

EAP Task Force

Annual Meeting of the EECCA Regulatory Environmental Programme Implementation Network (REPIN)

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Draft Work Programme for 2008-2011

Version as of 26 May 2008

This document presents an overview of the proposed programme of work for 2008-2011 and is intended to provide a basis for the further elaboration of annual programme proposals. A previous version of this document was circulated to REPIN members in November 2007.

ACTION REQUIRED: For discussion and priority setting. Written comments should be submitted to Ms Angela BULARGA, Head of the Environmental Policies Programme (angela.bularga@oecd.org), by **15 July 2008**.

INTRODUCTION

This document is being circulated to the members of the Regulatory Environmental Programme Implementation Network (REPIN) of Eastern Europe, Caucasus and Central Asia (EECCA) for their review and discussion at the Tashkent meeting in June 2008. Based on the feedback received, the long-term programme of work¹ will be amended and circulated to Task Force members for information prior to the EAP Task Force meeting in Astana October 2008.

In comparison with the previous versions of this document, circulated in November 2007, this version specifies both activities that would be implemented by the OECD secretariat and EECCA RECs.

Secretariat arrangements

At the Belgrade Ministerial Conference, the OECD was invited to continue to provide the secretariat for the EAP Task Force, but some of these functions will be gradually transferred to EECCA Regional Environmental Centres (RECs), as their capacity allows, starting with sub-regional, country- and project-oriented tasks. This transition will be overseen by the EAP Task Force.

Working methods and budget

It is envisaged that the working methods of the OECD secretariat would build on past practice and focus on implementing a combination of region-wide and demonstration projects, and using this experience, to drive a regional process of experience sharing and developing good practice approaches. The working methods used by the EECCA RECs, and the cooperation between OECD and the EECCA RECs, require further discussion.

Regarding the budget envelope to be implemented by the OECD secretariat, it is envisaged that it would be substantially reduced compared with the annual budgets 2003-7. This results from discontinuing work on the EECCA Environment Strategy and from integrating work on environmental finance into the programmes on water and environmental policy reform. Cost savings will also be sought by optimising the management of the Task Force's work, particularly the organisation of Task Force and Bureau meetings. Budget estimates will be prepared together with annual work programme proposals.

¹ A complementary work programme exists for the water supply and sanitation programme area.

OVERALL INTRODUCTION TO THE EAP TASK FORCE PROGRAMME AREA 2: ENVIRONMENTAL POLICIES AND INSTITUTIONS

Objective: This programme area will support further strengthening of environmental policies and institutions in EECCA countries. The focus will be on issues of a cross-cutting character, with a high potential to simultaneously contribute to environmental improvements, economic development, and the rule of law.

Background: EECCA countries made substantial progress in establishing regulatory and institutional frameworks, which were largely absent at the beginning of the transition. At the same time, there is still a need to strengthen implementation at all levels, and to integrate environment into the broader process of economic, political, and social reform.

In this context, three main areas of work are proposed:

- Policy instruments;
- Enforcement and compliance;
- Institutional frameworks and finance.

The **Regulatory Environmental Programme Implementation Network** – REPIN – will continue to provide EECCA policy makers and practitioners with a platform to exchange experience and build partnerships with their counterparts from OECD countries, Central and Eastern Europe, as well as with representatives of NGOs and the private sector on issues of common interest.

In the new phase of work, the REPIN network will facilitate discussions related to environmental finance. Members of the economics/finance divisions of environmental ministries, as well as representatives of ministries of finance and economy will be involved in networking and invited to REPIN meetings.

The work programme implementation will involve as much as possible institutions from the EECCA region, EECCA RECs in particular, to carry out specific analytical, training and dissemination activities. This work will also draw from, and, where appropriate, contribute to, activities of other international programmes.

Activities: ACTIVITY 2.1. ENVIRONMENTAL POLICY INSTRUMENTS

Work in this area will help environmental agencies in EECCA to improve the efficiency and effectiveness of selected policy instruments. In particular, in 2008-11 activities will focus on:

- ***Supporting environmental permitting reforms:*** This activity builds on the EAP Task Force *Guidelines for Integrated Permitting in EECCA countries* and experience gained in applying the Guidelines in Georgia, the Kyrgyz Republic and Ukraine. Targeted expert advice will be provided to countries requesting support to reform their permitting systems. The training activities on integrated permitting, carried out in 2005-2007 by the EAP Task Force Secretariat, will be transferred to specialised organisations in the region, possibly including EECCA RECs.
- ***Promoting public information and participation in EIA and permitting.*** 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. Some problems affect permitting. This leads to a situation when public participation is essentially a procedural step that seldom influences decision-making. To address this situation, mechanisms used by EECCA environmental authorities to disclose facility-specific information need to be improved. Within this framework, capacity building programmes will be established and, simultaneously, gaps in current legal and institutional frameworks, as well as problems with infrastructure for disclosure of facility-specific regulatory documents, will be identified. Also, it is envisaged to help EECCA countries to use IT tools that would enable governments to disclose EIA materials and permits on their web-sites.
- ***Facilitating policy dialogue on water quality standards:*** The need to reconcile environmental and economic aspects of water quality regulation in EECCA requires greater use of risk management approaches. Building on a country-specific demonstration project in Moldova, a further assessment will be conducted in another country reforming water quality standards in line with good international practices. Lessons learned will be discussed and guidance will be developed through a region-wide policy dialogue.
- ***Increasing the deterrent effect of fines and liability regimes.*** 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 environmental financial instruments: administrative (non-criminal) monetary penalties and liability for environmental damage. Programme activities will result in analytical papers, a good practice guide, and country-specific case studies that would include policy recommendations. This work will take account of the principles and concepts used internationally, in particular new developments in the European Union.

