

EAP Task Force
СРГ ПДООС

TRACKING POLICY RESPONSES

**Analytical Approaches to Assess Progress in Achieving the Objectives
of the EECCA Environment Strategy**

DRAFT

This paper was prepared by Roberto Martín-Hurtado and Carla Bertuzzi, OECD / EAP Task Force Secretariat to inform discussions on the preparation of the 2007 EECCA Strategy Progress Assessment report with EECCA country representatives, EECCA RECs and EECCA NGOs in a series of sub-regional workshops that took place in Moscow, Almaty and Tbilisi in May-June 2005. The issues discussed included:

- What should be the focus of the EECCA Strategy Progress Assessment report? Should it be limited to the “planned actions” listed in the Strategy? Should it be cover a broader set of government actions? Should it cover other societal responses?
- Should the analysis be even across objectives? Or should it be deeper for those objectives for which information is more readily available?
- To what extent should the different analytical tools be used in the report? Should country profiles and ecosystem case studies be used to complement the analysis across objectives?
- What information could EECCA countries provide to feed those analytical tools? Could other partners / stakeholders provide additional information? How could the information collection be most effectively organized?

Table of Contents

1. Introduction	3
2. Assessing progress by tracking policy responses	4
3. Using response indicators to track policy responses.....	5
4. Using checklists to track policy responses	9
5. Describing policy responses	12
6. Analysing policy responses: policy matrixes.....	12
7. Using policy ratings to track policy responses	14
8. Using country profiles and ecosystem-based case studies.....	15
9. Summary.....	15
References	16
Annex 1. Assessing progress in environmental policy integration.....	17

1. Introduction

1. The purpose of this note is to launch a discussion on what “analytical tools” could be used to assess progress in achieving the objectives of the EECCA Environment Strategy, what the associated information needs would be, and how information collection could be organised. To that end, the note reviews some analytical approaches that could be followed.

2. The EECCA Environment Strategy was adopted in the Kiev “Environment for Europe” Ministerial Conference that took place in 2003. The Strategy covers 15 areas of work organised around seven objectives. For each area of work, the Strategy lists a number of “planned actions”.

Table 1. Objectives of the EECCA Environment Strategy	
Key Objectives	Areas for Action
1. Improve environmental policies, legislation and institutions	
2. Pollution prevention and control	2.1 Urban air pollution
	2.2 Water supply and sanitation
	2.3 Waste and chemicals management
3. Sustainable management of natural resources	3.1 Integrated water resources management
	3.2 Biodiversity conservation and protection of ecosystems
4. Environmental policy integration	4.1 Overall issues of sectoral integration
	4.2 Integration in the energy sector
	4.3 Integration in the transport sector
	4.4 Integration in the agriculture and forestry sectors
5. Mobilisation and allocation of financial resources for environment	
6. Environmental information and public awareness	6.1 Environmental monitoring and information management
	6.2 Public participation in environmental decision-making
	6.3 Environmental education
7. Co-operation on transboundary issues	

3. The OECD / EAP Task Force Secretariat was asked in Kiev to monitor progress in achieving the objectives of the Strategy. The Strategy specified that monitoring progress should be done in cooperation with relevant international bodies, and on the basis of information provided by East European, Caucasian and Central Asian countries.

4. In order to fulfil this mandate, the OECD / EAP Task Force Secretariat produced in 2004 a Stocktaking Report. This report brought together the analysis documented in different reports (most of them produced by international organisations for the Kiev Conference), data available in several international databases, and some limited new information to offer a picture of environmental conditions and policies in EECCA countries at the outset of the implementation of the EECCA Environment Strategy. The Stocktaking Report was a background document for the EECCA Ministerial Conference that took place in Tbilisi in 2004. The Stocktaking Report is to be used as well as a baseline against to which measure progress in achieving the objectives of the EECCA Environment Strategy.

5. A new report (preliminary known as EECCA Strategy Progress Assessment report) will be produced for the next “Environment for Europe” Ministerial Conference, to be held in Belgrade in 2007. This new report should build on the strengths of the Stocktaking Report (brevity, breadth of coverage, use of graphs) while improving on the weaknesses (depth of coverage, involvement of EECCA countries). In an informal

meeting held in February 2005, different international organisations expressed broad support for the EECCA Strategy Progress report to be an OECD-led inter-agency report.

6. The remainder of this note is organised as follows. Section 2 explains what policy responses are, as well as the scope and benefits of tracking policy responses. Sections 3 to 7 present some options for tracking policy responses. Section 3 focuses on using response indicators to track policy responses. Section 4 focuses on checklists. Section 5 explains how checklists could be enriched by describing the policy responses tracked through checklists. Section 6 explains how policy matrixes could be used to analyse and present information collected through checklists. Section 7 focuses on policy ratings. Section 8 highlights the opportunity for using country profiles and ecosystem-based case studies.

2. Assessing progress by tracking policy responses

7. The EECCA Strategy Progress Assessment report will provide an assessment of **progress in implementing policy responses**. It will do so by tracking policy responses. Progress could also be assessed by focusing on environmental outcomes: How much have environmental conditions improved? There are two main problems with this second approach: (a) time lags – environmental outcomes take time to change, and (b) attribution – it is often difficult to ascertain to what extent changes in environmental outcomes are due to policy responses. Nevertheless, environmental conditions are what society and governments ultimately care about. Within the overall monitoring framework tentatively agreed by international organisations supporting the Strategy, the European Environment Agency's *Belgrade Report* will provide an assessment of progress in improving environmental outcomes.

