

EAP Task Force

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

26-28 September 2004, Yerevan, Armenia

REPIN (2004) 12

Summary Record

This document contains the highlights and a detailed summary of the discussions carried out at the sixth meeting of the Regulatory Environmental Programme Implementation Network (REPIN) that was held on 26-28th September, 2004 in Yerevan, Armenia.

ACTION REQUIRED: *Comments on the summary record should be provided to the Secretariat by the 20th October, 2004.*

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The Highlights

The meeting in Yerevan was the sixth annual assembly of the EECCA Regulatory Environmental Programme Implementation Network (REPIN). The Armenian Ministry of Nature Protection hosted the meeting which was organised within the framework of the EAP Task Force. During the meeting the Network reviewed progress in the implementation of the REPIN Work Programme for the period 2003-2006 as presented in the document NISECEN(2004)2. A number of implementation issues were discussed on actions at the country and regional level, in particular:

- ❖ the Network endorsed the Conclusions and Recommendations of the **Peer Review of Environmental Enforcement System** in the Kyrgyz Republic and its follow-up. Armenia and Uzbekistan expressed their willingness to be reviewed under the peer review scheme;
- ❖ the Network endorsed six chapters of the **Integrated Environmental Permitting** Guidelines for the EECCA region which would provide a basis for a sub-regional permitting training programme in 2005-2006.

In discussing other projects of the work programme the Network Members:

- ❖ raised the issue of slow progress in reforming **environmental quality standards** and voiced a strong demand for support, in particular in the context of the European integration. Representatives of Armenia, Belarus, Kyrgyz Republic, Kazakhstan, Moldova, Russian Federation and Uzbekistan requested assistance for a harmonised approach on this issue;
- ❖ taking account the similarities of the conclusions of the reports on **environmental taxation and economic instruments** in the Russian Federation and Armenia it was proposed that a larger regional event be organised to discuss the introduction of a more effective system of economic instruments linked to the reform of other environmental policy instruments;
- ❖ welcomed the analysis of approaches for **financing enforcement efforts** in OECD and CEE countries. The representatives of Armenia and Ukraine expressed their readiness to carry country specific analysis of this subject;
- ❖ reviewed progress in implementing **environmental performance rating and information disclosure** scheme in Ukraine and welcomed the development of the manual on the scheme in co-operation with the World Bank;
- ❖ welcomed progress in strengthening provisions for **environmental self-monitoring and self-reporting** by industrial enterprises in Kazakhstan and expressed the interest to further work on this subject by implementing other demonstration projects and developing guidelines;
- ❖ reviewed the results of the OECD-INECE workshop on **Environmental Compliance and Enforcement Indicators** and progress in developing ECE Indicators in the Russian Federation and other EECCA countries. Armenia expressed the willingness to undertake the country project on this subject. Kazakh Ministry included a similar project in its research and development programme for 2005;
- ❖ expressed their content with the publication of the EAP Task Force "Toolkit for Building Better Environmental Inspectorates in EECCA" in English and Russian. Moldova and Kyrgyzstan expressed their willingness to host training sessions to build **capacities of environmental enforcement managers and officers** in 2005.

The Network reviewed also its co-operation with other networks, in particular with BERCEN, and inputs to the global discussion on environmental compliance assurance, in the context of the International Network on Environmental Compliance and Enforcement (INECE). The Network Members thanked the Armenian hosts for an excellent organisation of the meeting and welcomed and endorsed an offer from Uzbekistan to organise the next REPIN meeting in Tashkent in late September/ early October 2005.

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

26-28 September 2004, Yerevan, Armenia

Summary Record

INTRODUCTION

1. The meeting in Yerevan was the sixth annual assembly of the EECCA Regulatory Environmental Programme Implementation Network (REPIN). The Armenian Ministry of Nature Protection hosted the meeting which was organised within the framework of the EAP Task Force.
2. The meeting gathered over 60 representatives of the Ministries of Environment from the EECCA region (mostly Heads of Environmental Policy, Permitting and Enforcement Departments). Experts and practitioners from the OECD and Central European countries, the representatives of the Regional Environmental Centre (REC) for CEE, the Caucasus REC also participated along with the representatives of non-governmental organisations.
3. As with previous meetings, the event provided an opportunity to assess progress in improving governments' policies, instruments and institutions for environmental compliance assurance and promotion. In addition, the meeting aimed at reviewing progress with work programme implementation since the previous Network meeting in October 2003. Special attention was devoted to projects on strengthening environmental compliance assurance systems, the reform of environmental permitting and economic instruments in the whole EECCA region, and individual countries.

