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

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**MAIN OUTPUTS OF THE EAP TASK FORCE THAT WILL BE AVAILABLE AT THE TIME OF THE
ASTANA "ENVIRONMENT FOR EUROPE" MINISTERIAL CONFERENCE**

**Meeting of the Task Force for the Implementation of the Environmental Action Programme for Central
and Eastern Europe (EAP Task Force)**

**15-16 October 2009
OECD Conference Centre
Room CC6**

Agenda item: 6.

ACTION REQUIRED: For discussion.

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EAP TASK FORCE'S CONTRIBUTION TO THE ASTANA MINISTERIAL CONFERENCE: MAJOR THEMATIC AND CROSS-CUTTING OUTPUTS

1. This document identifies key outputs, in particular flagship reports, that would be available from the EAP Task Force's work by the time of the Astana Ministerial Conference, and that could possibly feature on the Conference agenda. The OECD secretariat has prepared this document in response a request from the EAP Task Force Bureau. Traditionally, the EAP Task Force has developed flagship and a series of analytical reports in areas of policy reform, finance, and water supply and sanitation in support to plenary discussions and side events organised during "Environment for Europe"(EfE) ministerial conferences. Activities carried out by the network of Regional Environmental Centres (RECs) may result in additional suggestions.

Background

2. The 2007 Belgrade Ministerial Conference launched a reform initiative that resulted in the adoption of a Reform Plan for the "Environment for Europe" process on 29 January 2009 during the Special Session of the UNECE's Committee on Environmental Policy (CEP). Improvement of environmental governance, including strengthening of environmental institutions and policy instruments, remains among the top political priorities of the process (see Annex 1). As concerns thematic priorities, the Reform Plan does not mention any but foresees that "*not later than 18 months before the Conference the CEP at its regular session will decide on not more than two themes and discuss the outline of the agenda of the Conference*". These "*would be identified in line with current needs, national circumstances and in respect to future emerging issues*". Given that the next EfE Ministerial meeting is scheduled for 2011, the CEP Session in October 2009 may initiate a discussion on possible themes for that meeting.

Possible issues to be discussed at the next EfE Conference arising from work in the EAP Task Force

3. The next Ministerial Conference is planned to take place in Astana, Kazakhstan in 2011. Accordingly, it is likely that issues that are high priority in the Central Asian sub-region will help to shape at least part of the Conference's agenda. In such a case, and from an EAP Task Force perspective, **water resources management** could be a strong candidate to be a thematic topic for the Conference. In Central Asia, this issue has important development and conflict prevention implications.

4. From a cross-cutting perspective, better **access to, and management of, finance** might be considered as a priority topic. Its relevance stems from growing pressures to use domestic and external sources of finance effectively. From a donor perspective, the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action are particularly important in this regard. The latter policy documents advocate a new approach to development cooperation based on the principles of ownership, alignment, harmonisation, managing for results, and mutual accountability. These developments highlight the importance of mainstreaming environment more effectively in development strategies, governmental programmes, and budgets. Achieving these objectives is also linked to strengthening the accountability and performance of environmental institutions.

Possible EAP Task Force flagship reports

5. In view of the above-mentioned considerations, some possible “flagship” reports that, from an EAP Task Force perspective, could contribute to the agenda of the next Efe Ministerial meeting include:

- ***Will EECCA countries achieve the water and sanitation Millennium Development Goals (MDGs) by 2015?*** 2011 will be just four years before the water-related (and other) MDGs are due to be met. An assessment of progress made and possible further efforts could be timely. This report will build on reports prepared for the Yerevan and Belgrade Ministerial meetings, as well as data collected in the framework of various national policy dialogues. Information on water utility performance and institutional reforms conducted in 2009-2011 will also be collected. The report will identify areas where progress has been achieved as well as pointing to bottlenecks which are hindering further reform efforts. It will also develop policy recommendations on the reforms that would be needed for EECCA countries to achieve the water and sanitation MDGs.
- ***Mainstreaming environmental programmes into public budgets.*** This document will provide guidance on how environmental programmes should be developed so that they could be better integrated into multi-year and annual public budgets. Guidance will be developed examining different approaches to budgeting in a multi-year framework. The analysis will take into account good international practices and the findings of a survey of EECCA country experience in integrating environmental programmes into multi-year budgeting processes. The report will aim to help EECCA country environmental administrations to compete more effectively for scarce budgetary resources, achieve greater budgetary predictability and promote more efficient use of public money for the environment. Analysis of the development aid provided to low-income through general budget support will be part of the report.
- ***Environmental governance in EECCA countries: Trends and outlook.*** This report will take stock of the state of environmental institutions in EECCA, compare it with selected OECD countries, and provide recommendations for future action in light of pressing needs to re-launch growth following the principles of a green, low-carbon economy. It will help to monitor progress in strengthening environmental policies and institutions in EECCA countries, and identify factors that contributed to, or impeded, successful institutional development. Benchmarking will be based on a set of qualitative and quantitative performance indicators, agreed by participating countries through regional dialogue. Several country-specific policy dialogues, surveys of incentives that face public officials and supporting analysis will contribute to the development of this report. Particular attention will be given to the role of non-environmental ministries, including staff in ministries of economy and finance, and private actors.

