

Follow-up to the Four Mandates Given by Ministers at the 2004 Meeting of EPOC at Ministerial Level



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For a better world economy

FOLLOW-UP TO THE FOUR MANDATES GIVEN BY MINISTERS AT THE 2004 MEETING OF EPOC AT MINISTERIAL LEVEL [ENV/EPOC(2008)8/FINAL]

When OECD Environment Ministers met in April 2004, they gave four new mandates to the OECD; (i) to carry out an Environmental Performance Review of China, (ii) to organise a joint meeting of Environment and Development Co-operation Ministers, (iii) to develop new work on “cost of inaction”, and (iv) to examine the effectiveness and efficiency of partnership initiatives. The present document reports on how the OECD Environmental Policy Committee (EPOC) has implemented these four Ministerial mandates.

1. Environmental Performance Review of China

At the 2004 EPOC meeting at Ministerial level, OECD Ministers welcomed the request by China for an OECD Environmental Performance Review (EPR) of the country, and mandated the OECD to conduct a review. The China review was carried out during 2006-07, building on over a decade of environmental co-operation between China and the OECD which had included joint activities on environmental information and indicators, dialogues on economic instruments and environmental financing. Part of the preparation for the EPR of China included the participation of Chinese experts in the EPRs of Norway, Japan and Korea.

The review of China was carried out using the same methodology as in the EPRs of member countries. Experts from nine OECD countries (Canada, Germany, Italy, Japan, Korea, Norway, Sweden, the United Kingdom and the United States) participated in the Review Team Mission to China in February 2006. The team conducted open dialogues with the national, provincial and municipal authorities, industry representatives, NGOs and eminent scholars and independent experts. The review also included a meeting with the environmental attachés from OECD country embassies in Beijing.

The draft review report was discussed at a meeting of the OECD Working Party on Environmental Performance (WPEP) on 8-9 November 2006 in Beijing. It was the first ever meeting of a formal OECD body in China, with high-level participation including Chinese Vice-Ministers and an OECD Deputy Secretary-General. The Chairs of EPOC, the Working Party on National Environmental Policies, the Working Party on Global and Structural Policies, and the Working Party on Environmental Performance (the peer review body) were present. The Chinese delegation included representatives of 10 different Ministries/Agencies and some provinces. OECD countries participated, many at the Vice Minister or Director-General levels, as well as the European Commission and UNEP.

The Conclusions and Recommendations¹ were approved by all the Delegations including China. The Conclusions and Recommendations were subsequently presented to the Chinese Prime Minister by the OECD Deputy Secretary-General and also at the plenary session of the China Council for International Co-operation on Environment and Development (CCICED)². Chinese authorities have publicly confirmed their commitment to implement the 51 Recommendations at the Press Conference (Beijing, 17 July 2007).

The EPR of China highlighted that China’s economic and industrial development has come at high cost to the environment. It emphasised the need to: i) close the “implementation gap” in enforcement of environmental laws and regulations; ii) reorient the economic growth towards a more harmonious development (taking into account better social and environmental issues); and iii) strengthen further international environmental co-operation between China and OECD countries. Improved environmental outcomes in China would be beneficial for China and the rest of the world. The review has benefited from the importance attached by China at the highest levels (i.e. State Council, Prime Minister, President) to environmental issues and China’s willingness to strengthen environmental co-operation with OECD. China has already responded to some of the OECD recommendations, for example by announcing a redoubling

¹ Conclusions and Recommendations are available in English, French and Chinese on the OECD web site: <http://www.oecd.org/env/countryreviews/china>.

² The China Council is made of individual experts (mostly with OECD or Chinese citizenship), to advise the Chinese government. It is co-chaired by a Chinese Vice-Prime Minister and the Canadian International Co-operation Minister. It operates since 1992 and enters a 4th phase, with some changes to its memberships and functions.

of efforts to improve environmental protection and increase financing for energy efficiency and environmental investment as well as adopting a national plan to combat greenhouse gas emissions. The Chinese authorities are also discussing strengthening the environmental administration within the Chinese government, in line with one of the recommendations of the EPR.

The main messages of the Review have also been widely disseminated to media in China and OECD countries. This included two OECD/SEPA press conferences in Beijing (one after the examination meeting on 9 November 2006 and another on the occasion of the publication of the final report on 17 July 2007). Additional media events were also arranged, including in Tokyo, Washington and Paris. Numerous interviews and extensive press coverage by both Chinese and international media followed.

After the final release of the China EPR, the pre-negotiated Memorandum of Understanding was signed between OECD and SEPA on the environmental co-operation for 2007-08. It focuses on engaging Chinese experts and officials in several dimensions of the OECD work programme, including environmental statistics, capacity building for environmental enforcement and compliance, corporate environmental responsibility and the follow-up to the EPR. It was also agreed that the Chinese authorities would provide OECD with a report assessing progress in implementing the 51 OECD Recommendations in 2009-10. The possibility of conducting a second EPR of China in 5-6 years was also discussed.

2. Joint meeting of Environment and Development Co-operation Ministers

At the request of Ministers at the 2004 OECD Environment Ministers meeting, a Joint Meeting of the Development Assistance Committee (DAC) and EPOC was organised at Ministerial Level on 4 April 2006 in Paris. The meeting, co-Chaired by Lena Sommestad (Environment Minister for Sweden) and Richard Manning (DAC Chair), was attended by twenty-eight Ministers, about half from each side. This was the first such meeting since 1991.

