

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

Cancels & replaces the same document of 30 September 2009

PROGRAMME OF WORK AND BUDGET OF THE EAP TASK FORCE FOR 2010

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 Headquarters (Paris, France)

Agenda item: 4.ii

This document presents a consolidated draft programme of work for the EAP Task Force for 2010. It builds on discussions within the Task Force on the overall direction of work in the period 2008-2011, progress in implementing the 2008-2009 programme of work, and guidance provided by the networks on environmental policy reform (REPIN) and on water sector reform and the EAP Task Force Bureau. It has been prepared by the OECD secretariat in co-operation with the Executive Directors of the Regional Environment Centers (RECs).

Action required: To discuss and endorse the proposed Programme of Work and Budget.

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PART 1: OVERALL DESCRIPTION OF THE WORK PROGRAMME

WORK PROGRAMME ARCHITECTURE

The draft Programme of Work of the EAP Task Force is organised around two main themes:

- (a) Reform of the water sector, and
- (b) Environmental policy reform.

Figure 1. The EAP Task Force Programme of Work: Areas and activities



Within these themes, and subject to the provision of sufficient resources, the various activities are implemented by:

- The OECD secretariat and EECCA RECs jointly;
- The OECD secretariat, and
- EECCA RECs.

WATER SECTOR REFORM

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. This would support economic and social development in EECCA countries, as well as environmental protection efforts.

Progress in reforming the water sector has been registered in some richer EECCA countries and some larger cities, but the situation remains critical in small- and medium-sized town, and in rural areas, where water services have effectively collapsed or deliver very poor services. The institutions for water supply and sanitation are in urgent need of reform, particularly at the local level. This is an obstacle to mobilising and channelling the financial resources that are required to upgrade the deteriorating infrastructure.

Projects and proposed outputs are organised in three main areas and described in the following table.

Table 1. Summary of projects planned for 2010 in the water programme

Project Title	Activity	Outputs Planned in 2010
PROJECTS IMPLEMENTED JOINTLY		
Project 1.2.3: Development of financial planning capacity in municipalities and water utilities	<i>1.2 Managing the water sector more effectively and efficiently</i>	<ul style="list-style-type: none"> • Implementation of training programmes for financial planning for representatives from utilities and municipalities • A report summarising lessons learned • A tool to support web-based training.
PROJECTS IMPLEMENTED BY THE OECD SECRETARIAT		
Project 1.1 Monitoring progress in implementing the water-related MDGs	<i>1.1 Monitoring progress in implementing the water-related MDGs</i>	<ul style="list-style-type: none"> • Two country reports documenting the performance of water utilities as well as key institutional and legal reforms (possibly Azerbaijan and Kyrgyzstan) • Water utility performance data published on the World Bank's IB-Net website
Project 1.2.1: Guidelines for performance based contracts	<i>1.2 Managing the water sector more effectively and efficiently</i>	<ul style="list-style-type: none"> • Local assistance on performance contracts in four locations • Regional capacity development workshop in cooperation with the World Bank
Project 1.2.2: Policy dialogue on opportunities and obstacles for private sector participation	<i>1.2 Managing the water sector more effectively and efficiently</i>	<ul style="list-style-type: none"> • Follow-up on 2009 dialogue event in Moscow, including publication of proceedings

¹ To reduce by half by 2015 those without access to safe water and basic sanitation.

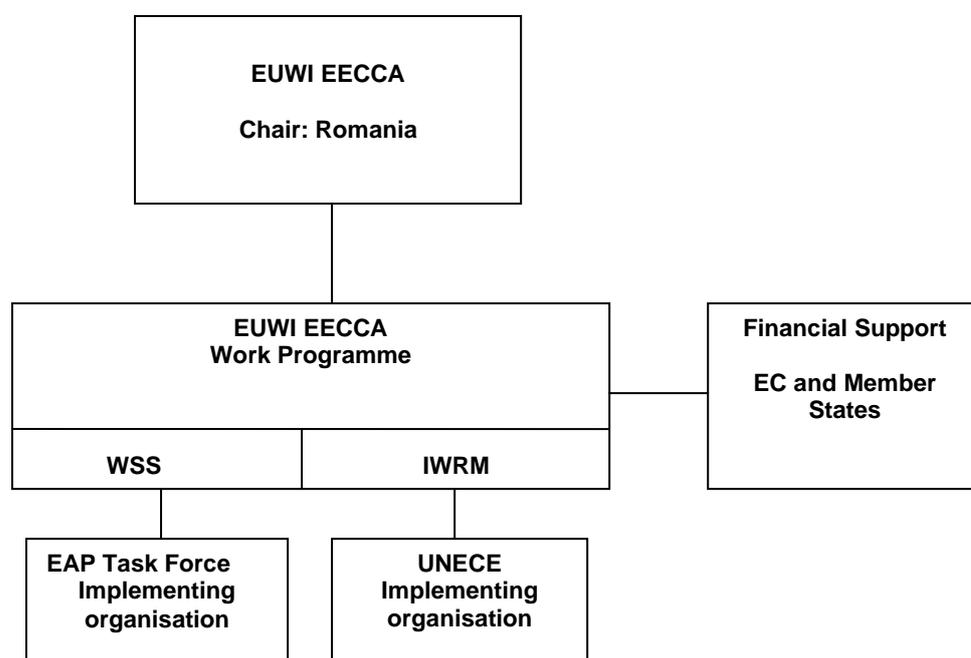
Project Title	Activity	Outputs Planned in 2010
Project 1.2.4: Achieving economies of scale in the provision of WSS	<i>1.2 Managing the water sector more effectively and efficiently</i>	<ul style="list-style-type: none"> • Policy Brief on developing economies of scale and scope in providing water supply and sanitation services • Development of a roadmap for related reforms in the Ukraine; • 1-2 policy dialogue meetings on fragmentation in one EECCA country;
Project 1.3.1: Supporting national Policy Dialogue on WSS through the development of Financial Strategies to achieve the water-related MDGs	<i>1.3 National policy dialogue on more efficient financial management of the water sector</i>	<ul style="list-style-type: none"> • 2 country demonstration project reports identifying measures that should be taken to achieve agreed policy goals regarding the provision of water supply and sanitation. • Several National Policy Dialogue events involving key government and non-government stakeholders in the two countries.
Project 1.3.2: Improving FEASIBLE and extending FS methodology beyond WSS to issues of water resources management	<i>1.3 National policy dialogue on more efficient financial management of the water sector</i>	<ul style="list-style-type: none"> • Improved FEASIBLE model and expanded FS methodology • Several policy dialogue events in one EECCA country • A country case study

The activities described in the table above are designed to achieve the following outcomes:

- Greater use of performance indicators should ultimately lead to improved performance of water utilities
- Improved, fact-based policy making for the water supply and sanitation sector
- Improved contractual arrangements between municipalities and utilities
- More objective and realistic discussions of private sector participation in the sector
- Improved financial planning capacity in utilities and municipalities
- Improved sector organisation and reduced infrastructure costs;
- Improved access to finance from donors, IFIs, public budgets and the private sector
- Ultimately, the water programme is supporting the achievement of the internationally agreed water-related MDGs.

Since 2005, the EAP Task Force water programme has been implemented in close cooperation with the EU Water Initiative EECCA Working Group, which is now chaired by Romania. There is now a strategic partnership between the two activities and, effectively, a joint work programme that is overseen by joint meetings of the EUWI EECCA Working Group and the EAP Task Force's Group of Senior Officials for Water Sector Reform (see figure 1).

Figure 1: Institutional architecture of the EUWI EECCA Working Group



The last joint meeting took place in Bucharest on the 12-13th of May 2008². The meeting ranked the priority of proposed project proposals for EAP Task Force work in 2009-2011. The results of this exercise indicate high levels of support for all the activities in the work programme proposal. The EAP Task Force cooperation with the EUWI on National Policy Dialogues received particularly high priority from delegates and indicates that this is now a well established and appreciated activity area. The next joint meeting is taking place on the 24-25th of November 2009 in Bucharest.

² See ENV/EPOC/EAP/WATER/M(2008)1

ENVIRONMENTAL POLICY REFORM

Worldwide, the recent financial and economic crisis has challenged governments to revise their development strategies. While green growth has been recognised as a driver of economic growth in many OECD countries, this is not yet the case in EECCA where, with few exceptions, environmental investments are not part of the economic recovery packages. Moreover, the risk of relaxing environmental safeguards is high; this may further deteriorate environmental conditions.

Under these circumstances, the EAP Task Force's work at the interface of sound economics, environmental management, and governance aims to promote incentives for change that are tailored to the EECCA context and to help countries integrate the environment into the broader process of economic and social development. In order to achieve these objectives, the Policy Programme is structured in three main areas:

(i) Environmental policy instruments³:

This area of work helps countries to re-design specific policy instruments and complementary policy development tools. Most importantly, the reform of liability regimes and monetary fines is promoted with an overall aim to increase financial risks of environmentally damaging activities, restore damages where these may occur, and enhance the deterrent effect, fairness and proportionality of fines and damage compensation payments. In response to the need to conduct better economic and social assessment of environmental policies, the work programme includes a project on Regulatory Impact Analysis (RIA). This work is crucial for the further development of environmental legislation. Also the current programme contains an element dedicated to enhancing transparency of, and public participation in, project-level environmental assessments aiming to ensure the environmental safeguards of infrastructure projects.

(ii) Environmental compliance and enforcement:

This pillar of work focuses on promoting better compliance assurance strategies and includes measures that may increase environmental effectiveness at least cost. First of all, inspection strategies based on the analysis of environmental and compliance risks are promoted. A complementary innovative approach consists in facilitating industry rating and public disclosure of this information. Both approaches help to focus attention and resources on the most problematic facilities. In addition, work in this area aims to help countries to adopt an improved set of performance indicators for environmental inspectorates, which is highly demanded in light of result-oriented budget planning. Professional competence of environmental inspectors will be further developed in order to enhance the quality and impact of compliance assurance strategies.

³ Two projects – on integrated permitting and water quality standards – were part of the Programme in 2008-2009. After a successful development of guidance documents and pilot activities in selected countries, these projects were phased out in recognition of the fact that regional cooperation, at the current stage, has a lesser relevance than national-level implementation.

