

EAP Task Force

4TH ANNUAL MEETING OF THE NIS ENVIRONMENTAL COMPLIANCE AND ENFORCEMENT NETWORK

MEETING REPORT

7-9 October 2002 (Almaty, Kazakhstan)

This document contains the main highlights and the detailed summary of the discussions carried out at the fourth meeting of the NIS Environmental Compliance and Enforcement Network which was held on 7-9th October, 2002 in Almaty, Kazakhstan.

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**4TH ANNUAL MEETING OF THE NEW INDEPENDENT STATES'
ENVIRONMENTAL COMPLIANCE AND ENFORCEMENT NETWORK**

7-9 October 2002 (Almaty, Kazakhstan)

MEETING HIGHLIGHTS

1. The meeting in Almaty, Kazakhstan was the fourth annual gathering of the NIS Environmental Compliance and Enforcement Network (NISECEN)¹. The annual meetings offer a forum for exchanging experience and good practices among enforcement officers and environmental policy makers from the region of Eastern Europe, Caucasus and Central Asia (EECCA²) and between the experts from this region and the practitioners from OECD countries and other non-Members who are invited to the meetings. The Network meetings enable discussions about better institutional framework and more effective and efficient policy instruments for enforcing environmental requirements, responding to non-compliance and promoting compliance in the region. In addition to enforcement officers and environmental policy makers, the representatives of the NGOs, business and industry are invited as observers. The Network oversees the implementation of an agreed work programme which includes a number of activities, such as carrying out analysis of selected elements of enforcement and compliance framework, development of guidance documents and case studies, capacity building and networking. The Network was established in 1999 to acknowledge the importance of enforcement and compliance promotion activities in achieving national environmental policy goals.

2. The Almaty meeting gathered over ninety participants, including high level officials from environmental agencies (ministries or state committees) and environmental enforcement authorities, representatives of cleaner production centres, industry, and non-government organisations from the region. Experts and government representatives from the OECD and Central European countries attended the meeting along with the representatives of international organisations, including the World Bank, UNIDO and the Regional Environmental Centre for CEE. Two environment ministers from Kazakhstan and Georgia opened and participated in the meeting. The Ministry of Environmental Protection of Kazakhstan hosted this meeting and it was organised within the framework of the EAP Task Force with a close involvement and support from the Central Asian Regional Environmental Centre (CAREC).

3. The meeting objectives were three-fold:

1 . The Network is part of the Policy Programme of the EAP Task Force. The OECD Environment Directorate's Non-Member Countries Division provides the Secretariat for the EAP Task Force and the NIS Enforcement and Compliance Network.

2 . Also referred to as "New Independent States" (NIS) of the former Soviet Union.

- To present progress in implementing the NISECEN Work Programme and discuss **key documents** that have been developed within the Network to serve as the EAP Task Force input to the “Environment for Europe” Ministerial Conference in May 2003;
- To discuss problems and opportunities in **promoting voluntary compliance with environmental requirements** in the EECCA region, including promotion of cleaner production approaches and environmental management at enterprises, as well as --
- To launch a **meaningful dialogue** between environmental authorities, industry and civil society in the EECCA countries.

4. During the discussion on the implementation of the NISECEN work programme, the participants:

- Endorsed the draft Guiding Principles for Environmental Enforcement Authorities in EECCA region and agreed to submit the document to the EAP Task Force and the Working Group of Senior Officials (UNECE) for consideration at the Kiev Ministerial Conference;
- Provided feedback on preliminary results of two reviews: (i) on enforcement and compliance promotion practices and (ii) on environmental permitting systems in the EECCA region;
- Discussed the contents of the Toolkit for Environmental Inspection;
- Commented the Assessment Report on the Implementation of the Aarhus Policy Statement on Environmental Management in Enterprises; as well as
- Identified a number of issues that might constitute, after prioritisation, the core of the NISECEN work programme after the Kiev Ministerial Conference.

5. All above-mentioned documents will be finalised by the end of 2002 and submitted to the EAP Task Force for approval. They will be published and disseminated before the Kiev Ministerial meeting.

6. During the discussion on compliance promotion, the participants:

- Took account of experience with designing and applying instruments for promoting voluntary compliance with environmental requirements that exist in the EECCA region, and world-wide (including China, Latvia, the Netherlands, Norway, Poland, Slovakia, Sweden and the US);
- Identified major barriers in applying compliance promotion tools in the EECCA countries and factors stimulating voluntary compliance; and
- Discussed possible actions at the country and regional level to strengthen compliance promotion efforts and the ways to facilitate the communication between various stakeholders.

7. The framework for the discussion was provided by a document "Issues Paper on Compliance Promotion Tools". It aimed to establish a common understanding of the definitions, the role of various stakeholders and attempted to categorise the instruments. The outcomes of the discussion will be reflected in a working paper on compliance promotion which will be published in early 2003.