8. **What are policy responses?** In the context of the EECCA Strategy Progress Assessment report, policy responses are “actions” taken by EECCA countries to improve environmental outcomes. Those “actions” may be wide-ranging. They include:

A. Actions aimed at “directly” improving environmental outcomes. Examples would include: government investing in wastewater infrastructure or public transport systems, or hiring more managers for protected areas.

B. Actions aimed at changing the behaviour of businesses and consumers. Examples would include:

- Creating or reforming regulations – promulgating a new law on hazardous waste management law, prohibiting the use of leaded fuels, expanding protected areas, or implementing an integrated permitting system
- Altering economic incentives – establishing property rights over water resources, implementing taxes on polluting fuels, re-structuring water tariffs, or reducing subsidies to agricultural inputs
- Partnering with economic actors – developing programmes for cleaner industrial production, or providing training in agro-ecological practices
- Engaging the public – expanding environmental education programmes, promoting public discussion of environmental assessments of major projects, introducing eco-labelling schemes, or disclosing information on polluters

C. Actions aimed at better equipping the government to design and implement the initiatives detailed above. Examples would include: improving environmental quality monitoring systems, creating a river basin authority, or re-organising the environmental inspectorate.

9. Tracking policy responses is limited to answering the question “What policy responses are being implemented?” It is only a first step towards comprehensive policy analysis. Policy-makers would like to know whether the policy responses that are being implemented are environmentally effective (“Do policy responses have the desired effect on environmental outcomes?”) and economically efficient (“Do those policy responses justify their cost?” “Are there other policy responses that could do the same job at a lower cost?”). The EECCA Strategy Progress Assessment report will not engage into analysis of effectiveness or efficiency of policy responses aimed at reducing environmental degradation. Nevertheless, analysis of the effectiveness and efficiency of their policy responses should be a medium-term goal of Ministries of Environment in EECCA countries.

10. Even if tracking policy responses looks like a modest effort, it is not without challenges. As environmental assessments have traditionally focused on the state-of-the-environment, experience with integrated assessments (that is, assessments covering as well the pressure and response dimensions in the Pressure-State-Response framework) is more limited. Information on policy responses tends to be less systematically collected and analyzed than information on pressures or state. This is partly due to information on “pressures” or “states” being more amenable to quantification (see section on response indicators). A related issue is the lack of methodological frameworks for tracking policy responses.

11. Tracking policy responses can provide several benefits. As mentioned above, tracking policy responses does not tell us whether those responses are effective or efficient. However, tracking policy responses can help countries to:

- Identify possible **imbalances across policy areas**. Analysis of actions across policy areas can uncover that a lot of actions are being implemented in a set of policy areas and very few in another set of policy areas. This could be due to priority-setting or to lack of attention to some particular policy areas.
- Identify **innovative actions** that could be taken in a particular policy area. If policy responses are tracked for several countries in a similar way, governments could take advantage of “benchmarking”. The fact that a policy response is being implemented in one country and not in other could be perfectly justified by the particular circumstances of each country, but in some cases it could also be due to lack of awareness of the potential response or to risk aversion.
- Improve **accountability**. For example, it allows civil society organisations to ask whether the lack of actions in a particular policy area is the result of priority-setting or the result of poor performance of the relevant administration.
- Improve **reporting to international processes**. In the case of the EECCA Environment Strategy, policy tracking would help EECCA countries to report on progress made in implementing the Strategy in the context of the “Environment for Europe” process and the EAP Task Force meetings.

3. Using response indicators to track policy responses

12. Increasing attention is being paid to the use of environmental indicators and their role in supporting environmental policy responses. The OECD terminology defines an *indicator as*: “a parameter or a value derived from parameters, which points to, provides information about, and describes the state of a phenomenon/environment/area, with a significance extending beyond that directly associated with a parameter value (property that is measured or observed)”. Environmental indicators are generally used for planning purposes: (i) to help decision makers to identify priority policy objectives, (ii) to evaluate the efficiency and effectiveness of alternative actions, and (iii) to raise public awareness and track progress

towards specific goals. By providing synthetic, standardised measures, environmental indicators ease the interpretation of complex environmental issues and make environmental information appropriate to the context in which decisions are being made. Box 1 reviews the criteria for selecting environmental indicators.

13. Policy responses can be tracked through response indicators. Response indicators refer to societal responses to environmental change, not to ecological responses. Societal response indicators are measurements which show the extent to which society is responding to environmental changes and concerns. Society refers to economic and environmental agents, including administrations, households and enterprises. Society responds to changes in the quality and quantity of natural resources through environmental, general economic and sectoral policies. Societal responses refer to individual and collective actions (i) to mitigate, adapt to or prevent human-induced negative impacts on the environment, (ii) to halt or reverse environmental damage already inflicted, and (iii) to preserve and conserve nature and natural resources. Response indicators, hence, gauge the efforts taken by society or by a given institution to improve the environment or mitigate degradation. Thus they measure how policies are implemented by tracking treaty agreements, budget commitments, research, regulatory compliance, then introduction of financial incentives, or voluntary behavioural changes. Response indicators measure progress toward regulatory compliance or other governmental efforts, but do not directly tell what is happening to the environment.

