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PROVISIONAL AGENDA OF THE SIXTH MINISTERIAL CONFERENCE
“ENVIRONMENT FOR EUROPE”

COMPILATION OF SUMMARIES: PROPOSED CATEGORY II DOCUMENTS

Note by the secretariat

Summary

This document is a compilation of summaries of proposed Category II documents for the Sixth Ministerial Conference “Environment for Europe” (Belgrade, 10-12 October 2007). It is complementary to the document ECE/CEP/AC.11/2007/4, which presents the compilation of summaries of proposed Category I documents, and is put forward to the Ad Hoc Preparatory Working Group of Senior Officials for consideration.

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I. EVALUATION AND IMPLEMENTATION

A. Environmental Indicators and Indicator-based Assessment Reports

By the United Nations Economic Commission for Europe (UNECE)

Objective and scope

1. The publication contains the *Guidelines for the Application of Environmental Indicators in Eastern Europe, Caucasus and Central Asia* and the *Guidelines for the Preparation of Indicator-based Environment Assessment Reports* prepared by the UNECE Working Group on Environmental Monitoring and Assessment, in cooperation with the European Environment Agency (EEA) and the United Nations Environment Programme (UNEP), following a decision by the Kiev Ministerial Conference “Environment for Europe” in 2003.

Main findings

2. The *Guidelines* are expected to help the countries in Eastern Europe, Caucasus and Central Asia (EECCA) and South-Eastern Europe (SEE) in:

Strengthening the systems of environmental monitoring and reporting for the purpose of environmental decision-making and public awareness-raising;

- (a) Improving the analytical parts of State (national and territorial) environmental assessment reports, so that these reports can support the setting of priorities and targets for environmental policy and the assessment of efficiency of environmental measures;
- (b) Comparing national indicator values with those in neighbouring countries and making national environment assessments comparable with those of other United Nations Member States;
- (c) Facilitating data gathering for future pan-European environmental assessment reports.

Recommendations

3. To implement the *Guidelines*, Governments of EECCA and SEE countries have to undertake a series of measures for the adaptation of their systems for environmental monitoring, data collection and environmental reporting. They will have to review and, where necessary, clarify the responsibilities of public authorities to ensure that each of the environmental indicators included in the *Guidelines* is backed by measurements, calculations and regular data collection. The existing coordination mechanisms among monitoring institutions will have to be reviewed to strengthen inter-agency cooperation. The legal and regulatory basis should ensure, among other things, that a specially authorized State body responsible for the preparation, publication and dissemination of reports has been designated.

B. Status of Transboundary Rivers, Lakes and Groundwaters in the UNECE Region: Achievements of 10 Years' Work under the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes, and Prospects

By Finland with support from the UNECE

Objective and scope

4. Improved understanding on priority tasks (political, legal, institutional, technical, economic) in EECCA, SEE and European Union (EU) countries; sharing information on the status of transboundary watercourses; analysis of achievements under the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes; and follow-up for transboundary water cooperation.

Main findings

5. The document is the first comprehensive status assessment covering the entire UNECE region, with the exception of North America and Israel.

6. Special attention was given to EECCA, SEE and other non-EU countries, as they face the biggest challenge to reduce transboundary impact. Improving the status of water bodies in these countries will first and foremost require investments in municipal sewage treatment facilities, which often receive wastewater from small and medium-sized enterprises. Apart from sewerage, challenge areas are manufacturing and waste management. This includes tailing dams and illegal waste disposal along rivers as well as old and often uncontrolled waste disposal sites. The control of non-point pollution in agriculture is another challenge area. Water allocation among riparian countries, respecting ecological requirements of the water bodies, is not yet sufficiently resolved in some EECCA and SEE countries and also requires solutions to avoid conflicts over water resources.

7. In EU countries, huge investments made over a long period of time in wastewater treatment and industrial safety have considerably reduced emissions from point source. As a consequence, the share of pollution from non-point sources increased. Although the legal and technical frameworks to fight against the latter kind of pollution exist at EU and national levels, their implementation is still a problem in some EU countries. A further challenge area is the control and reduction of pollution by new substances, mainly produced in the chemical industry.

8. In the entire region, strategies are needed to adapt water management to climate change. Due to a reduction in precipitation of up to 30 per cent, water resources availability is decreasing in countries located in the Aral Sea and Mediterranean Sea basins, and damage by floods is another costly water-quantity problem.

Recommendations

9. The report's recommendations address high-ranking governmental officials, the staffs of national water agencies, and joint bodies for transboundary water cooperation. These include recommendations for joint measures by riparian countries on integrated water resources management (IWRM).

10. Better policy integration and strengthened cooperation among the ministries of environment/water, agriculture, infrastructure, transport, economy and finance is a precondition for achieving good status of these transboundary waters and drawing up/implementing IWRM plans in a transboundary context, where these do not yet exist.

C. Monitoring What Matters: Tailoring Millennium Targets and Indicators of Environmental Sustainability to Local conditions in Europe and Central Asia

By the World Bank

Objective and scope

11. Some Millennium Development Goal 7 global framework indicators have only limited relevance for ECA, or they mislead about real progress in reaching Millennium Development Goal (MDG) targets in this region. It was noticed by countries themselves, the United Nations and the Organisation for Economic Co-operation and Development (OECD). This study facilitated a country-driven process of identifying or developing complementary indicators for MDG7 that are more relevant for the people in the Europe and Central Asia (ECA) region.

Main findings

12. MDG7 (especially target 9 on sustainable use of environmental resources) is still poorly conceptualized, even internationally; thus, ECA countries face significant dilemmas on "what" to measure and "how" to measure it. There is a mismatch between what matters locally and what is being monitored internationally.

13. When the United Nations framework indicators are used "at face value" to measure sustainable access to water and sanitation, and the number of people living in slums, most ECA countries, including some of the poorer ones, rate well against countries with similar GDP in other regions. However, when complementary indicators more appropriate to ECA are applied, it appears that the ECA countries face considerable challenges in providing sustainable access to safe water and adequate sanitation and in eliminating slums.

14. This study supports and complements, with empirical analysis, the batch of Category I reports on environmental indicators and the indicator-based environmental assessment reports. It analyses the limits of internationally agreed frameworks for measuring MDG7 on environmental sustainability in EECCA and SEE countries. It facilitated stakeholder dialogue in selected countries (Albania, Tajikistan, Georgia, and others) to identify or develop complementary indicators for measuring sustainable access to safe water and sanitation and a loss of critical environmental resources. For specific countries the report discusses the policy relevance and measurability, as well as the institutional responsibilities, costs and affordability, of monitoring selected indicators.

Recommendations

15. The report recommends that, given limited resources and capacities, the ECA countries would be better off focusing efforts on measuring what matters most and what is easy to measure. In some cases, the report proposes practical steps to monitor certain key indicators and estimate the costs of monitoring. The efforts to enhance the ownership and relevance of MDG7 by the people in the ECA region can be structured and facilitated through a country-driven process. These efforts are challenging for the countries in the region, and require targeted support from the international community.

D. Steps towards Ratification of the Protocol on Civil Liability and Compensation for Damage Caused by the Transboundary Effects of Industrial Accidents on Transboundary Waters in the UNECE Region

By the UNECE

Objective and scope

16. Share information on the latest developments related to transboundary water pollution and on experience regarding liability and compensation for damage resulting from the effects of industrial accidents on transboundary waters in the UNECE region, in particular, experience, lessons learned and obstacles related to the ratification of the Protocol on Civil Liability.

Main findings

17. The document will be based on the outcome of the workshop on “Transboundary Accidental Water Pollution, Liability and Compensation: Challenges and Opportunities”, which will be held in Budapest, Hungary, on 21–22 May 2007.

