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Key Findings and Recommendations of the Peer Review of the Environmental Compliance Assurance System in the Republic of Armenia

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The current document presents the conclusions and recommendations of the second pilot application (after the Kyrgyz Republic) of the REPIN Peer Review Scheme. The review was carried out by a team international of experts at the request of the Ministry of Nature Protection of the Republic of Armenia.

This document will be discussed on 17 October 2005. The Armenian Delegation will also have the opportunity to provide details on achievement and impediments in the process of reforming the national system of environmental compliance assurance. Participants will be invited to comment and adopt the Review Conclusions.

ACTION REQUIRED: *For discussion and approval.*

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FOREWORD

1. The Kiev Ministerial Conference of 2003 recommended that countries implement the “Guiding Principles for the Reform of Environmental Enforcement Authorities in Transition Economies of Eastern Europe, Caucasus, and Central Asia (EECCA)”. The Guiding Principles build on the international good governance practices and provide a reference model for an effective and efficient system of environmental compliance assurance.
2. By endorsing the Guiding Principles, EECCA countries recognised the need for reform and also established a long-term development target. To accelerate the process of reform, a peer review scheme was established under the umbrella of the Regulatory Environmental Programme Implementation Network (REPIN) that operates under the Task Force for the Implementation of the Environmental Action Programme (EAP Task Force).
3. This document presents the conclusions and recommendations of the peer review of the compliance assurance system in Armenia. It is the second, after Kyrgyzstan, pilot Peer Review carried out by under REPIN. The document suggests a number of short- and long-term steps for reform of compliance assurance strategies, instruments and institutions in light of the best international practices. It also aims to establish a baseline for the implementation of the Law on Environmental Enforcement, which was enacted in May 2005.
4. These steps are closely linked with the implementation of the country’s Poverty Reduction Strategy Paper (PRSP) in the field of environmental management and public governance. They also aim to stimulate greater accountability to the general public and international partners.
5. The review was carried out at the request of the Ministry of Nature Protection of the Republic of Armenia by a team of international experts. The experts involved in the review, and the Secretariat, express their appreciation for the Armenian government for co-operation and support in conducting the Review.
6. The views expressed in this publication are those of its authors and do not necessarily reflect the views of the OECD or its Member countries. Financial support to prepare and publish this paper was provided by the EuropeAid programme of the European Union, as well as the governments of the Netherlands and Sweden.

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EXECUTIVE SUMMARY

7. The review of environmental compliance assurance in the Republic of Armenia, carried out within the framework for the EAP Task Force/REPIN Network, has revealed that progress has been made over the last year in building effective enforcement and compliance promotion instruments and institutions. Particularly impressive is Armenia's success in improving the legal basis for compliance assurance, and efforts made since 2003 to raise the quality of regulatory design. Unlike other countries, Armenia's Ministry of Nature Protection (MNP or "Ministry") has enjoyed institutional stability and has focused on improving the environmental policy instruments, work practices, and procedures.

8. Armenia's main environmental enforcement authority, the State Environmental Inspectorate of the Ministry of Nature Protection (SEI or "Inspectorate"), has the responsibility to check and ensure compliance with requirements related to nature resources use, including protection and sustainable use of biological resources, and environmental pollution. The powers vested in the Inspectorate are proportional to assigned responsibilities. The SEI ranks high in the MNP hierarchy; the institutional status allows it to make independent operational decisions within its legal mandate. Furthermore, the Ministry's high level officials provide necessary political support to the SEI.

9. Notwithstanding these significant achievements Armenia has yet to address a number of challenges about which the SEI is fully aware and prepared to address. The unresolved problems requiring urgent attention from the Ministry and the Inspectorate include:

- The environmental regulatory framework is still incoherent; environmental quality standards and permit requirements tend to be not feasible and difficult to enforce. This undermines the rule of law and public confidence in government's capacity to regulate, and erodes staff morale and integrity;
- Incentives for regulatees to comply and improve environmental performance are not well analysed and reflected in the regulatory design;
- The Inspectorate uses only a small number of the legally available tools to ensure compliance;
- The institutional capacity of the Inspectorate, particularly of its regional agencies, is low due to lack of training and prolonged and heavy shortage of resources;
- Cooperation with other stakeholders, both domestically and internationally, is limited and sporadic thus having a marginal role in strengthening compliance with environmental law.

10. Under these circumstances, Armenia's environmental enforcement authorities are called to maintain and, where possible, improve the state of the environment taking account of social, economic and environmental considerations. The Inspectorate has to leverage its compliance assurance tools in a more consistent and comprehensive manner, build up its institutional capacity and train staff, carry out a systematic dialogue with stakeholders and engage in a result-oriented cooperation. The compliance assurance system must rest upon ambitious but feasible requirements, set within a streamlined, clear and coherent regulatory framework.

11. Considering the provisions of the “Guiding Principles for Reform of Environmental Enforcement Authorities in Transition Economies of EECCA”, the peer review recommends that the Ministry and its Inspectorate focus their efforts on the following priorities of institutional development:

1. Streamlining the regulatory framework and making it feasible

12. Creating a sound foundation for environmental enforcement in Armenia calls for a coherent legislation and feasible environmental requirements. To this end, it is recommended to:

- ***In the short term:*** (1) revise environmental quality standards to ensure their feasibility and enforceability based on the dialogue between the policy designers, the environmental inspectors, and the regulated community and full understanding of the incentive framework for industries to comply with environmental requirements; (2) improve public consultation mechanisms used within the law-making process, and apply these mechanism systematically; (3) consolidate procedurally the permitting system; (4) extend permit validity, particularly in those cases when production processes and output volumes are stable; (5) secure feedback between inspection and permitting stages of the regulatory cycle;
- ***In the medium term:*** (1) streamline primary and secondary legislation under the umbrella of the framework environmental protection law; (2) identify and address conflicting legal provisions which prevent compliance, and minimize chances for ambiguous interpretation of laws and regulations;
- ***In the long term:*** (1) introduce an integrated permitting system for major industry; (2) reduce the complexity of regulation for Small and Medium-sized Enterprises.