AGENDA ITEM 1: OPENING ADDRESSES

4. *Mr. Simon Papyan*, Vice-Minister of Nature Protection of Armenia welcomed the participants of the 6th Network Meeting. Mr Papyan pointed out an ongoing administrative reform that has been carried out in Armenia. He referred to a new legal act on the Civil Service which would provide an important instrument for strengthening the qualifications and efficiency of public administration. He also referred to a draft Law on Environmental Inspection that is being debated by the Armenian Parliament. In this context, he mentioned that the EAP Task Force Guiding Principles for Reforming Environmental Enforcement Strategies on the Transition Economies of EECCA provided an important support in drafting the law. Mr. Papyan also stressed the importance of the European integration which has now received a new impetus as the Partnership Agreement with the European Union was signed. He stressed the wish of the Armenian government to harmonise the legislation but also pointed out problems related to the lack of expertise and resources needed to advance this process. Mr. Papyan underlined the significance of international co-operation in addressing priority environmental problems in individual countries of the EECCA region and expressed his appreciation that Armenia could host the meeting of the REPIN Network. He wished the Network an interesting and fruitful meeting.

5. *Mr. Brendan Gillespie*, Head of the Non-Member Countries Division of the OECD's Environment Directorate, welcomed the participants on behalf of the EAP Task Force. He referred to the mandate given to the EAP Task Force and the OECD Secretariat at the Kiev Ministerial meeting to support specific objectives of the EECCA Environment Strategy, including water supply and sanitation, public environmental finance and implementation of environmental policies, and (ii) to facilitate and monitor the overall implementation of the EECCA Strategy. Mr. Gillespie also pointed out that an important benchmark for the Strategy implementation will be provided by the meeting of EECCA Ministers to be held in October 2004 in Tbilisi, Georgia. He expressed the belief that the Network would play an important role in achieving the Objective 1 of the Strategy "*Improving Environmental Legislation, Policies, and Institutional Framework*".

6. Mr. Gillespie underlined an importance of co-operation that is being carried out within REPIN as it brings together policy-makers working on policy instruments and environmental inspectors from national and regional agencies from 12 EECCA countries as well as experts from OECD and CEE countries, NGOs and business; and representatives of donor agencies. He underlined the importance of links established with other networks such as IMPEL, BERCEN, and INECE.

7. Mr. Gillespie mentioned also that the methods of work of the Network would remain the same and would include the first-hand experience and info exchange among experts which leads to the development of the policy guidelines, good practices, tools to help in reform through synthesis of practice from around the world; and to the provision of a direct support to countries through analysis and demonstration projects. Other important methods would include regional and country specific training and building on-going capacity building; promoting partnerships with other sectors, local government, NGOs, private sector and with donors; and reporting Progress, including to the high level Ministerial level.

AGENDA ITEM 2: ADOPTION OF THE AGENDA

8. *Mr. Krzysztof Michalak* of the EAP Task Force Secretariat introduced the agenda of the meeting [document REPIN(2004)1A] which included:

- the Review of Environmental Compliance Assurance system in Kyrgyzstan and the plans for the future;
- REPIN project on Environmental Permitting, in particular the draft Integrated Environmental Permitting Guidelines for EECCA Countries, and follow-up sub-regional training programme;
- review of progress in implementing other elements of the REPIN work programme made since the previous meeting in October 2003 in Kiev

9. The participants were also informed that two special sessions would be organized immediately after the Network meeting in order to:

- discuss a report on the use of economic instruments in environmental policy in Armenia
- discuss strengthening environmental compliance assurance in Armenia and REPIN's support.

10. The participants agreed on the proposed agenda without amendments.

AGENDA ITEM 3: PEER REVIEW OF ENVIRONMENTAL ENFORCEMENT SYSTEM IN THE KYRGYZ REPUBLIC

11. At their 5th annual meeting in October 2003 in Kiev, REPIN agreed to launch a pilot peer review scheme to facilitate reform of compliance assurance in EECCA. REPIN endorsed the objectives and methodology of peer reviews and welcomed the request of Kyrgyzstan to be the first country using this tool of inter-governmental dialogue and support.

12. In Yerevan, the Conclusions and Recommendations of the Peer Review of Environmental Compliance Assurance System in the Kyrgyz Republic [REPIN(2004)3] were discussed with the aim to review their validity, assessing the feasibility of recommendations and exchanging experience among REPIN members on how similar challenges might have been addressed in their countries.

13. *Ms. Angela Bularga* of the EAP TF Secretariat introduced the overall framework for REPIN's peer reviews and their potential benefits as concerns inter-sectoral dialogue, institutional capacity building, and interactions with stakeholders. The speaker stressed that the peer review mechanism is free of any threat of non-compliance sanctions arising from the findings of the review: its impact relies on the influence and persuasion exercised by peers who are equal partners in the review process. Key activities, conducted in the framework of the Kyrgyz Peer Review, and stakeholder participation were described. *Ms. Bularga* introduced the team of experts¹ who participated in the review mission carried out on 15-20 March 2004. She also acknowledged the high level of interest and commitment that was shown by Kyrgyz counterparts and expressed Secretariat's gratitude for the input provided by the managers and staff from the Ministry of Environment and Emergency Situations (MEES).