ACTIVITY 2.2. ENVIRONMENTAL ENFORCEMENT AND COMPLIANCE

- **Increasing the efficiency of environmental compliance monitoring:** Risk-based approaches, which are largely absent in EECCA, can increase the efficiency of compliance monitoring by helping inspectorates to target facilities associated with higher actual or potential environmental impacts and those with a history of non-compliance. In addition, the adoption of risk-based targeting (supplemented with a small number of random inspections) can increase the probability of offence detection, which currently is low due to legal restrictions on inspection frequency. The development of meaningful quantitative compliance measures would support these approaches and contribute to the performance measurement of environmental authorities themselves. Within this project, a methodological framework will be developed based on best international practices adapted to EECCA specifics, in view of a review of initial reform experience in selected EECCA countries.
- **Benchmarking the performance of environmental enforcement agencies:** The current system of environmental compliance and enforcement indicators enables enforcement authorities to monitor their activities but has little value for the decision-making process and public scrutiny. In 2003-2007, work has been done to analyse flaws in performance measurement, develop overall recommendations and identify a number of indicators that could better reflect the work methods and impact of environmental inspectorates. In continuation of this work, a core set of indicators will be developed that would be used to track and benchmark performance across the region.
- **Training for environmental inspectorates:** Within its 2003-2007 work programme, the EAP Task Force Secretariat organised numerous training and know-how transfer events at the level of sub-regions and countries. The programme has faced an increasing demand, 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. In response to these needs, the OECD Secretariat in cooperation with EECCA RECs will (i) develop and conduct a train-the-trainer programme and (ii) implement follow up training activities in the region and facilitate information exchange among trainers and training institutions.
- **Analysing the drivers of good environmental performance in enterprises:** Business circles in EECCA show an increased openness to dialogue on their environmental performance and ways to improve it. Export-oriented branches are particularly active. While this is a sign that the incentive framework for environmental compliance has changed, it is still not clear what the major incentives for improved environmental performance are. Clarifying and quantifying such incentives will help environmental authorities and other stakeholders to fine-tune their compliance assurance strategies. Based on OECD experience, a survey of firms could be conducted in selected EECCA countries. As a result, an analytical report (including comparison with data from OECD countries) and policy recommendations could be produced.

ACTIVITY 2.3. INSTITUTIONS AND FINANCE

- **Helping environmental ministries to develop their institutional capacity:** Environmental institutions in most EECCA countries show signs of improvement, but from a low base and at a slow pace. Restructuring is frequent but institutional reforms that would change work methods and motivate integrity and higher performance of staff are often lacking. In order to enable more strategic and performance-oriented institutional development, a tool to assess and monitor institutional capacity and performance will be designed, based on the previously applied rating of environmental policies and institutions. The process of its development will involve a pilot testing in 2-3 EECCA countries with a view to produce institutional capacity development strategies for environmental ministries. This will also provide a more comprehensive and systematic framework for donors to consider how to target technical cooperation activities.
- **Assisting countries to improve their capacities in mid-term budgetary planning for environmental management:** Well-justified and costed environmental programmes are crucial for convincing ministries of finance of the need to allocate adequate resources for environment from the national budget. In many EECCA countries, ministries of environment do not have sufficient capacity to prepare realistic programmes, which often results in the lack of budget support and programme failure. In order to achieve greater budgetary predictability for line ministries and more efficient use of public money, ministries of finance in some EECCA countries are moving towards introducing medium-term expenditure frameworks (MTEFs). To better understand EECCA experience with mid-term budgeting, particularly in the environmental sector, a regional review of existing practices would be produced. Guidelines would be prepared on how environmental programmes should be developed so that they could be integrated into MTEFs and subsequent annual public budgets. The good practices identified in the guidelines could be tested through demonstration projects in one-two countries.

The training activities on environmental project appraisal, carried out in 2003-2007 by the EAP Task Force Secretariat, will be transferred to specialised organisations in the region.

- **Promotion and implementation of LEAPs.** Local Environmental Action Plan (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. This activity will 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. More specifically, further support and capacity building for regional and national networks of LEAP trainers/practitioners will be provided; country specific LEAP Kits (a methodological set of LEAP materials) will be developed; LEAP demonstration projects will be implemented; and national LEAP training programmes will be set up.