2. Optimizing the use of powers, vertical structure, and cooperation with other agencies

13. To develop its institutional capacities, the SEI needs to further improve internal organisation and coordination, and work out better partnership relations with executive and judicial bodies involved in environmental compliance assurance. This requires the following actions:

- ***In the short term:*** (1) improve information exchange with other sub-divisions of the MNP by communicating openly and systematically, and by introducing necessary internal procedures; (2) clarify distribution of responsibilities and powers between central and territorial level, and gradually give an enlarged mandate to territorial units; (3) build partnerships with partner governmental agencies based on specific cooperation objectives and mechanisms; (4) improve the procedure of filing court cases against violators, and feedback on results of such cases;
- ***In the medium term:*** (1) within the SEI (or at the Ministry level) establish a position (small unit) to identify emerging economic activities and environmental problems that would need attention in the work of SEI and additional resources; (2) finalize the delegation of powers to territorial units and put mechanisms in place to provide methodological and logistical support to these units and manage their performance.

3. Increasing SEI transparency and mutual understanding with the non-governmental sector

14. The governance system adopted in Armenia requires the environmental enforcement authorities to increase their transparency and establish meaningful relations, with regulated community and with non-governmental actors. In this respect, the following actions need to be taken:

- ***In the short term:*** (1) inform the regulated industries through consultations about the terms and conditions built into environmental permits that are issued subsequently; (2) raise awareness of the regulated community about regulatory objectives and specific requirements, and the purpose of compliance and enforcement overall; (3) draft and enact secondary legislation on self-monitoring by industrial operators with an emphasis on incentives for the voluntary

implementation of self-monitoring; (4) engage in a meaningful dialogue with NGOs, and inform citizens about their right to complain, and the procedure to file complaints; (5) disseminate information through external channels, e.g. publications of the Department for Emergency Situations or the Industry Association.

- ***In the medium term:*** (1) improve mechanisms for awareness raising and public participation, and establish a dedicated unit (within the Ministry) to manage public relations; (2) open up for alliances with NGOs; in this respect, consult NGOs regularly on possible joint actions, develop joint plans and implement them; (4) inform the general public proactively about SEI functions and results of its work.
- ***In the long term:*** (1) adopt and apply a broader spectrum of compliance promotion tools, including information disclosure, performance ratings, promotion of cleaner production, clearing house mechanisms on new technologies, etc.

4. Using compliance assurance tools more effectively

15. A concentration of government's environmental compliance assurance functions within a single authority in Armenia helps to unify/harmonise the work methods and procedures. Since in modern systems the economics of enforcement is critical to improve such work methods, the Inspectorate will need to adopt tools that take into consideration those factors that motivate regulatees to comply (or not) with environmental requirements, and build a better enforcement pyramid. In this regard, it is recommended to:

- ***In the short term:*** (1) assess the cost-effectiveness of compliance assurance instruments and on the basis of the conclusions suggest the redesign the instruments with the lowest impacts (2) develop an operational manual on how to use the existing tools and powers; (3) during on-site visits, in addition to the review of documentation, pay attention to technical condition of inspected facilities; (4) introduce the practice of drafting phase-in plans for newly adopted laws and regulations, which would also take into consideration training needs within SEI and the regulated community;
- ***In the medium term:*** (1) proceeding from overall environmental, economic and social priorities, develop a compliance assurance strategy with clearly identified environmental outcomes, compliance targets, and implementation tools and schedule; (2) improve the performance measurement system of SEI; (3) upgrade the design of SEI's information system and update its databases on a regular basis.

5. Actively mobilizing necessary resources

16. Institutional stability enables the SEI to actively mobilise the necessary human, material and financial resources. In this regard, the Inspectorate could:

- ***In the short term:*** (1) design, and make it ongoing, a training programme for SEI staff, including initial theoretical and on-the-job training (mentoring) for newly hired staff; (2) develop a programme of computerization at SEI, especially at its regional branches, and provide IT training for employees prior to equipment procurement; (3) assess the situation with respect to SEI's laboratory facilities and identify measures to optimise the quantity of equipment and quality of laboratory services; (4) improve staff selection and hiring techniques, including a greater focus on practical experience and skills, trial periods for newly hired staff, and involvement of future manager in candidate interviewing and employment decision-making; (5) improve the quality of budget proposals;

- ***In the medium term:*** (1) make the job of environmental inspectors more attractive by increasing wages, providing social benefits, opportunities for professional/career growth, better equipment, modern telecommunications and computer technology, better interaction with the media, and so on, and assure staff rejuvenation; (2) ensure accreditation of SEI laboratories; (3) organise joint training courses with industry; (4) initiate modernisation of equipment and facilities at SEI; (5) assess the feasibility of using administrative charges to cover regulatory costs;
- ***In the long term:*** (1) legally mandate the improvement of social protection for environmental inspectors and equal their status with other law enforcement agencies; (2) complete the modernisation of equipment and facilities at SEI.

6. Capitalising on opportunities for international cooperation

17. In order to consolidate the institutional potential of the State Environment Inspectorate, it is essential to expand the scope of international cooperation opportunities. To that end, it is deemed advisable:

- ***In the short term:*** (1) improve internal communication within the Ministry on matters of international cooperation, in order to more fully account for the Inspectorate's needs (including the needs pertaining to the implementation of Multilateral environmental agreements) at both central and regional level; (2) communicate proactively with international donors, bodies and secretariats of MEAs regarding needs and factors that hinder the implementation of such agreements; (3) continue international networking.
- ***In the medium term:*** (1) improve the region-wide dialogue between environmental inspectors across the Caucasus.

INTRODUCTION

7. The members of the Regulatory Environmental Programme Implementation Network (REPIN) agreed, at their 5th annual meeting in October 2003, to launch a pilot Peer Review Scheme intended to facilitate reforms of environmental enforcement authorities in Eastern Europe, Caucasus, and Central Asia (EECCA). REPIN endorsed the objectives and methodology of peer reviews. The “Guiding Principles for the Reform of Environmental Enforcement Authorities in Transition Economies of EECCA”, recommended for implementation by the Kiev Conference of Environment Ministers, were adopted as a reference framework for the reviews.

Purpose of the Peer Review in the Republic of Armenia

8. The Ministry of Nature Protection (MNP) of the Republic of Armenia approached the Task Force Secretariat with a request to assess the national system of environmental compliance assurance in light of the international practices and to identify priority actions for its reform within the framework of the peer review mechanism. In response to this initiative, the Network members supported the proposal to conduct the second pilot Peer Review in Armenia.

9. A peer review involves a systematic examination and assessment of the performance of a state by other states, with the ultimate goal of helping the reviewed country adopt the most advanced practices and comply with mutually established standards and principles. The peer review mechanism is free of any threat of non-compliance sanctions arising from the findings of the review: its impact relies on the influence and persuasion exercised by “peers” (equal partners in the review process). The review can serve the following purposes:

- Provide international peer support for the institutional reforms;
- Enhance transparency, accountability, and visibility of enforcement authorities at national and international levels;
- Create opportunities for inter-governmental policy dialogue and support capacity building.

