#### ECE/CEP/99



# FIFTH MINISTERIAL CONFERENCE

# **ENVIRONMENT FOR EUROPE**

KIEV, UKRAINE 21-23 May 2003

# EXECUTIVE SUMMARY OF THE REPORT ON ENVIRONMENTAL POLICY IN TRANSITION: LESSONS LEARNED FROM TEN YEARS OF UNECE ENVIRONMENTAL PERFORMANCE REVIEWS

submitted by

the Committee on Environmental Policy of the United Nations Economic Commission for Europe through the Ad Hoc Working Group of Senior Officials



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE



# Economic and Social Council

Distr. GENERAL

ECE/CEP/99 7 March 2003

Original: ENGLISH

#### ECONOMIC COMMISSION FOR EUROPE

#### COMMITTEE ON ENVIRONMENTAL POLICY

Fifth Ministerial Conference "Environment for Europe" Kiev, Ukraine, 21-23 May 2003

#### ENVIRONMENTAL POLICY IN TRANSITION: LESSONS LEARNED FROM TEN YEARS OF UNECE ENVIRONMENTAL PERFORMANCE REVIEWS

#### **EXECUTIVE SUMMARY**

## **Introduction**

1. In the early 1990s, the eastern parts of Europe were in the middle of a political, economic and social transition process following the collapse of communism. The transition to a market economy had just begun. In the absence of effective pricing mechanisms, the former economic policy had created certain distortions that led, in some instances, both to a waste of natural resources, such as energy and water, in industry and in public utilities, and to the development of energy- and raw material-intensive production.

2. Many areas and cities of the countries in transition were left with a crumbling and inefficient infrastructure. Heavily polluted sites and areas were widespread. Industries caused severe air and water pollution, and risks related to hazardous waste also left areas with severe environmental problems. At the same time, a long tradition of nature conservation, combined with vast areas of untouched military zones, had left a rich biodiversity in the region.

3. Taking into account the situation in countries in transition, Ministers at the second Ministerial Conference "Environment for Europe", in Lucerne, Switzerland, in April 1993, decided that the Performance Review Programme, initiated by the Organisation for Economic Co-operation and Development (OECD) for its own member States, should be gradually extended to the whole of Europe. They mandated the United Nations Economic Commission for Europe (UNECE) to carry out this extended programme for the countries in transition.

4. At the outset, pilot reviews of Belarus, Bulgaria and Poland were carried out jointly by OECD and UNECE. Subsequently, UNECE has carried out Environmental Performance Reviews in Albania, Armenia, Croatia, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Republic of Moldova, Romania, Slovenia, The former Yugoslav Republic of Macedonia, Ukraine, Uzbekistan and Yugoslavia (now Serbia and Montenegro). UNECE also cooperated with OECD in its review of the Russian Federation. UNECE has undertaken second reviews in Bulgaria and Estonia and follow-up reviews in Latvia, Lithuania, Republic of Moldova, Slovenia and Ukraine.

## I. Progress in transition

#### A. <u>Institutional and legal framework</u>

5. In the first years of transition, the focus was on drafting new constitutions and establishing new government **institutions** such as multi-party parliaments, cabinets of ministers, ministries, independent courts, and reforming municipal and regional structures. With few exceptions, environmental institutions today are stronger, in terms both of legal mandate and of their capacity, than they were a decade ago.

6. At the same time, **laws and regulations** have been adopted in most countries at a very fast pace. This has left a considerable implementation gap; created a lack of coherence among various legal acts; kept in force overlapping and contradictory laws and standards from the period before 1990; and delayed the adoption of the requisite implementing by-laws and regulations. In such circumstances, classic enforcement action has had very limited scope.