18. At the workshop, experts will exchange information, share lessons learned, and identify obstacles regarding the ratification of the Protocol. They will also have opportunities to explore possible ways forward.

19. In particular, the workshop will examine lessons learned from past industrial accidents with transboundary effects and their legal consequences; existing liability and compensation regimes, including EU regulations; the added value of the Protocol compared to other regimes; developments, problems and concerns regarding the ratification of the Protocol; and specific issues such as the assessment of damage and the role of the insurance sector.

Recommendations

20. In accordance with the conclusions of the workshop.

E. Tackling Regional, Hemispheric and Global Air Pollution: The Potential Role of the UNECE Convention on Long-range Transboundary Air Pollution

By the Global Atmospheric Pollution For

Objective and scope

21. Through its extensive work under the Convention on Long-range Transboundary Air Pollution, UNECE is in a unique position to take the leadership role in addressing international transboundary air pollution by actively supporting developing countries throughout the world that are looking to reduce the damage caused by air pollution and improve quality of life. This report supports UNECE plans to conduct outreach to developing nations outside the UNECE. It

outlines specific areas in which regional air pollution networks around the world need technical support and recommends ways that the UNECE Convention on Long-range Transboundary Air Pollution can help provide this support and reduce air pollution throughout the globe.

Main findings

22. It has long been established that air pollution is causing serious health and environmental damage throughout the globe, including millions of advanced deaths each year. But more importantly, a recent growing body of scientific research is now demonstrating that:

- (a) Though once considered to be primarily a local problem, air pollution has increasingly become a regional, hemispheric and even a global phenomenon;
- (b) There are also important synergies and intricate linkages between conventional air pollution and climate change, and there are a number of opportunities to build cost-effective strategies that simultaneously tackle air pollution and climate – particularly in developing countries;
- (c) The global community has not developed the kinds of processes, common databases, and institutions needed to effectively address these problems.

23. The five UNECE environmental conventions form a cornerstone for the Commission's international environmental policy and the basis for many national actions to protect public health and the environment sustainable development in the region. One of these conventions – the Convention on Long-range Transboundary Air Pollution (LRTAP) – has enjoyed a nearly 30-year history as the most successful multilateral effort ever undertaken to address a variety of serious transboundary air pollution problems. A major part of its success is that the various LRTAP protocols were developed by bringing together scientific, technical and policy expertise from all of its participating nations to build a powerful technical basis for action on specific pollutants.

24. With the worldwide growth of industrial and mobile source emissions over the past two and a half decades, the need to address transboundary air pollution from non-European (non-UNECE) countries continues to grow as well. This growth is causing a series of significant health and environmental problems outside the UNECE region, but also threatens to erode some of the gains made in reducing pollution within the UNECE region itself. LRTAP has taken an important step by establishing a Task Force on Hemispheric Transport of Air Pollution to develop a more complete understanding of the intercontinental transport of various pollutants in the Northern Hemisphere.

Recommendations

25. Like LRTAP, a number of regional organizations around the world – such as the Air Pollution Information Network in Africa (APINA), the Malé Declaration in South Asia, and the Clean Air Initiatives in Asia, Africa and Latin America – are grappling with the often very difficult challenges associated with improving air quality and combating local and long-range transboundary air pollution. These organizations are taking a number of important steps to build their capacity to address local and transboundary pollution. However, in many cases, they lack the technical capacity and resources to build the programmes necessary to solve their air pollution problems.

26. The UNECE has also undertaken some important capacity-building and outreach efforts to support air pollution control efforts in some UNECE member States, e.g. those in Central Asia through the CAPACT (Capacity-Building for Air Quality Management and the Application of Clean Coal Combustion Technologies in Central Asia) project.

27. The Global Atmospheric Pollution (GAP) Forum applauds these efforts, as well as the LRTAP initiative to establish a Task Force on Hemispheric Transport of Air Pollution. The GAP Forum strongly supports UNECE-planned outreach efforts and has a number of ideas about how and where these efforts can be targeted most successfully.

28. This paper will provide a number of recommendations from the Global Atmospheric Pollution Forum for ways that the UNECE LRTAP can build on these existing initiatives:

- (a) To significantly improve air quality throughout the world by expanding outreach efforts and providing technical support to developing nations through various regional networks;
- (b) To provide the framework for a coordinated strategy to assess and reduce air pollution at the hemispheric scale, possibly leading to a comprehensive global atmospheric pollution convention.

II. CAPACITY-BUILDING AND PARTNERSHIPS

A. Learning from Each Other: Achievements, Challenges and the Way Forward: First Report on Progress in Implementation of the UNECE Strategy for Education for Sustainable Development

By the UNECE

Objective and scope

29. This report addresses the progress made by UNECE member States in the implementation of the Strategy for Education for Sustainable Development, primarily in the Phase I. It focuses on lessons learned and provides both an overview of the current situation and suggestions for the way forward.

Main findings

30. The research shows that in virtually all countries made much progress in Phase I in terms of: disseminating of the Strategy at national level; adopting frameworks for ecologically sustainable development (ESD) for all levels of education; and stimulating of the development of interdepartmental and multi-stakeholder cooperation using ESD as an umbrella, including the establishment of consultative mechanisms and integrating sustainable development (SD) principles into the curriculum. Although this progress is very encouraging, the data do not provide any information about the extent of which newly created policies, cooperation and structures function in practice. EECCA and SEE countries still have a number of challenges ahead, in that many of them are still in the process of taking the prerequisite measures to support the promotion of ESD.

31. In the majority of the countries, a formal relationship has been established between the ministries responsible for environmental and educational issues. The cooperation between these two Ministries includes activities such as: the exchange of information used for drafting of

documents on SD and ESD materials for educators and community leaders; promotion and dissemination of ESD concepts among public and officials; and development and promotion of trainings on ESD subjects. Many countries have established a formal working group for the implementation of the Strategy that includes several governmental bodies and stakeholders such as non-governmental organizations (NGOs), business, sub-national authorities and educational institutions. Economic incentives to support ESD, however, appear to be lacking in many countries. Especially in EECCA and SEE countries, most activities in the field of ESD are financially supported by international NGOs and donor organizations. In about one third of the responding countries, a national implementation plan is currently in place.

32. The cooperation between countries seems to be intensive: the vast majority of the countries say that their national public authorities cooperate in and support international networks.

33. With regard to the content of ESD, it is mostly the environmental component of ESD that is addressed. SD is conceptualized in different ways, but most conceptualizations are of an ecological and environmental nature, especially in EECCA countries. Activities in these countries tend to focus on classic themes such as water pollution, waste management and energy conservation. In some countries, a more integrative conceptualization of SD is emerging which also allows for socio-economic, political and ethical perspectives to enter the contents of ESD.

34. In most countries, ESD is not part of the initial educator's training; it is, however, part of their in-service training.

35. Little is done in the field of the development of education quality assessments/enhancement systems that include criteria on ESD. Current quality assessment and accreditation schemes still focus on traditional learning outcomes in terms of general skills or competencies that need to be developed in learners, and on basic cognitive and disciplinary oriented learning outcomes.

36. Hardly any of the countries have integrated ESD in the training of leaders and administrators of educational institutions. The development of ESD competence as an integrative concept is a major challenge which has not yet been a part of the initial training and re-training of current educators, leaders and decision-makers in education sector.