10. The practical benefits and high policy profile of peer reviews have been demonstrated due to vast international experience in the area, including regular (economic, regulatory, and environmental performance) reviews undertaken by the Organisation for Economic Co-operation and Development (OECD)¹, environmental performance reviews carried out in EECCA by the United Nations Economic Commission for Europe (UNECE), as well as the reviews of environmental funds carried out by the EAP Task Force. The IMPEL Review Initiative of the European Union (EU) enforcement authorities, established by the EU member countries in 2001, provided another example of a successful application of the peer review concept.

¹ See *Peer Review: an OECD Tool for Co-operation and Change*, OECD, 2003.

11. The recommendations of this review concern the following building blocks of the environmental compliance assurance system in the Republic of Armenia:

- Regulatory and institutional framework;
- Compliance assurance strategies and instruments, and the necessary infrastructure to implement them;
- Interaction with key stakeholders domestically and internationally.

12. It should be pointed out that this Peer Review discusses the performance of the regulatory and compliance assurance system and does not aim to review the environmental performance as such. The latter was the subject of a study carried out in the Republic of Armenia by the UNECE in 2000. This review takes into account the outcomes of the UNECE study and extends them through a deeper analysis of the environmental management system and compliance assurance.

Key Phases of the Review Process

13. The preparatory phase of the Peer Review consisted of preliminary analysis conducted from January 2005 to April 2005. The analysis was based on available background reports, national legal framework, the UNECE Environmental Performance Review, and report prepared by the State Environmental Inspectorate.

14. The review mission was carried out from 23 to 28 May 2005 by a team of seven experts from OECD, Central European and EECCA countries, Regional Environmental Centre for Central and Eastern Europe, and the Secretariat². The mission included a series of interviews with political leaders, managers and experts representing the headquarters of the Ministry and the SEI, regional departments, other governmental and international organisations, as well as NGOs and the regulated community. About 70 persons were consulted during these meetings. At the end of their mission, the review team members presented and discussed initial findings at a meeting with the MNP staff. A press conference was held jointly by the Secretariat and high level officials from the MNP on the objectives, outcomes, and follow-up of the review mission.

² The review team included the following experts: Taisia Neronova (Kyrgyzstan), Inguna Plavinya (Latvia), Hans-Roland Lindgren (Sweden), Ruslan Zhechkov (REC CEE), Vladimir Shvarts (Russia), Henk Ruessink (The Netherlands), and Angela Bularga (TF Secretariat).

MAJOR ACHIEVEMENTS AND CHALLENGES

18. In 1991, the newly independent Armenia entered a period of radical changes that involved political, social, and economic systems. The transition period started with a deep economic and energy crises, and the accompanying transportation blockage resulting from regional conflicts. The economic decline resulted in some 800 thousand people (out of 3,8 million of Armenia's population) leaving the country. Economic growth restarted in 1994 and has continues to the present at a high rate, averaging 6-8% due to macroeconomic stabilization, and the adoption of a liberal model of economic and trade regulation. Poverty in Armenia, and particularly the number of very poor, has diminished³.

Improvement of environmental management and favourable conditions to promote reforms

19. Evidence shows that environmental management has improved over the last decade in Armenia. Policy objectives have been clarified, strategies to achieve them are being developed, and additional resources are provided to support the system of environmental management. The main environmental authority – the ministry the Ministry of Nature Protection (MNP) – has enjoyed structural stability and preserved the integrated scope of its mandate that covers both nature resource use and pollution prevention and control.

20. Recently, the Ministry has strengthened its position within the Government and the opinion of its leaders is being considered when taking decision on development and sector policies. For example, priority environmental objectives covering the rational use of mineral and forest resources, integrating managing the ecosystem of the Lake Sevan, and waste management, were included into the Poverty Reduction Strategy Paper (PRSP).

21. As a result of environmental management reform, a whole range of policy instruments is already in place. Even though the command-and-control instruments are still dominant, the design and use of economic instruments is improving. Also enforcement tools, such as monetary penalties, were reformed to provide a stronger deterrent effect and meet Principle 2 of the “Guiding Principles for Reform of Environmental Enforcement Authorities in Transition Economies of Eastern Europe, Caucasus, and Central Asia”. The next planned step is adopting instruments that make a stronger use of market incentives and involve consumers and investors to award good environmental performance and penalise non-compliance.

22. The system of environmental compliance assurance is being reformed with the key aim to shift from the practice of “pretended” compliance and enforcement, which was inherited from Soviet times, towards achieving real environmental improvements. In May 2005, a new Law on Environmental Enforcement was enacted that provided an enlarged mandate to the main enforcement authority – the State Environmental Inspectorate (SEI). The Inspectorate is an integral part of the Ministry and enjoy full political support from Ministry's high officials.

23. Overall, necessary preconditions are satisfied to improve the outcomes of environmental compliance assurance and to meet Principle 1 of the Guiding Principles. This includes political will to pursue regulatory and institutional reforms, understanding of reform objectives, firm leadership, selectivity and gradualism, and understanding of development trends and the economic and social environment. It is important for environmental authorities to keep this momentum.

³ For more detail, see the Poverty Reduction Strategy Paper.

Reforming the environmental compliance assurance system – a new priority

24. These favourable reform conditions should help to achieve the development goal of Armenia's environmental enforcement authorities which is to maintain and, where possible, improve the state of the environment taking account of social, economic and environmental considerations. The Inspectorate has to apply its compliance assurance tools in a more consistent and comprehensive manner, build up its institutional capacity and train staff, carry out a systematic dialogue with stakeholders and engage in a result-oriented cooperation. The compliance assurance system must rest upon ambitious but feasible requirements, set within a streamlined, clear and coherent regulatory framework.

25. In order to achieve this goal, the MNP and its Inspectorate will need to:

- Increase the coherency and feasibility of regulation;
- Optimise the use of powers, internal organisation of SEI, and cooperation with partner governmental authorities;
- Increase SEI transparency and mutual understanding with the non-governmental sector;
- Use compliance assurance tools more effectively;
- Actively mobilise necessary human, material, and financial resources; and
- Capitalise of opportunities for international cooperation.