7. **Decentralization** of environmental management has formed part of the institutional restructuring and reform processes, but it has not always been supported by the resources necessary for implementation. Many environmental services that used to be provided centrally, like water supply and sewage, waste management and district heating, have become the responsibility of local and regional authorities. In order to maintain them, they have had to introduce user charges to cover operating costs. These services used to be heavily subsidized, so it is now hard for people to accept price increases. Implementation is also hindered by an insufficient number of staff in the local administrations as well as by their lack of experience in environmental matters. Despite these obstacles, an increasing number of local and regional governments have developed their own environmental policies to tackle

their priorities. These include local and regional environmental action plans (LEAPs and REAPs), local environment and health action plans (LEHAPs) and local Agenda 21 initiatives.

8. Environmental **NGOs** have played an important role in the introduction of participatory democratic mechanisms in the international, nainal and sub-national decision-making processes They have also helped to disseminate knowledge and raise awareness of environmental issues and possible solutions at all levels. NGOs have been particularly successful in mobilizing the public at the local level.

#### B. <u>Resource management and trends</u>

9. Around 1990, **air quality** was critical in many towns, cities and regions of the countries in transition as a result of inefficient technologies and lack of environmental management. Generally, air pollution significantly decreased in the 1990s, due primarily to the decline in industrial production. Air pollution with NOx, O3, CO and VOC from road transport, however, has been increasing since the early 1990s. Most countries have introduced restrictions on car imports in terms of age and technical specifications, along with tax incentives for cars with catalytic converters and lead-free petrol. Car fleets, however, are growing all over the region, and are likely to increase air pollution from mobile sources.

10. The problem of **water resources** management is one of the most important environmental priorities. It includes water supply, especially drinking water for the population; water use for industrial purposes; irrigation systems for agriculture; industrial and municipal waste-water treatment and recycling; and water conservation and protection of watercourses and lakes from pollution. Flooding is also becoming a priority.

11. The supply of safe drinking water to the population is a major concern in many countries. Drinking water increasingly fails to meet standards due to pollution, poor operation of treatment facilities, the lack of disinfection and the poor condition of supply systems and sewerage systems. In rural areas, wells which are often chemically and biologically contaminated.are used Although water prices have increased significantly since 1990, they still cannot cover the full investment and maintenance costs. In addition, although many cities have waste-water treatment plants, most of them are obsolete and ineffective. Because of the lack of investment capital, only a limited number of new plants have been built or old ones modernized.

12. The generation of **domestic waste** in countries in transition is somewhat lower than, but comparable to, Western countries. The quantity of domestic waste has been rising, but not all households are served by waste collection. The consequence of this is the prevalence of fly-tipping and a large number of uncontrolled and illegal waste dumps, with no separation of municipal, industrial and medical waste, posing a particularly severe environmental and health hazard.

13. In order to reduce investment costs, most governments in Central and Eastern Europe have been promoting the development of a smaller number of regional landfills and waste management centres. Progress has been slow, however, because of the lack of incentive for municipalities. The European Union (EU) applicant countries have an obligation to meet the requirements of the EU Landfill Directive, and their populations can increasingly afford to pay for the Western standard waste management services. Municipalities in Eastern Europe, the Caucasus and Central Asia, however, cannot afford major investments in waste management. The focus ther is consequently on the improvement of the regulatory framework for waste management, on the introduction of economic instruments that would provide an incentive for better waste management and on the clean-up of those production processes and waste sites that pose an immediate threat to human health.

14. Countries in transition generate more solid **industrial waste** than Western countries, with most waste coming from mining, energy generation and heavy industry. The main problems are accumulated industrial waste, tailings and contaminated industrial sites. Industrial waste from large industrial facilities, such as tailings, slags, ash or sludge, is usually stored close to the site in heaps or ponds. Depending on its composition, this waste threatens groundwaters and surface waters, or is a source of windblown airborne particles that contain heavy metals or are even radioactive.