(iii) Institutional frameworks and environmental finance:

This element of the work programme addresses the need for monitoring and facilitating institutional development for environmental management in EECCA. A capacity assessment framework will be developed and tested that aims to identify capacity building needs in a systemic manner. Work will also be carried out to promote a better use of medium-term budgetary planning, and to improve programme costing and practices of public expenditure management. This may help environment ministries to compete more effectively for public funds and to address the problem of chronic underfunding. Local action planning will be facilitated in several countries of EECCA.

Also under this activity, a monitoring report assessing progress with environmental policy and governance reforms in EECCA will be produced by the Astana Ministerial Conference. Its development will start in 2010.

In 2010, the following activities and outputs are proposed in support to the above-mentioned objectives:

Table 2. Summary of projects planned for 2010 in the policy area

Project Title	Activity	Outputs planned in 2010
PROJECTS IMPLEMENTED JOINTLY		
2.1.2. Monetary Penalties and Liability	<i>2.1: Environmental Policy Instruments</i>	<ul style="list-style-type: none"> • The OECD secretariat will implement a pilot project to demonstrate the benefits of an improved methodology for assessment of administrative monetary penalties (fines) for environmental offences based on OECD approaches; • EECCA RECs will conduct a survey of existing liability regimes in EECCA countries; • Following the production of the survey, the OECD secretariat will work to develop a guidance document on liability regimes focused on the damage <i>remediation</i> • An expert meeting will be organised jointly in late 2010 to discuss recommendations.
2.2.3. Industry's Environmental Rating	<i>2.2: Environmental Compliance and Enforcement</i>	<ul style="list-style-type: none"> • In 2010, the OECD secretariat will develop a guidance document on industry's environmental performance rating based on previous work in Ukraine and stakeholder consultations. • After the completion of this work, EECCA RECs will conduct feasibility studies in several EECCA countries.
2.2.4. Training Programmes for Inspectorates	<i>2.2: Environmental Compliance and Enforcement</i>	<ul style="list-style-type: none"> • The OECD secretariat will finalise the methodology to define training priorities and establish sustainable training programmes; • EECCA RECs, with input from the OECD secretariat, will support to the national-level environmental enforcement authorities to identify training needs and implement training based on the "train-the-trainer" approach. Also networking among trainers will be facilitated.

Project Title	Activity	Outputs planned in 2010
PROJECTS IMPLEMENTED BY THE OECD SECRETARIAT		
2.1.1. Regulatory Impact Analysis (RIA)	<i>2.1: Environmental Policy Instruments</i>	<ul style="list-style-type: none"> • A synthesis report on experience of RIA application within the environmental sector, with a focus on approaches to assess economic, fiscal and social implications of environmental policies in quantitative (including monetary) terms; • A regional meeting in June-September 2010 to discuss opportunities and constraints for a full-fledged use of RIA, and experience from new EU members in using this policy support tool
2.2.1 Risk-based inspection	<i>2.2: Environmental Compliance and Enforcement</i>	<ul style="list-style-type: none"> • One pilot project to further analyse the benefits and feasibility of risk-based planning of environmental inspection based on facility-specific criteria
2.2.2 Environmental Compliance and Enforcement Indicators and Comparative Analysis	<i>2.2: Environmental Compliance and Enforcement</i>	<ul style="list-style-type: none"> • A technical guide on the use of the renewed set of enforcement and compliance indicators, identified within the REPIN network; • Participation in international know-how sharing, including cooperation with the International Network for Environmental Compliance and Enforcement (INECE).
2.3.1 Institutional Development of Environmental Ministries	<i>2.3: Institutional Frameworks and Environmental Financing</i>	<ul style="list-style-type: none"> • Completion of the toolkit for a systemic analysis of government's capacity for environmental management; • A report on institutional aspects of natural resources management in Georgia and 2-3 policy briefs on specific aspects of natural resources management in light of pro-poor growth to support policy dialogues in Georgia; • Activities under policy dialogues on strengthening environmental ministries in Armenia and Moldova; • Monitoring of institutional changes in EECCA countries: launching the development of the Astana report on environmental governance.
2.3.2 Medium-term Budgetary Planning and Expenditure Management	<i>2.3: Institutional Frameworks and Environmental Financing</i>	<ul style="list-style-type: none"> • Finalisation of the regional survey of budget formulation practices in the environmental sector and an expert meeting to discuss policy conclusions and recommendations regarding the use of medium-term budgetary planning in the environmental sector; • Training on appraisal and selection of public environmental investments in 1-2 countries; • A pilot study in one EECCA country in order to analyse existing approaches of environmental programme costing and budget preparation and negotiation.

Project Title	Activity	Outputs planned in 2010
PROJECTS IMPLEMENTED BY EECCA RECS		
2.1.4 Promoting public information and participation in decision-making	<i>2.1: Environmental Policy Instruments</i>	<ul style="list-style-type: none"> • Training programmes on information EIA disclosure for the public and NGOs developed; • A questionnaire for assessing the current situation related to disclosure of EIA and permitting materials; • Analytical report summarising the existing situation in EECCA; • A set of specific legal and institutional recommendations for one pilot country; • A report addressing the feasibility of introducing IT and other tools to improve disclosure of EIA and permitting materials • A pilot project on studying the level of public involvement in Nord Stream project design and implementation under the frame of the Espoo convention • Recommendations for developers of the South Stream project on consideration of the Espoo convention principles and guidelines in its implementation
2.3.3 Local Environmental Action Plans	<i>2.3: Institutional Frameworks and Environmental Financing</i>	<ul style="list-style-type: none"> • 50-60 government representatives/experts/practitioners from selected EECCA countries trained in the best practices on LEAP theory and practices within the framework of the series of training courses; • Leading internationally adopted and approved documents on local environmental management widely disseminated among practitioners and environmental decision-makers; • A bilingual web portal for LEAP practitioners and experts developed containing training materials, analytical reports, and practical experience developed; • Training of LEAP practitioners replicated at sub-regional and national levels (about 20-30 persons per country).

In the context of the work programme implementation, the Regulatory Environmental Programme Implementation Network – REPIN – continues to provide EECCA policy makers and practitioners with a platform to exchange experience and build partnerships with their counterparts from OECD countries, Central and Eastern Europe, as well as with representatives of NGOs and the private sector.

ESTIMATED FINANCING NEEDS FOR 2010

Total budget. The estimate of the total finance required to implement the 2010 programme of work is 1 904K EUR for the OECD secretariat, and 967K EUR for the EECCA RECs. This compares with 1 801 K EUR and 1 207K EUR respectively in 2009.

Water Sector Reform. From the OECD secretariat perspective, the overall estimate of financial needs for work on water in 2010 is 1.050KEUR, compared to 1.035KEUR in 2009. The amount is comparable to the previous year as national policy dialogues started in 2009, or before, are being carried-on in four EECCA countries. The OECD/EAP Task Force secretariat successfully applied to the EC for a 1.7M EUR grant to support work on water supply and sanitation over the next four years. About 900 K EUR of this are earmarked for the UNECE, a technical secretariat and administrative costs, leaving about 200 K EUR per year to support the EAP Task Force's work programme. These resources are reflected in projects 1.3.1, 1.3.2 and 1.2.4 in the budget table.

From the EECCA RECs perspective, the overall estimated financial needs for the work in water sector area in 2010 are 246 KEUR, compared with 486KEUR in 2008. This change is linked to the withdrawal of one of the projects, on trans-boundary water management, from the programme.

Environmental Policy Reform. The overall estimate of financial needs for work on environmental policy reform in 2010 is 856 500 EUR, as compared to 766 700 in 2009. This change resulted from re-scheduling projects that were not funded in 2009, and from adding two new activities related to multi-year budgeting and environmental expenditure management, in response to demand from both ministries of environment and ministries of finance, voiced during the REPIN meeting in June 2009 and in letters addressed to the Secretariat.

The resources required by EECCA RECs remain unchanged from the previous year and constitute 721 K EUR.

Available financing for the 2010 programme of work. At the time of preparing these estimates (early September 2009), 400 K EUR was available to the OECD for implementing the 2010 Programme of Work. 383 KEUR is available for the water programme, and 17 KEUR for the environmental policy reform programme. Fundraising for 2010 is a critical issue. Activities may have to be scaled back, including the Task Force's input to the Astana Environment for Europe Conference, and staff may have to be laid-off if voluntary contributions cannot be secured in the coming months. There is virtually no carry-over of funds to 2010 to cover salary costs, which in previous years has allowed the OECD secretariat to deal with fluctuations in cash flow.

As in 2009, EECCA RECS have no budget to implement activities in 2010.

Table 3. A summary of estimated financing needs in 2010

Activities	OECD Secretariat			EECCA RECs		
	Total Required	Total Received	Still Required	Total Required	Total Received	Still Required
WATER SECTOR REFORM						
<i>Joint projects to be implemented by the OECD/EAP Task Force Secretariat and EECCA RECs</i>						
<ul style="list-style-type: none"> Project JP/1.2.3: Development of financial planning capacity in municipalities and water utilities 	10,000	0	10,000	246,000	0	246,000
<i>Projects to be implemented by the OECD/EAP Task Force Secretariat</i>						
Activity 1.1 Monitoring progress in implementing the water-related MDGs (starting in 2009)	60,000	10,000	50,000			
Activity 1.2 Managing the water sector more effectively and efficiently						
<ul style="list-style-type: none"> Project 1.2.1: Guidelines for performance based contracts 	250,000	10,000	240,000			
<ul style="list-style-type: none"> Project 1.2.2: Policy dialogue on opportunities and obstacles for private sector participation 	50,000	10,000	40,000			
<ul style="list-style-type: none"> Project 1.2.4: Achieving economies of scale in the provision of water supply and sanitation 	80,000	40,000	40,000			
Activity 1.3 National policy dialogue on more efficient financial management of the water sector						
<ul style="list-style-type: none"> Project 1.3.1: Supporting national policy dialogue on water supply and sanitation through the development of financing strategies to achieve the water-related MDGs 	400,000	233,000	167,000			
<ul style="list-style-type: none"> Project 1.3.2: Improving FEASIBLE and extending financing strategy methodology beyond water supply and sanitation to issues of water resources management 	200,000	80,000	120,000			
Sub-total EUR of all water projects	1,050,000	383,000	667,000	246,000		246,000