All meeting documentation (agenda, presentations, country briefs, draft papers, discussion summary and list of participants) is available on the EAP Task Force web site:
<http://www.oecd.org/env/eap/policy>

Meeting Report

1. REPORT'S PURPOSE

8. This report summarises the discussion during the 4th Annual Meeting of the Environmental Enforcement Authorities of the New Independent States, held on October 7-9, 2002 (Almaty, Kazakhstan). The meeting discussions were conducted in two modules - decision-making and thematic. The outcomes of discussions during these two modules are presented in the respective sections of this report. Both modules were supported by documents, prepared by the Secretariat, and presentations delivered by NIS and OECD experts.

2. WELCOMING REMARKS

9. Opening addresses by *Mrs. Nino Chkhobadze*, EAP Task Force Co-Chair Person, Minister of Environment of Georgia and *Mrs. Aitkul Samakova*, Minister of Environment of Kazakhstan underlined the importance of effective compliance promotion and enforcement in light of environmental policy implementation. They called all stakeholders - government agencies, civil society representatives and business circles - to take a more responsible attitude toward environment protection. They also expressed the interest of environmental policy makers to reform the existing systems of environmental enforcement, so the results are achieved at the benefit, and with the participation, of the entire society.

10. *Mr. Bulat Yessekin*, Executive Director of CAREC re-iterated the need to build solid partnerships in environment protection. He mentioned that the CAREC's mission is to support the civil society in enhancing its role, and several projects are being currently implemented to fulfil this mission.

11. *Mr. Brendan Gillespie*, Head of the EAP Task Force Secretariat, stressed that the Almaty meeting was extremely important to develop a more co-operative approach in enforcement in the NIS. The high interest of various stakeholders to attend the Almaty meeting showed that a critical mass for dialogue and co-operation existed.

3. DECISION MAKING MODULE: DISCUSSION OF PROGRESS AND PRODUCTS

3.1. Annual Progress Report and Future Activities

12. *Ms Angela Bularga*, Network Co-ordinator, reported on **progress since the last NISECEN meeting** in September 2001 (St Petersburg, Russian Federation). The key areas of activities have been:

- institutional building of environmental inspectorates,
- assessment of environmental permitting systems,
- development of tools for environmental inspection, and selected actions for professional training,
- description of the state-of-the-art on compliance promotion tools, as well as
- global networking and information management.

13. In the field of **institutional building**, guiding principles have been developed to support the reform of Environmental Enforcement Authorities (EEAs). The preliminary outline was prepared by the Secretariat and finalised by February 2002 with an active involvement of the Institutional Strengthening Working Group. Mr. Richard Emory from the United States Environment Protection Agency developed the first draft of the guiding principles in the course of his mission to the OECD in March-May 2002. An expert meeting was organised in May 2002 (Paris, France) to discuss this draft. Then the document was revised in accordance with comments received from the NIS and OECD experts. In parallel a second review of environmental enforcement systems in the NIS was launched in June 2002 (see more information in section 2.2.). The review aims to accompany the principles by providing an overview of the current enforcement and compliance efforts in the NIS. The national reports prepared by the NIS experts are being analysed and this information provided a basis for developing a regional overview report, which will be ready by December 2002.

14. The work on **environmental permitting** included the assessment of existing situation and the development of a Review of Environmental Permitting Systems in the NIS. The review aims to present the key features of environmental permitting systems in the NIS, and proposes possible measures to improve them. Preliminary findings were subject of discussion among experts representing the region itself and the OECD countries during a meeting, which was organised in December 2001 at OECD headquarters. The Report is mainly based on data presented in several Country Profiles, developed by NIS experts. More information is available in section 2.3. To support the development of human capacity at the national level, a two-day training session on integrated approach to environmental permitting was conducted in September 2002 in close co-operation with EU/Europe Aid NEAP II Project.

15. In the field of **environmental inspection**, the major elements of work were similar to the previous project. The Inspection Working Group has discussed and agreed on the outline of a Toolkit for Environmental Inspection to be used in managing environmental inspectorates and performing inspections. On that basis a draft of the toolkit was developed and presented during an expert meeting in June 2002 (Riga, Latvia). In summer-autumn comments and suggestions from the Working Group members have been addressed. **Raising professional knowledge** of environmental inspectors required developing a comprehensive programme of training and raising funds for its elements. Thus, in November 2002 an exchange programme will be conducted in Poland to present the reforms conducted during the transition period. Regional training are envisaged in early 2003.. Also a Glossary of terms used in environmental compliance promotion and enforcement has been compiled.

16. Co-operation and **exchange of experience at the larger international level** involved the Secretariat's participation in the activities of the EU IMPEL Network, Balkan Environmental Regulatory Compliance and Enforcement Network and the International Network for Environmental Compliance and Enforcement. At these meetings the Secretariat promoted the NISECEN, its activities, as well as collected relevant materials for use within the NISECEN and sought funding for regional and country projects. The Secretariat has also maintained the NISECEN **web page** (www.oecd.org/eap/policy), collected contacts on actual and potential stakeholders and has undertaken **regular reporting** on work programme implementation. Activities at regional level were complemented by providing **assistance to donor projects at national level**. Most importantly the Secretariat assisted the World Bank in designing and implementing projects in Belarus, Moldova and Uzbekistan. Also Georgia received support in developing an application for a grant to the World Bank's Institutional Development Fund. The Secretariat in co-operation with Tacis NEAP II project conducted a regional training on integrated permitting (September 2002) and supports national efforts in implementing demonstration projects in Armenia and Kyrgyz Republic.