15. Significant progress has been made in the management of **hazardous waste**. The ratification and implementation of the Basel Convention have had an important catalytic role in the development of hazardous waste classification, reporting and management systems. **Radioactive waste** and tailings from uranium-mining and processing industries are a particular problem in countries with a nuclear industry. At the moment, all countries are studying their options for long-term radioactive waste storage, especially for the highly radioactive spent fuel. Urgent measures should be taken by the countries concerned in order to prevent radioactive contamination.

16. A consequence of poor past environmental management is the **contaminated sites** that are spread throughout the region. Few countries can afford to systematically clean-up the sites. Some sites have been remediated in relation to privatization. In Eastern Europe, the Caucasus and Central Asia very little has been done for site remediation apart from programmes and projects supported by donors.

17. Within the countries in transition there are several biogeographic regions and a vast variety of **habitats and ecosystems**, some of which disappeared from Western Europe in the past two centuries. The area is also an important migratory corridor and wintering area for birds from Northern Europe. In the transition period, use of fertilizers and pesticides decreased sharply. This resulted in increased biodiversity and growing populations of some species (e.g. insects, birds of prey). Transport infrastructure, however, is an increasing threat to biodiversity due to habitat fragmentation, air pollution and pollution risks. Where tourism is well managed and, particularly, where ecotourism is being developed, biodiversity benefits. However, in

those countries where tourism is not well-managed and is leading to uncontrolled construction and infrastructure development, it poses a significant threat to biodiversity.

18. Countries in the region have significant reserves of **mineral resources** including oil, natural gas, coal and lignite, ferrous and non-ferrous metal ores, and gravel and stone. For a number of countries, especially in the Eastern Europe, the Caucasus and Central Asia, mineral resources represent the most important sector of the economy. Mineral resource extraction has multiple significant direct and indirect impacts on the environment. Mines cause degradation of the landscape including land subsidence and related destruction of human settlements. Tailings that have accumulated from mining and ore processing are stored in heaps, ponds or tailing dams. They are a source both of air pollution from dust containing heavy metals that are sometimes radioactive, and of water contamination through leaching chemicals. Mines and ore processing release waste waters that contain heavy metals, chemicals used in processing, high levels of salinity or particles, for example, from coal washing. Oil and natural gas extraction and transport also cause soil, water and air contamination through waste and leakage of products from wells and pipelines.

19. Overall, there has been little investment in the mining sector, which has led to the deterioration of existing facilities. Virtually all investments that have taken place have been made by foreign companies. Much more investment is needed to introduce modern, efficient technologies that also have a lower impact on the environment.

#### C. <u>Development of environmental policy tools</u>

20. Nearly all countries in the region have developed new national environmental policies in the transition period. The scope and objectives of these new policies have varied significantly, and not all of them have been successful in identifying clear priorities for financing and implementation. Following the adoption of the Environmental Action Programme for Central and Eastern Europe at the Lucerne conference in 1993, many countries developed **national environmental action plans** (NEAPs), and have recently concluded or are now in the process of preparing the second generation of NEAPs. Many of these countries have also developed **national environmental health action plans** (NEHAPS), which have been an opportunity for a debate involving both health and environment ministries and others parts of the administration and have provided focus on the environmental impacts on human health. Almost all environmental policies in the region have lacked adequate financing strategies – a key problem, in particular for implementation, and a common one across all sectors of public policy in the region.

21. In order to assist local and regional authorities in defining their policies and setting priorities, **local environmental action plans (LEAPs)** and **local agendas 21** were introduced in the region. In both cases the methodologies are based on public participation and stakeholder dialogue. Hundreds of LEAPs and local agendas 21 have been developed so far across the region.

22. In nearly all countries, industrial plants and other large, stationary pollution sources must have **environmental permits**, and virtually all of the countries have a system of project **environmental impact assessment (EIA)** linked to the permitting system of facilities and installations. EIA legislation in most countries requires public access to impact studies and provides for a notice and comment period, often including a public hearing.