26. The necessary measures under each of these key intervention areas are discussed hereinafter.

ADOPTING SMART REGULATION

Streamline the primary and secondary legislation, and increase its feasibility

27. The core of environmental legislation consists of the umbrella law “Fundamental of environmental regulation in Armenia” of 1991 and 15 sectoral codes and laws. In addition, the Republic of Armenia ratified 27 pieces of international environmental law, including 16 conventions and 11 protocols. Once the regulatory basis for environmental management was established in late 1990es, the Ministry of Nature Protection of Armenia has started a “second cycle” of regulatory design, aimed to improve the quality of legal acts. This was important for moving towards a result-oriented, coherent and fair regulatory framework (so called “smart” regulation), as the findings of the review indicate that current primary and secondary legal acts are still imperfect.

28. An intensive decade of sector-specific regulatory development resulted in a complex and fragmented legal framework, as well as incoherencies in requirements. For instance, a serious discrepancy (so-called “historical collision”) exists between new laws and the secondary legislation (*e.g.* environmental quality standards) that were developed earlier and remained unchanged. Another example is the incoherence of permitting procedures for different media. Overall, the regulated community perceives the secondary legislation as unfeasible, thus unfair and de-motivating. The flaws in regulatory design prevent an effective and efficient implementation, and undermine the rule of law and public confidence in government’s capacity to regulate.

29. To correct this situation and improve compliance with Principles 3 and 4 of the Guiding Principles, the following measures are suggested (for the short- and medium-term perspective):

- Identify and address conflicting or incoherent legal provisions (in particular, as concerns administrative procedures), and minimize chances for ambiguous interpretation of laws and regulations;
- Revise environmental quality standards to ensure their feasibility and enforceability.

30. Technical and economic feasibility of regulations is essential to ensure industry’s acceptance of requirements, even when they are stringent. This will also allow keeping the costs of requirements within reasonable limits. This, in turn, can enable a more cooperative environment between the regulators and the regulatees, as opposed to the current confrontational relations.

31. The Legal Department of the Ministry of Nature Protection plays the key role in the process of regulatory re-design. As feedback from practice is important for this process, environmental inspectors will need to continue identifying implementation problems and signal incoherencies, gaps, or the lack of feasibility and enforceability of requirements. It will be important that the Legal Department envisages a continuous communication with inspectors on drafts of primary and secondary legal acts and seek their comments and suggestions for improvement.

32. The Ministry of Nature Protection should secure necessary resources for the regulatory impact assessment to avoid the problems experienced with the recently launched process of revising secondary legislation. For instance, while the deadline for enacting more feasible water quality standards (in particular, for fisheries) was set for September 2006, the necessary resources to perform environmental, technical and economic assessments were secured only partly. To address this problem, the Ministry may need to mobilise donor assistance to supplement existing modest funding from the state budget.

Refine law-making procedures

33. The law-making procedures in Armenia are well developed, and foresee the assessment of quality of drafts by internal (within the Government) and external (NGOs and regulated community) stakeholders. Very often, however, NGO representatives perceive these consultations as meaningless, as their suggestions remain largely disregarded or the limited time for consultation result in failing to meet deadlines to provide comments. There are several causes of this situation, including extremely tough schedules for the development of laws (sometimes 2-3 months), very short periods dedicated for public consultations, missing resources to publish drafts or organise public hearings.

34. There is a need to improve public consultation mechanisms used within the law-making process, and apply these mechanisms systematically as there are a number of benefits of such improvements, including:

- Consulting stakeholders provides an opportunity to take into account the experience, opinions and ideas of people who will be directly affected by new regulations;
- Law-makers are enabled to balance different interests while keeping the integrity of regulation;
- Implementation problems or unwanted effects are identified at a very early stage;
- The fact of being consulted increases the acceptance of new requirements and the motivation (and the moral responsibility) of the regulated community to comply with them voluntarily.

35. In order to conduct such consultations regularly, the Ministry will need to raise the level of resources to conduct public hearings by integrating them into budget proposals. The benefits of public hearings, listed above, can help to convince the Ministry of Economy and Finance to accept such budget expenses.

Ensure feedback throughout the Regulatory Cycle

36. All basic elements of the regulatory cycle are put in place in Armenia, including environmental assessments that are necessary to set facility-specific requirements, compliance promotion (although quite limited), inspection, and non-compliance response. The performance of these elements is evaluated, and reporting provided to stakeholders. At the same time, feedback is not secured between various stages of regulation (*e.g.* between permitting and inspection, and inspection and judicial enforcement). This absence of feedback can undermine the whole regulatory cycle and reduce the outcomes of regulation.

37. Therefore, it is recommended to focus on linking currently separated elements of regulation into a well-functioning regulatory cycle. It is acknowledged that this is a difficult task, since it implies the need to resolve many institutional problems and radically improve coordination and cooperation within the Ministry, and with other governmental actors. Thus, it is suggested to start with improving the links between permitting and inspection, and as the second stage – between inspection and judicial enforcement.

Integrate the permitting system

38. Since compliance assurance is never effective without a proper permitting system, it is worth emphasising that the Ministry is reforming media-specific permitting procedures. The reform of permitting in the field of water resource use and pollution is the most advanced. Nevertheless, the permitting system continues to be media-specific and does not integrate economic criteria into the decision-making on permit conditions.

39. The permitting system will need to be gradually integrated, including shifting its base towards the use of a combination of environmental and economic criteria (through adoption of Best Available Techniques) to set permit conditions. This will maximise the environmental effectiveness of permitting and minimise related administrative burden. A long-term strategy of reform will need to be developed to meet this objective. The following elements have to be part of this strategy:

- Consolidate the permitting system procedurally (adopt “one-stop shop” approach);
- Extend permit validity from current short-term perspective (1-3 years) to a longer-term (up to 10 years) particularly when production processes and output volumes are stable;
- Introduce a fully-fledged integrated permitting system for major industry;
- Reduce the complexity of regulation for Small and Medium-sized Enterprises.

OPTIMISING THE USE OF POWERS, INTERNAL ORGANISATION, AND COOPERATION WITH OTHER AGENCIES

Conserve the current mandate and powers

40. Armenia's main environmental enforcement authority, the State Environmental Inspectorate (SEI or "Inspectorate") is part of the Ministry of Nature Protection. The Inspectorate has the responsibility to check and ensure compliance with requirements related to both green and brown issues (nature resources use, including biological resources, and environmental protection). The Inspectorate does not issue permits as this is the task of several other sub-divisions of the Ministry. The Inspectorate has the right however to assess and endorse draft permits and the obligation to support permit writers with any information they might need within the framework of permitting. Also, the SEI is consulted as regards policies and legal acts. Since 2005, the Inspectorate performs also compliance assistance activities, such as providing information on newly enacted legislation to the regulated community.