14. *Mr. Omor Rustembekov*, Head of the Department for Environmental Protection of the MEES summarised the challenges of environmental enforcement in the Kyrgyz Republic. He agreed with the conclusions of the Review and wished that this mechanism influences positively future decisions on the reform of environmental enforcement system in his country. He also voiced concerns that current capacity is not sufficient to implement all recommendations and requested further support in this domain.

15. The discussion on each element of the report was introduced by a member of the Expert Team. The MEES Delegation further commented on the report's findings and responded to several questions and remarks from other Network Members. The main results of the discussion are presented in **Annex 1**. The comments and proposals received during the meeting will be incorporated in the final version of Review Report. The Delegation of Kyrgyz Republic and other Delegates praised the high quality work performed by the expert team who prepared the report. The mechanism of peer reviews was considered beneficial for REPIN members and shall be continued in other countries.

16. It was agreed that the review would be follow-up by the following activities:

- The Secretariat will incorporate comments from the discussion into the conclusions and recommendations report and finalise the technical report – by 1 November 2004 in English and by 1 December 2004 in Russian;
- The Secretariat and the MEES will present the final conclusions and recommendations of the review to the government authorities and interested stakeholders in mid December 2004 in Bishkek;

¹ The review team included the following experts: Julietta Glicyan, Armenia; Toomas Liidja, Estonia; Hans-Roland Lindgren, Sweden; Nurlan Yeskendiroy, CAREC; Henk Ruessink, The Netherlands; Angela Bularga, OECD Secretariat; Krzysztof Michalak, OECD Secretariat.

- The Secretariat will publish and disseminate the review report in early 2005.

17. In the discussion on the next reviews the representatives of Armenia and Uzbekistan expressed their interest to be subject of the next peer reviews. The Secretariat will work with the Network Members from these countries on the detailed arrangements for the reviews.

AGENDA ITEM 4. ENVIRONMENTAL PERMITTING

18. The development of the Integrated Environmental Permitting Guidelines was agreed at the 5th meeting of the REPIN network in Kiev. Since then the Secretariat had drafted six chapters of the Guidelines:

- Introduction and Summary of the Main Elements (Chapter I);
- Integrated Environmental Permitting Procedure for a Competent Environmental Authority (Chapter II);
- Integrated Environmental Permit Application Form with instructions (Chapter III);
- Integrated Environmental Permit Form with instructions (Chapter IV);
- Combination of the Environmental Quality-Based and Technique-Based Approaches in Integrated Permitting for Large Industrial Installations (Chapter V);
- Strategic Approach to the Gradual Transition to Integrated Permitting for Large Industry (Chapter VI).

19. The draft of the first four chapters was discussed at an expert meeting on Environmental Permitting that was held in May 2004 in Paris. Furthermore, a study on the main aspects of the transition to integrated permitting, using the approach of the Guidelines, had been conducted in Ukraine.

20. The objectives of this session were:

- Discuss in detail Chapters V and VI and endorse the drafts of all the six chapters;
- Make a decision whether to include guidance on environmental permitting for small and medium-sized enterprises (SMEs) into the Guidelines or produce it as a separate document;
- Agree on a procedure for finalising and publishing the Guidelines; and
- Approve the concept of a regional Training Programme based on the Guidelines and determine the countries that will host the training courses in 2005.

21. *Mr. Eugene Mazur* of the EAP Task Force Secretariat presented Chapter V of the Guidelines, which focuses on the combined approach to setting emission limit values in integrated permits. The presentation described the environmental quality-based and the technique-based approaches, characterised the emerging trend toward technique-based regulation in several EECCA countries, and explained the steps of the combined approach that have to be taken by the permitting authority. The ensuing discussion

underscored the need for a profound reform of environmental quality standards in EECCA countries that would enable the introduction of the combined approach and of an integrated permitting as a whole. In particular, the delegates from Moldova, Uzbekistan, Armenia, Kazakhstan, Kyrgyz Republic, and Belarus called for regional efforts with support from the EAP Task Force to develop and implement new environmental quality standards, using the EU ones as a benchmark. The representatives of Uzbekistan indicated that a national programme for standards reform had already been launched in their country.

22. In presenting Chapter VI on the strategic approach to the transition to integrated permitting, Mr. Mazur discussed how to determine the scope of the integrated permitting system, the institutional and legal aspects of the transition, and the timing of the introduction of integrated permitting for industry. Ms Monika Pribylova (the Czech Republic) introduced the main results of the Ukraine case study on the transition toward integrated permitting that followed the approach described in Chapter VI. Both documents generated significant interest among the participants, with most of the discussion devoted to legal issues and institutional issues. In particular, the participants considered whether a separate law on integrated permitting would be needed. In addition, it was noted by several EECCA country delegates that water and wastewater utilities (Vodokanals) should be covered by an integrated permitting regime, even though such installations are outside the IPPC scope in the European Union.