23. In the 1990s many countries introduced **economic instruments**, including systems for pollution charges and payments for natural resource use to raise revenues for environmental investments, create incentives for pollution control and reduction, enforce permit requirements, and implement the polluter pays principle. Although the present systems of pollution charges are extensive, they do not function properly. They often fail on what should be their main goal: to modify the behaviour of people and institutions toward better environmental protection. The instruments provide little incentive for pollution reduction, and revenue-raising has mainly been their most important purpose for a number of reasons, including, inter alia, the low prices of natural resource use, the low levels of pollution charges, the insignificant penalties for non-compliance and the low collection rate.

24. Sources of **finance for environmental investment** include enterprises, State, regional and local budgets, commercial banks and extrabudgetary environmental funds. In Eastern Europe and Central Asia, the State remains the major source of finance but the share of the State budget allocated to the environment is about 0.5% or less.

25. Many environment ministries have established **environmental funds** for specific environmental investments such as municipal infrastructure (water, waste, heating conversion), industrial pollution control, prevention technologies, education and the establishment of monitoring systems. Funds are derived from a variety of sources, including pollution charges, pollution fines, loans and grants from international donors and international financial institutions, loan repayments with interest, proceeds from privatization, debt swaps and profits from financial operations.

26. The use of environmental funds as mechanisms for managing earmarked revenues and delivering subsidized finance for environmental investments has helped many governments to overcome or mitigate a number of conditions during economic transition. In other countries, however, experience with environmental funds has been mixed. Often governments have not permitted separate funds but have preferred to establish a designated line in the State budget. In many of these cases, there has been little to no transparency in how the funds are used.

27. Countries in transition have complex systems of **environmental monitoring** involving a number of different government agencies and scientific institutions. Because of the variety of actors and complex reporting duties there are problems with coordination, incompatible formats and management of databases.

28. The amount of **environmental data** provided to the public has increased and most countries now produce annual *stat-of-the-environment reports*. An increasing number provides this information through the Internet and other electronic networks as well. Despite this progress, some important weaknesses remain. In all transition countries, emissions monitoring is poor and does not fulfil the needs of complex pollution charge systems. In addition, environmental information systems have faced budgets cutbacks.

29. The legal framework and institutions needed to secure **public participation and access to information** and justice have been developing since 1989, but, in several countries, the absence of specific regulations or guidelines means that real access to information and public participation have yet to materialize. An important impulse for improving public access to information has been the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters.

30. **Environmental education** has been an important priority of the countries in transition in order to raise public awareness and influence the behaviour of the population, and in order to secure sufficient human resources for the growing demand for environmental management. Schools and universities have been involved in international environment education networks and programmes such as Eco-schools Network and GLOBE.

#### D. <u>Policy integration</u>

31. Environmental ministries have been among the first to initiate **sectoral integration** through the development of environmental strategies, action plans, sustainable development strategies, physical plans and other policy initiatives. Other ministries and stakeholders have been invited to participate, but the level of involvement and cooperation, as well as public participation, has usually fallen short of expectations. The consequence is a proliferation of sectoral strategies often with uncoordinated and, at times, conflicting goals.

32. One important challenge is to strengthen institutional coordination and cooperation among ministries linked to the environment, such as the ministries of energy, industry, agriculture, transport, health, economy and social affairs. Some ministries have environmental departments. However, these departments do not have enough power and responsibility to carry out their duties fully, and are often understaffed. There are other forms of cooperation, from the most formal, through the councils of ministers, to inter-ministerial working groups, to the informal contacts between individual professionals.

33. Integrating environmental concerns into sectoral policies is one of the main future challenges. Without this, negative environmental impacts from such activities as agriculture, energy, industry, transport, and tourism are likely to worsen as countries improve their economic performance.