Activities	OECD Secretariat			EECCA RECs		
	Total Required	Total Received	Still Required	Total Required	Total Received	Still Required
ENVIRONMENTAL POLICY REFORM						
<i>Joint projects to be implemented by the OECD/EAP Task Force Secretariat and EECCA RECs</i>						
• Project JP/2.1.2 Monetary Penalties and Liability	103,000	0	103,000	130,500	0	130,500
• Project JP/2.2.3 Industry Rating Schemes	70,300	0	70,300			
• Project JP/2.2.4 Inspector Training Programmes	45,700	0	45,700	190,000	0	190,000
<i>Projects to be implemented by the OECD/EAP Task Force secretariat</i>						
• Project 2.1.1. Regulatory Impact Analysis	103,000	0	103,000			
• Project 2.2.1 Risk-based inspection	45,000	0	45,000			
• Project 2.2.2. Environmental Compliance and Enforcement Indicators and Comparative Analysis	40,000	0	40,000			
• Project 2.3.1. Institutional Development of Environmental Ministries	197,700	17,000	180,700			
• Project 2.3.2 MTEFs	249,700	0	249,700			
PROJECTS TO BE IMPLEMENTED BY THE EECCA RECS						
• Project 2.1.4 Promoting Public Information and Participation in EIA and Permitting	0	0	0	101,100		101,100
• Project 2.3.3 Promotion and implementation of Local Environmental Action Plans (LEAPs)	0	0	0	300,000		300,000
Sub-total EUR all policy projects						
	854,400	17,000	837,400	721,600		721,600
TOTAL EUR	1,904,400	400,000	1,504,400	967,600	0	967,600

**PART 2:
DETAILED PROJECT DESCRIPTIONS**

PROGRAMME AREA 1. WATER SECTOR REFORM

(A) ACTIVITIES TO BE CARRIED OUT JOINTLY BY THE OECD SECRETARIAT AND EECCA RECS

PROJECT JP/1.2.3: DEVELOPMENT OF FINANCIAL PLANNING CAPACITY IN MUNICIPALITIES AND WATER UTILITIES

Objectives:

The project objective is to set-up a train-the-trainer programme in order to improve the capacity of local actors to carry-out medium-term financial planning for the water sector.

Background:

EECCA Ministers of Economy/Finance and Environment, at their consultations in Yerevan 17-18th November 2005, identified slow progress in reform at the municipal level as one of the most important obstacles to improved provision of urban water supply and sanitation. The lack of capacity in financial planning and management, as well as in project preparation are an important cause for this situation. As a result, few water utilities have been established as commercially-run, autonomous entities, and even fewer have been able to develop business models that would attract investment from both, public and private sources.

Within the work of the EAP Task Force several tools and approaches have been developed and applied in EECCA countries, mainly to facilitate more realistic financial planning, and to enhance and monitor the performance of sector institutions. The tools were developed in response to expressed demand in EECCA countries and they have been developed and tested in demonstration projects in EECCA countries. Results have been presented to the Group of Senior Officials for Water Supply and Sanitation Sector Reform in EECCA, where many countries have requested support to apply these tools and approaches. The set of tools available to support local level actors include: a Multi Year Investment Planning Tool (MYIP) to support more effective investment planning for the water sector in municipalities; a complementary Financial Planning Tool for Water Utilities (FPTWU); a Handbook for appraisal of environmental projects financed from public funds and for capacity building in municipalities and utilities; Guidelines for developing performance-based contracts between municipalities and utilities; and a set of indicators for benchmarking utility performance (for more information see www.oecd.org/env/eap/). In addition to these tools and approaches, several more are available from other stakeholders, i.e. the Project Preparation Committee has developed a training module in project preparation. The focus of the training would be to strengthen the financial management capacity in municipalities and water utilities, involving a concentration of training efforts on tools such as the MYIP and the FPTWU.

Activities:

The activities under this task would build on the results of a past OECD project (funded by the TACIS programme that ended in early 2009) that was carried-out in two phases:

Phase 1 this work has involved the identification and training of institutions in at least 3 EECCA countries to become trainers. The institutions and trainers have been selected on the basis of their incentives and capacity to further disseminate the tools EECCA-wide after project completion. This ensures that local capacity is used and developed on a sustainable basis and that best practices are spread widely even after the project ends.

In phase 2 about 40 professionals from EECCA utilities/municipalities, at the level of finance directors, have been trained, involving international and local trainers.

This work has produced the following outputs

- Training package (www.water-finance-training.org)
- 6 local trainers trained
- 40-50 utility/municipality staff trained
- Final report

Activities of the EECCA RECs

Following the completion of the OECD project and the finalisation of the training methodology and materials, the EECCA RECs would carry this work forward by training additional practitioners in water utilities and municipalities. To do this the RECs could draw on their own staff that would have been trained in the framework of the OECD project (where relevant), as well as on other local trainers that the project has trained.

The EECCA RECs would be ultimately responsible for project preparation and implementation. They would:

- Prepare a project proposal for the purpose of fund raising;
- Prepare terms of references for the project for possible contracting of consultants to help project implementation;
- Identify local trainers;
- Identify about 40-50 practitioners that would benefit most from the type of training proposed; involve donors and IFIs in the identification process;
- Hold 4-6 one-week training sessions;
- Provide on-site support to trainees in between training sessions;
- Draft report summarising lessons learned from the training and proposing possible improvements of training methodology and materials;
- Develop a web-tool that supports web-based training in these EAP Task Force tools;

The OECD would support the EECCA RECs in the start-up phase of the project, i.e. by supporting:

- The drafting of a project proposal for fund raising;
- The drafting of the terms of references of the project;
- The design and implementation of the first training session;
- Review and provide feed-back on any written outputs that the project would produce.

Outputs:

- Implementation of training programmes for financial planning for representatives from utilities and municipalities
- A report summarising lessons learned
- A tool to support web-based training.

Outcomes:

Improved financial planning capacity in utilities and municipalities in the region, facilitating access to finance from donors, IFIs, public budgets and the private sector. Capacity in key organisations in the region, including one or several of the EECCA RECs, that will help to disseminate these good practices further throughout the region.

(B) ACTIVITIES TO BE CARRIED OUT BY THE OECD SECRETARIAT**ACTIVITY 1.1: MONITORING PROGRESS IN IMPLEMENTING THE WATER-RELATED MDGs*****Objectives***

This activity aims at providing a firm empirical basis to support water sector reform and to monitor progress in this regard, including monitoring progress in achieving the water-related Millennium Development Goals.

Background

The millennium development goals commit countries to reduce by half the number of people who do not have access to safe drinking water and adequate sanitation by 2015 compared to 1990 levels. At the same time EECCA countries are also committed to the implementation of the Almaty “Guiding Principles for Water Sector Reforms” adopted at a meeting of EECCA Economic, Finance and Environment Ministers in Almaty in 2000, and the policy conclusions and recommendations made at a follow-up Ministerial Conference in Yerevan in 2005.

The activity would build on similar work carried-out in the past and seek to update and expand an existing EAP Task Force database of water utility performance data, which has been routinely published on the World Bank’s IB-Net website. It is expected that, as in the past, this work would be carried-out in coordination and synergy with the World Bank, which is currently working to update its IB-Net database. The indicators enable benchmarking of water utilities performance, including the identification of areas where performance could be improved in line with comparable utilities.

Activities

Work in 2010 would focus on:

- collecting water utility performance data and information about key institutional and legal reforms in two EECCA countries (to be coordinated with the World Bank, possibly Kyrgyzstan and Azerbaijan)
- presenting the information in country reports
- publishing data on the World Bank’s IB-Net website

Output

- Two country reports documenting the performance of water utilities
- Data published on the World Bank’s IB-Net website

Outcome

Greater use of performance indicators should ultimately lead to improved performance of water utilities. In addition, it is expected that the data and analysis that will be produced in the framework of this activity will feed into policy reports that will be prepared by the EAP Task Force as an input to the Environment for Europe Ministerial Conference in Astana. The work should help to improve

policy making for the water supply and sanitation sector by providing good quality data and analysis and ultimately to support the achievement of the water-related MDGs.

ACTIVITY 1.2 MANAGING THE WATER SECTOR MORE EFFECTIVELY AND EFFICIENTLY

Discussions are currently ongoing with the World Bank to cooperate more closely on this area of activity. Based on the capacity development material that has been and is being developed in this activity and similar and complementary work of the World Bank, joint capacity development workshops could be held once or twice per year to address senior practitioners from the region. A workshop on performance contracts in 2010 could be the first such event.

PROJECT 1.2.1: GUIDELINES FOR PERFORMANCE BASED CONTRACTS

Objectives:

Disseminate and support the implementation of the updated EAP Task Force Guidelines for Performance-based Contracts that will be published at the end of 2009 by providing assistance to a limited number of municipalities.

Background:

The establishment of water utilities as autonomous, commercially-run utilities was one of the key reform objectives in the Almaty Guiding Principles (October 2000). The absence of a clear definition of the roles of water utilities and those of the municipalities currently hampers an independent management of water utilities. Also the absence of monitorable service and management targets limits the ability of the utility to maintain adequate and efficient service. At the same time, many performance contracts have now been developed in the region, mostly between a private operator and a municipality or a regional/central authority. Parties to such contracts frequently are looking for ways to improve these further.

Based on lessons learned from experiences in EECCA 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 target level 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.

This activity builds upon work carried-out in 2007-2008, which helped to update the Guidelines for Performance-Based Contracts between Water Utilities and Municipalities and developed case-studies in five locations (Yerevan, Armvodokanal (both ARM), Shymkent (KZ), as well as Berdiansk and Kupiansk (Ukraine)).