23. Mr. Ibragim Aliev (Kazakhstan) shared with the participants the experience of the reform of environmental permitting in his country. He emphasised that environmental authorities in Kazakhstan use permits to maintain constant pressure on polluters to continuously improve their environmental performance. A voluntary system of integrated permits is supported by the country's large industry and will be introduced beginning in 2005.

24. The following agreement was reached on the next steps:

- The Network Members agreed to provide to the Secretariat with written comments on draft Chapters V and VI, as well as on the other four chapters of the Guidelines by 15 October 2004.
- The participants supported the idea to include in the Permitting Guidelines a chapter (Chapter VII) with guidance for permitting of small and medium-sized enterprises. A draft of this final chapter of the Guidelines will be prepared by the Secretariat by the end of 2004. The Secretariat will then either organise a small expert meeting (if sufficient funding is available) or an e-mail forum to discuss and approve draft Chapter VII. In order to accelerate the publication of the Guidelines, it was agreed that the Secretariat would distribute the final draft of Chapters I-VI (with comments incorporated) to all REPIN members by mid-November 2004. A formal endorsement of the text of the Permitting Guidelines by the Network will be made through a written procedure. The Guidelines will be published in March-April 2005.
- The Network members approved the concept of the training programme based on the Permitting Guidelines presented by the Secretariat. The training programme will consist of three courses in each of EECCA sub-regions (Western EECCA countries, Caucasus and Central Asia) conducted in 2005-2006. Host countries for each sub-regional course will conduct programmatic case studies on prospective implementation of an integrated permitting system. These case studies will be important inputs to the training. The Ukraine case study will be discussed at a Ukrainian stakeholder workshop in Kiev in November 2004 and finalised by early 2005. The training materials will be developed by the Secretariat by April 2005, and the first training course will be held in Kiev in May-June 2005 for representatives of Ukraine, Belarus, Moldova and Russia.
- It was also decided that the second country case study will be conducted in the Kyrgyz Republic in the first half of 2005, and the second training course for Central Asian country representatives will be held in Bishkek in October-November 2005. A case study and training for the Caucasus countries will be carried out in 2006.

AGENDA ITEM 5: REVIEW OF PROGRESS IN IMPLEMENTING THE REPIN 2003-2006 WORK PROGRAMME

25. This session aimed to review the implementation of individual projects of the REPIN Work Programme [NISECEN(2003)2] since its adoption at the 2003 Network meeting in Kiev. The Secretariat introduced the agenda item by referring to progress report [REPIN(2004)2] which provided details of actions that have been implemented in 2003-2004, and are planned for 2005, under each project. The participants received an update on progress and discussed plans for the future on these items of the Work Programme that had not been discussed in depth during the meeting. These included:

Project 1.2: Making Environmental Standards More Effective

26. The Delegates raised the issue of slow progress in reforming environmental quality standards and voiced a strong demand for support, in particular in the context of the European integration. Representatives of Moldova, Uzbekistan, Armenia, Russian Federation, Kyrgyz Republic, Kazakhstan and Belarus requested assistance for a harmonised approach on this issue. The Delegates agreed that this issue should be considered in close relations to the reform of environmental permitting, especially in the discussion of the Chapter V of the Guidelines for Integrated Permitting. The Russian Federation expressed interest to take a lead and work with the Secretariat and other countries on developing specific project proposals and fundraising. This subject may receive further attention at the next Network meeting in 2005.

Project 1.3: Strengthening Economic Instruments for Environmental Protection

27. The Secretariat informed the Network about the report on reforming environmental taxation in the Russian Federation (publication available at the meeting) and the outcomes of the workshop on this subject which was held in March 2004 in Moscow and the report assessing reform of economic instruments in Armenia (REPIN(2004)6 - discussed at a special session described below). Taking account the similarities of the conclusions of these reports it was proposed that a larger regional event be organised to discuss the introduction of a simpler, more effective system, linked to the reform of other environmental policy instruments.

Project 2.1: Implementing Efficient, Effective and Financially Viable Environmental Compliance Assurance Programmes

28. The Secretariat presented the main findings of the report on financing ENFAs [REPIN(2004)10] and the results of the Expert Meeting organised in May 2004 in Paris. This study, which analyses sources of funding, budgeting process and expenditure management of environmental enforcement agencies in OECD/CEE countries, will be used to provide countries of Eastern Europe, Caucasus and Central Asia (EECCA) with good international practice to address the shortage of resources for environmental enforcement. The study looks, in particular, at the relation between the legal and institutional framework and the budgeting and financing sources, it will assess the feasibility and conditions of introducing administrative charges as well as the introduction of risk-based calculation of regulatory burdens. The study also identifies approaches to estimating funds required for responding to new pressures and emergencies as well as the development of long-term (budget) planning, in conjunction with target setting.