34. With transition the **agricultural sector** in many of the countries in transition came close to collapse due to its inefficiency, landownership issues and competition from less expensive, higher-quality products from Western countries. The use of pesticides and fertilizers dropped sharply as subsidies were abolished. Many people moved to the cities looking for better job opportunities. Significant problems remain, however, particularly concerning practices that lead to exhaustion and erosion of the land, the irrational use of water through poor systems of irrigation and the lack of good drainage. Furthermore, there is little in place in South East Europe, Eeastern Europe, the Caucasus and Central Asia to prevent a return to the heavy use of fertilizers and pesticides once the economic situation has improved.

35. In some countries, environmental objectives have been introduced into the agricultural policies, and many countries have introduced more stringent legislation regarding pesticide and fertilizer use, as well as codes of good agricultural practices. Still, agriculture is one of the main environmental threats to groundwater quality. In most countries, there is little evidence of a real integration of environmental concerns into the agricultural sector. Where the (relatively weak) ministries of environment try to play a role, they are often overpowered by the much stronger ministries of agriculture.

36. The countries in transition are rich in **energy** sources including coal, oil and natural gas, as well as hydropower in the mountains and on big rivers. During the transition process, energy consumption and the pollution linked to it fell with the drop in industrial production. Energy policies have been determined by two conflicting considerations. One has been increasing economic and environmental efficiency through market liberalization, including the closure of unprofitable lignite mines and power plants. The other has been the social problems connected to forthcoming redundancies in the energy sector as well as price increases for industry and households. In these circumstances privatization, market liberalization, more efficient production and demandside management have progressed rather slowly. Polluting power plants were refurbished rather than shut down, and energy prices for households remained below prices on the European market. Direct and indirect subsidies continue for social reasons.

37. Most countries did introduce some sort of policies aimed at energy efficiency and renewable energy sources, but they are not yet having a major impact because of the inertia and resistance in the power sector.

38. In the past countries in transition developed an extensive network of roads, railways and public **transport services**. Since 1990 overall freight transport and passenger travel have decreased due to the economic decline. At the same time, road haulage and the use of private cars have increased significantly, creating a demand for the expansion of the road network in terms of motorways and of city roads. Both the demand for, and the capacity of, public transport decreased in this period. The situation is deteriorating further with emerging urban sprawl, the lack of cooperation between the environment and transport authorities and the inability of local governments to develop and finance complex urban public transport projects.

39. The **tourism** industry has been changing in terms both of structure – from State to private ownership -- and of product. It is predicted that tourism will grow further with increasing security and prosperity in the region, improved transport infrastructure and more open borders. A good environment is recognized as the prerequisite for a high-quality, high added-value tourism, and most national tourism strategies in the region claim sustainable tourism as the future model of development. At the same time, unauthorized building developments have ruined many of the natural characteristics of tourist sites; basic resources like water and power are lacking during peak tourist periods; and sewerage and other infrastructure are major problems. New infrastructure such as resorts, roads, golf courses and ski lifts are planned, and it is essential that these should be developed in a sustainable manner.

40. Of particular concern is the economic development of many coastlines in the countries in transition, including along the Baltic, Adriatic, Black Sea and Caspian coasts. In the transition period, various pressures on the coastal zone increased, including the development of new tourist facilities, the construction of secondary homes and population increases due to better economic opportunities. These developments use the limited high-value space along the coast at the expense of natural ecosystems and generate water pollution that adds to the pollution load brought by the rivers from inland. In some places, intensive recreational activities, hunting and fishing threaten the ecosystems they rely on. The sea is also threatened by marine transport in terms of pollution and penetration of exotic species.

41. Coastal countries have been developing various approaches to dealing comprehensively with **coastal zone management**. These include physical planning, designation of marine and land-based protected areas, pollution monitoring, wastewater treatment and rules regarding the environmental management of shipping.

42. **Industrial policy** in the countries in transition has focused mainly on privatization. Because of the high stakes and political interference from many sides, privatization ended up being a long and complex process, which is still not finished in many countries. Privatization, technological renewal and the requirements of the international market, as well as the enforcement of environmental standards, have contributed to improved environmental management in industry. The successful market leaders have introduced environmental management systems such as "Responsible Care" or ISO 14000 and voluntarily improved their environmental performance before and beyond legal standards. At the same time some of the most polluting industries have closed down for economic reasons.