Box 1. Selecting environmental indicators

There are three major criteria for selecting environmental indicators: policy relevance and utility for users, analytical soundness, and measurability. Environmental indicators should, when possible,

- provide targets or thresholds for tracking environmental progress
- allow for international comparisons
- be easy to interpret and show trends over time
- be national in scale and representative for countries
- be based on readily available information or available at a reasonable cost-benefit ratio
- be based on international standards, well documented and of well-known quality

14. Response indicators are a constituent part of environmental indicator frameworks. International organisations, together with national governments, have put considerable efforts in developing frameworks to organise primary environmental information. Major frameworks include the OECD Pressure-State-Response (PSR) framework, the Driving Force-State-Response (DSR) framework of the UN Commission of Sustainable Development, and the Driving Force-Pressure-State-Impact-Response (DPSIR) framework of the EEA and Eurostat. Box 2 offers further details on environmental indicators frameworks. The concept of response indicator is common to all those major frameworks, being linked to the assessment of specific efforts – such as policies, laws, scientific programmes – undertaken to address environmental problems. Table 2 offers examples of response indicators used or suggested by different international organisations.

15. Following the EEA classification, responses, and thus response indicators, can be divided into four categories:

- **Technical reaction:** these include technical solutions to improve the state of the environment or reduce the pressures acting upon it, such as the construction of flood defences, recycling waste and the installation of pollution abatement measures.
- **Management and policy response:** these include the national, regional and local policies, plans and programmes that we produce. One of the most important of these are LEAPs which set out our commitment to a programme of local action.

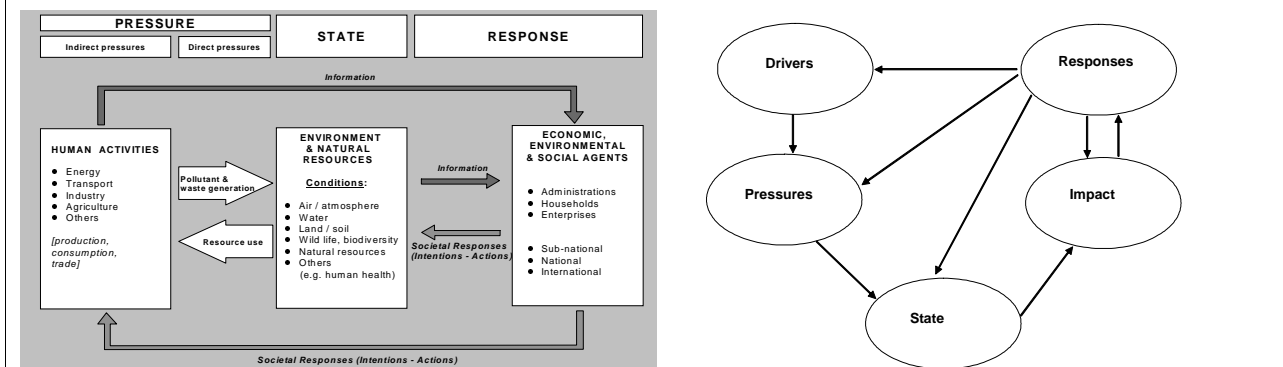
- **Economic measures:** these include taxes, charges and other economic instruments aimed at achieving environmental benefits. Examples that are already used, or may be introduced, include the landfill tax, taxation on leaded petrol and road charging.
- **Advice, education and enforcement:** this category includes advice and education, like pollution control visits, educational material for schoolchildren and comments on planning applications.

Box 2. Environmental indicators frameworks

The OECD PSR framework, adopted in the early 1990s, has been one reference point in the development of environmental indicators frameworks. The PSR framework is based on a concept of functional causality and points to the linkages between the human activities and the environmental conditions, however these cannot be considered as a one-to-one, linear, relationship, as changes in the environment often results from a complex chain of interactions of pressures that are difficult to capture in a single system. It is now widely adopted by many international organisations and governments developing their own indicators. The OECD PSR framework distinguishes three types of indicators: (i) indicators of environmental pressure describing pressures from human activities exerted on the environment including the quantity and quality of natural resources, (ii) indicators of environmental conditions (state) that relate to the quality of the environment and the quality of natural resources, and (iii) indicators of societal responses that are measurements which show the extent to which society is responding to environmental changes and concerns, to improve the environment, mitigate degradation, preserve and conserve natural resources.

The OECD, UNCSO and EEA/Eurostat frameworks have common roots and are therefore mutually compatible. The UNCSO DSR framework uses the term “driving force” instead of “pressure” to allow for the inclusion of economic, social and institutional aspects of sustainable development. The “driving force” impact on sustainable development can be both positive and negative (for example positive on economic/social aspects but negative on the environment). The EEA/Eurostat DPSIR framework adds to the framework the distinction between “driving forces” and “pressures”, to stress the impact that the driving forces may add to the pressure on the environment. The inclusion of the “impact” indicators is particularly relevant for analysing the dynamics of environmental changes, although the background data needed necessary for this type of indicators are not always easily available.