29. Participants welcomed the analysis of approaches for financing enforcement efforts in OECD and CEE countries. The representatives of Ukraine and Armenia expressed their readiness to carry country specific analysis of this subject.

30. The Secretariat informed the Network Members about the forthcoming OECD conference on Economics of Environmental Compliance Assurance [REPIN(2004)9] which will take place on 2nd -3rd December 2004 in Paris (in English and French only). The meeting will aim to identify more effective

incentive structures in governments' compliance assurance strategies, an will identify ways to deploy public resources and enforcement and compliance promotion instruments in the most cost-effective way so as to promote better environmental performance in enterprises. It was also agreed that the Secretariat would work to facilitate the participation of the English/French speaking experts from the EECCA region in the conference.

Project 2.2: Promoting Information-Based Instruments and Public Involvement in Compliance Assurance

31. The Secretariat presented progress in implementing a project to introduce a Performance Rating and Information Disclosure scheme in Ukraine [REPIN(2004)11]. The scheme, which has been tested in a number of countries in the world aims to assist governments to assess industry's environmental performance and make this information publicly available. The scheme uses public and media pressure for better compliance with environmental requirements and facilitates the establishment of dialogue between enterprises, enforcement agencies, NGOs and the public. The Secretariat informed the participants about the development, in co-operation with the World Bank, good practices on designing and applying the scheme. The manual will include the results of in-country programmes and lessons learned.

32. *Ms. Natalia Andrusevych* from Ecopravo-Lviv, Ukraine made a presentation on the preliminary results of the study of the feasibility of introducing the scheme in the city of Lviv, Ukraine. The study showed that low effectiveness of the existing instruments to assess industrial performance can be improved by applying performance rating and information disclosure scheme and that this instrument can be applied using the existing legal framework. She also presented the opinion polls that show the need for such kind of instrument in Ukraine. She outline the necessary steps that will be undertaken under the project which includes the establishment of the working group for the project, development of the criteria for selection of enterprises tat will take part in the scheme, development of a special software programme that will be used for data processing and organising the workshops for media and enterprises to inform the stakeholders about the project.

33. Participants provided insightful comments on the project in Ukraine, stressing the need for accuracy of information and sustainability. Participants shared their views on the application of this instrument in their countries and welcomed the development of the manual on the scheme that is carried out in co-operation with the World Bank.

Project 2.3: Improving Industrial Self-Monitoring

34. The Secretariat reported on progress, which included transferring experience of OECD countries, launching stakeholder dialogue and developing *Guidance on Organising Environmental Self-Monitoring by Industrial Operators in Kazakhstan*. The speaker underlined the particular input to this project that has been made by the Kazakh authorities in terms of staff time and logistical support.

35. Within the project, a stakeholder meeting was conducted in November 2003 that gave the opportunity to present good international practice and seek feedback on the design of current system of self-monitoring in Kazakhstan. A Case Study on New Approaches to Self-Monitoring in Estonia was developed and disseminated. Also, a study visit was organised to Helsinki (June 2004), in co-operation with the Finnish Environment Institute. This visit provided a ground to see one of the most advanced self-monitoring systems and learn how industrial facilities assume their environmental responsibilities in practice.

36. In June 2004, the draft *Guidance on Organising Environmental Self-Monitoring by Industrial Operators in Kazakhstan* was presented to the attention of the Kazakh counterparts. The Guidance aims to assist Kazakh authorities in updating the legal framework and harmonizing it with good international practice. This document will also help to design higher quality self-monitoring programmes, take immediate corrective measures when environmental problems occur and disclosing facility-specific data that are highly relevant for the general public. This draft Guidance was discussed with industry representatives at a meeting organised in July 2004 in Atyrau by the Ministry of the Environment. Comments from various stakeholders are being analysed and will be incorporated in the final version of the Guide. It is expected that in early 2005 the Ministry of Environment will approve the Guidance and will start its practical implementation.

37. *Ms Gulsulu Ibraeva* from the Kazakh Ministry of the Environment mentioned that the improvements of self-monitoring are driven by the comprehensive reform of environmental regulatory framework in Kazakhstan. Most importantly, an Environmental Code is being drafted that, among other things, builds upon EAP Task Force products in such domains as integrated permitting, self-monitoring, and compliance assurance. The Environmental Code will be largely discussed with stakeholders in 2005; its approval is sought for 2006. The Secretariat, in co-operation with local experts, developed the draft chapter on self-monitoring of the Environmental Code.