Activities:

The activity would help to further expand the number of case studies that currently support the Guidelines for Performance-Based Contracts and provide assistance to local-level actors:

- The assessment of a recent contract between a municipality and a public or private water utility in four locations in EECCA, involving a field trip to collect data and to meet with relevant stakeholders;
- The development of a report containing a description of each of these contracts, a critical analysis against the background of the “Guidelines”, and recommendations on the key measures that need to be undertaken to improve the contract;
- A seminar to discuss these recommendations with local stakeholders;

- A regional capacity development workshop organised jointly with the World Bank with case studies and the updated Guidelines as input;

Output:

- Case Studies of performance contracts in four locations and policy recommendations on how to improve these contracts
- A regional capacity development workshop

Outcome:

The activity would help the involved municipalities/state authorities to improve their existing or planned contracts. The work is relevant for both privately and publicly operated utilities.

PROJECT 1.2.2: POLICY DIALOGUE ON OPPORTUNITIES AND OBSTACLES FOR PRIVATE SECTOR PARTICIPATION

Objectives:

The objective of this project is to follow-up on a dialogue event taking place in Moscow in early December 2009 by publishing proceedings and developing possible follow-up activities that the dialogue may have identified.

Background:

Even though there is so far only limited experience with private sector participation in most EECCA countries, the number of such projects has increased significantly in some. Despite past efforts the challenges to improve utility efficiency and effectiveness through PSP remain. Countries that have opted for PSP are struggling to put in place a regulatory framework that provides adequate incentives to those involved in these partnerships.

Based on its Principles for Investor Participation in Infrastructure, the OECD's Investment Committee has developed a checklist for public action to help governments reflect in a systematic manner on how to improve their policy frameworks for PSP in the water and sanitation sector. This checklist is currently being used by Governments in Russia and Ukraine, and possibly in one or two more EECCA countries. A workshop in early December 2009, co-organised with the World Bank, will discuss current trends in PSP in the region, as well as a number of country self assessments against the OECD Checklist for Public Action.

Activities:

- Draft proceedings of the December 2009 workshop, including country assessments against the OECD Checklist for Public Action
- Undertake possible follow-up actions recommended by the workshop.

Outputs:

- Workshop proceedings.

Outcomes:

Achieve a better understanding of the main trends in PSP in the water sector, the obstacles and opportunities for its wider application, and the measures that can help to overcome these obstacles. Support better governance frameworks for PSP on the basis of the OECD Checklist for Public Action.

PROJECT 1.2.4: REPORT ON MEASURES TO ACHIEVE ECONOMIES OF SCALE IN THE PROVISION OF WATER SUPPLY AND SANITATION

Objectives

The objective of this project is to 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.

Background

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 project will build upon work done in 2008/9 that looked at the situation in the Ukraine and into reform measures in several EU countries that help to overcome the fragmentation effects of decentralisation, i.e. through inter-municipal cooperation agreements, the establishment of regional water utilities and other relevant measures. Work in 2010 would focus on continuing the policy dialogue on this issue in the Ukraine and to launch a dialogue in one additional EECCA country, based on the reference paper developed for the Ukraine.

Activities

- To facilitate an EUWI national policy dialogue on fragmentation in the water sector in one EECCA country in the Ukraine and to launch a similar dialogue in one other EECCA country;

Outputs

- Two-three dialogue meetings
- A Policy Brief on developing economies of scale in providing water supply and sanitation
- A roadmap for related reforms in the Ukraine
- A fact finding paper on fragmentation in the water sector of one EECCA country

Outcomes:

Policy reforms to facilitate cooperation among municipalities to provide water supply and sanitation more efficiently, and, ultimately, the implementation of such cooperative arrangements.

ACTIVITY 1.3 NATIONAL POLICY DIALOGUE ON MORE EFFICIENT FINANCIAL MANAGEMENT OF THE WATER SECTOR***PROJECT 1.3.1: SUPPORTING NATIONAL POLICY DIALOGUE ON WATER SUPPLY AND SANITATION THROUGH THE DEVELOPMENT OF FINANCING STRATEGIES TO ACHIEVE THE WATER-RELATED MDGs******Objectives:***

The objective of this project is to support national policy dialogue on the financing of water supply and sanitation infrastructure by providing support to EECCA governments for the development of strategic financial sector plans. This would help to ensure that available financial resources are used in the most effective way and to facilitate access to donor and IFI funds for the achievement of the water-related MDGs.

Background:

A strategic financial planning methodology developed jointly by the OECD/EAP Task Force and the Government of Denmark is designed to help countries improve their financial planning for the water supply and sanitation sector. It provides a framework to design infrastructure targets and to prepare realistic multi-year investment and financing programmes for those environmental sectors that require investment-heavy public infrastructure, such as water supply and sanitation. It also helps to identify relevant policy packages, to reach these infrastructure targets. This methodological approach is targeted at the countries or regions where "central planning" and micro-management of project-specific pipelines of investments owned by many different economic agents (e.g. firms, municipalities) are neither feasible nor desirable. Such financing strategies provide the necessary link between the general programmes on the one hand, and project pipelines and public budgets on the other.

The Financing Strategy toolkit includes a methodology for elaborating such strategies, a computer-based model (called FEASIBLE[®]) and a user-manual for the model (for more information visit www.oecd.org/env/finance). The model simulates in quantitative terms the consequences of different policy choices and in particular it assesses the investment, maintenance and operational expenditure that would be required to reach specific targets determined by local policy makers. These expenditure needs are subsequently compared with forecasted levels and sources of finance and the model calculates the resultant "financing gaps".

These applications are more than technical exercises: by engaging all the major stakeholders involved in financing environmentally related infrastructure, they support constructive dialogue and agreements that facilitate effective programme implementation, improvement of service quality and the achievement of environmental goals. If properly developed financing strategies can help to generate additional financial flows from water users, public budgets, donors, IFIs, and the private sector. In some cases, the results of such work have been incorporated into medium term expenditure frameworks in Ministries of Finance, and they could provide a useful input into Poverty Reduction Strategy Programmes.

This methodology has been successfully used in the past to assist several EECCA governments with their financial planning (e.g., Moldova, Kazakhstan, Armenia, Georgia, Ukraine, and several regions in the Russian Federation). Recent exercises in Moldova and in Armenia have been carried-out in the framework of the EU Water Initiative's work in EECCA, with strong support from the EC and EU Member States.

Activities:

The specific activities that would be carried-out in 2009 would form part of the National Policy Dialogues that the EU Water Initiative is carrying-out in the EECCA region:

- Continuation of work in Moldova, with a focus on support for the integration of the financing strategy for the water supply and sanitation sector that has been developed in a previous project into the Ministry of Finance's medium term expenditure framework, i.e. through the development of an investment/action plan, as well as other documentation that would support this goal. Assistance for this work had been officially requested by the Moldovan Ministry for Local public Administration and a project is awaiting the establishment of a new Government in Moldova, following the elections.
- Continuation of work in Kyrgyzstan, where a policy dialogue has developed a financing strategy for the water supply and sanitation sector. Work would focus on support for the development of a new sector strategy that the Government has requested the EAP Task Force's assistance for.

The results from all of these activities will be presented and disseminated in the framework of the annual joint meetings of the EAP Task Force Group of Senior Officials for Water Supply and Sanitation sector Reform in EECCA and the EU Water Initiative EECCA Working Group.

Outputs:

- 2 case demonstration project reports identifying measures that should be taken to achieve agreed policy goals regarding the provision of water supply and sanitation
- several policy workshops involving key government and non-government stakeholders in the two countries to build consensus on policy objectives regarding water supply and sanitation, on how they should be financed, and on the provisions that should be made within medium-term expenditure frameworks to finance these services.

Outcomes:

It is expected that the project would help to accelerate the achievement of the water-related MDGs at the lowest possible cost, while at the same time improving the mobilisation of financial resources for the sector.

PROJECT 1.3.2: IMPROVING FEASIBLE AND EXTENDING FINANCING STRATEGY METHODOLOGY BEYOND WATER SUPPLY AND SANITATION TO ISSUES OF WATER RESOURCES MANAGEMENT

Objectives

The objective of this project is to support national policy dialogue on the financing of the water sector (including water supply and sanitation infrastructure but also beyond) by developing the necessary analytical tools and by providing support to EECCA governments for the development of strategic financial sector plans. This would help to ensure that available financial resources are used in the most effective way and to facilitate access to donor and IFI funds for the achievement of the water-related MDGs and other water sector policy objectives.

Background

Work to support the development of strategic financial plans for the water supply and sanitation sector in EECCA has been carried-out over the last ten years and helped to influence the reform agenda in a number of countries. The FEASIBLE methodology has been a useful tool to support these

efforts, and further improvements to its user friendliness and scope are still required. More importantly, there is an increasing need for a more integrated approach to the financing of the water sector (ie WSS, irrigation, flood management and prevention etc.). This is suggested by a trend towards increasing water scarcity in many areas, as well as by the expected impact of climate change on the water cycle and resulting additional infrastructure needs. The need to expand work in this way has also been suggested in several expert meetings, including the EU Water Initiative EECCA Working Group.

Activities

- Expert workshop to define the objectives and scope of work and the methodological options that exist for its implementation
- Work to improve the user-friendliness of FEASIBLE, in order to support its wider dissemination and usage in the region
- Extension of the financing strategy approach to include key sector management costs (ie costs of the governance systems that are needed to manage the water supply and sanitation sector)
- The extension of a financing strategy for the water supply and sanitation sector to cover other areas of integrated water resources management in one EECCA country (possibly Armenia), and the facilitation of the corresponding policy dialogue.

Outputs

- Improved FEASIBLE model
- Paper on water supply and sanitation governance costs
- Several policy dialogue events in one EECCA country
- A country case study

Outcomes

It is expected that the project would help to accelerate the achievement of the water-related MDGs and of other water-related policy objectives at the lowest possible cost, while at the same time improving the mobilisation of financial resources for the sector.

PROGRAMME AREA 2. ENVIRONMENTAL POLICY REFORM

(A) ACTIVITIES TO BE CARRIED OUT JOINTLY BY THE OECD SECRETARIAT AND EECCA RECS

PROJECT JP/2.1.2: MONETARY PENALTIES AND LIABILITY

Objective:

Assist EECCA countries to streamline the design and implementation of civil monetary penalties for environmental violations and environmental liability regimes. More specifically, the project will:

- Develop and test through pilot projects new approaches for assessing administrative fines based on a larger number of criteria, including: economic benefits from delaying or avoiding costs of compliance; the seriousness of violations; and a range of operator-specific factors. This will help to ensure effective and equitable treatment of non-compliance;
- Use the EU and other OECD countries' approaches as benchmarks to help EECCA countries modernise their legislation and methodologies on environmental damage assessment, remediation and/or compensation.