17. The products of a two-year activity will be finalised in 2002 or in the beginning of 2003. All of them will appear in their final versions by the Kiev Ministerial Conference in May 2003, although most likely that final drafts will be available in late December 2002, to enable their presentation at the Task Force meeting in February 2003 (Tbilisi, Georgia).

18. With due consideration to past and on-going activities, the members of the Network, focused on the discussion of **future actions**. Several areas of common interest were identified for a follow up prioritisation; these are:

- Performance assessment: regional/national reviews;
- Sources of financing for enforcement agencies;
- Environmental permitting;
- Capacity building, in particular based on the Toolkit for Environmental Inspection;
- Self-monitoring and environmental management in enterprises;
- Trans-boundary issues relevant to environmental enforcement;
- Non-compliance responses;
- Compliance promotion, including the use of information-based instruments and interaction with civil society; and

- Harmonisation of environmental standards with EU.

19. The identified areas of interest will be further discussed with network members who will attend the study tour to the Polish Environment Protection Inspectorate (November 2002). In early 2003 a tentative work programme will be developed.

3.2. Guiding Principles for Environmental Enforcement Authorities

20. *Mr. Brendan Gillespie* introduced the Guiding Principles for Environmental Enforcement Systems in the NIS (see the list of principles in Box 1). They aim to provide a **reference model to reform environmental compliance promotion and enforcement systems**. This policy document provides a long-term vision and describes approaches that lie the foundation of effective environmental compliance and enforcement systems. The Guiding Principles were developed, as a non-binding guidance, to serve the environmental ministries and environmental enforcement authorities (EEA) at national and regional level.

21. The audience welcomed the development of this document. In participants' opinion, the Guiding Principles are **much needed** since almost all countries of the region undergo the reform of environmental enforcement. They are flexible enough to be adapted to national context. Some countries already used selected principles as basis for their reformed enforcement systems. For example, this is done in Russian Federation.

22. As underlined by the participants, the Guiding Principles **respond to the aspirations of a wide range of stakeholders**. They have the potential of being a working tool for civil servants - from a minister to an inspector. They take into account the interest of civil society and industry, for instance through requiring transparency, accountability, focus on environmental results, feasibility, enforceability and a sequential phase-in of regulatory requirements.

23. Representatives of the NIS environmental authorities took the floor to express their **endorsement** of the Guiding Principles. They also provided comments to "**fine tune**" this document. Among **major comments** on the Principles are the following:

- Role of civil society should be described in more precise terms;
- Separation of permitting and inspection functions should be re-enforced;
- "Soft" non-compliance responses should be part of the list (Principle 18), e.g. this means that prescriptions from environmental inspectorates advising industry how to correct revealed non-compliance should be mentioned;
- In general, preventative approaches should be highlighted, e.g. enforceability, feasibility or compliance assistance;
- Ways to deal with past pollution might be reflected;
- Credibility of self-monitoring should be ensured through a clause that non-compliance response would not be applied in cases of self-disclosure, etc.

24. The members of the network committed themselves to provide written comments on the draft by the 5th of November. The secretariat offered to circulate the final version to as many as possible partner-institutions, in particular to the new Regional Environmental Centres and network non-governmental organisations. The guiding principles will be presented for the attention of the EAP Task Force members at their meeting in February 2003. Mrs. Nino Chkhobadze, EAP Task Force Co-Chair offered to promote them for inclusion to the agenda of the Kiev Ministerial Conference.

25. The title "Guiding Principles for Environmental Enforcement Authorities in EECCA region" was proposed during the meeting, and replaced the previously used one: "Principles for Effective Environmental Enforcement Authorities in the NIS". This **change of title** was necessary to better capture the contents and status of the Principles.

3.3. Review of Environmental Permitting Systems in the NIS

26. *Mrs. Taisia Neronova* from the Ministry of Environment and Emergency Situation of Kyrgyz Republic made a **short introduction to the environmental permitting systems in the NIS**, based on her country example. She mentioned that the system was mainly based on concepts and approaches from the Soviet era. The system was media-oriented, institutionally fragmented, opaque for the general public and administratively cumbersome. The permitting requirements were *de jure* strict but ineffective and inefficient *de facto*. The economic consequences of requirements are not taken into account. At the same time, the Kyrgyz government has a clear target to facilitate investment flows and development of small and medium enterprises. Therefore, a working group was formed in Kyrgyz Republic to optimise the licensing system, including in the field of environment. Among first achievements, the "one stop shop" approach was introduced, and industry from now on deals only with one person during the permitting process. Mrs. Neronova mentioned the value of EAP Task Force permitting project in enabling such kind of reforms, e.g. through information dissemination and a direct dialogue with experts from OECD countries.