Recommendations

37. The core of the Strategy, namely the fact that partnership mechanisms should be established between different ministries and agencies, and that multi-stakeholder participation needs continued attention. Another task is to bridge the gap between policy and practice is the creation of partnerships between countries that find themselves in different stages of implementation (sister countries), in order to exchange experiences. Economic incentives are needed to support ESD, especially in EECCA and SEE countries. More emphasis needs to be placed on more than just environmental and ecological SD issues, by bringing in the economic, socio-cultural and ethical dimensions of SD while taking into account that some themes are more appropriate or urgent to certain countries at this point in time. ESD is not just about new content, it also involves entirely new approaches to teaching and learning which will need to be developed and utilized. ESD needs to become part of the initial educators' training. Quality control mechanisms for ESD teaching tools and materials need to be developed (further). There is a need for intermediate platforms that can promote ESD research, on the one hand by articulating questions from policy and practice with regards to ESD implementation, and on the

other by synthesizing and sharing ESD research in a way that is accessible and useful for policymakers and practitioners. The conservation, use and promotion of indigenous knowledge remains a weak point in the ESD implementation process in the majority of the countries.

B. Report on the Status of Implementation of the Kiev Resolution on Biodiversity: Achievements, Challenges and Future Action to Reach the 2010 Pan-European Biodiversity Target

By UNEP, EEA, the Former Yugoslav Republic of Macedonia, the Countdown 2010 Initiative, and the European ECO-Forum

Objective and scope

38. The purpose of the paper is to review the implementation of the Kiev Resolution on Biodiversity since 2003 in the Pan-European region and to highlight the achievements, challenges and remaining gaps to reaching the Pan-European target of halting the loss of biodiversity by 2010.

Main findings

39. The paper is in preparation.

Recommendations

40. The paper is in preparation.

C. The Pan-European Ecological Network: State of Implementation of the Network – Message to the Ministers and Policymakers

By the Council of Europe

Objective and scope

41. This document is based on the findings and lessons learned in drafting the technical report on the state of implementation of the Pan-European Ecological Network (PEEN) in Europe.

42. The message to ministers and policymakers presents the challenges and the main achievements of the setting up of PEEN at the Pan-European level. It presents also the steps to be taken by 2010 towards the finalisation of this important Pan-European project.

Main findings

43. The document sets out three principles for action which should underpin the policies supporting the protection or restoration of the green infrastructure of the continent, i.e.:

- (a) Maintaining ecological connectivity in order to preserve natural processes and conserve ecosystem products and services for safeguard individuals' well-being;
- (b) Providing conservation of biological and landscape diversity in overall planning and development policy in order to guarantee socio-economic balance;
- (c) Developing a common vision of development in order to adopt the best response to these universal problems and to the globalization of environmental phenomena.

Key message

44. The need for the PEEN is now broadly recognized by public authorities. It is regarded as a modern response to the challenges of the protection of environment and sustainable development. The PEEN represents a cooperation instrument that is flexible and well adapted to the many local features to be found in the Pan-European area. It creates a political link between countries and plays a vital role in encouraging and facilitating international cooperation concerning the environment. These achievements must be reinforced to complete the implementation of PEEN. The countries are invited to reinforce their shared vision of sustainable development in Europe and encourage practical debate between all the stakeholders involved in sustainable development in Europe, including local authorities and private sector.

Recommendations

45. The document presents medium-term objectives for 2010, with a view to full implementation of PEEN by 2015, in line with the commitments of the countries of the Pan-European area. The following main policy thrusts are presented in the document:

- (a) Giving more concrete consideration to ecological relations between the component units of PEEN and the national networks at all spatial planning levels;
- (b) Making progress with the presentation of PEEN and continuing to establish inventories for taxa and habitats not sufficiently taken into account at present, particularly as regards marine and coastal ecosystems, in liaison with the Bern Convention Secretariat and specialist bodies;
- (c) Raising the awareness of national and local players, including in the private sector, concerning the process, informing them about PEEN and involving them in it, within the meaning of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention), in liaison with its bodies and in line with the conclusions of the work of the UNECE Committee on Environmental Policy;
- (d) Taking greater account of landscape diversity in PEEN, in accordance with the European Landscape Convention (in particular articles 5 and 6) and in liaison with its bodies;
- (e) Reinforcing integration of sectoral and vertical policies in PEEN and ensuring practical implementation of the Guiding Principles for the Sustainable Spatial Development of the European Continent adopted by the European Conference of Ministers Responsible for Regional Planning (CEMAT)¹, particularly principle 4 on planning policy promoting the sustainable development of Europe, and improving knowledge of the effects of such policies on biological and landscape diversity, and in liaison with the appropriate bodies (the Ministerial Conference on the Protection of Forests in Europe, CEMAT, etc.);
- (f) Developing inter-regional cooperation on ecological networks, in accordance with the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, in liaison with the appropriate bodies (Congress of Local and Regional Authorities, etc.);

¹ Recommendation Rec (2002) 1 of the Committee of Ministers of the Council of Europe.

- (g) Pursuing cooperation processes between the Strategy and Convention on Biological Diversity (CBD) secretariats, especially in the programmes on forests and protected areas.

D. The Pan-European Ecological Network: Taking Stock

By the Council of Europe

Objective and scope

46. The report presents the state of progress of PEEN at the Pan-European level. It presents the scientific background of ecological networks and rationale for application on the European continent, together with the legal background and the progress on the implementation in Europe. The document includes indicative maps together with information on functioning ecological networks in the countries participating in the Pan-European Biological and Landscape Diversity Strategy (PEBLDS) process.

Main findings

47. Twelve years after the Sofia "Environment for Europe" Ministerial Conference, the concept of PEEN is now regarded by the States participating in the PEBLDS process as a key instrument for conserving and managing species, ecosystems, habitats and landscapes, within a global approach to special planning. Thus the PEEN project contributes to the sustainable development of Europe. The PEEN project has also become a major cooperation instrument to be used for implementing the CBD in Europe and its protected areas programme of activities.

Key message

48. The report shows how much progress has been made in various fields. It also highlights where gaps remain. However, the message issued by the report is very positive. Since the Kiev Ministerial Conference, major progress has been made in ensuring that PEEN can become a genuine system which, even though still only partially developed, is expressed in practical action at the international, national, regional and local levels, and induces the countries to take account of biological connectivity in their policies, legal systems and institutions. The PEEN concept highlights various elements that underpin the implementation of ecological networks and, broadly speaking, nature conservation policies: knowledge of functional aspects of landscapes and ecological infrastructures, management in space and time, compliance with legal frameworks, and networking among people.

Recommendations

49. The major recommendations for future activities aimed at developing the PEEN concept have been drafted in a specific "Message to the ministers and policymakers". They consist mainly in strong political support for the development of PEEN, with a special focus to the following elements:

- (a) Progress in designating the components of the PEEN (core areas, ecological corridors, buffer zones, restoration zones);
- (b) Cartographical representation of PEEN;
- (c) Management of the components of PEEN;
- (d) Integration of PEEN concept in sectorial policies.

E. Biodiversity for Europe Now! – European ECO-Forum’s Recommendations for Pan-European Cooperation

By the European ECO-Forum

Objective and scope

50. Since the endorsement of the PEBLDS in Sofia in 1995, the needs and conditions for pan-European cooperation in biodiversity field have changed substantially. Within this paper European ECO-Forum aims to evaluate this past cooperation, assess strengths and weaknesses of the process and most importantly, formulate recommendations for the future.