41. The powers vested in the Inspectorate are proportional to assigned responsibilities. The enactment of the Law on Environmental Enforcement in May 2005 further strengthened the legal mandate of the Inspectorate. According to this Law, the Inspectorate is entitled to:

- Enter a facility without restrictions with measuring and sampling equipment and, when needed, accompanied by authorised external experts;
- Have full access to relevant documentation;
- Examine and take samples of goods;
- Issue warning notes and impose coercive administrative measures, including partial or total cessation of production processes;
- Suspend or revoke environmental licences and permits;
- File a court suit against violators;
- Verify the correctness of pollution charge calculations; etc.

42. The SEI ranks high in the MNP hierarchy; its institutional status is sufficient to independently take operational decisions within its legal mandate. Furthermore, the Ministry's senior officials provide political support to the SEI, when necessary. At the same time, the Ministry exercises the oversight function and any decision taken by the Inspectorate can be contested through the appeal mechanism.

43. Given these facts, the Inspectorate fully complies with Principle 6 of the Guiding Principles. The current situation has significantly improved over the last two years and the Ministry and the Inspectorate merit praise for using effectively international recommendations. It will be crucial to match this strong mandate with a stronger institutional capacity and improved working approaches.

Advance internal exchange of information and coordination, horizontally and vertically

44. Overall, the SEI's structure conforms to Principle 7 and reflects environmental priorities and legally defined responsibilities. The key divisions are constructed around environmental media. This type of structure brings the advantage of focusing on the results, thus the achievement of specific objectives is easier to monitor. Furthermore, organisation around specific media also can encourage the development of management skills within the Inspectorate. While this kind of structure may limit cooperation between different divisions, this potential problem is solved within the SEI as an integrated approach to inspection is applied.

45. At the same time, problems of coordination with other sub-divisions of the Ministry do exist. This, for example, concerns a timely availability of permit copies and decisions from other environmental assessments, or limited involvement of SEI in international cooperation. Therefore improving information exchange and cooperation with other structural units of the MNP is imperative in short-term perspective.

46. Also the review revealed that some functions, such as public relations and compliance assistance, analysis of economic trends and law drafts, of any other emerging challenges, are not well covered. This needs attention in the future work of SEI and additional resources. A diversification in the skills of SEI's personnel would be needed to support these functions. Alternatively, it might be more effective to place them within the Ministry, so as other sub-divisions can benefit, for instance, from improved knowledge of emerging economic sectors, in particular those having the mandate to issue permits.

47. In accordance with Principle 8, some responsibilities are delegated to SEI's territorial units that exist at the local level in all regions (*martzes*) of Armenia. These units, however, are found to have insufficient institutional capacity and are not yet ready to take more responsibilities. Thus the central unit will need to clarify the distribution of responsibilities and powers between the central and territorial level, and give an enlarged mandate to territorial units only simultaneously with intensive capacity building. The central unit will also need to establish mechanisms to provide methodological and other kind of support to the offices at the sub-national level.

Extend partnerships with governmental institutions

48. Effective compliance assurance requires that competent authorities work together in a coordinated way. The SEI cooperates with a range of agencies, such as tax inspection, police and the local administration. In certain cases, however, communication and interaction with other bodies is hampered by a lack of clarity or legal delineations concerning responsibilities, competences, roles and functions and information exchange. This is the case of co-operation with the customs, but also with authorities in charge of emergency situations.

49. As part of its institutional development, SEI needs to extend cooperation with partner agencies from both executive and judicial branches. Initially, the Inspectorate needs to identify the authorities that have attributions in environmental compliance assurance and with whom SEI needs to cooperate, both on the central and territorial level. It might be useful to compile an inventory of such authorities and develop precise protocols for cooperation (I still consider this inventory not to be that useful). Any undesired legal obstacles for cooperation should be revealed and subsequently removed by appropriate changes in the legislation. Mechanisms of cooperation should be better reflected in internal procedures, and staff time should be allocated for information exchange and cooperation with other authorities. This will help SEI to implement the Principle 9.

INCREASING TRANSPARENCY AND MUTUAL UNDERSTANDING WITH THE NON-GOVERNMENTAL SECTOR

Pro-actively communicate SEI's mission and achievements

50. The review revealed that the Inspectorate's public image is affected by two major factors: (i) poor understanding of objectives pursued by environmental inspectors, and lack of clarity about their powers to influence the situation "on the ground"; as well as (ii) a low institutional capacity at the local level, in particular insufficient skills of field inspectors. While addressing the second factor will need time and resources, the first one is related to a more open and systematic communication, which can be ensured within a shorter term.

51. To improve its public image, the Inspectorate needs to use every opportunity to communicate its mission, values and principles of work, legally mandated functions, and the outcomes of its activities. The SEI's leaders, in cooperation with communication specialists, need to define better key messages and develop them to facilitate a better understanding of these messages.

52. Information on specific enforcement cases can have the greatest outreach potential. Nowadays, the most known cases are those ones brought about by the NGO community. Typically, they reflect government's failure to enforce. Communicating cases of success can help the Inspectorate to gain some positive publicity. It might be useful to start with dissemination of successful cases of cooperation between public and private actors. Simultaneously, since the SEI's experience in disclosing facility-specific information is still quite limited, it will be necessary to develop clear decision-making policies in this field.

53. Information can be disseminated during personal communication with NGO representatives, mass media, and on-site visits or meetings with business circles. This can also be done through mass media or through external departmental channels, *e.g.* publications of the Department for Emergency Situations or the Industry Association. At the same time, the SEI will need to continue disclosing its annual reports through the Ministry's web site, as done currently.

Interact meaningfully with the general public

54. The environmental NGO community of Armenia is active, has a lot of expertise, and fulfils well the "watchdog" function. Compliance monitoring, as well as support to the general public to bring cases to courts is less popular among NGOs and the general public, most likely because of a widespread belief that such actions cannot influence the situation.

55. In general, the legal framework offers to citizens many opportunities to contribute to environmental regulation and compliance assurance. Unfortunately, the NGO community reports that mechanisms of public involvement are still underdeveloped, and often the public is involved for the sake of respecting procedural requirements rather than for a meaningful dialogue. Therefore the need is still acute to further develop the mechanisms of public involvement. For example, local inspectorates need to inform the participants of public consultations about the terms and conditions built into environmental permits that are issued subsequent to public consultations. Furthermore, the Inspectorate needs to be more open for alliances with NGOs, consult them regularly on possible joint actions, develop joint plans and implement them. This will give access to additional expertise and human resources, and can help the Inspectorate to carry out some of its tasks, for example compliance assistance.