27. *Mr. Valts Vilnitis*, consultant to the EAP Task Force Secretariat, presented the **preliminary conclusions** of the Review of Environmental Permitting Systems in the NIS. The overall conclusion was that these systems needed a **long-term evolutionary improvement** to incorporate, step by step, the characteristics of modern integrated permitting. Careful phase-in is important, since existing systems are working at a certain extent, and there is always the danger that one would destroy a system without building an alternative. The phase-in will include, but not be limited to, procedural improvements within existing systems and more transparency; improvements in the structure of applications and/or permits; institutional integration and one-stop permits; parallel use of different models of permitting; to finally adopt the truly integrated pollution prevention and control, based on combined use of Best Available Techniques (BAT) and Environmental Quality Standards.

28. *Mr. Hans Roland Lindgren* shared his views on the **potential to use integrated permitting** in the NIS. He believes that this is perfectly feasible and be beneficial, because this approach can save resources in society and give flexibility to solve problems over time. It can also promote dialog and understanding and increase ownership, promote knowledge and skills of authorities and industry, and give a better environmental result than the system used at present in the EECCA region. However, a number of **conditions should be met for the integrated permitting to work properly**, for instance an adequate legislation needs to be in place, BAT can only be introduced gradually, integrity of the authorities and training of staff need to be ensured..

29. Several interventions were made by the participants to better understand the particularities of integrated permitting and to express their views on existing systems. Through examples from their own countries, they re-iterated the views expressed by Mrs. Neronova. They also mentioned that although standards are crucial in ensuring effectiveness of environmental permitting, they should be discussed separately as a basic regulatory tool. Useful **proposals** were made, for instance to bring closer the procedures for the state environmental expertise and permitting, to assess the environmental impact of existing industries (which is not done currently), to ensure the transparency of permitting systems - all these as priority actions. Finally, the audience supported an evolutionary way to reform environmental permitting systems.

3.4. Toolkit for Environmental Inspection

30. *Mr. Rob Bakx* introduced the Toolkit for Environmental Inspection. The Toolkit aims at guiding the actions at national level to adjust inspection criteria and procedures to best international practices; better allocate human and financial resources within enforcement agencies; increase professionalism; establish more effective dialogue with the regulated community and the general public; as well as encourage in-country and international co-operation between inspection authorities. The Toolkit is designed to serve as basis for developing and updating national inspection manuals as the selected tools may be **directly applicable, no matter what legal system exists**. The main end-users of the Toolkit are employees of environmental inspectorates - from senior managers to field inspectors, at national and sub-national levels. The Toolkit is a practical guide and supplements the Guiding Principles by explaining, in certain areas, how the Principles can be implemented.

31. The Toolkit does not intend to rediscover the environmental inspection world, but brings together and **presents in a systematic manner a selection of topics and tools**. This document introduces a number of general topics from the perspective of human behaviour, business management and regulatory processes. However, the Toolkit focuses on issues that are of direct importance for managers of environmental inspectorates and describes in depth major aspects of the inspector's profession. Throughout the Toolkit annexes present case studies, examples of internal guidelines and checklists, that come from inspectorates in many countries all over the world, as well as from international networks.

32. During the subsequent discussion **management aspects of the toolkit** received major attention. . Representatives of the NIS environmental inspectorates were keen to learn more about the way an enforcement agency is designed, how to finance an inspectorate, how to assess its performance. This discussion confirmed the value of the Toolkit.

3.5. Review of Environmental Enforcement Practices in the NIS

33. At the end of Day 1, the Review of Environmental Enforcement Practices in the NIS was introduced. This document review aims to be a **companion document to the Guiding Principles** using them as the reference points for presenting progress in strengthening environmental compliance and enforcement in the region and developing recommendations for the future actions. The review is being prepared on the basis of information provided by Members of the NISECE Network. In June 2002 the Secretariat circulated to the Network Members a questionnaire with a number of questions related to policy, instrumental and institutional aspects of enforcement and compliance. The results to date have been collated by the Secretariat and preliminary findings presented by *Mr. Andrew Farmer*, consultant to the EAP Task Force Secretariat. These results, the discussion at the Almaty meeting and

additional data gathering and analysis will be used to produce a consolidated regional review report. It will be accompanied by individual country reports on each country.

34. During the discussion, the **issues** that received particular attention were: performance assessment, inter-relation between environmental permitting and enforcement, and the current negative impact of the judicial system on the effectiveness of environmental enforcement. The need to separate permitting from enforcement was again mentioned, with the comments that it needs to be accompanied with a mandatory iterative feedback in order to ensure best environmental results. Most importantly, several participants mentioned that regulatory functions should not be attributed to institutions responsible for natural resource use functions (e.g. logging should not be licensed by the state forestry services, which themselves are important actors in forestry industry). Many participants considered that the environmental awareness of courts should be raised, since nowadays their decisions to impose minimal sanctions, even in very serious cases, are subversive to the efforts of environmental authorities and nourish non-compliance.

3.6. Aarhus Policy Statement on Environmental Management in Enterprises

35. In a parallel break-out session representatives from IFIs, donors, business and cleaner production experts discussed the **first draft of an EAP Task Force report monitoring progress with the implementation of the Aarhus Policy Statement on Environmental Management in Enterprises** (EME). This report will be presented to Ministers of Environment at the “Environment for Europe” Conference in Kiev, in May 2003.