Background:

The EAP Task Force has done extensive work to help environmental regulatory agencies in EECCA countries to modernise their systems of economic instruments for environmental protection, particularly pollution and product charges. Recognising the need to further strengthen financial incentives for good environmental behaviour, EECCA countries have requested assistance in reforming two crucial instruments of deterrence against environmental non-compliance and risks.

1) *Administrative monetary penalties.* Monetary penalties (fines) are the most widespread environmental enforcement instrument in EECCA. However, they are widely considered too small to act as a deterrent, with many offenders preferring to pay the fines as a "lesser evil". Analytical tools to estimate (and legal means to recover) financial gains from non-compliance as well as to account for the gravity of violations and affordability of fines are lacking, compromising the proportionality and fairness of a penalty and leaving room for abuse. In international practice, there are a number of methods to determine administrative fines (the system used by the U.S. Environmental Protection Agency is a notable example).

2) *Environmental liability.* Liability for environmental damage is an important aspect of the Polluter Pays Principle. As it makes the polluter bear financial responsibility for its environmental impact, the threat of potential damage compensation becomes a powerful incentive to prevent regular and accidental pollution releases. The concept of environmental liability includes both damage to water resources, land, and habitats and species as well as "traditional damage" to private parties (economic loss, personal injury and property damage). While environmental liability issues are gaining visibility in the European Union in the context of implementation of the EU Environmental Liability Directive (2004/35/EC), this system remains underdeveloped in EECCA. In EECCA countries, environmental liability regimes are focused on assessing environmental damage for purposes of monetary compensation (essentially serving as a penalty) rather than on correcting the

damage, limiting its impacts, and preventing further damage. Competent authorities must rely on science-based methodologies for assessing damage that are largely theoretical in nature.

Activities:

This project comprises two sets of activities: (1) development of guidance on the assessment and application of administrative monetary penalties; and (2) assistance in reforming the systems of liability for environmental damage. The activities related to monetary penalties are entirely implemented by the OECD Secretariat. As concerns liability regimes, both the OECD Secretariat and EECCA RECs are involved in project implementation.

Activities by the OECD Secretariat

Environmental Liability. In response to requests from EECCA environmental authorities, the EAP Task Force Secretariat produced a discussion paper “Environmental Liability for Damage to Natural Resources in OECD Countries: The Concept and Key Approaches”. EECCA government officials and experts used this document to discuss (at the June 2009 annual meeting of the regional Regulatory Environmental Policy Implementation Network, REPIN) the priorities for the reform of environmental liability systems in their countries. They asked the Secretariat to address these priorities through the development of a guidance document as part of the EAP Task Force contribution to the 2011 Environment for Europe Ministerial Conference.

The guidance document proposed to develop under this project will also build on a review of the legal framework and implementation practices of liability for environmental damage in EECCA countries, which is expected to be carried out by EECCA Regional Environmental Centres (RECs) by mid-2010.

Based on the discussion at the REPIN meeting, the Secretariat will elaborate a guidance document for EECCA countries that will *focus on reorientation of environmental liability regimes in EECCA toward remediation of environmental damage*. To this end, it should address the following priority issues agreed upon by EECCA government officials and experts:

- How to improve the investigation of cases of environmental damage and the determination of responsible parties?
- How to regulate the issue of prevention of environmental damage?
- How to determine the scope of activities to remediate environmental damage (using the example of at least one environmental medium)?
- How to ensure control over remediation actions?
- How to promote broad stakeholder involvement and public participation?
- How to secure resources for remediation (insurance, financial guarantees, deposits, etc.)?

The draft guidance document will be prepared by September 2010 and discussed at a regional expert meeting in November-December 2010. It will then be finalised and presented for endorsement by an annual REPIN meeting in the first half of 2011.

Monetary Penalties. In 2009, the EAP Task Force Secretariat has prepared a *guidance document* to provide EECCA countries with a methodology on how to determine and apply administrative fines. It adapts the internationally recognised approaches (including those of the US and the UK) to the legal and institutional realities in the region. It was first presented and discussed at a regional expert meeting in Tallinn, Estonia in March 2009, and then endorsed at the annual meeting of the regional Regulatory Environmental Programme Implementation Network (REPIN).

In the second phase of the project, the Secretariat proposes to use an example of an EECCA country which already has administrative fines for legal entities to demonstrate the implementation of a methodology for the determination of administrative fines that would account for economic benefits of non-compliance and seriousness of an offence as well as address industrial operator-specific factors in setting a penalty. Specific pilot case study activities would include:

- Review of the existing legal provisions (the Code of Administrative Offences) and current practice of the application of administrative fines for environmental violations (including their link to the systems of pollution charges and environmental damage compensation). Interviews will be conducted with representatives of environmental enforcement authorities, courts, industry as well as with non-government experts.
- Selection of 3-4 representative cases of recent significant environmental offences for which administrative fines have been assessed and calculation, using actual case data, of “alternative” (fictitious) fines based on the methodological guidance developed by the EAP Task Force Secretariat.
- Development of country-specific recommendations to improve the effectiveness of administrative fines.
- Conducting a stakeholder workshop involving representatives of environmental authorities as well as ministries of finance and justice to discuss the results of the study and draft recommendations.
- Preparation of a pilot case study report.

Activities by EECCA RECs

EECCA RECs will review the legal framework on environmental liability and mechanisms of its application in EECCA countries. As part of this work, examples of litigation cases related to environmental liability regimes will be collected and analysed. The OECD Secretariat will provide support to EECCA RECs, including: (i) commenting the methodology of the review, (ii) facilitating its discussion during the annual REPIN meeting, and (iii) providing feedback on the draft report.

Outputs:

The following outputs are envisaged in 2010:

(i) the OECD Secretariat will:

- Monetary penalties: conduct in-country analysis and stakeholder consultations, and develop a pilot case study report (in English and Russian) to be disseminated via the REPIN network;
- Environmental liability: produce a guidance document with policy recommendations for EECCA countries, and contribute towards the preparation and organisation of a regional expert meeting, with participation of OECD experts and EECCA RECs;

(ii) the EECCA RECs will

- produce a review of current systems of environmental liability in the EECCA region.

Outcomes:

The improved practices of administrative fines assessment will enhance the deterrent effect while ensuring proportionality and fairness of the punitive effect of their application in EECCA.

The reform of the environmental liability system in EECCA would encourage industries to take preventive measures against environmental accidents, increase remediation of environmental damage, contribute to the establishment of a level playing field, and engage new actors such as banks and insurance companies in promoting sound environmental management.

PROJECT JP/2.2.3: INDUSTRY'S ENVIRONMENTAL RATING

Objective

This project aims to further promote the use of industry's environmental rating schemes in EECCA countries.

Background

The outcomes of environmental regulation in EECCA are improving but still remain modest. Most companies focus on immediate profits and the region experiences pervasive non-compliance. There is a need to correct the incentive framework faced by the business sector without raising the costs of monitoring and enforcement. Governments can achieve this objective if traditional enforcement policies based on inspection and sanctioning are supplemented by innovative instruments. Information provision, in particular, can trigger community and market reaction to pollution incidents or non-compliance in general. Over the last decade, an increasing number of countries have used information-based policy instruments. The OECD in its work on Pollutant Release and Transfer Registers (PRTRs) has been promoting such an approach. Since PRTRs are quite resource-consuming, simpler schemes of performance rating and disclosure, sometimes reduced to lists of poor performers, have emerged. The impact of these schemes on the firms' behaviour appears to be positive. In addition, simplified systems are associated with lower costs.

In 2003-2007, the REPIN has promoted international best practices of industry performance rating and disclosure. In the first phase, the Secretariat conducted a feasibility study in Ukraine. Subsequently, the scheme was implemented on a pilot basis in the Lviv region of Ukraine and had a very positive impact on companies. At their Ninth Annual Meeting (16-18 June 2008), REPIN members requested that the work in this area be continued through both regional policy dialogue and national-level implementation.

Activities

Activities by the OECD Secretariat

Based on lessons learned from the pilot project in Ukraine, the OECD Secretariat will provide policy and methodological guidance on the scheme's implementation. To this end, a guidance document will be drafted and discussed with REPIN members. The document will describe the benefits of the scheme, criteria and the algorithm used to rate companies, the need for, and approaches to adapt the scheme to national or sub-national level priorities, and the avenues for information disclosure.

Activities by EECCA RECs

EECCA RECs will assess the feasibility of scheme's introduction in other countries of the region. This will imply desk reviews and working with national and sub-national authorities.

Outputs

The following outputs are envisaged in 2010: (i) the OECD Secretariat will produce a guidance document on industry's environmental performance rating; (ii) the EECCA RECs will produce

feasibility studies in 1-2 of the most industrialised countries of the region, e.g. in Azerbaijan, Kyrgyzstan, Uzbekistan, or Belarus.

Outcomes

The rating scheme will stimulate social pressure on companies thus leading to better environmental results. By enhancing transparency, the scheme can also promote integrity among governmental officials involved in regulation and enforcement and level the playing field for businesses. Finally, the project will help countries to reduce the administrative costs of inspection and enforcement.

PROJECT JP/2.2.4: TRAINING PROGRAMMES FOR INSPECTORATES

Objectives:

This project aims to promote a structured approach towards training of environmental inspectors and facilitate networking among specialised institutions in the EECCA region and with similar institutions in OECD and CEE countries.

Background:

Within the 2003-2007 work programme, the EAP Task Force Secretariat organised numerous training and know-how transfer events at the level of sub-regions (e.g. in the Caucasus) and countries, including Armenia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, and Ukraine. In total, training involved about 300 people. Most of the training events were conducted in cooperation or with logistical support from EECCA RECs. The training programme was based on the “Toolkit for Better Environmental Inspectorates”, which is a comprehensive manual reflecting modern theory and practice of environmental compliance promotion, monitoring, and enforcement. The programme had a positive impact and, as a result, the Secretariat and its partners in EECCA have faced an increasing demand for training, which is difficult to satisfy without enlarging the number of trainers and creating a mechanism that would enable trainers to continuously update the training programmes and materials.