56. In Armenia, a certain number of inspections are done in response to complaints from the general public. Several avenues are available for delivering complaints, including in a written form or verbally over the phone. Responses to complaints, even anonymous, have to be carried out in a short period after the complaint is filed. This practice of addressing complains needs to continue, and citizens to be better informed about their right to complain, and the procedure to file complaints. On the other hand, the SEI should ensure that its planned inspections are not eclipsed (and resources exhausted) by petty violations reported by citizens. This could be done, for example, through a better interaction with local authorities and police who could address some of complaints.

Gradually develop compliance assistance and promotion

57. Interaction with the regulated community is currently far from optimal. Interviews with representatives of the regulated community showed that industry is not well aware of latest developments in the legal framework and it often perceives regulation and compliance assurance as unfair and administratively burdensome. Regulatees are discontent about a strong focus on “rule compliance” (strict compliance with existing requirements with no consideration of costs) while requirements are unfeasible under current economic conditions and many legal norms are contradictory. Constructive dialogue between the Inspectorate and the regulated community, a shared sense of joint objectives and responsibility of solving urgent environmental problems, are essentially missing.

58. At the same time, cooperation between the authorities and the regulated is of key importance if environmental problems are to be tackled in a cost-effective way. Authorities need to adopt and apply the entire spectrum of compliance promotion tools, including information disclosure, performance ratings, promotion of cleaner production, clearing house mechanisms on new technologies, etc.

59. Substantial efforts are required to improve the current adversary relations between parties. It is important that the regulator and the regulatees adopt an open attitude, exchange information and invest in building a shared view and understanding of their problems and work on feasible solutions. The challenge is to identify topics and approaches where – despite the different role and functions of authorities and regulated community – there is a mutual interest to make progress (“win-win” situations).

60. Within a short term, the Inspectorate will need to educate industry about regulatory objectives and specific requirements, and the purpose of compliance and enforcement overall. This can be done through periodical meetings with industry. At the same time, inspectors need to show an open attitude towards the difficulties the industry is facing in complying with the requirements. To assess whether this indeed is the case, the SEI will need to have access to experts in microeconomics.

61. In turn, regulatees need to work together (within sectoral associations of industries) to foster opportunities to improve environmental performance. A possible goal is to seek front-runners and form coalitions of companies that want to set benchmarks. This should lead to a situation when (organised) industry sets specific targets and takes its responsibility to accommodate best economic, environmental and social objectives. The authorities – including the SEI – should monitor the progress with implementation of the (agreed) goals and facilitate this process, where possible.

Promote self-monitoring, with focus on low-cost measures

62. Self-monitoring is legally required, but only 10 out of 300 largest enterprises have resources to conduct direct measurements. All others use surrogate (indirect) parameters and calculation to monitor their impact on the environment. Since the likelihood of this approach being reverted is low in the short term, the Inspectorate needs to focus on convincing the regulatees about the benefits of self-monitoring. It should also help the Ministry to draft new secondary legislation that would put emphasis on incentives for voluntary implementation of self-monitoring, and on the quality assurance of self-monitoring results.

USING COMPLIANCE ASSURANCE TOOLS MORE EFFECTIVELY

Adopt strategic enforcement

63. The State Environmental Inspectorate work is based on clearly identified priorities which is a positive characteristic of the environmental compliance assurance system in Armenia. The priorities (currently including combating illegal logging, waste, air pollution and excessive water resource use) are endorsed by the Minister of Nature Protection and they are re-evaluated on an annual basis. In the process of re-evaluation, SEI can express its position on eventual priorities. In doing so, the SEI uses the data collected from inspections and ambient monitoring.

64. Based on the endorsed priorities, the SEI produces an annual work plan that describes activities to be undertaken by the inspectors on the central and regional level. This plan reflects inspection priorities. It also contains a specific target of inspecting 80-90% of the regulated community annually.

65. Several criteria are used to identify installations to be inspected. They include for example environmental risks, compliance history, seasonal variations in production volumes. The strategy identifies priority sectors, which currently include mining, the chemical industry and wastewater treatment plants. The inspection of facilities representing these sectors is comprehensive involving thorough assessments of all environmental media. For large facilities, joint inspections are conducted involving the specialists from the central and regional levels. Some time is also allocated for *ad hoc* activities. The execution of the plan is regularly monitored and evaluated. Thus, good progress is seen with regard to implementation of Principles 14 and 15.

66. At the same time, not all elements of strategic enforcement were fully adopted. The Inspectorate tends to focus on punitive instruments thus its strategy is unbalanced and does not address some key roots of non-compliance, such as limited knowledge of legislation or low capacity within some industry branches to address environmental problems. Furthermore, due to absence of facilities and skills, the compliance with rules is checked (and very often only administrative requirements, such as availability of permits or timeliness of payments related to pollution charges) rather than environmental impacts. Phase-in plans for new laws are not developed, although recently facility-specific compliance schedules were legally introduced as a new policy instrument. Activity planning and budget planned are not well linked thus the policy makers do not receive a strong message with regard to the gap between resources that would be required to implement policies and those actually provided.

67. The review considered it beneficial for the SEI to develop a compliance assurance strategy with clearly identified environmental outcomes, compliance targets, better balanced implementation tools, and an implementation schedule. This strategy should be designed with a good knowledge of roots of non-compliance, and take into account overall environmental, economic and social priorities. In conjunction with this, the Inspectorate will need to introduce the practice of drafting phase-in plans for newly adopted laws and regulations, which would take into consideration both compliance challenges of the regulated community and enforcement challenges, such as staff training and resource allocation.

68. As a background for strategic enforcement, the identification and profiling of the regulated community needs improvement. Nowadays data on regulatees are scattered and still kept mostly in a paper form. This information needs to be integrated in one database and converted in electronic format, so as different divisions are able to share data on the regulated community.

Increase the quality of inspection and better record evidence of non-compliance

69. The procedure of compliance control is regulated by the “Law on organizing and performing on-site inspections”. Any inspection should be properly planned, conducted, and recorded. Prior to the visit, the compliance history and all permits are reviewed. The date and period of inspection should be approved by the SEI management, and both announced and unannounced visits can be conducted.

70. According to the requirements to planned inspections, set in internal regulations, inspectors must check environmental documentation and actual compliance, assess environmental protection measures, equipment, make sure that that pollution and resources charges are calculated and paid correctly. In reality, in most cases inspections focus on verification of relevant documentation and the SEI explained that this happens because of limited availability of monitoring equipment. Another explanation is that neither territorial inspectors nor specialists from the central level expect real improvements in environmental performance since they believe that industries cannot afford improving environmental performance.

