

ENVIRONMENT DIRECTORATE
ENVIRONMENT POLICY COMMITTEE

**Task Force for the Implementation of the Environmental Action Programme for Central and Eastern Europe, Caucasus and Central Asia
Regulatory Environmental Programme Implementation Network**

SUMMARY RECORD

of the Expert Meeting “Improving Environmental Effectiveness of Economic Instruments in EECCA Countries”

5-6 March 2012, Warsaw, Poland

A draft version of this document was circulated to meeting participants for endorsement through a written procedure. The attached document is the final summary record of the expert meeting held on 5-6 March 2012.

ACTION REQUIRED: For information.

Please contact Mr. Eugene Mazur by e-mail (eugene.mazur@oecd.org) or phone (+33 1 45 24 76 92) for any further information.

JT03319753

Complete document available on OLIS in its original format

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.



TABLE OF CONTENTS

1. INTRODUCTION	3
2. IMPLEMENTING THE POLLUTER PAYS PRINCIPLE: LIABILITY FOR ENVIRONMENTAL DAMAGE	4
3. PROGRESS IN REFORMING ECONOMIC INSTRUMENTS IN EECCA AND DIRECTIONS FOR FURTHER WORK.....	5
4. OTHER ISSUES	6
ANNEX 1. LIST OF PARTICIPANTS	7

Meeting Highlights

- The meeting participants reiterated their support for policy recommendations, developed by OECD, on the main lines of reform of the environmental liability regimes in EECCA, in particular the need to re-orient their function from monetary punishment of offenders towards the prevention and remediation of environmental damage.
- The participants expressed high demand for follow-up country-level projects and methodological support on scoping and costing of remediation activities as part of reforming their environmental liability regimes.
- Agreement was reached on the key messages and outline of a regional policy paper on refocusing economic and other monetary instruments. Besides clarifying the functions of different instruments and their place within the mix of environmental policy implementation instruments, the paper will explain the role of these instruments in promoting green growth.
- The discussion on future activities on economic instruments revealed the participants' preference for working on market incentives for greener products.

1. INTRODUCTION

1. Building on demand from countries and decisions at the Astana “Environment for Europe” Ministerial Conference, the new (2012-2015) Programme of Work of the OECD/EAP Task Force [[ENV/EPOC/EAP\(2011\)4/REV2](#)] aims to enable a more rapid shift towards greener, environmentally-sustainable growth in transition economies of Eastern Europe, Caucasus, and Central Asia (EECCA). Its activities focus on policy reforms and incentives that are needed to facilitate this transformation.

2. Within this framework, the OECD secretariat convened a regional expert meeting focused on the improvement of the main types of economic and other monetary instruments of environmental protection in EECCA. More specifically, its objectives were:

- To consider the results of two comparative studies of environmental liability systems in OECD and EECCA countries and their recommendations; and
- To discuss the progress of reforming pollution charges and other monetary instruments in EECCA over the last ten years and comment on the EAP Task Force Secretariat’s plans for further analysis of this issue and the development of respective recommendations.

3. The meeting gathered some 30 governmental and non-governmental experts from nine EECCA countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia and Ukraine), representatives of three EECCA Regional Environmental Centres (RECs), two OECD member countries (Finland and Poland), the European Commission (EC) and UNECE (see Annex 1 for the list of participants).

4. The main substantive documents discussed at the meeting were:

- “Liability for Environmental Damage in EECCA: Implementation of Good International Practices” – draft policy paper produced by the EAP Task Force Secretariat;
- “Analysis of Existing Systems and Methods of Current Practices of Environmental Liability and Environmental Damage Assessment in the Countries of Eastern Europe, Caucasus and Central Asia” – analytical report based on a regional survey conducted by EECCA RECs; and
- “Refocusing Economic and Other Monetary Instruments for Greater Environmental Impact: How to Unblock Reform in EECCA Countries” – an issues paper with draft key messages and report outline prepared by the EAP Task Force Secretariat.

5. The meeting was hosted by the Ministry of the Environment of Poland. Ms. Beata Jaczewska, Undersecretary of State, Ministry of the Environment of Poland, welcomed the participants on behalf of the Ministry. She underlined the need for enhanced coherence between economic growth and environmental protection and pointed to the “green growth” model as a solution responding to this need. Ms. Jaczewska mentioned that flexible policy tools can help countries to progress towards the common goal of green growth and that international exchange can be instrumental for increasing these tools’ effectiveness and efficiency.