Figure 1. The OECD PSR and the EEA/Eurostat DPSIR frameworks



16. Response indicators are already being used for EECCA countries, but still to a limited extent. Response indicators are typically used within the framework of the Environmental Performance Reviews carried out by UNECE in EECCA countries. However, the limited data available in this area constrained their application to the economic and fiscal area: emission charges, user charges/tariffs, environmental protections expenditure and taxes and in vary limited cases to protected areas, energy intensity, water use and multilateral agreements. The Stocktaking Report used several response indicators. Those included (i) percentage of total land area under protection, (ii) pump prices for transport fuels (as a proxy for taxation of transport fuels), and (iii) several measures of environment-related expenditure.

17. Response indicators should not be considered as the only tool to track policy responses. Significant limitations to the use of environmental indicators in general include problems of data quality, nature of

linkages between socio-economic factors and environmental conditions, measurability of some environmental outputs, and uneven progress on indicators work in different policy areas. In addition, work on response indicators started more recently and is more complex than work on other environmental indicators. For instance, many of society's responses concerning toxic contamination consist of regulations concerning notification, treatment and use of toxic substances, and such responses are difficult to reflect as indicators in a concise and internationally comparable way. Further conceptual and implementation efforts are needed in order to improve the environmental information base that supports response indicators.

Table 2. Response indicators used by international organisations (1)

Issues	Indicators of societal responses (2)	International organisations
1. Climate change	Energy efficiency	OECD
	Energy intensity (TPES per unit of GDP o per capita)	OECD, EEA, UNCSD, UNECE
	Economic and fiscal instruments (e.g. prices and taxes, expenditures)	OECD
2. Ozone layer depletion	CFC recovery rate	OECD
3. Eutrophication and water quality	Population connected to biological and/or chemical sewage treatment plants	OECD (3)
	Population connected to sewage treatment plants	OECD, EEA, UNECE
	User charges for waste water treatment	OECD, UNECE
	Market share of phosphate-free detergents	OECD
	Density of hydrological networks	UNCSD
4. Acidification and air quality	Percentage of cars fleet equipped with catalytic converters	OECD
	Capacity of SOx and NOx abatement equipment stationary sources	OECD (3)
5. Toxic contamination	Changes of toxic contents in product and production processes	OECD (3)
	Market share of unleaded petrol	OECD
	Number of chemicals banned or severely restricted	UNCSD
	Risk assessment / restriction of substances	UNECE
6. Urban environmental quality	Green space (Areas protected from urban development)	OECD (3)
	Economic, fiscal and regulatory instruments	OECD
	Water treatment and noise abatement expenditure	OECD, UNECE
7. Biodiversity	Protected areas vs total area	OECD, UNCSD, UNECE
	Protected areas by type of ecosystem	OECD
	Protected species	OECD, EEA
8. Cultural landscapes	To be further developed (e.g. Sites protected for historical, cultural or aesthetic reasons)	
9. Waste	Waste minimisation (to be further developed)	OECD
	Reuse and recycling	OECD, EEA, UNCSD
	Disposal of wastes	OECD
	Economic and fiscal instruments, expenditures	OECD, UNECE

10. Water resources	Water prices and user charges for sewage treatment	OECD, UNECE
11. Forest resources	Forest area management and protection (e.g. % protected in total forest area; % of harvest area successfully regenerated or afforested)	OECD(3)
12. Fish resources	Fishing quotas	OECD
13. Soil degradation (desert., erosion)	Rehabilitated areas	OECD, EEA (3)
14. General	Environmental expenditure	OECD (3), UNECE
	Pollution abatement and control expenditure	OECD, UNECE
	ODA	OECD, UNCSD
	Public opinion	OECD
	Economic and fiscal instruments	OECD, UNECE
	International agreements	UNECE
New areas	Material resources (to be developed, link to Material flow accounting)	OECD

Notes:

(1) Other environmental indicators are developed under the umbrella of “sustainable development” indicators, like the EU Sustainable Development Indicators to monitor the EU Sustainable Development Strategy, issued in March 2005. However, for sake of simplicity and in light of their much broader scope and the lack of a clear identification as environmental “response” indicators, they have not been included in this list. Amongst the other indicators initiatives it is worth mentioning the WHO work on Environment and Health Indicators aimed at implementing an indicator system to serve public health monitoring and environmental policies as well as to support international comparisons.

(2) Indicators in bold refer to OECD “main core” indicators presented with complementary indicators to accompany the message conveyed by “main” indicators, and proxy indicators when the “main” indicator is currently not measurable.

(3) Data measurability constraints: the quality of the data needs to be improved or sustained data collection and conceptual efforts are needed.