Activities:

In 2010, the project will (i) finalise the development of a guidance document on the minimum qualification criteria of environmental inspectors and competence development mechanisms (ii) continue implementing national-level training activities in the region and facilitating information exchange among trainers and training institutions.

Activities by the OECD Secretariat

The OECD Secretariat will work with countries to achieve consensus on the minimum qualification criteria of environmental inspectors and competence development mechanisms. A methodology to define training priorities and establish sustainable training programmes for environmental staff in the region will be finalised. To this end, e-discussions will be organised during the first half of 2010 and then results will be summarised in a technical paper that will be complemented with a brief for policy makers.

Activities of the EECCA RECs

The EECCA RECs will help local trainers to replicate the training and will facilitate networking among trainers. The main target group for training are sub-national environmental enforcement authorities. The replication phase will involve:

- Assessment of training needs and development of a multi-year training programme;
- Development of agenda and adaptation of training materials for at least 3-4 modules;
- Identification of training participants;
- Conducting the training sessions in accordance with the needs of specific recipients.

In addition, the web portal established to support the process of training will be maintained. The portal provides one-stop-shop access to relevant materials in both English and Russian, and can help trainers to share training materials, practical experience and examples that would support the training process.

As part of project implementation, the OECD Secretariat will help the EECCA RECs by: (i) assisting in the design of adapted training programmes; (ii) providing, to a limited extent, on-the-job coaching to EECCA trainers.

Outputs:

The OECD Secretariat will produce the following outputs:

- The final version of a guidance document on qualification level and competence development of environmental inspectors, including a methodology for training needs assessment;
- A brief on sustainable training for policy makers.

EECCA RECs will deliver the following:

- A bilingual web portal for trainers and inspectors to share training materials, analytical reports, and practical experience;
- Three national-level documents with training needs assessment;
- Training replicated at the sub-national level, involving 90-110 people in total.

Outcomes:

The project will further promote consistency in inspection planning and execution within the EECCA region and in relation to approaches used in OECD countries. This will provide for a regulatory monitoring “playing field” for businesses and higher environmental performance. The project will develop capacity to deliver training on environmental inspection in key institutions in the region, including one or several of the EECCA RECs, in such a way disseminating good international practices. It will also establish a mechanism of information exchange that will help trainers to continuously learn about new developments.

(B) ACTIVITIES TO BE CARRIED OUT BY THE OECD SECRETARIAT

ACTIVITY 2.1: ENVIRONMENTAL POLICY INSTRUMENTS

PROJECT 2.1.1 REGULATORY IMPACT ANALYSIS

Objective

The objective of this project is to create the methodological basis for the application of Regulatory Impact Analysis in EECCA countries, particularly the costing of new regulatory requirements.

Background

The Regulatory Impact Analysis (RIA) can help to ensure that lawmaking results in environmental requirements that are realistic and enforceable. In EECCA, the first-generation legal acts were drafted and enacted within “technocratic” processes that hardly included consultations and cost-benefit analyses to estimate the feasibility of requirements. This approach showed to be counterproductive in terms of achieving compliance. RIA continues to be carried out sporadically and commonly has a very narrow character, mostly quantifying the costs for the state to enforce new legislation. Following national policies of encouraging entrepreneurship and attracting foreign investments, the interests of the regulated community are increasingly taken into account within the lawmaking process and the regulatory requirements are no longer “parachuted” on regulatees. At the same time, the capacity to implement RIA is very low. EECCA delegates in REPIN have expressed a strong demand for a project along the lines proposed.

Activities

In 2010, the OECD Secretariat will assess the main gaps in the use of RIA in the EECCA region and will identify costing tools applied in OECD countries, as well as lessons learned from their application. Opportunities and constraints for adopting international practices will be discussed during a regional meeting.

Outputs

In 2010, the OECD Secretariat will produce a draft review of tools used within RIA process in OECD countries.

Outcomes

This project will help EECCA countries to progress with a “second generation” of environmental laws thus developing a legal framework that is anchored in the economic and social environment of the country. It will also support the achievement of better outcomes within the process of convergence with EU environmental legislation.

ACTIVITY 2.2: ENVIRONMENTAL COMPLIANCE AND ENFORCEMENT***PROJECT 2.2.1 RISK-BASED INSPECTION******Objective:***

To help EECCA environmental authorities to reduce point-source pollution by promoting a more effective and cost-efficient compliance monitoring (inspection) system that targets industries associated with higher environmental risk and/or with history of non-compliance. This will be done by extending current, mostly sector-based approaches, to include facility-specific criteria used in OECD countries. A pilot project will be carried out in one of highly industrialised EECCA countries, possibly Ukraine, and the results would be disseminated in other EECCA countries. This work will be based on a methodology elaborated by the OECD/EAP Task Force Secretariat based on experience from OECD countries.

Background:

In EECCA countries, inspection activities are commonly governed by laws and regulations that leave environmental authorities with little flexibility in influencing pollution reduction at least costs. Agency resources are often wasted, being influenced by local political agendas, while serious non-compliance and pollution risks remain unaddressed. In many countries, the frequency of inspections is limited by law to once every year or two without regard to the environmental impact of regulated installations. As a result, the number of industrial accidents and incidents with major social and environmental consequences is on the rise.

In many OECD countries, there is a clear trend toward risk-based targeting of compliance monitoring activities. Environmental hazard and operator performance are the two principal factors in planning. There are several approaches (for example, the Operator and Pollution Risk Appraisal scheme in the UK) to quantifying these two factors through a range of indicators.

In the course of a capacity building project in Georgia, the EAP Task Force Secretariat provided assistance to the country's Environmental Protection Inspectorate on improving inspection planning procedures by using risk-based approaches. In 2008, the Secretariat produced brief "Guidelines on State Environmental Inspection in Georgia" and more detailed "Guidelines on Operational Planning and Priority Setting for Inspection of Stationary Sources of Pollution in Georgia". These guidance documents have established a methodological base that is largely applicable to other EECCA countries and that needs to be further tested in practice and disseminated more widely.

Activities:

The proposed project will implement the methodology based on the best practices developed in OECD countries in an EECCA country which does not have legal restrictions on inspection frequency context. The Ukrainian State Environmental Inspectorate has expressed interest in hosting such a pilot project. Ukraine is well suited for piloting risk-based approaches since its legal basis is more permissible than in other countries and industrial pollution remains an important environmental issue. Previously, the OECD/EAP Task Force Secretariat cooperated with Ukrainian authorities and the NGO community to test an innovative tool of environmental policy – industry performance rating and disclosure – that, besides being quite influential in changing industry's behaviour, revealed the limitations of current inspection planning approaches.

Specific pilot case study activities would include:

- Review of the existing legal provisions and current practice of environmental inspection planning (including the consideration of environmental risk and compliance records of individual facilities);
- Fine-tuning of the risk-based inspection targeting methodology in close collaboration with the selected environmental enforcement authority;
- Application of the agreed risk-based prioritization criteria to the regulated community;
- Development of a draft inspection plan (for 2011) following the new methodology;
- Development of country-specific recommendations to improve the effectiveness of environmental compliance monitoring based on lessons learned from the pilot inspection targeting process;
- Conducting a stakeholder workshop to discuss the results and implications of the pilot project; and
- Preparation of a pilot case study report;
- Presentation of results to other EECCA countries in a meeting of REPIN.

Outputs:

The following outputs are envisaged:

- In-country stakeholder workshop, possibly with participation of outside experts;
- Pilot case study report (in English and Russian) to be disseminated via the REPIN network.

Outcomes:

The adoption of risk-based targeting in compliance monitoring practices in EECCA would increase the probability of offence detection and enhance the effectiveness and efficiency of all compliance assurance efforts (including compliance promotion and enforcement) of environmental authorities in EECCA countries.

PROJECT 2.2.2 ENVIRONMENTAL COMPLIANCE AND ENFORCEMENT INDICATORS AND COMPARATIVE ANALYSIS

Objective:

Assisting EECCA countries to improve performance measurement of environmental enforcement authorities and promote higher performance through cross-country comparison.

Background:

Within the previous work programme, the EECCA countries requested the EAP Task Force Secretariat to help them identify better environmental compliance and enforcement (ECE) indicators against which the performance of environmental enforcement authorities (EEAs) can be measured and continuously improved. Responding to this request, the Secretariat reviewed current practices and international benchmarks for performance measurement. This work has been carried out in close cooperation with the International Network for Environmental Compliance and Enforcement. Using a guidance document that resulted from this cooperation, ECE indicators were reviewed in Armenia and Russia. These reviews showed a certain convergence with international benchmarks. Nevertheless, a number of design flaws were revealed, most importantly:

- The poor link between performance measurement and activity planning;

- A perverse interpretation of ECE indicators whereby output indicators are used as “targets”. As a result, the effectiveness of environmental enforcement authorities is often associated with high numbers of imposed sanctions, in particular fines or other monetary penalties;
- Poor standardisation of performance measurement terminology and procedures that opens up opportunities for misinterpretation or manipulation of data;
- Prevalence of a mere description rather than analysis of compliance and enforcement data;
- Limited coverage of the regulatory cycle, *e.g.* lack of indicators that describe compliance assistance efforts and criminal enforcement;
- Focus on disclosing “outputs” with less attention to “inputs” (*e.g.* human, material and financial resources dedicated to specific tasks) that does not allow to scrutinise outputs versus costs.

In order to address some of these problems, the Secretariat developed the *Guidelines on Performance Measurement for Environmental Enforcement Authorities of EECCA*. In order to implement the Guidelines, EECCA countries requested further technical guidance.

Activities:

In 2010, the secretariat will describe in detail the indicators identified by EECCA countries for future use, and will provide guidance on data collection, verification, and management. An expert meeting will be organised to discuss the draft guidance. Cooperation with IMPEL and INECE on this subject will continue, including participation in global know-how transfer activities.

Outputs:

The technical guide on the use of indicators will be drafted and agreed with EECCA countries.

Outcomes:

Performance indicators (and cross-country benchmarking that can be enabled when indicators are identified) are instrumental to monitor activities, support policy making, and ensure the transparency and accountability of environmental enforcement authorities.