36. *Mr Peter Börkey*, of the EAP Task Force, introduced the **main elements of the report**. The report stresses the inadequate economic and environmental frameworks that currently exist in the NIS and that have discouraged advances in the promotion of EME in the region. Some of the main factors that contribute to this situation and that are highlighted in the report are slow progress in enterprise reforms, an unfavourable investment climate, environmentally harmful subsidies, contradictory secondary environmental regulation, and overly stringent environmental standards. The report then proceeds with the assessment of efforts that have been undertaken to promote EME, such as through cleaner production centres and twinning arrangements.

37. Following the presentation **participants provided the author with their comments**, as well as additional information that could be included in the report. The report was generally well received by participants, who stressed the accuracy and relevance of its main messages, as well as its timeliness for the debates in Kiev. Some participants commented that the report needs to reflect more adequately the important improvement in the business climate since the economic and financial crisis in 1998 and the important increase in the demand for cleaner production services since then.

4. THEMATIC MODULE: PROMOTION OF VOLUNTARY ENVIRONMENTAL COMPLIANCE

4.1. Stakeholders' views on existing experience in the EECCA region

38. Following an agreement at the previous NISECEN meeting two days of the discussion at the 4th meeting of the Network focused on the issue of “Prospects for Compliance Promotion in the EECCA countries and International Experience in this Domain.” The participants discussed the current limitations of the traditional command-and-control environmental regulation in the EECCA region and the **need to develop and adopt innovative approaches** that would encourage voluntary compliance rather than simply prosecute non-compliance.

39. The introductory presentation by *Mr. Krzysztof Michalak* of the EAP Task Force Secretariat provided a **definition of compliance promotion** as any activity that facilitates and encourages voluntary compliance with environmental requirements. Mr. Michalak introduced the classification of the **principal tools** for compliance promotion, which included: information assistance to the regulated community, financial assistance for compliance, voluntary programs and agreements, information-based instruments (pollutant/polluter inventories, ecolabeling, etc.), promotion of cleaner production and environmental management in enterprises, and others. The presentation also identified the main stakeholders in compliance promotion and posed questions for further discussion.

40. The subsequent plenary session was dedicated to sharing NIS stakeholders' views on the **actual situation and the prospects for compliance promotion in the NIS**.

Views of environmental authorities

41. *Mr. Bek-Bulat Eleushov*, Director of the Main State Inspection of Nature Protection of the Ministry of Environmental Protection of the Republic of Kazakhstan, gave a presentation reviewing environmental enforcement and compliance promotion activities in Kazakhstan. One of the urgent problems he mentioned was the dysfunctional system of self-monitoring, with only 4% (the largest) of industrial enterprises monitoring their own polluting activities. Mr. Eleushov sees strengthening of self-monitoring and reporting, as well as using enterprise compliance plans as key steps to improved compliance. Co-operation with industry is another important compliance promotion tool, and Kazakhstan has some positive experience in working with large private industrial companies (e.g., a joint commission on compliance issues, informational seminars for industrial managers). Mr. Eleushov also emphasised the need for environmental agencies to actively co-operate with NGOs and the media in order to build public support for compliance. On the other hand, increasing the effectiveness of enforcement remains an indispensable task for the Ministry of Environmental Protection.

42. *Mr. Timur Tilliayev* of the State Committee for Environmental Protection of Uzbekistan focused on reforming such traditional regulatory instruments as “environmental expertise” (EIA) and pollution charges as ways to achieve better compliance. He also stressed the importance for the government to promote the practice of environmental audits at industrial enterprises and to use a reduced frequency of inspections as an incentive for industry to engage in environmental audits. In addition, Mr. Tilliayev acknowledged the role of the public in putting pressure on industry to comply with environmental requirements.

43. In the ensuing discussion, *Mr. L. Gorshkow* (Ukraine) emphasised that private sector industry is a much eager partner for governmental agencies in achieving environmental compliance. Participants from Belarus, Kyrgyzstan, Russia, and Georgia exchanged views about the effectiveness of environmental police in enforcing compliance. The experiences in Kyrgyzstan and Georgia have been largely negative. In addition, Minister Chkobodze of Georgia reiterated the importance of EIA as a tool for working with the regulated community.

Perspective of the business community

44. *Ms. Gulsara Edilbayeva* of the Eurasian Industrial Association (Kazakhstan) representing seven large metallurgical and energy companies described the Association's environmental management efforts. The member companies have a shared environmental policy aimed at timely and cost-effective regulatory compliance. The share of internal environmental investments in overall development investment has grown significantly in recent years. In Kazakhstan, industry accounts for 87% of water protection investments. The Association conducts joint seminars with environmental authorities on regulatory requirements and disseminates its environmental performance information to other industries, consulting companies and other experts, NGOs, as well as the general public. The Association is eager to participate in the regulatory development process but does not see reciprocal enthusiasm from the government. The Association has also represented the business community in discussions at international forums on environment and sustainable development. The Association's member companies are actively seeking to introduce cleaner production and EMS but often lack incentives from the government, information, and skills to do so.