Source: OECD staff

4. Using checklists to track policy responses

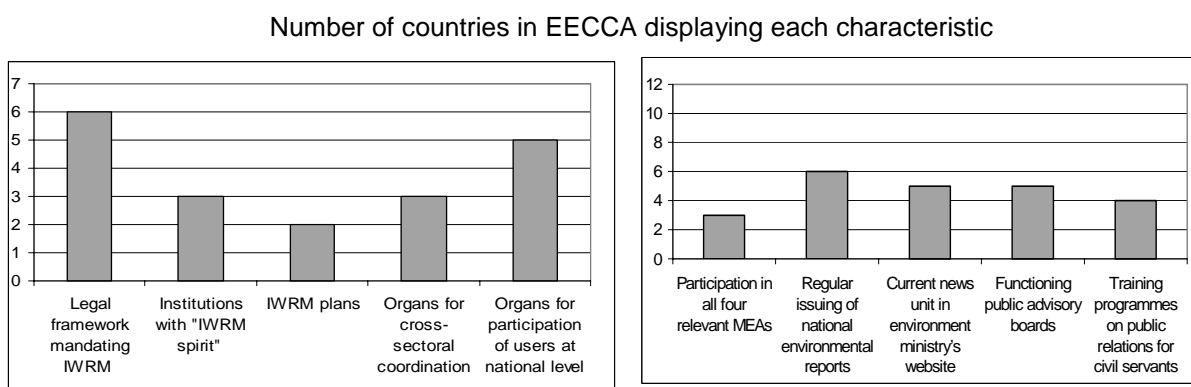
18. **Checklists** are simple and straightforward analytical tools. They require two steps: (i) developing a list of possible policy responses, and (ii) checking whether each possible policy response has been put in place. Table 3 illustrates how a checklist would work.

Table 3. A checklist framework for assessing progress in achieving the objectives of the EECCA Environment Strategy			
EECCA Environment Strategy Objective	Potential policy responses	Responses in place in 2003	Responses in place in 2006
Obj.1	Resp.1 Resp.2	Resp.1	Resp.1 Resp.2
Obj.2	Resp.3 Resp.4		Resp.3
Obj.3	Resp.5 Resp.6	Resp.5	Resp.5 Resp.6

19. Detailed checklists could be put together to track the implementation of policy responses in each policy area covered in the EECCA Environment Strategy. As they require the development of extensive (but not necessarily exhaustive) inventories of possible policy responses, we will refer to this approach as a “inventory checklist”. Annex 1 provides a first draft of a possible “**inventory checklist**” to track policy responses in the area of environmental policy integration. Inventories of policy responses could be built from the recommendations put forward in Environmental Performance Reviews, as well as from advice from sectoral experts.

20. But checklists do not need to be based on extensive inventories. For example, a group of experts led by A. Demydenko produced in 2004 a detailed questionnaire (with over 80 questions) that reviewed the status of integrated water resources management in the EECCA region. For the Stocktaking Report, five potential policy responses (or “building blocks”) were selected from the Demydenko questionnaire and used to put together a simple graph (reproduced below). Similarly, five potential policy responses were selected to produce similar graphs for the areas of public participation in decision-making and environmental education. We will refer to this approach as a “**building blocks checklist**”, as these short checklists try to identify some key policy responses that are critical for the management of a particular policy area. Figure 2 offers two examples of “building block checklists” used in the Stocktaking Report. One major challenge with “building blocks checklists” is to decide what policy responses to select as “building blocks”.

Figure 2. “Building blocks checklists” for tracking progress towards integrated water resources management and public participation in environmental decision-making



Source: Stocktaking report

21. There are trade-offs between using “inventory checklists” and “building blocks checklists”. Inventory checklists provide more information and allow for more detailed analysis and more accurate assessment of progress. However, inventory checklists may take more considerable time and effort to develop and compile. For the EECCA Strategy Progress report, having very detailed information would be useful to put together the “stories”. But it would not be possible to document all that detailed information in the EECCA Strategy Progress report itself.

22. Checklists could be built around the “**planned actions**” that are specified in the EECCA Environment Strategy document. As referred above, the EECCA Environment Strategy contains, for each area of work, a list of “planned actions”. Those lists of actions are uneven across the document: they vary in number of actions (19 in the area of Energy, 3 in the area of Public Participation), level of detail (from general/umbrella to very specific), and comprehensiveness. Given the different “starting points” for each objective in terms of the quality/nature of the list of “planned actions” available, a possible way forward would be to build checklist around the “planned actions” in an asymmetric way, as to end up with checklists that are more even across objectives.

Table 4. Policy responses and response indicators in the OECD Environment Strategy

Objective	National action by OECD countries (concrete policy responses only)	Measurement of progress (response indicators only)
Climate	<ul style="list-style-type: none"> -Implement national commitments under UNFCCC -Expand research and assessments on CC -Create incentives for emission reductions -Protect and enhance GHG sinks 	<ul style="list-style-type: none"> -Support for climate-related assessments and R&D -Implemented and planned policy responses
Freshwater	<ul style="list-style-type: none"> -Develop watershed management strategies -Provide support for capacity building and technologic transfer to support developing countries 	
Biodiversity	<ul style="list-style-type: none"> -Integrate biodiversity concerns into physical planning and economic and sectoral policies -Use economic instruments to provide incentives -Assess GMOs -Collect and disseminate information, involve stakeholders on biodiversity management, develop S&T capacity -Assist developing countries 	
Agriculture	<ul style="list-style-type: none"> -Full cost resource pricing -Promote sustainable farming practices -Phase out subsidies -Set time-bound targets to increase water efficiency -Set time-bound targets to reduce nitrate leaching and nutrient loads, soil erosion, pesticides 	<ul style="list-style-type: none"> -Trends in agri-environmental expenditures as a share of support to agriculture
Transport	<ul style="list-style-type: none"> -Internalisation of external costs through taxation, charges, subsidy reform -Use demand side management tools and land use planning to reduce the need for travel, balance modal split -Targeted incentives for clean technologies in vehicles and fuels -Assess strategic environmental impacts -Set targets to meet environmental quality objectives 	
Energy	<ul style="list-style-type: none"> -Internalisation of external costs, subsidy reform -Use tradable permits 	<ul style="list-style-type: none"> -Energy prices and taxes
Measuring progress	<ul style="list-style-type: none"> -Collect data, and develop and use indicators and targets -Implement OECD Council Recommendation -Perform integrated analysis of future environmental problems -Use EIA and CBA as input in decision-making -Implement PRTRs 	<ul style="list-style-type: none"> -Level of follow-up to recommendations in EPRs
Social/Environmental interface	<ul style="list-style-type: none"> -Phase-out slowly degradable and bio-accumulative toxic chemicals - Integrated spatial and environmental planning -Monitor disparities in exposure to environmental threats -Assess social implications of environmental policies -Eco-labelling 	
Improving international governance and cooperation	<ul style="list-style-type: none"> -Ratify and implement MEAs -Implement OECD Council Decisions and Recommendations -Assess environmental effects of trade agreements and policies -Promote implementation of OECD Guidelines for Multinational Enterprises 	<ul style="list-style-type: none"> -Adoption and enforcement of instruments to implement MEAs -Environmental assistance provided -Development of burden sharing agreements