Main findings

51. There is a niche for Pan-European cooperation in the biodiversity field, and PEBLDS continues to be a unique platform for this. During the past twelve years, fairly strong commitments have been developed under PEBLDS, including the Kiev targets. However, PEBLDS could not generate sufficient political will for their implementation. This is partly because PEBLDS is not legally binding and thus CBD (or other conventions) receive political priority in many cases. On the other hand, in EU Member States the EU obligations, including its own biodiversity policies, receive most of the political attention and absorb huge capacities of implementation. Due to the top-down approach of PEBLDS and its non-legally binding nature, most national and sub-national NGOs have been ignorant and not interested in the policy process of PEBLDS. The lack of financial mechanisms for PEBLDS is undoubtedly also a main impediment to implementation. At the same time, financing international activities under PEBLDS are only prioritized in a few donor countries. Because of the above reasons, there are severe shortcomings in the implementation of PEBLDS commitments. However, some clear successes can be also reported, such as in the field of the PEEN; the identification of High Nature Value farmlands; the involvement of private sector into financing, communication and partnerships; and the development of biodiversity indicators. Lessons from the past and the changing policy environment (e.g. EU enlargement) thus call for substantial changes in cooperation within biodiversity field.

Key message

52. The past top-down approach of the policy-driven process within PEBLDS has not delivered sufficient results in delivering Pan-European commitments, thus there is a need to better focus cooperation on the implementation. This new focus and a bottom-up approach can also involve NGOs far better, who can become important drivers of the process.

Recommendations

53. Pan-European cooperation should focus on the implementation of CBD decisions, while taking into account the Pan-European priorities (PEBLDS strategic objectives and Kiev targets) and national needs identified through regular needs assessments. These three aspects should determine the agenda of Biodiversity for Europe conferences organized after Conference of the Parties (COP) meetings, as well as the field of PEBLDS activities between COPs. PEBLDS should create a platform for sharing best practices and knowledge (also through a possible regional clearing house mechanism), both from the East to the West and from the West to the East, and bring together the demand and supply in terms of knowledge and funding. The conferences and workshops should facilitate kicking off joint activities and raising funds for them. Moreover, the regular funding priorities of donor countries should also be harmonized

with PEBLDS, and each national Government should provide sufficient national resources as well. In addition, PEBLDS should continue its role in developing common Pan-European positions for CBD meetings right before COPs. Through the new ways of cooperation, PEBLDS should open up new possibilities for the involvement of NGOs and other stakeholders and become a multi-stakeholder platform which brings about changes on the ground.

F. Mainstreaming of Environment into Agriculture and Forestry: Progress and Prospects in Eastern Europe and Central Asia

By the World Bank

Objective and scope

54. Poor management of agriculture and forestry resources can cause major environmental impacts on soil, water and air resources, which in turn affect the economies of EECCA and SEE countries. Soil, nutrient, water, salinity and pest management as well as illegal logging and forest certification are the main issues in mainstreaming environment into agriculture and forestry. The study assessed recent progress in meeting national goals with respect to those issues, and pinpointed priority areas for action in the immediate future.

Main findings

55. Awareness of the importance of sustainability and resource conservation in agriculture and forestry has grown in the last decade and nearly all countries have adequate policies and strategies in place. In EECCA countries, some public participation is recorded, mainly on environmental impact assessment (EIA), but it is generally limited. In SEE countries, mainstreaming is increasingly aligned with EU standards on paper, but the reality may be less effective.

56. Progress in implementation varies, and generally correlates with proximity to the EU, in both a geographic sense and in terms of the accession process. EU member countries are moving quickly to ensure sustainability in soil and nutrient management, water and salinity management, Integrated Pest Management, organic farming and certification, carbon sequestration, and agricultural advisory services, while other SEE countries are beginning to implement such programs. EECCA countries have made more limited progress.

57. Mainstreaming of environmental concerns is more evident in forestry than in agriculture, with efforts to control illegal logging and promote certification, and a net growth in forested area. In agriculture, many countries continue to place much more emphasis on production than on sustainability.

Recommendations

58. SEE, and to lesser degree EECCA, has generally done well in identifying mainstreaming issues, setting priorities, developing policies and strategies, passing laws, designing programs, and implementation on a limited scale. What is needed is more implementation to align national frameworks with international, including EU, standards. Four early priorities should be: enhanced public awareness, institutional strengthening, improvement of governance and accountability, and use of policy instruments and public expenditures. In addition, if non-EU-accession countries in the region are to make the same sort of progress as EU-accession and new EU member countries, alternative incentives need to be found. These could include increased donor support for sustainability – particularly for environmental public goods – and market incentives through trade opportunities based on systems for certifying sustainable management

practices for both agriculture and forestry.

G. Progress Report on Partnerships

By the OECD Environmental Action Programme (EAP) Task Force

Objective and scope

59. The objective of the report is to report on progress in developing and implementing partnerships in the EECCA region and to provide background information for the discussions on partnerships at the Belgrade “Environment for Europe” Ministerial Conference.

60. The report discusses the concept of “partnership” and analyses the available information on completed, ongoing and planned partnerships in the EECCA region registered in the EECCA Strategy Database (www.eecca.net). The analysis covers the partnerships established in relation to seven EECCA Strategy Objectives and their sub-objectives as well as their geographic focus, partners involved (e.g. Governments, international organizations, international financial institutions, NGOs, the private sector), types (e.g. capacity-building, technical assistance, investments, transfer of technology), and financial resources.

Main findings

61. The findings of the report will be provided later, as soon as the analyses are completed. The final draft report is expected to be available by mid-June 2007 in English.

Recommendations

62. The report does not include any recommendations.

H. Progress in Modernizing Environmental Regulation and Compliance Assurance in Eastern Europe, Caucasus, and Central Asia

By the OECD EAP Task Force

Objective and scope

63. Poor environmental compliance is symptomatic of policy failure and implies high costs for society, undermines the rule of law, and distorts the level playing field for businesses. The “Guiding Principles for Reform of Environmental Enforcement Authorities in Transition Economies”, endorsed at the Kiev Ministerial Conference, provide a reference model to help overcome compliance problems in EECCA. The current report, developed within the framework of the EAP Task Force’s Regulatory Environmental Programme Implementation Network (REPIN), reviews progress in transposing the Guiding Principles into practice.

Main findings

64. Although progress was uneven across the region, the majority of countries launched regulatory and institutional reforms, e.g. by introducing integrated permitting, elevating the status of Environmental Enforcement Authorities (EEAs), clarifying responsibilities, and providing training and better facilities. Compliance monitoring is becoming more efficient as countries adopt integrated approaches of inspection, promote self-monitoring by enterprises, and encourage social disapproval of violations through mass media communication and adoption of industry performance rating schemes.

65. At the same time, many problems remain unsolved. The regulatory requirements are often unrealistic, thus costly to implement and difficult to enforce. Regulatory Impact Analysis is used sporadically and consultations are perceived as a procedural burden rather than as a tool to balance stakeholder interests. The “fire-fighting” approach and emphasis on sanctions, rather than prevention of non-compliance, inhibit performance within EEAs. The focus on enforcing collection of pollution charges and fines creates perverse incentives for inspectors. Sanctions fail to provide sufficient deterrence and NGOs report a selective application of the declared “zero tolerance” rule because of political pressures and opacity of decision-making. Current indicators and data analysis practices provide a limited support to strategic and operational management. The need to interact with NGOs to promote compliance is now largely accepted, but actual cooperation is usually unsatisfactory. The probability of discovering non-compliance remains low due to legal restrictions stipulating that planned inspections of industrial facilities should not occur more than once every year or two and that all site visits should be announced. While such restrictions were introduced to fight corruption and administrative burden, measures that are more likely to address these problems, in particular assuring transparency of decision-making, procedures and activity results, received marginal attention. EEAs suffer from brain drain due to uncompetitive salaries and, sometimes, unsupportive organizational cultures. Institutional capacities remain particularly low at the sub-national level.