ACTIVITY 2.3: INSTITUTIONAL FRAMEWORKS AND FINANCING

PROJECT 2.3.1 INSTITUTIONAL DEVELOPMENT OF ENVIRONMENTAL MINISTRIES

Objective:

Assist EECCA countries to strengthen the institutional capacity of environmental ministries. The main target for in-country work under this project is the group of IDA countries.

The project is based on previous activities, including the Policy Dialogue for Institutional Strengthening in Georgia and the framework for progress assessment under the Objective 1 of the EECCA Environmental Partnerships Strategy.

Background:

Institutional capacity development is of utmost importance for an effective functioning of environmental management systems. Analysis of past experience showed that approaches involving enhancement of knowledge and skills of individuals in environmental ministries was not sufficient to produce sustainable results. There is growing recognition that capacity depends crucially on the quality of the institutions, the incentives that exist within institutions, and the overall governance

system. The challenge is to understand the specific as well as general institutional capacities that environmental authorities require, and the approaches that can best facilitate capacity development.

A basic problem is that the notion of “institution” has traditionally been associated in EECCA with organisation charts and availability of material and human resources. As a result, “institutional reforms”, are often reduced to changes in the structure of governmental bodies while “capacity development” is viewed as procurement or equipment and training of individuals. Contrary to this understanding, the modern interpretation of “institutions” shifts this notion towards working methods rather than structures. In this context, an important shift in approaches to capacity assessment is needed in EECCA.

In order to promote a new systemic approach, the OECD secretariat conducted the underlying analytical work and developed a draft toolkit for capacity self-assessment. The toolkit identifies core functions for environmental management and lists a number of qualitative benchmarks for capacity across four layers: individual capacity, organisational capacity, governance structure and stakeholder interaction, and the quality of the enabling environment. In order to test the self-assessment approach, activities were conducted in Armenia and a draft report produced. In Moldova, the Secretariat identified ways to link capacity assessments to national development planning and provided support to the Ministry of Ecology and Natural Resources for drafting their first Institutional Development Plan. Based in this experience, a case study was developed. In Georgia, analytical work has started to assess institutional aspects of natural resources management.

Activities:

In 2010, the following activities are planned:

- Further testing the methodology for assessing institutional capacities of environmental ministries;
- Conducting a series of policy dialogues in Armenia, Georgia and Moldova;
- Launching data collection and analysis for the Astana progress monitoring report and conducting stakeholder consultations, including during a meeting in late 2010⁴.

Outputs:

The following outputs are envisaged in 2010: (i) final version of the methodology for applying the systemic approach to the assessment of institutional capacities for environmental management; (ii) policy-briefs and reports from in-country policy dialogues; (iii) annotated outline of the Astana assessment report and supporting data gathering tools (survey questionnaires); (iv) elements of a database with information on progress since Belgrade.

Outcomes:

This project will offer the benefit of measuring the level of institutional development within environmental authorities that would lead to a better identification of capacity building needs and more effective use of both public budgets and external aid.

⁴ The OECD secretariat has prepared a detailed description of the structure and process of report development.

PROJECT 2.3.2. MID-TERM BUDGETARY PLANNING AND PUBLIC FINANCE MANAGEMENT IN THE ENVIRONMENTAL SECTOR

Objective:

Assist EECCA countries to enhance the capacity of environmental ministries to prepare economically sound, well-justified and realistic medium-term expenditure programmes.

Background:

Medium-term expenditure frameworks (MTEFs) can serve as a tool to ensure that at a country level the environmental sector is not marginalised and receives adequate support in the budgetary process. Given that there is a major disconnect between policy making, planning and budgeting in EECCA countries, MTEFs are often seen as a way to align budgetary decision-making with government strategic orientation on a multi-year basis. MTEFs have received a renewed attention in the context of Poverty Reduction Strategies (PRSPs). In several countries, ministries of finance are already using MTEFs to translate national policy objectives into public expenditure programmes within a multi-year macroeconomic and fiscal framework.

The main challenge in implementing the MTEF, particularly in the environment sector, is related to the preparation of sound and economically justified environmental expenditure programmes for inclusion in the MTEF process and subsequent annual budget financing. Related to this are:

- problems with the realistic costing of programmes (both for investments and operation and maintenance costs);
- setting programme targets and indicators to monitor and evaluate programme implementation;
- coordination of programmes jointly implemented with other ministries with responsibilities for environmental management.

Because of weak programming, the main sources of environmental finance in many of the EECCA countries are still environmental funds (where they exist) and donor support.

Institutional capacity, including technical expertise, is essential for attaining adequate budget financing for environmental programmes in the MTEF context. Training in preparation of programmes, setting targets and performance indicators can equip ministries of environment with knowledge and skills that would make them more competitive. Ministries of finance and other ministries with responsibilities for environmental management should also be involved in capacity development programmes.

Also high-level political support and commitment is crucial to improved budgeting.

Activities:

In 2009, the OECD secretariat launched a Survey on Medium-Term Expenditure Frameworks (MTEF) and the Environment. Although the Survey is focused on the EECCA countries, the analysis will involve comparison with good practices applied in OECD countries. The Survey will help EECCA countries to identify good practices for financing environmental programmes through public budgets. The Survey constitutes a first step in the preparation of policy guidance on the integration of the environment sector into the medium-term expenditure frameworks. The report resulting from the Survey will be discussed at an expert meeting in the spring of 2010. Subsequently, the policy conclusions, developed through this process, will be presented at the “Environment for Europe” Ministerial Conference in 2011 in Astana, Kazakhstan.

During a one-day workshop on integration of environmental matters into MTEF, conducted in conjunction with the annual REPIN meeting, countries exchanged experience on MTEF implementation and underlined the importance of this work for better implementation of environmental programmes. Participants discussed a draft Survey Questionnaire and provided guidance to the Secretariat with respect to data request procedures. Based on this feedback, the OECD secretariat finalised the questionnaire and sent requests to both ministries of environment and ministries of finance in August 2009. By the end of 2009, the secretariat expects to have collected all information that is required for the Survey completion.

In 2010, the EAP Task Force Secretariat will finalise this regional survey. Based on survey findings, the EAP Task Force Secretariat will facilitate a regional dialogue on MTEF implementation and develop and promote recommendations for the countries of EECCA to speed up or adjust MTEF adoption.

In addition, national-level work will be started to help 1-2 countries (there is expression of interest from Moldova) to improve the formulation and costing of environmental programmes that are part of MTEF.

It is also envisaged to conduct training on public finance management will be provided to environmental authorities in the Ukraine and Kazakhstan.

Outputs:

The following outputs will be produced:

- Final version of the Regional Survey;
- Report on the MTEF expert meeting;
- Briefing note for policy makers;
- Inception report from the country-level pilot project on approaches to costing environmental programmes;
- Materials and report(s) from training session.

Outcomes:

This project will help countries achieve greater budgetary predictability and more efficient use of public money in environmental ministries.

(C) ACTIVITIES TO BE CARRIED OUT BY THE EECCA RECS***PROJECT 2.1.4: PROMOTING PUBLIC INFORMATION AND PARTICIPATION IN EIA AND PERMITTING***

This project aims to improve mechanisms used by EECCA environmental authorities to disclose facility-specific information provided under EIA and permitting procedures.

Background:

The regulatory basis for the environmental impact assessment (EIA) is sufficiently developed in EECCA countries in order to provide a good basis for public participation. However, its application in practice is hindered by capacity problems, particularly at the sub-national level. This includes such problems as absence of recognized ways for disclosing EIA materials and limited training of officials and the public, specifically, NGOs. In a transboundary context, the problem of capacity for implementation and public participation is more acute and further aggravated by intermittent contacts among neighbouring countries. Some problems affect environmental permitting, which is the next stage of environmental assessments. This leads to a situation when public participation is essentially a procedural step that seldom influences decision-making.

Besides, impediments to public participation are encountered as a result of an excessively technical language of regulatory documents (e.g. permits) that prevents citizens from understanding the real meaning of regulatory conditions. Unlike procedures in OECD countries, the assessment and permitting processes in EECCA do not involve development and dissemination of non-technical summaries for the general public. At the same time, by endorsing the “Guiding Principles for Effective Environmental Permitting”, developed by the EAP Task Force Secretariat, EECCA countries recognised that public participation and information disclosure is an important principle of permitting that helps governments and enterprises manage environmental but also financial risks. Unfortunately, legal and institutional frameworks, as well as IT infrastructure are not yet supportive to the implementation of this principle.

Efforts aimed at addressing these issues will support and complement work already done in the region by various international and local actors, in particular the Aarhus Convention Secretariat. To date, the EECCA RECs acquired an extensive experience in the domain of public participation in EIA in their respective sub-regions. For instance, the Russian REC implemented a capacity building programme among NGOs and local population to help them participate in the EIA process of Nord Stream. Experience of Nord Stream will be studied in this project.

Within the framework of the given project EECCA RECs plan to further promote public awareness and participation in EIA procedures and environmental permitting. This will require assessment of the current situation and needs for informing the public and organizing relevant trainings.

Objectives:

The main objective of the proposed project is to improve mechanisms used by EECCA environmental authorities to disclose facility specific information provided under EIA and permitting procedures.

The second more specific objective of the project is to assess capacity needs of the target groups for providing necessary trainings in the field of EIA and permitting, as well as to make concrete steps for information disclosure in the EECCA region.

Activities:

In a first phase, the project will establish a capacity building programme on public participation in EIA and permitting and, simultaneously, will identify gaps in current legal and institutional frameworks, as well as problems with infrastructure for disclosure of facility-specific regulatory documents. EECCA RECs will have a leading role in the project, with the OECD Secretariat will providing support at the start-up phase of work.

More specifically, activities will include:

- Assessment of capacity building needs, identification of key target groups and development of training programmes;
- Development of a questionnaire to assess the current situation as concerns disclosure of EIA and permitting materials;
- Discussion of the questionnaire with members of the Regulatory Environmental Programme Implementation Network and its amendment based on feedback from Network members;
- Information gathering and analysis;
- Development of general recommendations and specific legal and institutional changes in a pilot country to be selected;
- Assessment of feasibility to introduce IT and other tools for disclosing EIA and permitting materials;
- Introduction of new tools for EIA disclosure, including IT
- Studying practices of public participation in the Nord Stream project, as a pilot case for consideration of Espoo convention

This activity will be followed by a capacity development programme. Also, the project envisages helping EECCA countries to use IT tools that would enable governments to disclose EIA materials and permits on their web-sites. This might be particularly relevant for those countries that have embarked on e-government promotion.