38. The REPIN members welcomed the results of this pilot project and discussed the regional dimensions of self-monitoring. Some countries mentioned that replication of results might be premature since only one country has been involved and the reform is not yet completed. Before embarking in wider regional activities, the analysis of self-monitoring reform's impact in Kazakhstan will be necessary as well as the assessment of the situation in other countries. In this context, Uzbekistan volunteered to host a country study with a slightly modified focus which would look at the efficiency and effectiveness of the currently existing system of surveillance of industry's environmental performance by sectoral ministries. Several other countries called to proceed with the development of regional guidelines on self-monitoring. Among others, Belarus proposed to develop sectoral guidelines on design of self-monitoring for major industries. It was agreed that the Secretariat would assess all these proposals and, after discussing the results of these assessment, the Network members would take a final decision on follow-up regional activities.

Project 3.2: Developing Enforcement and Compliance Indicators

39. The Secretariat informed the Network Members about the results of the OECD-INECE workshop on Environmental Compliance and Enforcement Indicators that was held in November 2003 in Paris. The workshop agreed that the ECE indicators were needed to monitor and control operations of compliance and enforcement programs, ensure accountability to legislative bodies, budget authorities, constituent groups, and the public as well as allow to evaluate and improve effectiveness in achieving program mission. The workshop called for applying "input", "output", or "intermediary outcome" indicators in conjunction. It was also stressed that "intermediary outcomes" can in particular be used as an additional measure of behavioural changes of the regulated community as a result of enforcement and compliance promotion actions. However, the workshop participants stressed that there is no absolute set of indicators that can be applied to all situations and that the ECE indicators should meet a number of specific criteria in order to be effective.

40. The participants were informed about the proceedings from the workshop that was produced in English and Russian. The proceedings contain a number of case studies, including from the EECCA region. The participants were also informed about progress in launching a pilot project in the Russian Federation that aims at proposing an improved set of ECE indicators and testing them at regional level.

41. *Mr Vladimir Schwartz*, formerly from the Ministry of Natural Resources of the Russian Federation, listed the challenges of measuring and managing performance of environmental enforcement authorities in his country but also mentioned that there are driving forces that propel the reform of

indicators. The strongest among the latter ones is the adoption of target-oriented budget planning within the federal government and a strong requirement from the Ministry of Finance to identify concrete targets and measurable indicators within this planning and budgeting framework.

42. The REPIN members encouraged further work in this domain and approved the creation of a EECCA Regional Working Group on ECE Indicators. Armenia volunteered to serve as a second pilot country and Kazakhstan announced that the Ministry of Environment included a similar project in its research and development programme for 2005. The Secretariat was also requested to further explore the link between target-oriented planning and ECE indicators.

Project 3.3: Building Capacities of Enforcement managers and Officers

43. The Secretariat reported on training sessions, organised in December 2003 in Kazakhstan and the Russian Federation. Ms Ketii Samadashvili from REC Caucasus added that the Centre, in co-operation with the Secretariat, conducted follow up activities after the June 2003 training in Caucasus. Two key publications on environmental compliance assurance – the Guiding Principles for the Reform of Environmental Enforcement Authorities and a thematic Glossary of Terms – were translated and published in Armenian, Azeri and Georgian. Ms. Samadashvili re-iterated the interest of REC Caucasus to co-operate on training programmes for environmental authorities.

44. The participants expressed their content with the publication of the EAP Task Force “Toolkit for Building Better Environmental Inspectorates in EECCA” in English and Russian. It was acknowledged that the toolkit would provide an important basis for future training programmes. A CDROM with training materials developed for these events, including the Toolkit, was distributed to participants.

45. Agreement was reached on developing in 2005 a Training Curricula (TC) for environmental inspectorates in EECCA. The Secretariat will prepare the draft TC and will organise its discussion through an electronic forum. The representatives of Kyrgyzstan and Moldova asked the Secretariat to conduct inspector training in their country.

AGENDA ITEM 6. ORGANISATION AND MANAGEMENT ISSUES

46. In discussion on the organisational matters the Secretariat referred to the two REPIN documents: Terms of Reference of REPIN [*NISECEN(2003)14*] and REPIN Work Programme 2003-2006 [*NISECEN(2003)2*] and reiterated that these are the key documents that provide the framework for Network operations. The annual progress report [*REPIN(2004)2*] aims to provide an update on those activities that had carried out and these which are planned.

47. The Secretariat informed the Network Members about the preparations for the EECCA Ministerial meeting and the EAP Task Force meetings that will be held on 20-22 October in Tbilisi, Georgia. The Network Members were encouraged to inform their Ministers and Country Delegates to the EAP Task Force about the outcomes of the REPIN meeting and seek their support for REPIN. It was also agreed that the requests for projects which would be carried out under REPIN framework will be sent to the Secretariat in a written form. This will help to present the commitments and support fundraising. The Network Members were also encouraged to seek support directly from donors to fund REPIN projects.