66. As a result, the impact of regulation and compliance assurance remains modest in EECCA. Companies continue to focus on immediate profits and the region experiences quasi-universal non-compliance (almost every on-site inspection discovers one or several violations of varying severity). Environmental crime is gaining ground, e.g. in the Russian Federation the number of recorded environmental crimes increased sixfold over the last decade.

Recommendations

67. Environmental regulation and compliance assurance is closely linked to broader issues of reforming public management, establishing the rule of law, and promoting growth. Within this framework, EECCA countries should pursue a better regulation process aimed at ambitious, but also fair, feasible, and clear environmental requirements. Political decisions are needed to re-orient strategies and performance indicators from counter-productive revenue-raising to compliance and environmental results, while the scope of work should be adjusted to available resources. Procedures should guarantee EEAs transparency and accountability. The incentive framework for businesses to comply should be analysed, and non-compliance rates quantified and regularly disclosed. Third parties should be enabled to act as indirect enforcers. Instruments should be focused on prevention of violations, their timely discovery using risk-based approaches, and sharp but stepwise and proportional sanctioning. Institutional capacity needs further development. Political will and international cooperation will remain crucial drivers for change.

I. Financing Water Supply and Sanitation in EECCA Countries, Including Progress in Achieving Water-related Millennium Development Goals

By the OECD EAP Task Force

Objective and scope

68. At their meeting in Almaty in October 2000, EECCA Ministers of Environment, Finance, and Economy, and their partners, recognized the critical condition of the urban water supply and sanitation sector in EECCA, and endorsed the “Guiding Principles for the Reform of the Urban

Water Supply and Sanitation Sector in the Newly Independent States”. Since then, the MDGs, with targets for water supply and, subsequently, sanitation, were adopted. This report assesses EECCA countries’ progress in relation to both sets of objectives. It updates a report that was prepared for a second meeting of Environment, Finance, and Economy Ministers in Yerevan in 2005.

Main findings

69. Available data suggests that the overall situation in the water supply and sanitation sector of EECCA has deteriorated further since it was originally assessed as “critical” seven years ago. This appears to be especially true for the quality of water services, where relevant indicators have shown deterioration in virtually all EECCA countries. The consequences for public health, the environment, and economic development in the region are serious.

70. But the situation is not entirely negative: there is reason for some optimism as EECCA economies are improving and more good practice examples are becoming available. Institutional and legal reforms have been implemented in many EECCA countries, most of them in line with the recommendations in the Almaty Guiding Principles. However, these measures remain partial. The focus of policymakers should shift from developing to implementing laws and regulations and from central to local governments and utilities. Capacity constraints at the local level have become a key bottleneck for the reform process.

71. To achieve the water-related MDGs, it has been estimated that about €7 billion would be needed annually, i.e. roughly double the current level of finance. To achieve this objective, all available sources of finance will need to be mobilized, including revenue from user charges, public budgets and external finance. A number of case studies in the region have shown that this is possible.

Recommendations

72. The agenda set out in the Almaty “Guiding Principles for the Reform of the Urban Water Supply and Sanitation Sector in the Newly Independent States” continues to be relevant, and Governments in EECCA and donors should continue their efforts to implement reforms in line with these Principles.

J. EUWI-EECCA Component – Background, Achievements and Prospects

By the European Commission, EUWI-EECCA Component Working Group

Objective and scope

73. The document provides information about recent developments of the EU Water Initiative’s (EUWI) Component for the EECCA region, including progress made with regard to the implementation of its programme document endorsed at the Fifth Ministerial Conference “Environment for Europe”. The issues addressed include the extent to which it is possible to establish solid partnerships between EECCA countries, EU Member States, and international organizations such as OECD and UNECE, aimed at achieving the water-related MDGs.

Main findings

74. Important achievements have been made. The framework has proven operational, institutional set-up is in place, the so-called National Policy Dialogues (NPDs) have been launched (in Moldova and Armenia), and two other NPDs are foreseen to be launched this year. Furthermore, various tools aimed at facilitating the partnership have been developed.

75. Prospects are good. Since 2003, progress most EECCA countries have embarked on reform processes in the water sector. National Water Policies and water legislation has been revised introducing stakeholder participation, polluter and user pays principles, development of bodies for cross-sector participation and river basin management and increasing the institutional and human capacities for water management. Most of the reform processes in the water sector are introducing the principles of IWRM and there is an increased interest in EECCA countries in the principles and management approaches of the EU Water Framework directive. There is a continued need for a long-term partnership between EU and EECCA countries to support the implementation of the water reform process in EECCA countries.

Recommendations

76. The EUWI-EECCA Component, which builds upon and aims at strengthening existing partnerships within the water sector, has an important role to play. Among others, it may introduce new water management and financing mechanisms in the EECCA region as a result of NPDs. Thus, the EUWI-EECCA Component should continue, launch new NPDs and invite new partners to take part in the work.

K. Regional Water Supply and Sanitation Association for Central Europe and Eastern Europe, Caucasus and Central Asia

By the United States

77. The one-page summary will be submitted later.

L. Strengthening Environmental Governance in Eastern Europe, Caucasus and Central Asia through Local Environmental Action Programmes

By the Regional Environmental Centres for Eastern Europe, Caucasus and Central Asia

Objective and scope

78. Regional Environmental Centers (RECs) in EECCA have promoted Local Environmental Action Programs (LEAPs) the last five years as a means of strengthening environmental governance and addressing local environmental problems. EECCA RECs' experience to date has focused on implementing pilot projects in selected communities, disseminating information about local approaches to environmental management, and building the capacity of organizations in each country to assist in LEAP development and implementation. LEAPs help address the twin challenges facing EECCA countries of severe environmental problems and the relative lack of experience in local self-governance. This report contributes to the session "Progress and perspectives in implementation of EECCA Strategy and of the Central Asia Initiatives for Sustainable Development".

Main findings

79. EECCA RECs have found that LEAPs have achieved several important outcomes that are consistent with the Environment Strategy for countries in Eastern Europe, Caucasus, and Central Asia (EECCA). These include:

- (a) *Strengthened environmental governance.* LEAPs have strengthened environmental governance in communities throughout the EECCA region by increasing public awareness of and access to information on environmental issues. LEAPs have improved local decision-making by involving key stakeholders at the local level

through the formation of multi-stakeholder groups composed of a diverse cross-section of the community. LEAPs have improved the accountability and transparency of local government by ensuring that local governments adopt and utilize publicly developed local environmental action plans. Furthermore, LEAPs have resulted in increased citizen involvement in addressing local environmental issues.

- (b) *Improved Environmental Conditions.* LEAPs have resulted in quantitative improvements in environmental conditions by helping to focus local and national resources on the most serious environmental issues and emphasizing implementation of measurable actions with stakeholder oversight.
- (c) *Increased Long-Term Capacity.* The RECs in EECCA have increased the capacity to assist communities in the region to address environmental issues by increasing the number of citizens and municipal staff trained in environmental management, increasing the number of new communities that are implementing LEAPs, and preparing guidance materials and widely disseminated information about LEAPs.

Recommendations

80. EECCA RECs offer the following recommendations for future efforts in this area:

- (a) Encourage national government to develop LEAP requirements;
- (b) Promote widespread implementation of LEAPs throughout the region;
- (c) Establish an extensive cadre of professionals trained in LEAP methodology;
- (d) Provide funding for local governments to develop LEAPs and implement actions addressing environmental priorities;
- (e) Promote continued exchange of experience;
- (f) Encourage transboundary cooperation; and,
- (g) Disseminate LEAP information.