43. **Privatization** offered an important opportunity for the environmental clean-up of enterprises, especially where fresh investment was considered. Corporate governance and performance have improved more rapidly where foreign direct investment was involved in privatization than in cases of voucher privatization and internal buyout. The privatized companies that compete on global markets were quite successful in improving their environmental performance, while the industries that are in the process of privatisation or remain under government control continue with old technologies and are politically immune to environmental enforcement action.

44. According to several indicators, the **health** of the population in countries in transition is poorer than that observed in the other countries of the region. The situation varies, with the worst health conditions found in the Eastern and South Easern Europe, the Caucasus and Central Asia. Although a combination of social, economic and institutional issues impact on health and health care, the poor state of the environment is one of the biggest factors. The most prominent health risk factor is the poor quality of drinking water, especially in rural areas. The pollution of ambient air with suspended particulate matter is also particularly high in the cities. There remain many areas in countries in transition that are highly polluted, mostly as a result of past industrial and mining activities. Accumulated industrial waste creates a potential risk to public health. There is an increased role for the public in the determination of environmental health conditions and actions. Several initiatives have been taken to increase the involvement of stakeholders and for effective measures, such as national environmental health action plans and participation of municipalities in the network of Healthy Cities.

# **II. INTERNATIONAL COOPERATION**

45. **International cooperation** has been a dominant feature and a driving force for environmental and other reforms in the transition process. Donor assistance has provided significant support in terms of policy formulation and funding for demonstration projects. The process of accession to the European Union has been a major driving force for modernizing environment-related legislation and standards among the applicant countries. Most importantly for the future, a fair share of policy formulation has been done at the international level through global, regional and sub-regional conventions, as well as geographically or topically oriented programmes and strategies. Environmental cooperation has played an important part in establishing a dialogue among the member States of UNECE and in the future can be an important element for preventing new divisions emerging in Europe.

46. Throughout transition, **donor countries, the European Union and international financial institutions** have provided technical assistance (for training, policy reform and similar activities) and financing (usually for investment projects) in a number of areas. The bulk of international assistance from the International Monetary Fund, the World Bank and other international financial institutions has been directed towards macroeconomic stabilization and structural reforms. Limited support was given to infrastructure and the environment. The level of loans and grants for investments has depended on the borrowing and co-financing capacity of the countries. This capacity has been limited in most countries, so the international funding contributed only a small share of total environmental expenditure.

# **III. CONCLUSIONS**

47. Transition has put into motion a fundamental structural change in environmental policy-making and implementation in the countries in transition. What started as a movement to clean up polluted air, water and land in the region, turned into a process contributing to the reform of institutions, the economy and civil society.

In countries where economic growth has resumed, the decoupling of pollution from economic development has begun. Structural reforms were slower and have had a less positive effect in the countries where the economy stagnated or in countries affected by war and instability. The main obstacles to achieving the environmental goals in the countries in transition have been the lack of management capacity, the lack of strong environmental institutions and institutional continuity, and the lack of funds.

48. Countries have undertaken a number of important initiatives to build capacity, often with external technical support. They have developed legislation, strengthened and restructured institutions, introduced innovative policy tools and supported public participation. With the increasing institutional capacity of government and other stakeholders, the performance in policy implementation has improved across the region.

49. The result is a wealth of experience and knowhow related to the management of the environment in the context of transition. This information is captured in the Environmental Performance Reviews, and it represents an important contribution to the general knowledge about environmental management.