71. A mandatory requirement is that every on-site visit should result in an inspection record (control act) stipulating the violation(s) revealed; the legal requirements that have been violated; the cause(s) of non-compliance; and the corrective actions prescribed by the SEI. Detailed inspection reports with findings are not routinely prepared. After revealing a violation and recording it in the “control act”, the Inspectorate enters the dialogue with the offender. If the violation is not serious and the offender is ready to implement corrective measures, the Inspectorate limits the response to an administrative order indicating the deadline to implement the corrective measures. Where there are violations involving serious negative impacts on the environment, the damages are evaluated and a claim for compensation is made. If the offender voluntarily pays the damage claim, the problem is considered to be resolved. If it does not, a court action may be initiated.

72. Given these circumstances, the review recommends to improve the way site visits are conducted. Firstly, more attention should be dedicated to checking environmental performance, including the technical state of facilities, as compared to the current focus on verifying documents. Furthermore, the evidence of (non-)compliance should be better recorded and the structure of inspection reports should be amended and contain more extensive information on observed phenomena, interviews carried out on site, samples taken, etc. These improvements should be reflected in internal guidance documents for inspectors on the procedure of sector-specific environmental inspections.

Critically review the use of non-compliance response tools

73. In accordance with Principle 18, the SEI has access to adequate remedies of non-compliance. Most of them were listed above. In addition to remedies that the SEI can use following the administrative path of enforcement, it can make recourse to courts for serious criminal cases. The stringency of non-compliance response is determined by the seriousness of violation. In 2004, the basic rates of monetary fines were increased 100-150 times, that was aimed to provide a much stronger deterrent effect and cease the situation when paying fines and continuing to violate the requirements is the cheaper option.

74. The findings of the review show, however, that in practice the effectiveness of these instruments is low. Particularly, the filing of criminal court cases by the SEI is having a limited success. Although the SEI has the legal right to file criminal court cases against offenders and actually does so, the majority of such cases are dismissed by courts. This negative result may be related to the low quality of the prepared cases, and/or to the lack of adequate information exchange between the inspectorate and the prosecutor’s office. Probably it is also related to limited expertise and experience of prosecutors and judges in the field of environment. Furthermore, cases are sometimes lost because applied methods of (damage) calculation are not always legally bound. The fact that certain requirements in regulation and/or permits are not realistic also puts effective practical application of enforcement tools at risk.

75. Therefore the Inspectorate is advised to critically review the instruments available for exerting its powers. In short term, it will be necessary to prepare a guiding document for the effective use of the available enforcement instruments. This document should offer the inspectors the essential information on the successful application of the instruments in specific situations. It should explain the advantages and drawbacks of the different tools and indicate the circumstances under which they can be applied effectively. In connection with such guiding document, a training programme for inspectors should be put in place in order to disseminate the knowledge.

76. Also, where deficiencies exist, prosecutors and judges dealing with environmental issues should have the opportunity to acquire the essential knowledge to improve their professional performances. This could be done by initiating a dedicated training programme.

Fill in the gaps in performance measurement

77. The performance measurement system reflects mostly compliance assurance activities. The SEI uses such indicators as a number of surveyed entities, a number of violations revealed and eliminated, a number of issued prescriptions, persons fined / sum of the fines (thousand drams) for the violation. Initial data are collected manually by *marz* inspectorates and are sent to the central level that summarises this information. Progress in implementing plans is the key indicator for the assessment of institutional capacities of inspectorates. Performance is reported weekly during coordination meetings. In addition quarterly and annual reports are prepared on SEI's activities. Certain data from the SEI reports are then included in respective sections of quarterly and annual reports of the Ministry as well as in reports published by the National Statistical Service of the Republic of Armenia.

78. The conclusions from the peer review show that the existing information does not provide sufficient basis for interpretation of performance of the effectiveness of enforcement actions. Fuller interpretation is possible but only after obtaining verbal comments, thorough grouping of existing data and calculating indexes. For example, comparison of 1997-1998 and 2003-2004 data demonstrates that in addition to a higher rate of eliminated violations, nowadays the incidence of violations has decreased notably. There are striking differences in regional pattern of violations for the recent years. While the latter differences are partially influenced by economic factors, the reasons for variations also lie in the data collection approaches, in different institutional capacity, etc.

79. One of the main conclusions is that data collection and management needs further improvement. Data collection at the regional level (in *marzes*) should be made in standardised forms, and whenever possible in electronic format. At the central level, the data should be entered into summary forms which would be part of an electronic spreadsheet software. All consecutive calculations should be done electronically. The SEI needs to put more emphasis on analysing trends and link them to interventions. Reports prepared for internal or external audience should be focused on the provision of interpreted outcome-related information rather than to the publication of raw input-output data.

80. Based on the results of the analysis, it is recommended to reform the system of environmental compliance and enforcement indicators based on good international practice, existing experience, and country's economic and social conditions. A reformed system of indicators could help SEI to improve its effectiveness and efficiency, and to assess progress against concrete targets. Well-designed indicators could result in the improved accountability of regional (*marz*) units and their institutional development, as well as in the greater transparency of the environmental compliance assurance system at all levels.

ACTIVELY MOBILISING THE NECESSARY RESOURCES

Train and motivate staff

81. The Inspectorate is confronted with serious human capacity deficiencies. It is the result of the unattractiveness of the inspector's job in spite of measures that have been undertaken over the last two years to improve this situation, including gaining civil status for SEI employees, doubling or even tripling their salaries, and providing higher social security. Still, the Inspectorate is not able to provide a remuneration package that matches the value of the minimum consumer basket (i.e. subsistence needs).

82. In parallel with upgrading the status of employees to civil servants, staff selection procedures were changed to meet minimum criteria for competitive recruitment. Recruitment is done by an independent government agency to ensure consistency and transparency. Besides, every three years, the SEI personnel undergo a qualification test. These assessments, however, overemphasise a simple memorisation of information (e.g. the knowledge of laws or some general data about the environment) as opposed to the need to screen practical skills (e.g. knowing how to interact with the regulated community, or how to write effective reports), and attitudes of staff members. New staff are hired without consulting the opinion of their future manager thus aggravating the lack of elements addressing practical skills in the framework which is used to select job candidates.