6. Annex 2 presents possible ***key policy messages*** that may arise from these flagship reports and that were identified by the OECD/EAP Task Force Secretariat in response to a request from the Chair of the UNECE’s Committee for Environmental Policy. While those messages signal possible trends and responses that would help countries to address new challenges, further evidence and analysis is necessary to verify them.

Other reports to be produced with the Water Programme

7. This programme area aims to support the reform of the water sector, and to help mobilise finance, in order to help achieve the water-related Millennium Development Goals¹. At the time of the Astana EfE Conference, the following outputs are expected to be available to serve as potential inputs to the Conference:

- ***Guidelines for performance-based contracts between water utilities and municipalities in EECCA.*** Based on lessons learned from experiences in EECCA (i.e. case studies in Armenia, Kazakhstan and Ukraine) as well as OECD countries, the project aims to assist water utilities and municipalities in clarifying their institutional relationship and in achieving their service and management targets cost-effectively. Although elements of performance-based contracts must reflect specificities of each local condition, the Guidelines aim to serve as a general reference for parties that consider developing such a contract.
- ***Report on obstacles to, and opportunities for private sector participation in EECCA.*** The aim of this report is to improve a common understanding of the potential role of the private sector, the constraints that it is operating under and the important role that public authorities need to play in regulating the sector. The report will analyse recent trends and provide policy recommendations on how private sector participation in water and sanitation could be increased where governments wish to do so.
- ***Report on measures to achieve economies of scale in the provision of water supply and sanitation.*** There is increasing recognition that the decentralisation of responsibilities for water supply and sanitation has made it difficult for utilities and municipalities to fully exploit economies of scale, to retain and develop adequate capacity to run the sector, and to generate the necessary resources to finance capital investments. This report will identify ways in which municipalities might cooperate to achieve economies of scale and overcome the fragmentation of the water supply and sanitation sector following decentralisation in the early 1990s, as well as policy reforms that would be required to support this.

Other reports to be produced with the Environmental Policy Programme

8. The focus of EAP Task Force's work in the field of environmental policy reform is on issues of a cross-cutting character, with a high potential to simultaneously contribute to environmental improvements, economic development, and the rule of law. At the time of the Astana EfE Conference, the following outputs are expected to be available to serve as potential inputs to the Conference:

- ***Report on innovative approaches to achieve environmental compliance at least cost.*** This document will propose several approaches that can increase the cost-effectiveness of compliance assurance instruments. Among others, it will address risk-based inspection planning to target polluters associated with higher environmental risk and/or with a history of non-compliance and industry's environmental rating to mobilise social pressure on polluters to perform better.
- ***Report on reforming monetary penalties for environmental violations.*** This document will suggest ways in which EECCA environmental enforcement authorities can calculate and apply administrative monetary penalties (fines) so as to provide more effective incentives for regulated entities to comply with environmental requirements. It will be based on the analysis of current practices in EECCA countries and international experience in this area.

¹ To reduce by half by 2015 the proportion of population without sustainable access to safe water and basic sanitation.

The guidance will comprise methodologies to evaluate the economic benefits associated with non-compliance, to assess the seriousness of an environmental violation, and to address the violator's prior compliance record, ability to pay and other operator-specific factors.