81. EECCA RECs have played a valuable role in promoting and implementing LEAPs throughout the region. RECs have proven their ability to work with local governments, NGOs, and citizens at the local level to promote cross-sectoral cooperation that achieves real environmental improvements and promotes environmental governance. In the future, EECCA RECs can play important roles by working with national governments to develop LEAP requirements, train professionals in the LEAP methodology, disseminate LEAP information to the general public, promote sharing of experiences among local governments, and manage LEAP pilot projects for transboundary and other special situations.

M. Acceptance and implementation of UNECE Multilateral Environmental Agreements in South-Eastern Europe

By the Ministry of Science and Environmental Protection of Republic of Serbia and the Regional Environmental Center for Central and Eastern Europe (REC CEE) with the support of the Swedish International Development Cooperation Agency and the Italian Ministry of Environment, Land and Sea

Objective and scope

82. The background report aims to promote the implementation of and compliance with multilateral environmental agreements (MEAs) in SEE, with a focus on UNECE conventions and protocols. It takes into account existing regional programs related to the implementation of MEAs in SEE (AIMS, Regional Partnership, Bridging the Gaps), and consolidates and incorporates the results of those initiatives. It provides survey and analysis of results of activities aimed at improving implementation of and compliance with specific UNECE conventions and protocols where available, such as assessments, country implementation reports, synthesis reports, reports of compliance committees, clearing-house activities, and other results of relevant assistance projects implemented by REC CEE and others. The report will be fully coordinated with the UNECE Category I paper on implementation of UNECE MEAs in the whole UNECE region and will provide relevant examples for the SEE region.

Main findings

83. The report explores ways to enhance the implementation of the UNECE MEAs through promotion and efficient use of compliance and enforcement mechanisms to assist countries in meeting their obligations under the UNECE conventions and protocols. It provides good practice examples of the application of practical tools, such as guidelines, handbooks, plans, programs and other strategic documents. Moreover, the report highlights regional and international efforts to cooperate on joint implementation and summarizes developments since Kiev Conference on coordinated regional approaches to implementation of particular conventions.

84. While there is a relatively high level of acceptance of MEAs in the SEE region, various reports and assessments have revealed significant problems in meeting obligations contained in MEAs. The paper proposes solutions for addressing major deficiencies in implementation with respect to:

- (a) Introduction of a systematic approach to assess the implications of acceptance of MEAs;
- (b) Securing of resources for implementing MEA-related legislation;
- (c) Improvement of national implementation planning and national reporting;
- (d) Promotion of transparency and better involvement of key stakeholders;
- (e) Capacity-building for MEA implementation and creation of retention policies for trained staff;
- (f) Enhancement of cooperation between relevant institutions.

85. In spite of the difficulties, the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters and the Convention on Environmental Impact Assessment in a Transboundary Context (the Aarhus and Espoo

Conventions), for instance, are successful examples of how the public and other stakeholders' involvements have helped develop further the practice of horizontal and vertical cooperation. They have also encouraged the authorities to seek a more proactive methodology in involving the public.

Recommendations

86. The report provides general recommendations for the implementation of all UNECE MEAs and convention-specific recommendations applicable to most of the SEE countries.

87. Key general regional recommendations include: The Ministries of Environment (MoE) and other relevant authorities should identify specific priorities for each MEA and should assess the costs and benefits of becoming party to MEAs. Furthermore, the responsibility, cooperation and information exchange among the competent institutions has to be further clearly defined and enhanced. In this relation, Governments should identify the spectrum of relevant stakeholders who should take part the implementation of each Convention and take steps for their practical involvement. In addition, the MoEs should seek to improve relevant legislation and implementation practices and, where appropriate, develop strategies or National Implementation Plans (NIPs). MoEs should also participate more actively in the activities of MEAs and in Meetings and Conferences of the Parties and subsidiary bodies, and timely seek financial support from MEAs mechanisms and domestic resources. The MoEs should take steps to raise public awareness on MEAs and MEA-related issues.

88. Selected key convention-specific recommendations:

- (a) Convention on Long-range Transboundary Air Pollution (LRTAP): In some countries, it is necessary to assess the technical assistance needs related to LRTAP, especially concerning monitoring;
- (b) Convention on Environmental Impact Assessment in a Transboundary Context (Espoo): The MoEs should make efforts for raising awareness at the government and local levels and obtain political support to promote EIA and SEA on the agendas of the Governments;
- (c) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water): While there is growing cooperation with neighbouring countries on transboundary waters, the focus should be on designing joint water management plans and joint monitoring systems;
- (d) Protocol on Water and Health (Water and Health); Convention on the Transboundary Effects of Industrial Accidents (TEIA): At the national level in most countries, the legal framework should be amended according to the TEIA requirements, including regulations on the identification on hazardous activities, establishment of notification system, and drafting of action plans;
- (e) Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus): The legislative framework still needs to be further developed, especially with regard to detailed administrative regulations to improve implementing practices. The implementation of access to the justice pillar requires significant joint efforts of the judiciary and different relevant ministries.

N. Municipal Environmental Investments in South-Eastern Europe: 2001–2005

By the Ministry of Science and Environmental Protection of Serbia and REC CEE with the support of the Swedish Agency for International Development and Cooperation and the Italian Ministry of Environment, Land and Sea.

Objective and scope

89. The main objective of the document is to present the existing situation and obstacles for developing municipal infrastructure in the SEE. The report aims at proposing recommendations to decision-makers so that they can improve the preparation and implementation of municipal environmental investments.

Scope

- (a) Overview of the current situation in municipal infrastructure development and the impact of EU accession process on municipal investments;
- (b) Analysis of major obstacles for municipal infrastructure projects from the municipal perspective in relation to: project development and implementation, policy and legal framework; and financial issues affecting municipal infrastructure development. Hindering factors from national and international perspective will also be analysed;
- (c) Overview of good examples and best practices;
- (d) Conclusions and recommendations for municipal infrastructure development for local governments and other relevant stakeholders.

Main findings

Major issues at municipal level:

- (a) Limited capacity to develop and implement environmental infrastructure investments;
- (b) Inadequate financial and borrowing conditions, which prevent the municipalities from developing bankable infrastructure projects;
- (c) Limited capacity of the municipalities to cooperate with local stakeholders and communicate investment projects to the relevant national authorities and financial institutions.

Major issues at national level:

- (a) Legal and institutional barriers for municipal infrastructure investments;
- (b) Deficiencies in the development of consistent national plans and programmes followed by proper prioritization of projects;
- (c) Inadequate financial mechanisms for infrastructure development at the local level.

Recommendations

For local governments:

- (a) Improving strategic planning, prioritization and project preparation;
- (b) Improving the dialogue and cooperation with local community in terms of preparing municipal infrastructure projects;

- (c) Reforming the utilities so that they will be able to provide efficient services and develop and manage projects.

For national authorities:

- (a) Developing proper mechanisms for environmental infrastructure development;
- (b) Setting clear consistent rules that affect local initiatives and the potential project pipeline;
- (c) Promoting the proactive international role of Governments in terms of involvement in regional cooperation and cross-border initiatives that would influence the development of new municipal investment projects in the region.

O. Towards a Healthy and Productive Adriatic Ecosystem

By Croatia

Objective and scope

90. On the basis of the objectives, applying an ecosystem approach and the experience gained by other international and regional bodies, the following three goals for marine and coastal areas are proposed:

- (a) To protect, allow recovery and, where practicable, restore the structure and function of marine and coastal ecosystems, thus also protecting biodiversity, in order to achieve and maintain good ecological status allowing for their sustainable use;
- (b) To reduce pollution in the marine and coastal environment so as to ensure that there are no significant impacts or risk to human and/or on ecosystem health and/or on uses of the sea and the coasts;
- (c) To preserve, enhance and restore a balance between human activities and natural resources in the sea and the coasts and reduce their vulnerability to risks.