45. *Mr. Leonid Gorshkow*, a Ukrainian representative of TÜV, a German consulting firm, presented his views on the market for implementation of environmental management systems in the NIS. He reiterated his view that the biggest potential for environmental investments and improvements lies in the private sector. Private industrial companies in big cities that have easier access to foreign investment are much more likely than public sector industry to take initiative and pursue cleaner production and EMS. Mr. Gorshkow gave some figures illustrating that only companies already certified to the ISO 9001 quality standard may seek ISO 14001 EMS certification. Among barriers to EMS implementation in the NIS Mr. Gorshkow noted unrealistic standards and permit requirements, inconsistent government policies, and lack of incentives for corporate environmental management improvements.

46. In her comments on the presentations by the business sector representatives, *Ms. T. Neronova* (Kyrgyzstan) advocated providing enterprises investing their own money in environmental improvements with pollution charge offsets and exemptions. She regarded such measure as an important compliance incentive.

47. *Ms. Margarita Malahova*, Manager of the Russian-Norwegian Cleaner Production Center in Moscow, talked about the successes and challenges in the Center's work. The Center is working directly with enterprise managers, sometimes with support from regional authorities. It provides training in cleaner production (with a focus on low-cost, resource-saving solutions), environmental aspects of business planning, and ISO 14000 EMS. The Center also helps companies that have graduated from training to develop cleaner production investment proposals and often assists them in finding investors. Ms. Malahova identified customer demand, access to foreign markets, conditions of foreign investment, and company image as the main incentives for introduction of cleaner production and EMS. At the same time, she complained of the lack of support and incentives from the government. Ms. Malahova quoted several success stories over the 8 year-long history of the Center.

48. *Mr. Vladimir Bogachev* of the Central Asian Regional Environmental Center (CAREC) spoke about mechanisms of promoting cleaner production in industrial enterprises (environmental audits, education and training, etc.) as well as barriers for its implementation (inconsistency of regulatory requirements, lack of economic incentives, current emphasis on “end-of-pipe” solutions, lack of financial resources, etc.). He recommended the development of a national program to promote cleaner production in Kazakhstan, the creation of a national cleaner production center on the basis of CAREC and a network of smaller CPCs, and strengthened support for pilot cleaner production projects.

49. During a short discussion, *Mr. V. Shwarz* of the Russian Ministry of Natural Resources pointed out the need to have a powerful “stick” against industry in the form of stringent enforcement before any compliance promotion efforts can be successful.

4.2. Examples of international experience in compliance promotion

50. The morning session of Day 3 was devoted to the presentation of international experience in environmental compliance promotion. The presentations were grouped to reflect four major categories of compliance promotion tools: compliance assistance to the regulated community, voluntary agreements, information-based instruments, and EMS and cleaner production.

Compliance Assistance

51. *Mr. Robert Gould*, a consultant with BCEOM (France), outlined the main elements of compliance promotion programs in the United States. In general, the approach to compliance promotion in the U.S. is two-pronged: providing information to the regulated community to help it understand and comply with environmental requirements, and helping other, non-governmental providers of compliance assistance. U.S. Environmental Protection Agency’s compliance assistance tools include outreach (guides and fact sheets, training and seminars), response to inquiries (telephone and web-based); on-site assistance (compliance audits and assistance visits, environmental management reviews, etc.). Compliance Assistance Centers (clearinghouses) have proven to be an actively used and effective means of communicating with the regulated community. Environmental authorities encourage voluntary disclosure of non-compliance by industry through such incentives as reduced and waived penalties for self-disclosed violations.

52. *Ms. Viera Feckova*, Director of the Slovak Cleaner Production Center, talked about the drivers and impediments for cleaner production and the Slovak CPC’s experience. She described proactive preventive strategies as the main philosophy of the CPC, whose work focuses on education and training, information dissemination, and policy dialogue. She gave examples of CPC’s recent activities. *Ms. Feckova* identified large and/or multinational companies as leaders in implementation of cleaner production projects, while small and medium-sized industries as reactive and currently lacking incentives for cleaner production. Such incentives may include pollution fees, appropriate resource pricing, and market pressures.

53. A question from *Mr. V. Egorov* (Moldova) sought to clarify the relationship between the Slovak CPC and the government. *Ms. Feckova* explained that the Center has a cooperation agreement with the Slovak Ministry of Environment but does not openly participate in the development of the government’s regulatory tools.

Voluntary Agreements

54. *Dr. Henk Ruessink* of the Regional Inspectorate for the Environment (the Netherlands) described the Dutch system of covenants as a framework for achieving environmental compliance in major industrial sectors (chemical, steel, paper, dairy, etc.). Under a covenant, government, in negotiation with industry, sets regulatory objectives and timeframes for reaching them. Then, industry is left free to determine the means for achieving objectives and time-specific targets. This approach favors integrated, process-specific solutions as opposed to “end-of-pipe” ones. Joining the covenant does not relieve individual polluters from the obligation to comply with individual permits, but offers companies flexibility and a positive image. Covenants have been a fairly successful management tool for environmental authorities, which are now moving from a focus on emissions and operational issues to an emphasis on sustainable use of resources.