48. The Secretariat also informed the Network Members about REPIN inputs to the global discussion on environmental compliance assurance, in the context of the International Network on Environmental Compliance and Enforcement (INECE). In particular, REPIN’s inputs included the methodological support

to the creation of the enforcement network in the Asian region, the development of enforcement and compliance indicators, analysis of economic aspects of compliance assurance and financing of enforcement efforts and training materials. The Secretariat informed the Members about the planned global INECE meeting that would be held in April 2005 in Morocco. It was agreed that the Secretariat and Network Members will work together to identify and facilitate the participation of appropriate representatives from the region.

49. Finally, the Secretariat informed the delegated that it had received an invitation from the Acting Chairman of the State Environmental Committee of Uzbekistan inviting the REPIN to held the next Network meeting in Tashkent. The Network Members welcomed and endorsed this offer and agree to hold the meeting in late September/early October 2005. Mt. Tillyaev from Uzbekistan ensured the Network Members that every effort will be made to well prepare the meeting and facilitate the participation of all Network Member.

AGENDA ITEM 7: OTHER BUSINESS

50. In the discussion of REPIN's co-operation with Networks Mr. Zhechkov from the REC Szentendre informed about the priority projects carried out by the Enforcement and Compliance Network in South-East Europe (BERCEN). The REPIN Members agreed to work closely with BERCEN to exploit the opportunities to exchange information on issues of mutual interest and take part in each others projects. The REPIN expressed their appreciation to the BERCEN Network for providing an opportunity for the EECCA experts to take part in training on integrated permitting which would be organised in October 2004 in the Czech Republic.

Close of the Meeting

51. In the concluding statement, all the participants expressed their great appreciation to the Minister and the staff of the Ministry of Nature Protection of Armenia for warm welcome and hospitality during the meeting.

SPECIAL SESSION 1: USE OF ECONOMIC INSTRUMENTS OF ENVIRONMENTAL POLICY IN ARMENIA

52. The special session brought together Armenian stakeholders from the Ministry of Nature Protection, other Armenian government agencies and several industrial companies, as well as a number of REPIN members from other EECCA countries to discuss the conclusions of the EAP Task Force report "Environmental Pollution and Product Charges in Armenia: Assessment of Reform Progress and Directions for Further Improvement."

53. Mr. Mazur (OECD) introduced the EAP Task Force activities on economic instruments (including a recent project in Russia) and the objectives of the Armenia project. After *Ms. Simone Schucht*, the project consultant, presented the main results of the report, *Mr. Ashot Harutyunyan* gave feedback on the report on behalf of the MNP.

54. Mr. Harutyunyan stressed the fiscal rather than environmental orientation of the current Armenian environmental charge system and called the attention to the positive aspects of its reform since 1998, including the reduction in the number of pollutants charged. He pointed out the poor data availability and quality as a major difficulty of the project's analysis.

55. Mr. Harutyunyan expressed the general agreement by the Ministry of Nature Protection with the reform recommendations listed in the report. The MNP is planning to further reduce the number of pollutants charged, but in a more environmentally justified way than before; and agrees with the suggestion to exclude hazardous pollutants from the charge system. The Ministry is currently drafting a new law on environmental charges that would increase two to three times the current charge rates. The new law should also help improve the revenue collection rates. The elimination of charges on waste and mobile sources of air pollution is also seen as desirable but more difficult to implement because of the institutional opposition. The establishment of an environmental fund in Armenia, advocated by the MNP, would face considerable resistance from the State Tax Service (whose representative spoke against it during the discussion) and the Ministry of Finance and Economy.

56. The major points of the discussion that followed were centred around the understanding of the Polluter Pays Principle, the question on whether to tax hazardous pollutants, the desirability of raising charge rates, the separation of the incentive and revenue raising functions of an environmental charge system, the desirability of environmental funds and/or earmarking of revenues, the replacement of engine power charges by fuel (product) charges and to questions of possible double charging. Further discussion was related to clarification of certain issues in the report, the presentation of experience from other countries (Uzbekistan, Moldova, Poland, and Sweden) and suggestions for further work.

57. One of the suggestions for further work was to look closer at the feasibility for companies in specific countries to pay (higher) pollution charges. The model used in the OECD report to project the incentive impact of a charge on air emissions of sulphur dioxide in Russia could also be applied in other countries.

58. As the discussion participants recognised that there are different approaches to earmarking of funds for environmental purposes, it was also suggested that the Armenia report present a possible alternative to the creation of an environmental fund.