Expected results

1. Better disclosure of facility specific regulatory requirements in EECCA;
2. Introduction of new tools to improve disclosure of EIA information, including IT
3. Improved transparency and better communication between developers and general public;
4. Better knowledge and more active participation of general public in EAI procedures and environmental permitting, including large scale transboundary projects

Outputs:

The following outputs will be produced:

- Training programmes on information EIA disclosure for the public and NGOs developed;
- A Questionnaire for assessing the current situation related to disclosure of EIA and permitting materials;
- Analytical report summarising the existing situation in EECCA;
- A set of specific legal and institutional recommendations for one pilot country;

- A report addressing the feasibility of introducing IT and other tools to improve disclosure of EIA and permitting materials
- A pilot project on studying the level of public involvement in Nord Stream project design and implementation under the frame of the Espoo convention
- Recommendations for developers of the South Stream project on consideration of the Espoo convention principles and guidelines in its implementation

Outcomes:

Public participation as a part of environmental assessment procedure is a prerequisite for comprehensive risk assessment, due diligence and, overall, building supportive environment for business operations in long-term. Better disclosure of facility-specific regulatory requirements will stimulate feedback from the public at the final phases of regulation thus demonstrating willingness of competent authorities to enable citizens to voice their opinion and verify whether it is taken into account.

PROJECT 2.3.3: PROMOTION AND IMPLEMENTATION OF LOCAL ENVIRONMENTAL ACTION PLANS (LEAPS) IN EECCA COUNTRIES

Background:

The National Environmental Action Programmes, developed by the majority of the EECCA countries in the 90's prioritized a range of environmental problems for this region, and resulted in the launch of a number of targeted environmental projects, financed by different international institutions. However, it became obvious at the beginning of NEAPs implementation that the best results could be obtained only if the priorities were responded to through a bottom-up approach. Hereby, the methodology of the local environmental planning was developed and the definition of the Local Environmental Action Plans appeared.

Local Environmental Action Plan (LEAP) is a participatory process for a local/regional community. LEAP provides a forum for bringing together a diverse group of individuals who work together — in partnership with a local or regional government — to agree on common priorities and actions for addressing environmental problems in their community.

The experience of the EECCA countries in the given area differs from country to country. Though, it is important to mention, that the EECCA RECs jointly implemented a transboundary project “Strengthening local environmental governance in the EECCA countries”, financed by the Dutch government, that gave the possibility to evaluate the actual situation with respect to LEAPs development and implementation in the EECCA countries, as well as to transfer experience from the EAP Task Force and the REC CEE in this field to the region.

Later the Dutch Government financed a project “**LEAPs as a Tool for Public Participation in Environmental Decision-making in the EECCA countries**”. The purpose of this project was to exchange experiences in and identify ways to strengthen local environmental governance, planning, and management throughout the EECCA region. In December 2006 an international conference devoted to LEAP methodology and practices was held in Tbilisi, Georgia in order to strengthen regional cooperation among RECs and other stakeholders on fostering local environmental governance. The conference provided a forum for RECs and their partners – representatives of municipal governments, NGOs, business community and international partners, to exchange experiences, compile results of LEAP efforts, share success stories, and extract lessons learned from LEAPs conducted within the EECCA region over the last several years. Results from the Tbilisi conference have been compiled into a comprehensive report that was presented by EECCA RECs at a

special side event devoted to LEAP practices in EECCA within the framework of the 2007 Belgrade “Environment for Europe” Ministerial Conference.

The above mentioned projects highlighted a number of priority problems, that the given proposed project is aimed to address. Among them: the need for the development of national legislative frameworks for promoting LEAPs in the region; training of key environmental stakeholders on the methodology of local environmental planning; development of training materials; implementation of demonstration projects; strengthening and further development of regional and national networks of LEAP practitioners and experts and sharing of experience and best practices within the region and with international partners.

Objectives:

The overall objective of the proposed project is to assist EECCA countries in creating favourable policy and conditions for LEAP development and implementation, as well as to support communities in building their capacity to formulate and implement LEAPs. Among the specific project objectives are:

- further support and capacity building for regional and national networks of LEAP experts/practitioners, established at earlier stages of LEAP introduction and pilot phases;
- to develop country specific LEAP Kits (methodological sets of LEAP materials);
- to undertake implementation and dissemination of LEAP demonstration projects; and
- to set-up national and sub-regional LEAP training programmes for training LEAP practitioners.

Activities:

Activity 1: Support for Regional and National Networks of LEAP Trainers/Practitioners

During the previous phase of work each of the RECs identified key experts per country who were involved in developing the LEAP methodology. On the basis of those core teams EECCA RECs established a regional and national networks of LEAP Trainers/Practitioners. Relevant experts from REC offices joined that group so as to ensure the project’s sustainability in the longer term.

A ‘train-the-trainer’ workshops will be organized for all Network participants. The goals of the workshop are to:

- deliver a methodological LEAP training;
- hold a session on linkages of the LEAP process to other initiatives (e.g. Local Agenda 21, sustainable development programmes, sustainability audits, EU compliance audits, etc.);
- provide detailed guidance for the development of country specific LEAP Kits.

The workshops will be organised and managed by the EECCA RECs with the active involvement of EAP TF secretariat experts.

Activity 2: Develop Country Specific LEAP Kits

It is envisaged that 12 LEAP kits will be developed (one for each EECCA country covered by the EECCA REC offices, Ukraine and Belarus). The country specific LEAP kits should be developed by the country teams of two-three experts who attended the training-of-trainers workshop, during which they will have received detailed guidance for the development of the kits.

The LEAP kits should be commented by a selected group of national experts (e.g. a steering committee established for the purpose of LEAP kit development). A sufficient number of copies will be subsequently printed.

Activity 3: Disseminate LEAP Kits

A special LEAP promotional event will be organized to promote the availability of the LEAP kits and the LEAP process in general. The event will last half a day and will be organized in the capital city of each country. The invitees will represent major governmental institutions active in environmental action planning, bigger regional and local authorities, NGOs, donors and other relevant stakeholders. The kits should be also distributed via mail and posted on relevant Internet pages.

OECD EAP Task Force secretariat will also provide relevant materials and contacts from EECCA and OECD countries and assist EECA RECs in designing and adapting training programmes.

Phase 2: Implementation of LEAP Demonstration Projects

Activity 1: Identify the Scope of LEAP Demonstration Projects

Within the Dutch funded projects few demonstration projects at community level have been undertaken. These new demonstration projects are foreseen at the larger level and will take into account the existing legislation, capacity of communities as well as other ongoing community initiatives. For example, in some countries, it will be possible to undertake LEAPs within the framework of Local Agenda 21. Therefore, partnerships with other organizations (e.g. UNDP, the World Bank) will be considered.

Activity 2: Select LEAP Demonstration Communities

A set of criteria for the selection of LEAP demonstration projects will be developed in order to select relevant communities (one per each country).

Activity 3: Facilitate LEAP Demonstration Projects

A national team of two-three LEAP trainers/practitioners will be responsible for the successful completion of LEAP demonstration projects. They will facilitate the work of the stakeholder group and stimulate the entire process, provide specific training during workshops and help in writing LEAP documents. It is recommended that one REC office employee is part of the team responsible for the overall project's management.

Activity 4: Organise National Dissemination Conferences

The results of the LEAP demonstration projects shall be publicized during half-day dissemination events (similar to events organized for the dissemination of LEAP kits). The invitees will represent major governmental institutions active in environmental action planning, bigger regional and local authorities, NGOs, donors and other relevant stakeholders.

Phase 3: Establishment of National LEAP Training Programmes

Activity 1: Establish National LEAP Trainers/Practitioners Teams

The two-three previously trained experts will form the core team of national LEAP trainers/practitioners that will deliver the national LEAP training programmes. Taking into account the scale of the training, in some countries, some teams would have to include more experts. Some of them could be recruited from among the most active members of stakeholder groups from

demonstration communities. It is also suggested that one person on a team would represent the Ministry of Environment or other relevant agency.

Activity 2: Develop LEAP Training Materials

The training materials will be developed by the national LEAP trainers/practitioners teams on the basis of LEAP kits and the LEAP demonstration projects. Ministerial LEAP guidance notes will be prepared concerning the scope of the LEAP document and the main principles to be recommended for their development (based on the countries' interest).

Activity 3: Deliver National LEAP Trainings

Representatives of numerous municipalities (depending on their average size within the country) will be trained in the implementation of the LEAP methodology. It is estimated that about three LEAP training workshops would be organized in each country for about 20-30 persons. More training will be organized in Russia and in the countries of Central Asia.

Expected results:

1. Strengthened networks of EECCA and national LEAP practitioners;
2. widely disseminated experience, best practices and relevant materials ensuring introduction and application of LEAP in EECCA;
3. information support for activities of experts and LEAP practitioners and exchange of experience;
4. improved transparency and accountability of LEAP practices.
5. Better communication between the various layers of the society and improvement of management at the local level.

Outputs:

The following outputs are envisaged:

EECCA RECs will deliver the following:

- 50-60 government representatives/experts/practitioners from selected EECCA countries trained in the best practices on LEAP theory and practices within the framework of the series of training courses;
- Leading internationally adopted and approved documents on local environmental management widely disseminated among practitioners and environmental decision-makers;
- A bilingual web portal for LEAP practitioners and experts developed containing training materials, analytical reports, and practical experience developed;
- Training of LEAP practitioners replicated at sub-regional and national levels (about 20-30 persons per country).

Outcomes:

The project will further promote introduction and wide application of LEAP practices and provide a contribution for improving environmental management at the local level thus contributing for sustainable development of municipalities.

By creating a pool of trainers and LEAP Kits the project will develop capacity to deliver training on LEAPs in key institutions in the region, including one or several of the EECCA RECs, thus disseminating good international practices. It will also establish a mechanism of information exchange that will help trainers to continuously learn about new developments.