Source: Adapted from OECD Environmental Strategy for the First Decade of the 21st Century

5. Describing policy responses

23. Beyond merely enumerating policy responses, standardised **descriptions of policy responses** would help to take full advantage of a tracking exercise. To be standardised, those descriptions would need to follow some structure. EEA (2001) offers the following possible guiding questions:

- What type of measure is it? (fiscal, regulatory, information provision,...)
- What is the stage of implementation of the measure at the time of reporting? (just a proposal, funds allocated, in operation,...)
- What are its specific objectives and targets?
- How is the measure expected to achieve its objectives? (expected outputs and outcomes)
- What are the inputs to the measures? (costs/resources devoted to implementation)

24. The problem of lack of methodologies for tracking and evaluating policy responses is not exclusive to EECCA countries. According to EEA (2001), only 50% of major items of EU legislation require descriptions of measures required or evaluations of those measures. Little attention is paid to providing Member States with guidance, frameworks or methodologies for describing policy measures. One of the few examples of guidelines for describing policy responses is given by the EU's GHG monitoring mechanism. The guidelines ask governments to indicate:

- Objective – key purposes and benefits, quantitative to the extent possible
- Type of policy instrument—economic, fiscal, voluntary, regulatory, information, education, other
- Status of implementation – under consideration, decided (year), implemented (year), funding allocated (years, amount), funding planned (years, amount)

25. Providing descriptions of policy responses increases the informational demands of checklists. Combining an extensive “inventory checklist” with descriptions of the policy responses seems “too expensive” for the EECCA Strategy Progress report. If a “building blocks checklist” approach were to be used, descriptions of the policy responses would be useful to overcome the problem of lack of quality dimension inherent in checklists.

6. Analysing policy responses: policy matrixes

26. Policy matrixes could be useful tools to organise the information about policy responses produced by checklists. In a sense, a policy matrix is merely a presentational device that classifies policy responses according to a certain typology. By doing so, a policy matrix can help shed light over the balance of policy responses across types of policy responses. Table 4 offers a potential typology (following roughly the classification detailed in section 2 above). According to this example, in country X many policy responses are “direct actions”, while there are not policy responses that are information-based.

Table 4. Analysing policy responses using a policy matrix					
Objective	Measures introduced between 2003 and 2006 in country X				
	<i>Direct action</i>	<i>Regulation</i>	<i>Market-based</i>	<i>Information-based</i>	<i>Voluntary agreements</i>
Obj 1	Resp.1 Resp.2	Resp.3	Resp.4		
Obj 2	Resp.5		Resp.6		Resp.7
Obj.3	Resp.8 Resp.9				

27. Policy matrices have been discussed for instance in World Bank (1997). In fact, the World Bank uses environmental policy matrices for tracking borrower performance and disbursing loan tranches under the new Environment Development Policy Loans (DPLs). Box 3 reports on the elements of the Policy Matrix for the First Mexico Environment DPL

Box 3. Elements of the World Bank Policy Matrix for the First Mexico Environment DPL

Areas of work to achieve goals

- Definition of policies and regulatory framework
- Formulation of plans and strategies
- Ensuring appropriate institutional set-up
- Putting in place administrative requirements
- Use of appropriate (fiscal) instruments

Policy responses

- Issuing of Presidential decrees and laws, changes to laws
- Preparation and publication of strategies, plans and programmes (water,...)
- Establishment of high-level inter-institutional coordination mechanisms, and adequate functioning (ToRs of mechanisms, ToRs of activities, setting medium-term targets on integration of environmental concerns in key development sectors)
- Public disclosure of information (e.g. fees collected, EIAs,...)
- Development of criteria to assume competencies by sub-national administrations
- Expenditures on institutional strengthening in sub-national administrations
- Approval and implementation of fiscal instruments
- Increase in collection of user fees (parks, water by municipalities,...)

28. In addition to using policy matrixes to present information on policy responses across objectives and across countries, summary policy matrixes could be developed to offer an integrated perspective of progress in implementing the EECCA Environment Strategy. For example, the seven objectives and 15 areas of work of the Strategy are different in nature. An analysis of those areas shows how the Strategy covers five different policy areas (air pollution, water supply and sanitation, waste and chemicals, water resources, and biodiversity) and five families of policy levers (traditional environmental policy instruments, integration of environmental concerns in sectoral policies, environmental expenditures, information-based instruments for public engagement, and international cooperation). A summary policy matrix could classify policy responses according to policy levers and policy areas, to show the balance of policy responses across policy levers and policy areas (see table 5).