Main findings

91. The combined effects of human alterations of the environment, including global climate change, appear to be especially pronounced in the coastal zone. It is widely believed that these effects have elicited significant degradation of water quality, manifested as mucilage events, oxygen depletion of bottom water, harmful algal blooms, outbreaks of gelatinous zooplankton, invasions of non-indigenous species, loss of habitat, and instability of fisheries. Individually, these phenomena may not be cause for concern, but taken as a whole, they may be indicative of a pattern of environmental stress that threatens the health of Adriatic ecosystems. It is already apparent that changes in the coastal ecosystems along the Adriatic are making the coastal zone more susceptible to environmental hazards (e.g., flooding, droughts, harmful algal blooms, mucilage events, hypoxia), more costly to live in, and of less value to the regional economy. It is here that the conflicts and challenges of promoting economic development, sustaining living resources, protecting and restoring ecosystem health, mitigating natural disasters, and protecting public health and safety will become most pronounced over the next several decades.

Recommendations

- (a) Definition of an ecological vision for the Adriatic;
- (b) Setting of common Adriatic strategic goals;
- (c) Identification of the important ecosystem properties and pressures²;
- (d) Development of a set of ecological objectives corresponding to the Vision and strategic goals;
- (e) Derivation of operational objectives with indicators and target levels;
- (f) Revision of existing monitoring programmes for ongoing assessment and regular updating of targets. Implementation of the Coordinated Adriatic Observing System;
- (g) Redrafting the management plans.

P. Environmental Policy in South-Eastern Europe

By the United Nations Development Programme (UNDP)

Objective and scope

92. The purpose of the report is to provide an overview of the progress in development and implementation of environmental and sustainability policy in the SEE in the period from 2000 until today. The report should serve the environmental ministers and other high level decision-makers in SEE, the EU, and donor countries and international organizations in their future decision-making.

Main findings

93. In the period since the end of the conflicts, the region focused first on post-conflict reconstruction and building democracy and market economy. After this, the Governments embarked, with donor support, on the process of developing institutions, policies and legal frameworks. Currently, the EU perspective is the key driver for progress in the region. Croatia already started EU membership negotiations and the Former Yugoslav Republic of Macedonia is a candidate country. The environment sector has been one of the leaders in the overall reform process in the region. The main achievements in this process have been:

- (a) Major progress in drafting and adoption of legislation, and in the capacity-building of national environmental institutions;
- (b) Ratification of most multilateral environmental agreements;
- (c) Environmental improvement and democratization in the region, encouraged by the EU environmental *acquis* and MEAs;
- (d) Development and adoption of comprehensive policies and programmes;
- (e) Initial steps towards the integration of environmental and sustainable development objectives in the policies of economic sectors;
- (f) Implementation of environmental institutional and investment projects;
- (g) The increasing role of local authorities in environmental management;

² From this step onwards, it is necessary to consider the appropriate spatial and temporal scale of application of the approach.

- (h) Steady progress in the NGO sector;
- (i) Improved availability of environmental information;
- (j) Numerous initiatives in capacity-building and education for environment and sustainable development;
- (k) Strong regional cooperation in the environment sector.

Recommendations

94. In the future, a prioritized step-by-step approach should be used in sequencing reforms and harmonizing with EU standards in the environmental sector, based on policy debate involving Governments, local communities, NGOs and the business sector. Priorities should be based on environmental and economic benefits such as health and resource conservation, available resources and capacity of institutions. The countries of the region should focus on:

- (a) Moving from drafting legislation to implementation;
- (b) Consolidating as well as further developing and building capacity of environmental institutions at the national level;
- (c) Increasing environmental investment;
- (d) Improving cross-sectoral cooperation;
- (e) Strengthening local governments so that they can assume environmental responsibilities;
- (f) Developing partnerships with stakeholders;
- (g) Managing information and environmental data collection;
- (h) Making education for sustainable development relevant to the situation in the countries;
- (i) Using the EU accession process to achieve sustainable development objectives including MDGs;
- (j) Continuing and extending the regional cooperation.

Q. Protection and Sustainable Development of Mountain Areas in South-Eastern Europe

By the Former Yugoslav Republic of Macedonia, with support from Balkan Foundation for Sustainable Development (BFSD), EURAC (Institute for Alpine Management), REC CEE, UNEP, and the Italian Ministry of Environment, Land and Sea

Objective and scope

- (a) To analyse achievements in relation to specific projects implemented in recent years and report on future planned activities that aim to promote the protection and sustainable development of the SEE mountain areas or their parts (e.g. West Stara Planina, related ENVSEC interventions led by the respective partners, mining and climate change related to mountain specificities, Carpathians with respect to Serbia);

- (b) To identify opportunities and innovative approaches for the protection and sustainable development of mountains applicable for SEE, starting from experiences and available best-practice examples within the region (i.e. sustainable tourism, sustainable local development, and their links to nature conservation);
- (c) To identify needs and opportunities for further programmatic action (e.g. sustainable energy, climate change).

95. The paper will include as an attachment the “Assessment on the current situation and needs of cooperation on the protection and sustainable development of mountain areas in South-Eastern Europe (Balkans)” prepared by BFSI together with UNEP and EURAC and supported by Italy. Inputs from further partners and important actors will be invited informally (e.g. FAO, UNDP, World Conservation Union (IUCN)(-Green Belt, Worldwide Fund for Nature-Dinaric Arc Initiative, UNESCO, local level initiatives).

Main findings

- (a) Many initiatives are happening involving a wide range of different actors, including some examples of successful transboundary cooperation; nevertheless, the situation could benefit from improved coordination and better information exchange between actors;
- (b) The peoples of SEE have a great natural resource in the mountains and are cooperating on their protection; this process will help in achieving sustainable development and the greater ownership of regional cooperation (Salzburg, March 2006);
- (c) While NGOs and local stakeholders are already very active in the region, they need to be further empowered to contribute to shaping the region’s future, and benefiting from on-the-ground achievements in protection of mountain ecosystems and sustainable mountain development.

Recommendations

- (a) International and transboundary cooperation for the protection and sustainable development of mountain areas in SEE needs to be strengthened at all levels, including the regional and local ones;
- (b) The countries have a chance to build upon lessons learned from implementation of the Alpine and Carpathians Conventions and could adopt a convention with more detailed provisions accordingly. However, bottom up and top down approaches need to be balanced to achieve lasting results. For this purpose, key stakeholders and the public need to be further engaged in the process, and their participation in decision-making has to be ensured;
- (c) The international community should continue to provide support to projects aimed at transboundary cooperation between affected peoples and stakeholders in mountain areas;
- (d) The international process for cooperation can benefit from association with ENVSEC;

- (e) It is necessary to build on approaches which are suitable for the specific needs of the region, both in international cooperation as well as in regional or local activities. A number of approaches have been successfully tested in the region and should be further developed, and mutual experience exchange with other mountain areas should be enhanced;
- (f) The countries should include the protection of mountains in their plans, legislation and national strategies and action plans, including, where relevant, inventories of projects aimed at protection and sustainable development of the SEE mountain areas.

R. Project Preparation Committee Report to the Sixth Ministerial Conference “Environment for Europe”

By the Project Preparation Committee

Objective and scope

96. The objective of this report is to provide information on the activities and achievements of the Project Preparation Committee (PPC) since the Kiev Ministerial Conference in 2003. The report details how the recommendations made by Ministers at Kiev have been implemented by the PPC under its 2004-2007 Strategy. The work of the PPC during this period has been organized under three pillars: (i) project identification, preparation and financing; (ii) coordination, matchmaking and networking; and (iii) sharing good practice and capacity-building. The report also sets out recommendations for how the PPC could continue to operate after the Belgrade Ministerial Conference.