6. The meeting was conducted in the framework of activities financially supported by the Governments of Finland and the Netherlands. The Government of Poland provided an in-kind contribution for the meeting’s organisation.

2. IMPLEMENTING THE POLLUTER PAYS PRINCIPLE: LIABILITY FOR ENVIRONMENTAL DAMAGE

7. In the segment of the meeting dedicated to environmental liability, the participants discussed the experience of the implementation of the Environmental Liability Directive (ELD) in the EU, the current practices and recent developments in EECCA countries, and the key reform recommendations for EECCA decision-makers that followed from the comparative analysis conducted by the EAP Task Force Secretariat and EECCA RECs.

8. Mr. Hans Lopatta (European Commission) gave an *overview of the main principles of the ELD and key lessons learned from the first five years of its implementation in EU Member States*. His presentation was complemented by that of Ms. Edyta Pomichowska (Poland's General Directorate for Environmental Protection), who shared her country's experience with the transposition of the ELD into the national legislation, presented *particular features of Poland's environmental liability system* and provided examples of its practical application. Both interventions provoked a lot of interest among the participants, in particular in terms of reasons for ELD's limited implementation so far as well as prospects for the future, including the development of interpretation guidance and establishment of ELD case registers at the member state level. The participants agreed that dialogue between EECCA and EU countries needs and may be continued through a variety of mechanisms, from twinning projects to ad hoc meetings between liability (government and other stakeholder) experts from EECCA and EU countries.

9. Mr. Michael Kozeltsev and Mr. Andrei Terentiev (Russian REC) presented the results of the *survey of existing environmental liability systems in the region* conducted by EECCA RECs. The survey addressed the scope of environmental liability regimes in EECCA and the methods and challenges of implementation. It revealed the confusion often seen in EECCA between negative environmental impact and environmental damage, as well as between damage to human health and welfare and damage to the environment and natural resources. Given that indirect calculations based on surrogate parameters remain the main approach to damage assessment, the survey emphasised the need to make actual remediation costs the prevalent method of assessment in EECCA countries. The survey also recommends drawing a clearer line between regular environmental non-compliance and the occurrence of environmental damage. The speakers called for further harmonisation of the legal basis for environmental liability in EECCA with ELD requirements, and for continued work on the methodological aspects, costing methods in particular.

10. Ms. Alena Kodolova (Russia) discussed the *latest developments in regulating environmental damage remediation and compensation in the Russian Federation*. She focused on Russia's draft law on remediating past environmental damage which, if adopted, would create a number of important legal precedents by defining the reparation of environmental damage primarily as restoration of impaired environmental conditions and by stipulating some important elements of scoping and administering remediation measures.

11. Ms. Liazzat Yerkinbayeva (Kazakhstan) analysed the *strengths and weaknesses of the current system of environmental insurance* in her country. Kazakhstan's system requires hazardous industrial installations to buy insurance covering damage to human health and welfare, but not damage to the environment itself. The obligation for insurance companies to provide coverage at pre-determined conditions without risk assessment further weakens this scheme. Participants exchanged views about appropriate financial security mechanisms for environmental liability regimes in OECD and EECCA countries.

12. Following the presentation by Mr. Eugene Mazur (EAP Task Force Secretariat) of the *main conclusions and recommendations of the comparative study of environmental liability systems in OECD and EECCA countries*, the participants expressed their agreement with the priority need to re-orient EECCA environmental liability systems toward the restoration of the environment. EECCA experts highlighted the lack of regulatory provisions for scoping and implementing environmental damage remediation measures as a key challenge in the region. They suggested to reflect it better in the document's recommendations and expressed demand for national-level pilot projects to help countries re-design their liability regimes. At the same time, the positive experience of financial security arrangements for land rehabilitation by mining companies in several EECCA countries (such as Armenia and Kyrgyzstan) was also underscored.

13. It was agreed that the EAP Task Force Secretariat will finalise and publish the policy paper on environmental liability following the meeting. The offer by the EC representative to facilitate further information exchange between national experts in EU and EECCA countries on environmental liability issues was welcomed by the participants.

3. PROGRESS IN REFORMING ECONOMIC INSTRUMENTS IN EECCA AND DIRECTIONS FOR FURTHER WORK

14. The objectives of the session on pollution charges and other economic instruments in EECCA were to exchange views on the main barriers to making them more environmentally effective, to discuss key potential messages in the forthcoming paper to be prepared by the EAP Task Force Secretariat on ways to unblock the reform, and to consider priorities for longer-term activities on economic instruments.