POLICY LEVERS	POLICY AREAS				
	Air Pollution	WSS	Waste and Chemicals	Water	Bio-diversity
Environmental policy					
Environmental policy integration - Transport policy - Energy policy - Agriculture, Forest policy					
Environmental expenditures					
Info mgt, public part, env educ					
International agreements					

7. Using policy ratings to track policy responses

29. Strictly speaking, a policy rating could be considered a response indicator. For instance, the Country Environmental Policy Rating (CEPR) offered in the Stocktaking Report is a composite index that evaluates 20 different dimensions on a six-point scale (it combines, therefore, 20 different indexes). However, throughout this note we differentiate between quantitative response indicators (described in section 3) and policy ratings.

30. “Indicators” to evaluate overall progress in environmental management almost unavoidably rely on some form of expert judgement and take the form of a policy rating. Examples of such policy ratings include the EBRD’s Transition Indicators, the World Bank’s Country Policy and Institutional Assessment (CPIA), and the recent Country Environmental Policy Rating (CEPR) developed by OECD staff for the Stocktaking Report (see box 4).

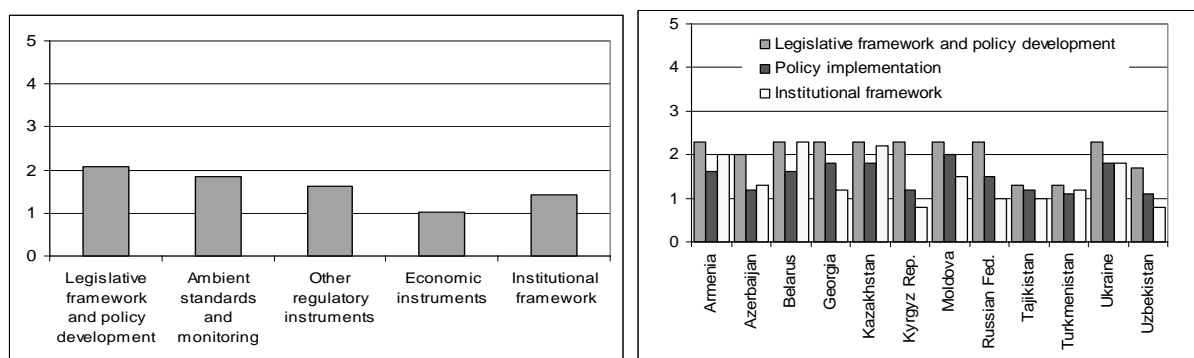
31. A policy rating can be constructed as an extension of a checklist. It would suffice to grade each policy response in the checklist along a quality dimension (see annex 1 for an example).

32. There are clear trade-offs between using checklists and policy ratings. A policy rating, such as the CEPR, allows summarising a large amount of information in a way that is easily understandable for the user. At the same time, a policy rating is more resource demanding than a checklist. Implementing a policy rating involves not merely collecting, but also analysing that information. Of course, there is some degree of analysis involved in filling a checklist as well, but it is much more limited.

Box 4. The Country Environmental Policy Rating applied to EECCA countries

The CEPR captured information structured by OECD staff to evaluate the state of environmental laws, policies and institutions in the EECCA region. The ratings are based on direct knowledge, and on reports describing the situation of environmental laws, policies and institutions. To produce the ratings, OECD staff developed a rating framework analysing 20 different dimensions (3 relating to Legislation and Policy Development, 11 to Policy Implementation, and 6 to the Institutional Framework) on a 0-5 scale, where 5 represents the maximum possible rating. The ratings are not constructed on an evaluative (bad-good) basis, but instead represent the attainment of specific goalposts. This means that the ratings cannot be directly compared across dimensions. This assessment framework, however, does make it possible to evaluate, on an objective basis, progress achieved in the different dimensions, and to present results simply and clearly. Further details are offered in Annex 2 of the Stocktaking Report.

Figure 3. Rating of environmental legislation, policies and institutions in EECCA



8. Using country profiles and ecosystem-based case studies

33. The Stocktaking Report offered an analysis strictly around the seven objectives of the EECCA Environment Strategy. A range of country-level information was offered in graphs, but there was not attempt to provide country profiles that could summarise all the information available for each country. Country profiles could be added to the EECCA Strategy Progress report, possibly as annexes. The UNECE EPR program already offers detailed analysis of environmental management in EECCA countries, thus questioning the added benefit of including country profiles in a report that strives to be as slim as possible.

34. The structure of the Stocktaking Report prevented an integrated analysis of environmental problems. We have already mentioned that several objectives cover families of policy levers. It may well be the case that the same environmental problem is being tackled with policy responses that could be classified under different objectives. Policy responses may as well be shifting the problem across media. It could be useful to document and showcase how high-profile cross-national environmental problems are being tackled (in an integrated manner and following the ecosystem approach).

