiences in and identify ways to strengthen local environmental governance, planning, and management throughout the EECCA region. That projects highlighted a number of priority problems, which this proposed project will address. Among them it is worth mentioning: the need for the development of national legislative frameworks for promoting LEAPs in the region; training of the key environmental stakeholders on the methodology of local environmental planning; development of training materials; and implementation of demonstration projects. The EECCA countries, within the Dutch-funded projects, identified priority environmental topics and experts aiming at promotion of LEAPs in the region, who formed a Network of LEAP Practitioners within the EECCA countries.

An international LEAP conference was organized and held in Tbilisi, Georgia on 6-7 December, 2007, in order to strengthen regional cooperation among RECs and other stakeholders on fostering local environmental governance. The conference provided a forum for RECs to exchange experiences, compile results of LEAP efforts, develop success stories, and extract lessons learned from LEAPs conducted within the EECCA region over the last four years. Results of the Conference were compiled in the report and will be submitted for consideration at the 2007 Ministerial Conference “Environment for Europe” by the EECCA RECs.

## Goals and Objectives

The main purpose of the project is to assist EECCA countries in creating favourable policy and conditions for LEAP implementation, as well as to support communities in building their capacity to formulate and implement LEAPs.

Among the specific objectives are to:

- further support and capacity building for regional and national networks of LEAP trainers/practitioners, established during the Dutch funded projects, who could provide expert support to the formulation and implementation of LEAPs in the region;
- develop country specific LEAP Kits (a methodological set of LEAP materials);
- undertake LEAP demonstration projects; and
- set-up national LEAP training programmes.

## Activities

### Phase 1: Capacity Building of the LEAP Network

#### Activity 1: Support for Regional and National Networks of LEAP Trainers/Practitioners

During the Dutch funded projects each of the RECs identified few persons per country who were initiated in the LEAP methodology. Those persons established regional and national networks of LEAP Trainers/Practitioners. Relevant experts from REC offices joined that group so as to ensure the project's sustainability in the longer term. The candidates have been selected according the following criteria:

- prior experience in environmental action planning;
- record of involvement in regional/local community initiatives;
- experience in developing training materials;
- and capacity to commit to the project.

A 'training-of-trainers' workshop will be organized for all Network participants. The goals of the workshop will be to:

- deliver a methodological LEAP training
- organize a session on linkages of the LEAP process to other initiatives (e.g. Local Agenda 21, sustainable development programmes, sustainability audits, EU compliance audits, etc.)
- provide detailed guidance for the development of country specific LEAP Kits.

The workshop will be organised and managed by the EECCA RECs with the active involvement of EAP TF secretariat experts.

#### Activity 2: Develop Country Specific LEAP Kits

It is proposed that 12 LEAP kits will be developed (one for each EECCA country covered by the EECCA REC offices, Ukraine and Belarus). The country specific LEAP kits should be developed by the country teams of two-three experts who attended the training-of-trainers workshop, during which they will have received detailed guidance for the development of the kits.

The LEAP kits should be commented by a selected group of national experts (e.g. a steering committee established for the purpose of LEAP kit development). A sufficient number of copies will be subsequently printed.

### Activity 3: Disseminate LEAP Kits

A special LEAP promotional event will be organized to promote the availability of the LEAP kits and the LEAP process in general. The event will last half a day and will be organized in the capital city of each country. The invitees will represent major governmental institutions active in environmental action planning, bigger regional and local authorities, NGOs, donors and other relevant stakeholders. The kits should be also distributed via mail and posted on relevant Internet pages.

## **Phase 2: Implementation of LEAP Demonstration Projects**

### Activity 1: Decide on the Scope of LEAP Demonstration Projects

Within the Dutch funded projects few demonstration projects at community level have been undertaken. These new demonstration projects are foreseen at the larger level and will take into account the existing legislation, capacity of communities as well as other ongoing community initiatives. For example, in some countries, it will be possible to undertake LEAPs within the framework of Local Agenda 21. Therefore, partnerships with other organizations (e.g. UNDP, the World Bank) will be considered.

### Activity 2: Select LEAP Demonstration Communities

Establish a set of criteria for the selection of LEAP demonstration projects and select the communities (one per each country).

### Activity 3: Facilitate LEAP Demonstration Projects

A national team of two-three LEAP trainers/practitioners will be responsible for the successful completion of LEAP demonstration projects. They will facilitate the work of the stakeholder group and stimulate the entire process, provide specific training during workshops and help in writing LEAP documents. It is recommended that one REC office employee is part of the team responsible for the overall project's management.

### Activity 4: Organise National Dissemination Conferences

The results of the LEAP demonstration projects shall be publicized during half-day dissemination events (similar to events organized for the dissemination of LEAP kits). The invitees will represent major governmental institutions active in environmental action planning, bigger regional and local authorities, NGOs, donors and other relevant stakeholders.

## **Phase 3: Establishment of National LEAP Training Programmes**

### Activity 1: Establish National LEAP Trainers/Practitioners Teams

The two-three previously trained experts will form the core team of national LEAP trainers/practitioners that will deliver the national LEAP training programmes. Taking into account the scale of the training, in some countries, some teams would have to include more experts. Some of them could be recruited from among the most active members of stakeholder groups from demonstration communities. It is also suggested that one person on a team would represent the Ministry of Environment or other relevant agency.

### Activity 2: Develop LEAP Training Materials

The training materials will be developed by the national LEAP trainers/practitioners teams on the basis of LEAP kits and the LEAP demonstration projects. Ministerial LEAP guidance notes will be prepared

concerning the scope of the LEAP document and the main principles to be recommended for their development (based on the countries' interest).

Activity 3: Deliver National LEAP Trainings

Every large municipality (depending on their average size within the country) will be trained in the implementation of the LEAP methodology. It is estimated that about three LEAP training workshops (about 4 000 EURO per each workshop) would be organized in each country for about 20-30 persons. More training will be organized in Russia and in the countries of Central Asia.