15. Mr. Ashot Harutyunyan (Armenia) and Ms. Tatiana Plesco (Moldova) highlighted *recent developments in these countries' systems of economic instruments*, with a particular focus on pollution and product charges. Mr. George Georgiadis (United Nations Economic Commission for Europe) presented a *synthesis of strengths and weaknesses of economic instruments in several EECCA and Central European countries* based on recent UNECE Environmental Performance Reviews. The *current system of economic instruments of environmental protection in Poland* was described by Ms. Joanna Szyrka of the Ministry of the Environment. All these examples were discussed by the participants who were particularly interested in the issue of revenue allocation and the possibility of its earmarking for environmental purposes.

16. Mr. Eugene Mazur (EAP Task Force Secretariat) presented the preliminary results of the analysis of responses to the Secretariat's recent questionnaire on the use of economic instruments in EECCA countries and draft *key messages of a policy paper on improving the environmental effectiveness of these tools in the region*. Mr. Mazur focused on such monetary instruments as pollution charges, product charges and tax differentiation (which, if applied effectively, can become important incentives for greening the economy), as well as administrative fines and damage compensation payments. He argued that removing the disconnect between each instrument's declared purpose and its function in the current practice in EECCA constitutes a fundamental challenge of the reform.

17. The ensuing discussion showed the participants' support for addressing this issue in the policy paper to be produced for discussion at the annual EAP Task Force meeting in September 2012. With respect to *future activities*, the participants expressed preference for a project to transfer OECD countries' good practices of using product charges and tax differentiation as environmental policy instruments to EECCA countries. This project could also address links with other product-targeted environmental policy instruments, such as deposit-refund systems, eco-labelling and extended producer responsibility schemes. Potential work on payments for ecosystem services in EECCA invoked the participants' interest but was considered to respond less to the countries' short-term priorities because of their complexity.

4. OTHER ISSUES

18. During the closing session, the participants learned about achievements in promoting green innovation and technology diffusion in Poland. Dr. Krzysztof Klinecicz made a presentation about the *GreenEvo project of the Ministry of the Environment* (www.greenevo.gov.pl), which helps Polish green technology businesses to access non-EU markets, including those of EECCA countries. "Green Technology Accelerator" is GreenEvo's mechanism for capacity building and technology diffusion, covering seven cleaner technology areas, including clean coal, energy efficiency, renewable energy, waste management, etc.

19. Ms. Angela Bularga (EAP Task Force Secretariat) gave a brief overview of other *past and ongoing activities of the EAP Task Force*, referring, among others, to the following documents:

- Information for Sustainable Natural Resource Management: Key Points for Reformers in Eastern Europe, Caucasus and Central Asia;
- The Economic Significance of Natural Resources: Key Points for Reformers in Eastern Europe, Caucasus and Central Asia;
- Technical Guide for Gathering Indicators of Environmental Regulation and Compliance Assurance.

20. Ms. Bularga also informed participants on the *new elements of the EAP Task Force's Communication Strategy*, including the regular electronic alerts and the re-design of the web-page (www.oecd.org/env/eap). She also mentioned that participants can use the Task Force's passport protected page to exchange their views and convey feedback on specific papers.

21. In her *concluding remarks*, Ms. Katarzyna Reiter, Head of International Cooperation Department (Polish Ministry of Environment) re-iterated the benefit of learning from each other's experience and expressed a view that the expert meeting has well served this objective.