55. *Ms. Inguna Plavina*, Director of the Ventspils Regional Environmental Board (Latvia), shared the experience of the city of Ventspils, home to one of the largest cargo ports on the Baltic Sea. Under an exclusive agreement with the national Ministry of Environment and Regional Development, the Municipality of Ventspils received the right to issue environmental permits within its jurisdiction. The permitting process is firmly based on the national environmental requirements (which may be even toughened by the Municipality), but the means of achieving those requirements are left to the polluter (e.g., the port authority). The compliance targets and schedule are discussed with broad public participation. The municipal environmental department monitors compliance with the permit conditions. This scheme has allowed the city to achieve a dramatic reduction in pollution loadings from the Ventspils port. Starting in 2003, the Municipality will move to integrated permitting based on BAT, consistent with approach of the EU’s IPPC Directive.

Information-Based Instruments

56. *Dr. Hua Wang*, a Senior Environmental Economic at the World Bank, in his presentation “Performance Rating and Disclosure (PRD): An Effective Tool for Environmental Enforcement” described a tool designed to build community pressure on polluters by evaluating and making public their environmental behavior. Color-rating environmental performance based on a set of simple and transparent criteria reinforces the government’s policy objectives and makes them understandable to the broad public. Mr. Wang gave examples of two pilot PRD programs under the framework of China’s Green Watch program, which now covers 30 municipalities. Municipal governments are responsible for data collection, verification, rating, and disclosure (first to the polluter company itself, and after a year, to the public). In just one year, industry’s performance in the two show-cased municipalities improved tangibly, while the relationship between government and industry shifted from adversarial to cooperative. PRD programs also exist in Indonesia, the Philippines, and are expanding to Thailand, India, Brazil, Mexico, and Uganda. Disclosure programs are inexpensive and easy to design. They are flexible enough to fit local conditions and provide a continuous incentive for polluters to improve their environmental performance. Political will and data availability are the main constraints to PRD implementation.

57. *Mr. Wieslaw Sobczyk*, Deputy Director of the Department of Environmental Inspection in Poland, focused his presentation on the Polish experience with public disclosure of a list of top environmental violators as a compliance promotion tool. The “List of 80” (for 80 worst polluters) first published in the press by environmental authorities in 1990 proved to be a powerful incentive for industrial offenders to come into compliance with environmental requirements. Each polluting enterprise on the list was subject to a negotiated compliance program with time-specific abatement measures and careful monitoring. Since the establishment of the “List of 80,” the total air emissions

from those enterprises were reduced by 66%, water effluents by 33%, and waste generation by 71%. Thirty-four enterprises have achieved full compliance. Mr. Sobczyk noted that although the “List of 80” was not authorized by any government regulation, it was the credible threat of shutdown that provided the enforcement stimulus for polluters to act. As part of individual compliance programs, enterprises were also offered soft loans from environmental funds for their environmental investments. In addition, Mr. Sobczyk discussed Poland’s experience with pollution fees and fines, high enough to both provide incentives for industry to reduce pollution and serve as an important source of public funds for environmental projects.

58. Minister N. Chkbadze of Georgia expressed her vivid interest in the Polish, as well as Chinese experience with information-based instruments and offered to stage respective experiments in her country.

59. In his short presentation, *Mr. Hans-Roland Lindgren*, Director of the Swedish Environmental Protection Agency, focused on self-monitoring as a tool to stimulate good environmental performance (which is also key to compliance control and environmental planning). Self-monitoring should be a necessary permit requirement, even for small industries. However, there are ways to limit the costs of self-monitoring to industry by focusing on a limited number of parameters best reflecting the performance of an industrial facility, using process parameters (monitored anyway) to the extent possible, and optimizing monitoring frequency. Mr. Lindgren noted that self-monitoring is inseparable from data management and reporting, and should be subject to regulatory control by the government.

Environmental Management Systems and Cleaner Production

60. *Mr. Per Antonsen*, Manager of the Norwegian-Russian Cleaner Production Program at the Norwegian Ministry of Environment, offered his thoughts on two aspects of the EMS and cleaner production issue. First, he emphasized the importance of the continuous improvement cycle in an environmental management system: from setting environmental policy, objectives, and targets to program implementation, monitoring and system audit, to, finally, management review and corrections. Second, he reflected on the paradigm of compliance in the NIS context, where legal environmental requirements are meaningless and not respected by industry and regulators alike. Adjusting the requirements to meet actual environmental needs (e.g., making them realistic) should be the first step to creating a regulatory climate conducive to the spread of cleaner production and EMS in industry.

61. At the end of the plenary session, the head of the Almaty Nature Protection Society raised the issue of appropriate representatives of the public at large to be engaged in the environmental policy dialogue with environmental authorities. Mr. M. Abdusamatov (Tajikistan) spoke of his Ministry’s experience in working with old and new environmental NGOs, while Mr. I. Vyrtsanu (Moldova) mentioned the role of REC-Moldova serving as an umbrella for the country’s environmental NGOs.