- ***A set of indicators to guide environmental enforcement.*** This document will present a reformed set of environmental compliance and enforcement indicators. The need for such a set stems from perverse incentives created by current indicators which emphasise the number of enforcement actions and the size of fines. The upgraded set will permit a re-focusing of the mission and strategies of environmental inspectorates on environmental rather than revenue-raising objectives. They will also help policy makers to understand whether the costs of inaction are linked to flawed policies or to poor compliance.
- ***Report on liability for environmental damage to natural resources.*** The report will combine a review of EECCA country experiences in the application of liability for damage to natural resources and the analysis of best practices in OECD countries. In particular, it will address the estimation of environmental damages, as well as legal and institutional aspects of environmental liability, in view of the recent EU Environmental Liability Directive. In addition, a case study may be conducted with EECCA country-specific legal analysis and recommendations.

**ANNEX 1: OBJECTIVES AND PRIORITIES
OF THE “ENVIRONMENT FOR EUROPE” PROCESS²**

(excerpt from the *Reform of the “Environment for Europe” Process: Reform Plan*, Chapter II)

6. The EfE process should continue to serve as a mechanism to: (a) improve the environment throughout the region, contributing to sustainable development which may in turn contribute to poverty eradication, to improving quality of life, and to a safer world; (b) enhance the implementation of strengthened national environmental policies; (c) support convergence of environmental policies and approaches, while recognizing the benefits from a diversity of approaches to achieve common goals, and the prioritisation of environmental objectives; (d) encourage the participation of civil society; (e) promote broad horizontal environmental cooperation.

7. The political priorities should be based on commitments already taken under the EfE process. These priorities may include:

- (a) Improvement of environmental governance, including strengthening environmental institutions and implementation of policy instruments;
- (b) Streamlining the implementation by Governments of commitments they have made to existing UNECE legally binding and legally non-binding instruments;
- (c) Enhancing efforts in environmental monitoring;
- (d) Ensuring implementation of the Environmental Performance Review programme;
- (e) Raising public awareness of environmental issues;
- (f) Promoting linkages between environmental policy, economic and social well-being and competitiveness.

8. Furthermore, thematic priorities of the EfE process would be identified in line with current needs, national circumstances and in respect to future emerging issues.

² Source: <http://www.unece.org/env/documents/2009/ECE/CEP/ECE.CEP.S.152.e.pdf>

ANNEX 2: POSSIBLE KEY MESSAGES OF THE OECD/EAP TASK FORCE'S FLAGSHIP REPORTS PLANNED BY THE 2011 "EFE" MINISTERIAL CONFERENCE

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WILL EECCA COUNTRIES ACHIEVE THE WATER AND SANITATION MILLENNIUM DEVELOPMENT GOALS (MDGs) BY 2015?

Keywords

Water supply and sanitation, MDGs, access to water and sanitation, EECCA, NIS, CIS, water infrastructure, water sector performance and reforms

Objective and scope

2011 will be just four years before the water and sanitation MDGs are due to be met. An assessment of progress and an examination of possible further efforts would be timely. This report will build on reports prepared for the Yerevan and Belgrade Ministerial meetings, as well as data collected in the framework of various national policy dialogues. The report would also draw on information on water utility performance and institutional reforms collected in 2009-2011. The report will identify areas where progress has been achieved as well as pointing to bottlenecks which are hindering further reform efforts. It will also develop policy recommendations on the reforms that would be needed for EECCA countries to achieve the water and sanitation MDGs.

Key messages

It is too early to provide preliminary findings, as work on the report has not yet started and data collection is still ongoing. However, past work in this area carried-out for a Ministerial Conference in Yerevan and the Belgrade EfE (2007) indicated the following:

Available data suggest that the **overall situation in the water supply and sanitation sector of EECCA has continued to deteriorate**; seven years ago it was assessed as critical. This is especially true for the quality of water services, where relevant indicators have shown deterioration in virtually all EECCA countries. This contrasts with the figures of the UN's Joint Monitoring Programme, which suggest that the region is essentially on track of achieving the water and sanitation MDGs.

The **coverage of urban populations with centralised water services remains high, but key indicators have deteriorated**, i.e. disruptions of water supply, pipe breaks, and unaccounted-for water have steadily increased or remained at high levels compared to international benchmarks since 2000; key financial indicators suggest stagnation at poor performance levels.