# IV. LOOKING FORWARD

50. The "Environment for Europe" process began in order to assist the countries in transition in restructuring and solving their environmental problems. This was seen as a contribution to the end of the ideological, political and economic division of the European continent, as a way to improve the livelihoods of people in countries in transition and as a cost-effective means of reducing overall pollution on the continent and the planet. After 13 years of transition more and more countries are emerging as fully capable of solving their problems and actively contributing to the international agenda.

51. With progress in transition, the focus of the "Environment for Europe" process has gradually shifted from West – East assistance towards joint policy-making at the pan-European context, resulting in significant conventions and pan-European strategies. The countries in transition are committed to a number of these. With growing experience, they will play an increasing active and qualified role in the international policy-making process.

52. Most of the countries in transition have requested Environmental Performance Reviews. They have seen this as a key tool for documenting the range and complexity of their environmental problems; for understanding possible next steps, sharing experience, and monitoring progress; and for engaging fully in regional and global processes. By participating in the Environmental Performance Review programme, the countries have underscored their desire and commitment to move ahead.

# V. FUTURE OF THE EPR PROGRAMME

53. One decade has passed since Ministers at the 1993 Lucerne Conference asked the United Nations Economic Commission for Europe to undertake Environmental Performance Reviews (EPRs) in the countries in transition. During these ten years, the UNECE EPR programme has generated continued demand from countries in transition for both initial and follow-up reviews. The usefulness of the Reviews has been articulated by national policy makers and civil society, particularly those engaged in environmental policy.

54. The Ministers at the fifth Ministerial Conference "Environment for Europe," meeting in Kiev, Ukraine, in May 2003, may wish to **recommend** the following:

(a) **The process of Environmental Performance Reviews should continue, taking into account the experience from the first ten years.** Countries and organizations are encouraged to make broader use and support wider dissemination of the Reviews, through, for example, press conferences, or by bringing the reports to the attention of staff of embassies, national aid organizations, all relevant ministries, departments and institutes within the country and national information centres;

(b) **The first round of reviews should be completed and the second round proceed.** All countries that are member States of UNECE but not members of OECD are eligible for first and second reviews;

(c) The second Environmental Performance Reviews should measure progress made in implementation, including implementation of the recommendations from the first review, using a relevant set of indicators;

(d) **The second Reviews should focus more on issues of implementation.** With the most dynamic legislative phase of the early transition over, the future EPRs should devote more attention to performance in implementation of the national policy targets, national legislation, best practices, and international commitments, such as conventions and regional strategies. This could be valuable for the further development of international instruments;

(e) **The second Reviews should remain flexible and focus on the priorities** of the countries, including, in particular, new concerns that have arisen;

(f) **The second Reviews should examine issues of financing**. This would include, for example, the generation and allocation of public domestic financing for the environment; the position of environmental funds; the use of economic instruments; funds derived from the private sector; donor support; and foreign direct investment, as well as an assessment of the cost-effectiveness of environmental policy measures;

(g) The second Reviews should give greater emphasis to the integration of the environment with other sectors at all decision-making levels and to its socio-economic interface. In this regard, the Reviews should further assess how environmental issues could be viewed comprehensively and in an integrated manner. This could assist countries, inter alia, to implement decisions taken at the fifth Ministerial Conference "Environment for Europe" and the Johannesburg World Summit and to meet the Millennium Development Goals. They should also assess environmental issues in the context of environmental democracy, environmental justice and poverty eradication, among other critical economic and social concerns common to all countries;

(h) **The second Reviews should make maximum use of existing data**. The first reviews have dedicated considerable resources to collecting and assessing data that have not been available outside the country or in electronic format. Many countries in transition have now had an opportunity to strengthen their monitoring and reporting systems and are providers of data to, for example, the European Environment Agency. UNECE should work in close cooperation with these and other organizations to maximize efficiency;

(i) **Cooperation with the Environmental Performance Review programme of OECD** should be continued and strengthened;

(j) **Reviewed countries could provide an interim report to the Committee on Environmental Policy on implementation** of first Review recommendations within three years of the conclusion of their first Review.