ANNEX 1. LIST OF PARTICIPANTS

ARMENIA АРМЕНИЯ	Mr. Ashot HARUTYUNYAN Г-н Ашот АРУТЮНЯН Head, Division of Environmental Strategic Programmes and Monitoring, Ministry of Nature Protection Начальник Управления Природоохранных Стратегических Программ и Мониторинга, Министерство охраны природы
AZERBAIJAN АЗЕРБАЙДЖАН	Ms. Gulshan HAJIYEVA Г-жа Гюльшан ГАДЖИЕВА Chief specialist, Ministry of Ecology and Natural Resources Главный специалист, Министерство Экологии и Природных Ресурсов
BELARUS БЕЛАРУСЬ	Ms. Irina KOMOSKO Г-жа Ирина КОМОСКО Deputy Head, Environment and Innovations Division, Ministry of Natural Resources and Environmental Protection Зам. начальника управления природопользования и инновационного развития, Министерство природных ресурсов и охраны окружающей среды
FINLAND ФИНЛЯНДИЯ	Mr. Karri ELOHEIMO Г-н Карри ЕЛОХЕИМО Project Manager, Finnish Water Programme for EECCA countries, Finnish Environment Institute Руководитель проектов, Финская водная программа для стран ВЕКЦА, Финский экологический институт
GEORGIA ГРУЗИЯ	Ms. Neli KORKOTADZE Г-жа Нелли КОРКОТАДЗЕ Deputy Head, Monitoring Department, Natural Resources Agency of Ministry of Energy and Natural Resources Зам. департамента мониторинга, Агентство природных ресурсов Министерства энергетики и природных ресурсов

Ms. Elene IAKOBIDZE

Г-жа Еллен ЯКОБИДЗЕ

Head, Analytical Division of Monitoring Department, Natural Resources Agency of

Ministry of Energy and Natural Resources

Начальник аналитического управления Департамента мониторинга,

Агентство природных ресурсов Министерства энергетики и

природных ресурсов

**KAZAKHSTAN
КАЗАХСТАН**

Ms. Lyudmila SHABANOVA

Г-жа Людмила ШАБАНОВА

Deputy General Director, Head of "Green Bridge" Office, Information Analytical Centre for Environmental Protection

Заместитель генерального директора, руководитель офиса «Зеленый мост»

РГП «Информационно аналитический центр по охране окружающей среды»

Ms. Lazzat YERKINBAYEVA

Г-жа Ляззат ЕРКИНБАЕВА

First vice-chancellor for education and methodology, Zhetysu State University

Первый проректор по учебно-методической работе, Жетысуский государственный университет

**KYRGYZSTAN
КЫРГЫЗСТАН**

Ms. Taisiia NERONOVA

Г-жа Таисия НЕРОНОВА

Programme coordinator, "BIOM" Ecological movement

Координатор программ, Экологическое Движение «БИОМ»

**MOLDOVA
МОЛDOVA**

Ms. Valentina BUSUIOC

Г-жа Валентина БУСУЕК

Deputy Head, State Environmental Expertise and Permitting Division, State Environmental Inspectorate

Зам. начальника Управления государственной экологической экспертизы и разрешительных документов, Государственная экологическая инспекция

Ms. Tatiana PLESCO

Г-жа Татьяна ПЛЕШКО

Chief consultant, Ministry of Environment

Ведущий консультант, Министерство окружающей среды

**POLAND
ПОЛЬША**

Ms. Beata JACZEWSKA

Г-жа Беата ЯЧЕВСКА

Undersecretary of State,

Ministry of the Environment

Заместитель госсекретаря

Министерство окружающей среды

Ms. Katarzyna REITER

Г-жа Катаржина РЕЙТЕР

Head, International Cooperation Department

Ministry of the Environment

Руководитель Департамента международного сотрудничества

Ms. Edyta POMIŃCHOWSKA

Г-жа Эдита ПОМИХОВСКА

Specialist, Department of Nature Conservation,

General Directorate for Environmental Protection

Специалист Департамента охраны природы,

Директорат охраны окружающей среды

Ms. Maria SZCZERKA-WOJTYROWSKA

Г-жа Мария ЩЕПКА-ВОЙТЫРОВСКА

Counselor to the Minister, Department of Financial Instruments,

Ministry of the Environment

Советник Министра, Департамент финансовых инструментов,

Министерство окружающей среды

Ms. Joanna SPYRKA

Г-жа Иоанна СПЫРКА

Chief specialist, Department of Financial Instruments, Ministry of the Environment

Ведущий специалист, Департамент финансовых инструментов,

Министерство окружающей среды

Mr. Krzysztof KLINCEWICZ

Г-н Кшиштоф КЛИНЦЕВИЧ

Coordinator of the experts, GreenEvo project,

Ministry of the Environment

Координатор экспертов, проект «GreenEvo»,

Министерство окружающей среды

Ms. Ewa SIDDIQUE-OLESIJUK

Г-жа Ева СИДДИК-ОЛЕСЕЮК

Counselor to the Minister, International Cooperation Department

Ministry of the Environment

Советник Министра, Департамент международного сотрудничества,

Министерство окружающей среды

Ms. Ewa OLSZEWSKA

Г-жа Ева ОЛЬШЕВСКА

Chief specialist, International Cooperation Department, Ministry of the Environment