83. The current management style based on partnership and co-operation is valued by most of employees⁴. However, a staff survey found that Inspectorate employees want more freedom in doing their work, more possibilities to develop themselves and taking responsibility. As concerns other performance motivating factors, it was found that the most important motivator for the surveyed group was "salary", the second important was "work conditions", followed by "personal life". As concerns the actual situation, staff members were satisfied about the way "supervision" in their organisation was fulfilled. The "company policy and administration" also scored high. "Work conditions" were considered unsatisfactory (with an average score of 2,9 in the 10 point scale), followed by "job security" (3,2 points) and "personal development" (3,5 points).

84. The number of personnel seems to be sufficient to cover all controlled installations (some 2,750 large and medium sized installations). Per total, 78 people work on the central level and 122 people – at the territorial level. Most of them have university education, with specialisation in fields that are relevant for priority industries in Armenia (for example, mining experts, chemists, engineers, etc.). The SEI is short of lawyers; this partially explains the failure to win court cases.

85. Comprehensive training programmes, and the means for their implementation, are missing. Staff training is very irregular, although the Ministry and the central unit of the Inspectorate do disseminate information about new laws and organise seminars. This involve neither discussion of specific enforcement cases and causes, their success or failure, nor site visits to upgrade practical skills. The on-the-job training for newcomers is limited and there is no "job start-up" intensive training.

⁴ Some 20 people were involved in a survey concerning the working environment at SEI

86. To improve this situation, and meet Principle 20 of the Guiding Principles, the following actions are necessary:

- Make the profession of environmental inspector more attractive by continuing to increase wages and social benefits, opportunities for professional/career growth, better working conditions, including modern telecommunications and computer technology;
- Ensure the diversification of expertise (in particular, hire lawyers) and staff rejuvenation;
- Develop a staff training programme for SEI and provide initial training and on-the-job coaching to newly hired staff. It would be sensible to have joint trainings with industry representatives to exchange knowledge on new technologies and better environmental management practices;
- Improve staff selection procedures and, specifically, pay more attention to skills and attitudes; foresee trial periods for new employee, and involve managers in candidate interviewing and selection process;
- Within a longer term, legally elevate the social protection benefits of environmental inspectors to those enjoyed by law enforcement officers, given comparable level of risks to which environmental inspectors (especially in the field of nature protection) are exposed.

Upgrade the SEI's infrastructure

87. The material resources of the SEI are below the necessary standards to carry out its responsibilities. There are only seven vehicles in SEI's territorial units, and only 2 computers in the whole Inspectorate. Communication means besides telephone lines are missing. This situation that makes travelling, data keeping, data processing and communication very complicated. Moreover, the laboratory infrastructure has degraded, and none of laboratories has attestation. This prevents the Inspectorate from using sampling and analysis carried out internally as evidence of non-compliance.

88. An appropriate material basis is needed if the Inspectorate targets to improve its effectiveness and efficiency, and meet Principle 21. To this end, it is recommended to:

- Identify the necessary infrastructure, including equipment needed to expand the use of information technology (IT), especially at SEI's regional branches. Prior to procuring the equipment, it will be necessary to provide basic IT training for employees;
- Work out a development concept for analytical support of inspection and determine an optimal design and capacity for laboratory infrastructure. In this framework, one of the scenarios could be a total outsourcing of such services, although it is recognised that this will lead to losing highly qualified staff that is presently employed at SEI.

Prepare robust budget proposals and find additional financing sources that do not hinder integrity

89. The budget and financial management within the SEI follows national rules. The budget proposals are prepared within the government's budget cycle, as foreseen in Principle 22 of the Guiding Principles. Although budget financing has increased more than twice in comparison with 2001-2002, these financial resources are still not sufficient to upgrade the enforcement infrastructure. Therefore the Ministry decided to create, as a temporary measure, an infrastructure development fund that will receive income from pollution charges and fines. This should be accepted only exceptionally and for a very short time, with strict provisions of transparency and fiscal discipline. In parallel, the SEI should improve the quality of its budget proposals, and link more closely budget planning with activity planning and strategic management. In addition to budget grants, the SEI could study the feasibility of introducing, in long term perspective, administrative charges for inspection as an additional source to finance SEI activities.

CAPITALISING ON OPPORTUNITIES FOR INTERNATIONAL COOPERATION

Maintain SEI involvement in the ratification of MEAs

90. The Inspectorate is regularly consulted and provides input before the signature or the ratification of any Multilateral Environmental Agreement (MEA). This practice need to maintained, in conjunction with improving the quality and detail of the SEI input. During the consultation process, it will be necessary to analyse thoroughly the implications of MEA ratification on the inspectors' work. In the mid- to long-term, local inspectors have to be included in this analysis. At the same time, the SEI should participate in the development of a monitoring and assessment system for the implementation of MEAs.

Develop a comprehensive technical aid programme to raise capacity to enforce MEAs

91. Because of severe budget constraints, international aid can be an important source to upgrade SEI infrastructure and train its staff. A first step toward a better mobilisation of these resources is to improve internal communication within the Ministry in order to identify all needs of Inspectorate (including for implementation of MEA) on central and regional level, and communicate them efficiently to the donor community, the International Organisations and the Secretariats of MEA. This could be done through regular meetings and a more structured exchange of information. The Ministry's Department for International Cooperation (DIC) needs to clarify to SEI the content and form that should be used when providing project proposals, which will subsequently be communicated to donors.

92. At the same time, SEI could initiate a process of needs assessment in the field of institutional building; staff training; technical equipment. In particular, SEI needs linked to MEA implementation need to be determined. The outcomes of the needs assessment can serve as a basis to develop a multi-component project for SEI strengthening. During the review mission, donors expressed their willingness to consider supporting such a project.

93. The process of strengthening human capacity for MEAs enforcement should start from central level and be gradually extended to the regions in the mid-to long-term. For this purpose, training of central level staff in MEA implementation should be one of the elements of the SEI capacity building strategy. The DIC should assist the SEI to communicate more efficiently with the MEA secretariats and in identifying trainings for SEI staff linked to MEAs. Also the Ministry needs to capitalise on the international trainings on MEAs by developing legislation, plans and methodologies concerning the implementation of MEAs.

Gradually extending networking in the Caucasus region

94. Effective dialogue and joint actions are still limited in the Caucasus region for the implementation of MEAs. Therefore targeted actions should be developed to improve this situation. In practical terms, the implementation of joint projects is required and more frequent participation in bilateral or multilateral meetings with Georgia and Iran. In the mid- to long-term it will be necessary, though certainly difficult taking account the political factors, to establish contacts with inspectors from neighbouring Turkey and Azerbaijan to benefit from discussing and understanding environmental issues which is relatively neutral topic. In the long-term, a programme for implementation of MEAs with all neighbouring nations could be established, including joint inspections, prosecution cases, trainings, etc.