Some indicators have shown positive signs, such as significantly increased levels of metered water connections in virtually all countries, decreasing levels of water consumption, and improved rates of bill collection. These do not suffice however to reverse an overall negative trend: the EECCA water sector is deteriorating further, and so far there are no signs that deterioration will slow or that this trend will be reversed in the near future. **This situation generates serious consequences for public health, the environment, as well as economic development** in the region.

To achieve the Millennium Development Goals (MDG) on water supply and sanitation, it has been estimated that **a total of about EUR 7 billion would be needed annually i.e. roughly double the current level** of finance. Because of financial constraints, most utilities in the region have had to decrease the levels of service they provide in order to save on costly inputs. In addition, utilities have been unable to carry out basic maintenance, further accelerating the deterioration of infrastructure.

To reverse these trends, a number of critical steps must be taken: improve the operational efficiency of water utilities, thereby reducing operational costs; combine all sources of finance to enhance synergies; avoid crowding out other sources of finance; and maximise leverage on total flows. A number of case studies in the region have shown that this is possible.

User charges are, and will remain, the most important source of finance. A number of EECCA countries could still significantly increase user charges before reaching affordability limits. **Public budgets** are the second largest source of finance for the water sector; financial simulations show that the magnitude of public finance spent on water-related investment will have to increase substantially in some countries. **External sources of financing** (e.g. ODA) will generally play a minor role, although they may have important catalytic and demonstration effects.

A review of the major institutional and legal reforms in EECCA indicates that many countries have undertaken measures to improve the situation in the water supply and sanitation sector, most of them in line with the recommendations in the Almaty Guiding Principles. However, these measures remain partial. Despite recognition that local authorities lack capacity and resources to manage water systems properly, central governments have done little to address these problems.

The focus of policy makers should therefore shift from developing to implementing laws and regulations and from central to local governments and utilities. There are a number of positive examples of reforms at the local level that hold important lessons for how such reforms can be carried out. A key challenge is to find ways to disseminate and scale up these best-practice examples. Further efforts are needed to integrate water-related objectives into national policies, including Poverty Reduction Strategy Papers, and to take advantage of opportunities to link reform of the water sector to the achievement of the internationally agreed water targets.

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MAINSTREAMING ENVIRONMENTAL PROGRAMMES INTO PUBLIC BUDGETS: OPPORTUNITIES TO OVERCOME THE UNDERFUNDING OF ENVIRONMENTAL PROGRAMMES IN EECCA

Keywords

Budget systems, direct budget support, environmental management, environmental public expenditure management, environmental investment programmes, development cooperation.

Objective and scope

As the effects of the financial crisis are having a growing impact on public budgets, and as donors shift from project-based to general budget and sectoral support, good programming and budgeting is becoming increasingly important in attracting adequate funding for environmental activities. This report will aim to help environmental administrations in Eastern Europe, Caucasus and Central Asia (EECCA) to harness the potential benefits of multi-year budgeting. These include: allocation of resources in line with programmatic needs and priorities, predictability and stability of funding, consolidation of various sources of financing (including earmarked environmental funds and donor aid), higher budgetary performance and more efficient use of public money. Overall, this document will provide guidance on how environmental programmes should be developed so that they could be better integrated into public budgets.

Key messages

The policy messages, formulated below, were identified based on past analytical work and topical discussions during two region-wide events organised within the EAP Task Force's umbrella. These messages will be further developed and substantiated in 2010:

Environmental expenditure in EECCA is low compared to other sectors. In many cases, both national and local-level environmental programmes face chronic underfunding. The complexity of the environment sector, coupled with the lack of suitably-trained personnel in the ministries of environment, affects the quality of these programmes. The economic or broader policy rationale for environmental programmes is often not addressed or poorly addressed.

Medium-term budgeting can enable environmental programmes to compete more effectively with other programmes, particularly in a period of crisis. Medium-term approaches to budgeting are now common in OECD countries and are being gradually adopted by EECCA countries. While most EECCA countries have started introducing a medium-term perspective to their annual budgets, they are at different stages of implementation. These range from Armenia, Russia and Moldova that have fully-fledged MTEFs to Azerbaijan, Kazakhstan, Ukraine that apply only certain elements of medium-term budgeting. A crisis period is often the right time to introduce and strengthen multi-year budgeting. This can help consolidate public budgets and better target policy actions, as well as provide healthy public finance for the economy after the crisis is over. The absence of sound programming and budgeting could contribute to a further marginalization of environmental activities in the government agenda.