4.3. Small Group Discussions

62. Small group discussions were held during Day 2 and 3 of the meeting. Their objectives were to share experience in applying compliance promotion instruments, define factors that influenced the success or failure of these instruments, define whether individual instruments are feasible and how to make them more effective. The key findings tell that experience exists, and prospects might be found for many compliance promotion instruments, in particular for awareness raising, promotion of cleaner

production and environmental management systems, and even some rudimentary voluntary agreements.

63. Factors influencing compliance, especially voluntary compliance, are different. NGO representatives stressed the importance of civil society's pressure on regulators and industry. Industry representatives identified foreign direct investment and international trading as the most powerful driving force to raise the environmental performance in the NIS. Regulators mentioned that compliance promotion instruments would work effectively only if backed up by adequate non-compliance response.

64. The results of discussions will be incorporated in the text of the Issues Paper on Compliance Promotion Instruments. This document will be finalised in early 2003 and disseminated among network members.

5. BERCEN PRESENTATION

65. The Balkan Environmental Regulatory Compliance and Enforcement Network (BERCEN) was established by high-level officials from the environmental ministries of South Eastern Europe (SEE) in Tirana in December 2001. BERCEN operates under the framework of the stabilisation and association process, the European Union's strategy for creating the conditions needed to integrate the countries of the region into European structures. A cornerstone of this approach is the stabilisation and association agreement, which is a contractual agreement adapted to the specific context of each country. This agreement offers a country the prospect of integration into the EU's structures while setting political and economic conditions to be met. Environment is included as a key area for cooperation. The SAP also sets political and economic conditions for the countries, as well as the need for regional cooperation.

66. BERCEN facilitates, assists and promotes the enforcement of regulations throughout SEE by disseminating information, finding common denominators for cooperation and developing projects of common interest with the countries participating in the network. The members of BERCEN will work together to advance the application and implementation of environmental legislation and to increase the effectiveness of enforcement agencies and inspectorates.

67. BERCEN will use the experience of the IMPEL Network, the Accession Countries' Network for the Implementation and Enforcement of Environmental Law (AC-IMPEL), INECE and NISECEN to provide a good strategic framework for future cooperation and exchange of information. The European Commission assistance programme PHARE/OBNOVA and the Ministry of Foreign Affairs of the Netherlands and the Ministry of Foreign Affairs of Norway provide funding for BERCEN's activities.

6. MEETING CLOSING AND FOLLOW-UP

68. The EAP Task Force Secretariat thanked the audience for active participation in the Fourth Annual Meeting of the NIS Environmental Compliance and Enforcement Network. Gratitude was expressed to the Ministry of Environment Protection of Kazakhstan and Regional Environmental Centre for Central Asia for their hospitality and assistance in organising the meeting.

69. Judging from participants' evaluation, the principal objectives of the meeting were achieved. The meeting was an important step forward in involving industry and civil society representatives in environmental protection efforts. The open discussions during the meeting strengthened the basis for developing a more effective dialogue among these key actors of environmental enforcement systems.

70. The Secretariat will be expecting further comments and contributions in accordance with agreed deadlines (see table below). The entire package of documents distributed during the meeting is being posted on the web site (www.oecd.org/env/policy).

Agreed deadlines:

What	Who	When
Reports from small groups	Persons nominated by the group members	21.10.2002
Written Comments on the Second Draft of the Principles	Meeting participants	5.11.2002
Additional information for the Review of Environmental Permitting Systems and comments on the key findings and recommendations	Meeting participants	21.10.2002
Additional information for the Review of Environmental Enforcement Systems and comments on the preliminary conclusions	Meeting participants	24.10.2002
Comments on the EMS report	Meeting participants	21.10.2002
Final Inspection Toolkit	Rob Bakx/ Angela Bularga	15.11.2002
Meeting Report	Angela Bularga	10.11.2002

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Annex 1. Summary of the Agenda.

Day 1

Official Opening

Session 1. Reporting on Progress since the Third NISECEN Meeting.

Session 2. Presentation and Discussion of the Draft Principles for Effective Environmental Enforcement Authorities in the NIS.

Parallel session: Presentation and discussion of an EAP Task Force report monitoring the implementation of the Aarhus Policy Statement on Environmental Management in Enterprises

Session 3. Introduction to the Review of Environmental Permitting Systems in the NIS

Session 4. Presentation of the Toolkit on Environmental Inspection

Session 5. Second Review of Environmental Enforcement and Compliance Promotion Practices in the NIS: Preliminary Results

Day 2

Special Session 6.

Prospective for Compliance Promotion in the NIS and International Experience

1. Item 1. Introductory Presentation
2. Item 2. Stakeholders' Views on the Actual Situation and Prospective for Compliance Promotion in the NIS
3. Item 3. Barriers to Effectively Use Compliance Promotion Tools in the NIS (small group discussions)

Day 3

Special Session 6, Cont.

Prospective for Compliance Promotion in the NIS and International Experience

4. Item 4. International Experience in Environmental Compliance Promotion
5. Item 5. How International Networking and Co-operation Can Contribute to the Improvement of Compliance Promotion in the NIS (small group discussions)

Session 7. Other business: BERCEN presentation

Session 8. Meeting conclusions and follow-up activities