9. Summary

35. The EECCA Strategy Progress Assessment report will provide a policy analysis of progress in implementing the EECCA Environment Strategy. The analysis will focus in **policy responses**. Policy responses are actions taken by government to improve environmental outcomes. The EECCA Strategy Progress Assessment report will focus on **tracking policy responses**; it will not engage in analysis of efficacy or efficiency of policy responses.

36. Different **analytical tools** could be used to track policy responses. **Response indicators** are very powerful, but they need to be complemented by other tools. Checklists can complement response indicators. **Checklists** can be based on large inventories – providing *extensive* information but being “costly” to implement. Checklist can also be based on a limited set of building blocks – presenting the challenge of selecting building blocks. To overcome the limited *intensity* of information provided by checklists, **descriptions** of the “quality” of the building blocks could be added. The information generated through checklist could be systematized using **policy matrixes**. A more sophisticated option is to develop and apply **policy ratings**, but it may be very difficult to develop policy ratings for all the objectives of the Strategy. The policy analysis around objectives of the Strategy presents some limitations. To overcome those limitations **country profiles** and/or **ecosystem-based case studies** could be introduced.

37. Those different analytical tools require information. The information that EECCA countries can make available will determine what analytical tools can be used and how good the final assessment will be. It is therefore crucial to establish a **process for collecting information**.

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Annex 1. Assessing progress in environmental policy integration

First draft

The OECD/EAP Task Force Secretariat has started to work on the 2007 EECCA Strategy Progress Assessment report. This new report will focus on policy responses (actions) taken by EECCA countries.

The purpose of this note is to offer an example of what a framework for assessing progress in environmental policy integration in the context of the EECCA Environment Strategy could look like. Environmental policy integration can be defined as the process and product of integrating environmental concerns into general and sectoral public policies.

The suggested framework could help to collect and analyse information to assess Objective 4 of the EECCA Environment Strategy. The framework does not intend to be a set of prescriptive guidelines – the fact that one action is part of the framework does not mean that it is relevant for all sectoral policies or should be carried out under all circumstances¹. This framework is not adequate to evaluate the effectiveness or efficiency of policy responses. Its main purpose is to identify what policy responses are being carried out. In so doing, the framework may help EECCA governments to engage in informed inter-ministerial policy dialogue on the “balance” of actions taken, to benchmark their range of policy responses against those of peer countries, and to identify potential “good practices”.

The framework is inspired in the Policy Rating that accompanied the recent stocktaking report (OECD, 2005), and draws heavily on EEA (2005). The framework combines a checklist / inventory of actions that could be taken with a rating scheme. The suggested checklist / inventory of actions is described in Table 1.

Table 1. An analytical framework to evaluate environmental policy integration			
Action area	Action	Rating 2003	Rating 2006
Progress in EPI process (changes in political, organisational and procedural activities)			
Actions at central level to support EPI	Issuing a strategic statement committing government to EPI (e.g. constitutional/legal requirement)		
	Setting national EPI objectives and targets		
	Developing a national strategy for sustainable development / EPI endorsed by prime minister		
	Assigning oversight for EPI implementation to a high-level body (e.g. national council for sustainable development, prime minister’s office...)		
	Assigning clear responsibilities to sectors for achieving national environmental objectives and targets		
	Putting in place institutional incentives to promote EPI: - Allocating dedicated finance to fund EPI activities in sectoral authorities		

¹ For example, there are concerns among experts about the effectiveness for EPI purposes of creating environmental units in sectoral ministries.

	- Introducing environmental auditing of sectors		
	Undertaking periodical EPI reporting		
	Introducing mechanisms for cooperation across vertical levels of government		
Environment/sectoral actions to overcome compartmentalization	Establishing mechanisms for information-sharing between environmental and sectoral authorities (e.g. need-to-know procedures)		
	Establishing mechanisms for coordination between environmental and sectoral authorities (e.g. inter-ministerial working groups)		
Actions at sectoral level to support EPI	Issuing internal mission statements committing sectoral authorities to EPI		
	Setting sectoral EPI objectives and targets		
	Developing environmental thematic strategies (e.g. environmental strategy for the energy sector) endorsed by minister		
	Allocating resources (human, financial) in sectoral authorities to EPI		
	Undertaking activities to build capacity in EPI (e.g. training, staff exchanges...)		
	Reforming administrative structures to support EPI (e.g. environmental units)		
	Introducing SEA of sectoral policies and programmes		
Progress in EPI products (improvements in policy and implementation)			
	Setting environmental objectives and targets for the sector		
	Valuing environmental externalities in studies / evaluations carried out by sectoral authorities		
	Undertaking EIA of sectoral projects (?)		
	Allocating financial resources to sectoral programmes with environmental objectives		
	Internalising externalities through market-based instruments		
	Reforming environmentally-damaging subsidies		
	Addressing environmental concerns through integrated spatial planning		
	Introducing sectoral regulations to achieve environmental objectives		
	Introducing information-based instruments (e.g. eco-labelling)		
	Establishing joint projects/programmes between the environmental and sectoral ministries		

Beyond dichotomic answers (Yes/No), a rating scheme could be applied to each question as follows:

- 0 = Action not considered
- 1 = Proposal to adopt action under discussion
- 2 = Action approved and funding secured
- 3 = Action executed to some extent
- 4 = Action broadly and consistently executed

In addition to the suggested checklist/rating scheme, decoupling indicators could be helpful to illustrate the effectiveness of policy responses.

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