The Joint Ministerial Meeting adopted two strategic documents. The first, a *Framework for Common Action around Shared Goals*³, presents a “menu of options” to be pursued by environment and development co-operation agencies and their partners to better integrate environment into development co-operation programmes. The *Framework* serves as a useful complement to both the *Paris Declaration on Aid Effectiveness* and the *OECD Environmental Strategy for the First Decade of the 21st Century*, by helping to mainstream environmental considerations further into development and poverty reduction strategies.

The second document, a *Declaration on Integrating Climate Change Adaptation into Development Co-operation*⁴, calls upon the OECD to pursue analytical work to support the integration of climate change into development co-operation activities at various levels. The *Declaration* also calls upon OECD Member countries to promote understanding of climate change and its impacts within their development co-operation agencies and with developing country partners, and to integrate adaptation to climate change and variability into development co-operation activities.

EPOC’s Working Party on Global and Structural Policies and DAC’s Environet are overseeing follow-up work, and meet jointly for this purpose. Work is now focused in three areas, led by three Task Teams.

Climate Change Adaptation (Lead countries; the Netherlands and Switzerland): The main aim of this work is to produce a Guidance Document on Integrating Climate Change Adaptation into Development Cooperation. A survey of existing practices has been prepared.

Financing Water Supply and Sanitation (Lead country; France): This work aims to produce recommendations outlining good practices for conducting finance strategies for the water sector, including

³ Framework for Common Action around Shared Goals is available at: <http://www.oecd.org/epocdacmin2006>.

⁴ Declaration on Integrating Climate Change Adaptation into Development Co-operation is also available at: <http://www.oecd.org/epocdacmin2006>.

on how such strategies could be integrated into public budgets. In addition, an updated version of a computer-based tool (FEASIBLE), as well as two case studies in Burkina Faso and Egypt, will be prepared.

Governance and Capacity Development for Natural Resource and Environmental Management (Lead country; Sweden): The overall goal of this activity is to update the DAC Guidelines of Capacity Development for Environment. Several elements are under preparation: guidance on how to integrate environmental programmes into mid-term budgetary processes; a tool for assessing the state of environmental capacity development and how it could be improved; and a review and good practice approaches for “making the economic case for the environment.” In addition, a survey of Environment Ministries’ development co-operation activities is being prepared.

The results of these activities will be reported to Environment and Development Ministers in 2009, possibly at a second joint meeting.

3. Cost of Inaction

In response to the 2004 EPOC Ministerial mandate, EPOC carried out new work on the costs of inaction in addressing selected environmental policy challenges.

The Cost of Inaction project started with a High-Level Special Session of EPOC (2005), where Member countries reviewed existing knowledge on the analysis and valuation of costs of policy inaction in the areas of biodiversity protection, climate change mitigation, and in field of protecting public health. Technical work on the definition of “costs on inaction” as well as on the choice of an appropriate discount rate were also developed under the project. A Technical Report (ENV/EPOC(2007)17/REV2) and a Summary for Ministers (ENV/EPOC(2007)16/FINAL) were prepared, in direct response to the 2004 Ministerial mandate.

These reports reviewed the costs associated with inaction (or delayed action) to in the fields of: (i) human health impacts of air and water pollution, (ii) climate change, (iii) industrial accidents and natural disasters, and (iv) natural resources management (marine fisheries and groundwater).

The work done on the cost of inaction also contributed to development of the *OECD Environmental Outlook to 2030*, which includes a specific chapter on that topic.

4. Study on effectiveness and efficiency of partnership initiatives

In April 2004, OECD Environment Ministers called on the OECD to examine the effectiveness and efficiency of partnership initiatives. During the discussion, Ministers recognised that such initiatives could complement traditional governmental approaches to environmental protection and sustainable development; for example, by leveraging resources, disseminating technology and drawing on the expertise of different groups. Ministers also recognised that not all partnerships work. They considered that in view of OECD’s independence and analytical capacity, it would be well-placed to assess partnership initiatives, analyse successes and failure, and share experience on good practice.

Under the guidance of EPOC, the Secretariat prepared a report⁵ to respond to the OECD Environment Ministers request and to contribute to the analyses of evaluating the effectiveness and efficiency of partnerships. It focused on partnerships involving OECD member country governments. It analysed the purpose and value added of partnerships, reviewed evaluations of partnerships and the methodologies used, and considered how the evaluation of partnerships could be strengthened, particularly from the public policy perspective, including by identifying possible elements of a partnership evaluation framework.

⁵ Report on Evaluating the Effectiveness and Efficiency of Partnerships involving Governments from OECD countries is available at: <http://www.oecd.org/envmin2004>.

The report identified a range of success factors in the evaluations that have been conducted to date. Some have to do with good project management (such as clear objectives, detailed plans, good leadership, sufficient resources and accountability) while others deal more with the dynamics of partnerships (such as understanding the needs of different partners, shared ownership and flexibility). It also identified various weaknesses in existing evaluations, such as a failure to examine the major costs and benefits generated by partnerships. Furthermore, the report proposed possible elements for an evaluation framework. These elements included issues that are relevant for evaluations from a public policy perspective, such as policy rationale, effectiveness, efficiency (e.g. transaction, operational and opportunity costs), benefits, financial leverage, policy consistency and sustainability. The report presents a snap-shot of a young and fast-developing field. Clearly, further work on evaluating the effectiveness and efficiency of partnerships is warranted, both case studies and on the related methodologies.