Ведущий специалист, Департамент международного сотрудничества,

Министерство окружающей среды

Ms. Edyta SYSŁO

Г-жа Эдита СЫСЛО

Senior specialist, International Cooperation Department, Ministry of the Environment

Старший специалист, Департамент международного сотрудничества, Министерство окружающей среды

Mr. Rafal FRĄC

Г-н Рафал ФРАНК

Counselor for Energy, Environment, Science, Technology and Industry, Permanent Representation of Poland to the OECD

Советник по энергетике, окружающей среде, науке, технологиям и промышленности, Представительство Польши в ОЭСР

**RUSSIAN FEDERATION
РОССИЙСКАЯ
ФЕДЕРАЦИЯ**

Ms. Alena KODOLOVA

Г-жа Алена КОДОЛОВА

Researcher, "InterEcopravo" Centre of Eurasian Research Institute for Law; St. Petersburg Research Center for Environmental Safety of the Russian Academy of Sciences

Научный сотрудник, Центр «ИнтерЭкоправо» Евразийского научно-исследовательского института проблем права; Санкт-Петербургский научно-исследовательский центр экологической безопасности Российской Академии Наук

Ms. Elena VASILYEVA

Г-жа Елена ВАСИЛЬЕВА

Director, "Volgograd-Ecopress" Information Centre

Директор, Информационный центр «Волгоград-Экопресс»

**UKRAINE
УКРАИНА**

Ms. Nataliia TROFYMENKO

Г-жа Наталия ТРОФИМЕНКО

Head, Strategic Planning Division, Ministry of Ecology and Natural Resources

Начальник отдела стратегического планирования, Министерство экологии и природных ресурсов

**EUROPEAN
COMMISSION
ЕВРОПЕЙСКАЯ
КОМИССИЯ**

Mr. Hans LOPATTA

Г-н Ханс ЛОПАТТА

Policy Officer, Enforcement, Infringement and Legal Department, Environment Directorate-General

Сотрудник по вопросам политики, Департамент правоприменения, нарушений и правовых проблем, Директорат по охране окружающей среды

**UNECE
ЕЭК ООН**

Mr. George GEORGIADIS
Г-н Джордж ГЕОРГИАДИС
Economic Affairs Officer, Environmental Performance Reviews
Сотрудник по экономическим вопросам,
Обзоры результативности экологической деятельности

**REC Caucasus
РЭЦ Кавказа**

Ms. Malak SHUKUROVA
Г-жа Малак ШУКУРОВА
Executive Director, Regional Environmental Centre for the Caucasus
Исполнительный директор, Региональный Экологический Центр для
Кавказа

**REC Central Asia
РЭЦ Центральной Азии**

Mr. Talaibek MAKEYEV
Г-н Талайбек МАКЕЕВ
Executive Director, Regional Environmental Centre for Central Asia
Исполнительный директор, Региональный Экологический Центр
Центральной Азии

**Russian REC
Российский РЭЦ**

Mr. Mikhail KOZELTSEV
Г-н Михаил КОЗЕЛЬЦЕВ
Executive Director, Russian Regional Environmental Centre
Исполнительный директор, Российский региональный экологический
центр

Mr. Andrei TARENTIEV
Г-н Андрей ТЕРЕНТЬЕВ
Deputy Executive Director, Russian Regional Environmental Centre
Заместитель исполнительного директора, Российский региональный
экологический центр

**OECD/EAP Task Force
Secretariat
Секретариат СРГ
ПДООС/ ОЭСР**

Ms. Angela BULARGA
Г-жа Анжела БУЛАРГА
Principal Administrator, Environmental Performance and Information
Division,
Environment Directorate
Руководитель программы по экологической политике, Отдел по
анализу и оценке экологической результативности, Директорат по
охране окружающей среды

Mr. Eugene MAZUR
Г-н Евгений МАЗУР
Project Manager, Environmental Performance
and Information Division, Environment Directorate
Руководитель проектов, Отдел по анализу и оценке экологической
результативности, Директорат по охране окружающей среды

Ms. Irina MASSOVETS

Г-жа Ирина МАССОВЕЦ

Assistant, Environmental Performance
and Information Division, Environment Directorate

Ассистент, Отдел по анализу и оценке экологической
результативности, Direktorat по охране окружающей среды