Opportunities to mainstream environmental programmes into public budgets are insufficiently exploited in EECCA. First, the major elements of environmental programmes are not adequately costed. Second, there is a lack of stability and predictability of finance flows, including donor aid flows. Third, the poor management of public environmental expenditure programmes leads to further dissipation of public funds, and weakens the claim of environment ministries for maintaining or increasing their budget allocation. In consequence, there is a need to continue improving the programming and environmental expenditure management practices in EECCA in line with good international standards.

In general, access to finance for environmental investments in EECCA is limited. Domestic capital and financial markets are weak and borrowing is expensive, hence the role of the domestic financial sector in environmental investments is negligible in most EECCA countries. Public support, including from extra-budgetary environmental funds (where these exist) and donor aid, remain the main sources of public finance. At the same time, staff in ministries of finance often lack the understanding of how environmental investments can contribute to overall economic growth which often constrains allocations to the environmental sector. Carbon finance is yet another source of finance for environmental expenditure that EECCA countries need to exploit more consistently.

Better institutional capacity is essential for attaining adequate budget financing for environmental programmes. Technical expertise in preparation of programmes, setting targets and performance indicators can equip ministries of environment with knowledge and skills that would make them more competitive. High-level political support and commitment is crucial to improved budgeting practices.

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ENVIRONMENTAL GOVERNANCE IN EECCA: TRENDS AND OUTLOOK IN THE CONTEXT OF A GREEN GROWTH CHALLENGE

Keywords

Environmental and Natural Resources Management; Policy Implementation; Eastern Europe, Caucasus, and Central Asia, Development Co-operation

Objective and scope

The report “Policies for a Better Environment” prepared by the OECD/EAP Task Force and other international organizations for the 2007 Belgrade EfE Ministerial Conference reviewed environmental management systems in EECCA. The proposed follow-up assessment will clarify whether progress has continued. It will take stock of the evolution of environmental institutions in EECCA in comparison with selected OECD countries and provide recommendations for future action in light of pressing needs to adopt innovative environmental policies and re-launch growth based on principles of a green, low-carbon economy. The report will help countries to identify factors that contribute to, or impede, successful policy implementation. Particular attention will be given to the role of non-environmental ministries and private-sector actors.

Key messages

Though the development of this report will start only in 2010, past work in this area, as well as regular interaction with stakeholders in EECCA, point to the following possible policy conclusions:

Despite efforts to improve policy-making, environmental objectives are not assigned a high priority by governmental and non-governmental stakeholders. One major cause is that the economic and social implications of environmental policies still receive little attention, and analytical tools that help to understand such implications are adopted at a slow pace. To help countries address this problem, the report will identify good practices of policy analysis, and will discuss opportunities for their diffusion and use in EECCA.

Unlike in many OECD countries, the measures to promote economic recovery identified in many EECCA countries are not explicitly oriented towards green growth. Where “anti-crisis programmes” exist, they rarely mention environmental investments. Efforts to screen-out environmentally harmful policies from government programmes and to improve environmental infrastructure and product policies are still limited and need to be further strengthened. Based on the analysis of latest developments in OECD countries and worldwide, the report will propose actions that may enable and accelerate the shift towards “green” economic growth in EECCA.

The financial crisis accentuated the strong fiscal orientation of environmental policies. Government authorities have traditionally put a strong focus on the collection of pollution charges, fines, and damage compensation – with limited consideration of their environmental effectiveness. This approach persists and, together with cases of asymmetric enforcement, may further undermine the credibility of environmental authorities and political and popular support for environmental action. Further reform of policy instruments is needed, based on a careful analysis of the incentive framework faced by various actors. In this context, the report will look at approaches that may help to apply the Polluter Pays Principle more effectively.