59. The EAP Task Force Secretariat emphasised that conclusions quite similar to those drawn for Armenia were also found in other EAP TF reports on economic instruments, including the recent analysis for Russia. This holds in particular with respect to the need for radical changes in the design of pollution and product charges if they are to be environmentally and economically effective and the separation between their incentive and revenue-raising functions. In order to advance this debate, the Secretariat proposed to have a larger regional event that would discuss the departure from the existing philosophy of pollution charges in EECCA countries and the introduction of a simpler, more effective system, linked to the reform of other environmental policy instruments.

SPECIAL SESSION 2: IMPROVING ENVIRONMENTAL COMPLIANCE ASSURANCE IN ARMENIA

60. This session brought together around 35 people, including staff of the State Environmental Inspectorate of Armenia and representatives from EECCA inspectorates, including Belarus, Moldova, Ukraine, Kyrgyz Republic, Georgia, Uzbekistan and Kazakhstan. The session had the following objectives:

- Launch the Armenian version of the Guiding Principles for Reform of Environmental Enforcement Authorities in EECCA countries;
- Introduce the draft Law on Environmental Enforcement of the Republic of Armenia;
- Present the content of the Toolkit for Better Environmental Enforcement Authorities in EECCA;
- Discuss the strength and weaknesses of the Armenian compliance assurance system, and opportunities for its development.

61. The content of the draft Law, presented by *Ms. Julietta Glycian*, the head of Armenian Ministry's Legal Department, elicited the highest interest among workshop participants. The Ministry of Nature Protection of Armenia sees this law as a major instrument in ensuring higher degree of environmental protection and fighting corruption in the inspectorate. This law builds upon the reform of civil service in Armenia that aims at better governance and performance-oriented work of civil servants.

62. The law brings the following major improvements:

- Establishes clear responsibilities of environmental inspectors;
- Matches these responsibilities with adequate powers that were identified carefully to avoid entry points for discretionary decisions and corruption;
- Defines the institutional framework of environmental compliance assurance;
- Identifies criteria for conducting inspections;
- Requires the regulated community to conduct self-monitoring;
- Requires the inspectorate to ensure the transparency of its work and involve the general public.

63. Over 15 implementing regulations will be necessary for this law. The Ministry counts on the above-mentioned Toolkit to serve as a source of relevant information for developing such regulations.

64. *Mr Marzpet Kamalian*, Deputy Head of the Environmental Inspectorate, It was underlined that Armenia's request to be subject of a peer review is another vehicle for improving the system of compliance assurance as such, but also to improve its legal basis and decision-making policies. Focus areas for the peer review will be identified, with a preliminary request to assess inspection criteria and procedures, and indicators of compliance assurance.

65. Other EECCA countries also announced their steps towards implementing the Guiding Principles. For example, the Ukraine is drafting a law on environmental enforcement. Kazakhstan and Georgia are establishing autonomous inspectorates. Kyrgyzstan environmental authorities hope to be able implement the recommendations of the Peer Review and conduct both regulatory improvements and strengthen institutions.

ANNEX 1. SUMMARY OF KEY PROPOSALS ON THE RECOMMENDATIONS OF THE PEER REVIEW

Objective 1: Seek improvement of the environmental regulatory framework

- Link the development of legislation with environmental policy goals;
- Further improve the law-making process and adopt Regulatory Impact Assessment techniques;
- Explore the needs to harmonize environmental legislation with other recently developed national legislation, as well as the opportunities for a regional harmonization;
- Use feedback from practical implementation during law-making;
- Prolong permit validity when sufficient mandate to conduct inspections on a timely basis exists;
- Provide to permitting authorities timely feedback on compliance with permits.

Objective 2: Acquire adequate powers and raise the institutional status

- Consider reducing the frequency of structural reforms and establish a mechanism that would help keeping institutional memory and retain well-trained staff when reforms occur;
- Delegate responsibilities and powers to lower level and public administration only if sufficient capacity is built;
- Keep transition sources of financing, such as the environmental fund, until sufficient state grants are available.

Objective 3: Adopt risk-based and performance-oriented working methods

- Define criteria for establishing priorities of inspection;
- Develop and approve guidance on integrated permitting;
- Encourage a larger use of self-monitoring by industrial operators.

Objective 4: Embrace higher professional standards and foster international co-operation

- Use staff rotation to improve the quality of inspection;
- Assemble inspection teams of inspectors from different regions and prepare case studies;
- Prepare an Inspection Handbook where sector-specific guidance on inspection would be reflected;
- Involve colleagues from other authorities in the exchange of experience or training events.

Objective 5: Interact with stakeholders openly and constructively

- Use mass media as an avenue for raising environmental awareness of the general public and promoting higher voluntary compliance;
- Involve NGOs in on-site inspections as watchdogs thus guaranteeing a fair enforcement and preventing corruption;
- Seek from judiciary advice on what are the major drawbacks in the process of preparing environmental enforcement cases;
- Train and involve police in compliance checking.