Roles of different stakeholders are evolving; however, many of them do not have enough capacity to fully assume these new roles. Thus, the devolution of regulatory powers to the local level is not accompanied with capacity development initiatives. Private actors, particularly large companies, gradually integrate environmental matters in their strategies, but reaching small businesses remains a challenge. At the same time, governments pay little attention to the particularities of this segment of the regulated community apart from setting counterproductive inspection bans. Consumer choices are not environmentally informed and the supply chain pressure is much weaker than in other

regions of the world. The NGO community is enlarging its activities related to independent policy analysis and has an increasing ambition to influence policy-making through a blend of domestic and international levers. The European Union's Neighborhood Policy is playing a catalytic role in the improvement of environmental governance, in particular for adopting participatory approaches of policy-making. In the future, avenues for a stronger involvement and impact of the local administration and non-governmental actors will need to be explored. Based on consultations with various stakeholders, the report will suggest how result-oriented partnerships could be extended in EECCA.

Technical expertise within government authorities is eroding. EECCA countries entered the transition with a high level of technical knowledge, but this human capital has in great part been lost because of a high turnover of the staff of environmental authorities. Besides government-wide disincentives, such as low salaries, frequent reorganisations of EECCA environmental authorities have continued to be an additional sector-specific factor that further de-motivates staff. The report will make an attempt to identify measures that may motivate higher performance and professional development within environmental authorities.

Vulnerability to corruption is still high. Because of nascent corruption control mechanisms, environmental management systems in some EECCA countries are still vulnerable to corruption. Its root causes, such as high levels of bureaucracy, low salaries of public servants, or insufficient transparency and accountability, received some attention but efforts to halt corruption are not yet adequate given the magnitude of this phenomenon. The report will reflect on both existing good practices and further actions to deal with this problem within environmental authorities.

There are important regional disparities in EECCA but international cooperation remains relevant, particularly for the diffusion of innovative policies, knowledge sharing and technology transfer, fostering market mechanisms, streamlining and accelerating environmental financing, or for adopting cleaner models of production and consumption. Low-income countries face an augmented demand of donor aid and the deficit of external financing may be larger than previously. At the same time, there might be efficiency gains from a better use of donor finance. The report will discuss how international cooperation could catalyze and support institutional development and better governance for modern environmental management in EECCA.

ANNEX 3. BRIEF DESCRIPTION OF THE EAP TASK FORCE'S PROGRAMME AREAS

The Environmental Action Programme (EAP) was adopted in 1993 by Environment Ministers in Lucerne, Switzerland as part of the "Environment for Europe" process. It emphasized the need to: (i) set clear priorities; (ii) develop the best mix of policy, institutional and investment actions to solve environmental problems; (iii) use cost-effectiveness as a key criterion in allocating scarce resources; and, (iv) develop policies and strategies that build on and reinforce economic and democratic reform.

In Lucerne, Ministers established an inter-governmental Task Force to implement the EAP. Since 1998 Arhus Ministerial Conference, the main mission of the EAP Task Force is to guide reforms of environmental policies in EECCA countries by promoting the integration of environmental considerations into the processes of economic, social and political reform; and by upgrading institutional and human capacities for environmental management. After the Belgrade Conference, the EAP Task Force work is organised in two programme areas:

1. Water Programme

This programme area aims to support the reform of the water sector, and to help mobilise finance, in order to help achieve the water-related Millennium Development Goals. Achieving this goal would support economic and social development in EECCA countries, as well as environmental protection efforts. The proposed activities in the water programme are addressing this situation in line with recommendations of EECCA Environment and Economy Ministers at their meeting in Yerevan in 2005. Ministers at the Belgrade Ministerial Conference agreed that "water, including both rural and urban water supply and sanitation should be one of the priority areas for action." EAP Task Force work in this area is putting a strong emphasis on providing guidance and analysis that can support the effective reform of water sector institutions and plans, and thereby support improved access to financial resources, in particular from public budgets. The work also aims to improve information and data for decision makers.

2. Environmental Policy Programme

The focus of EAP Task Force's work in the field of environmental policy reform is on issues of a cross-cutting character, with a high potential to simultaneously contribute to environmental improvements, economic development, and the rule of law. The programme combines regional activities with country-based work to pilot new policy instruments or develop institutional capacity. Though the ministries of environment are the main partners within the framework of programme implementation, ministries of finance and economic development, as well as other governmental partners, are often involved in the regional and national-level projects. Also the programme takes account of business actors' interests in a way that balances economic and environmental goals. Finally, the social aspects of environmental policy-making and policy implementation find their reflection in various programme activities. This is done, for example, by promoting transparency and integrity of environmental authorities, but also by directly involving NGOs in project design and implementation.