Main findings

- (a) The PPC has made an important contribution to the identification, preparation and financing of environmental investment projects in EECCA and SEE. Since 1993, a total of [39] projects have been subject to the PPC mechanism, and [15] of these, at a total project cost of [€443 million], have been Board-approved by an international financial institution (IFI). These projects have benefited from financial support equivalent to [€60 million] in IFI loans and [€127 million] in donor grants. A further [24] PPC-supported projects have entered IFI pipelines since Kiev, at a total potential investment value of [€637 million].
- (b) The PPC has continued to shift the focus of its operations away from the accession countries of Central Europe towards EECCA and the non-accession countries of SEE. The PPC has been particularly active in projects in the areas of water supply and sanitation, energy efficiency, renewable energy and emissions trading, and nature conservation and biodiversity. In addition to direct support for environmental investment projects, the PPC has also worked with donors to set up project preparation facilities that have been used to support the development of a large number of IFI projects in the areas of municipal environmental infrastructure, energy efficiency and biodiversity.
- (c) The PPC has diversified its range of activities since Kiev, branching out beyond the traditional PPC Officer to play a more active role in helping to build local capacity for environmental project preparation through its programme of Project Financing Workshops.

- (d) The PPC has also successfully coordinated with the growing number of related environmental initiatives in the region, including the Danube and Black Sea Task Force (DABLAS), the EU Water Initiative, and the Northern Dimension Environmental Partnership (NDEP).

Recommendations

97. The report also sets out recommendations on how the PPC could operate after Belgrade, which were based on the findings of the PPC review carried out in 2006. There will be a continued need for support for environmental project preparation, especially in the lower income countries of EECCA and SEE. The development of local capacity will be a critical challenge. The PPC could help meet these needs by facilitating technical assistance to help prepare environmental investment projects and build local capacity for project preparation.

S. Trends in Environmental Finance in Eastern Europe, Caucasus and Central Asia

By the OECD EAP Task Force

Objective and scope

98. The report provides an overview of environmental finance in EECCA. It presents data on domestic expenditure and international commitments for environmental protection in EECCA countries between 2000 and 2005, and analyses trends in this period.

Main findings

99. Overall levels of environmental protection expenditure have slightly increased in EECCA countries, however, this masks sharp differences between richer and poorer countries. In the bigger economies (Kazakhstan, Russian Federation, Ukraine) and in Belarus, environmental expenditure has increased to levels which compare with some Central and Eastern European countries, whereas in the smaller economies, environmental expenditure is very low in absolute and in relative terms. Water protection accounts for the overwhelming share of environmental expenditure in the large majority of EECCA countries (36–67% of the total amount); air attracts a significant share mainly in industrialized economies and in Uzbekistan; while overall waste attracts relatively little attention, except in Georgia, Kazakhstan, Kyrgyzstan and Ukraine.

100. Environmental assistance to EECCA has witnessed a structural change since 2001. Bilateral assistance amounted to nearly US\$ 1 billion over the period 2001–2005; with the amount in 2005 lower than in 2001. In contrast, IFI financing for environmental projects has doubled over the period, reaching a total of \$1.8 billion. The share of environmental assistance in total bilateral assistance has been reduced by half during the same period, possibly reflecting a shift from project to general budget support. Assistance favours large oil-producing countries: Russia and Kazakhstan together received respectively 50 per cent and 75 per cent of bilateral and multilateral assistance since 2001. Turkmenistan and Belarus have hardly received any environmental assistance. Water supply and sanitation receive the greatest share of resources from both bilateral donors and IFIs. However, bilateral donors have allocated a significant part of their resources support to environmental policy, a domain which is not directly addressed in IFI loans.

101. Although international sources have played an important catalytic role in the financing of environmental actions in the EECCA countries, neither Overseas Development Associations nor IFIs can be a substitute for domestic environmental finance. Bilateral and multilateral environmental assistance remains marginal as a share of GDP (below 0.6% in most cases).

Recommendations

102. Monitoring environmental expenditure can support the design and the assessment of efficient environmental policies. Countries would benefit from a wider use of reliable and comparable methods. The OECD/Eurostat methodology has proven useful in a number of countries.

103. A strengthened capacity to plan, at both central and decentralized levels, an improved capacity to prepare and implement projects, and capacity to implement projects will help mobilize financial resources from both domestic and foreign sources. Improved coordination among donors and IFIs could help to avoid overlaps and competition. This would be easier if all EECCA countries explicitly identified environmental protection as a priority in national economic strategies and bilateral cooperation programmes, and if Governments designed sustainable and realistic finance strategies to achieve their environmental goals.

T. Environmental Financing Trends in South-Eastern Europe: 2001–2005

By the REC CEE with the support of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

Objective and scope

104. The objective of the report is to present trends in environmental financing in SEE between 2001 and 2005, and based on the findings propose recommendations for decision-makers in the region on improving effectiveness of environmental financing from both domestic and external financing sources. The paper presents trends in domestic environmental expenditures, international financing flows to the region, and financing mechanisms in SEE and their development potential in the future.

Main findings

- (a) SEE countries face challenges in providing the funding needed to align with the EU environmental requirements. The majority of the investment expenditures need to be derived from domestic sources. External sources can assist in closing the funding gap, but cannot and should not cover the total investment needs.
- (b) There is a need for work on further raising the profile of the environmental sector in SEE, its profile by acknowledging that investing in the environment can yield positive results for the economy and in employment, and that improved environmental conditions are a prerequisite for sustainable economic growth.
- (c) SEE countries have started the introduction of environmental financing mechanisms to create financing systems for environmental improvements. There are a range of emerging financing mechanisms with a good potential to contribute to improvements in environmental situation which could be made operational in the SEE in the upcoming years.

Recommendations

- (a) SEE countries, e.g. Ministries of Environment, could further raise the level of and enhance access to environmental finance by diversifying sources of environmental finance; creating favourable conditions for loans and the involvement of the private sector; and utilizing the potential of innovative financing mechanisms;

- (b) Ministries of Environment could promote the inclusion of environmental priorities into investment programmes and medium and long-term financial strategies at the central and local levels. They could raise the profile of environment by better communication and interaction with the Ministries of Finance, other relevant Ministries and local governments, and by demonstrating that investing in environment can yield economic growth and employment;
- (c) Ministries of Environment could develop a comprehensive national system of environmental financing with a broad range of instruments tailored to specific sectors, with the ultimate goal to create self-sustaining sources of funding;
- (d) Ministries of Environment could use non-financial instruments to stimulate environmental investment by the private sector and to motivate business to environmentally-friendly behaviour;
- (e) Governments of SEE countries could further develop statistical systems to monitor and track environmental expenditures.

U. Payments for Ecosystem Services in Integrated Water Resources Management

By the Meeting of the Parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes

Objective and scope

105. The main objective of the UNECE Recommendations is to provide guidance on the establishment and use of payments for ecosystem services (PES) to implement integrated water resources management (IWRM) through the promotion of the protection, restoration and sustainable use of water-related ecosystems at all levels, from local to transboundary. The UNECE Recommendations are non-legally binding and are intended to provide guidance to the public and private sectors, as well as to NGOs involved in the prevention, control and reduction of impacts on the environment, including human health and safety, taking into account biodiversity conservation and restoration of water-related ecosystems.

Main findings

106. The Recommendations on PES in IWRM are an innovative policy instrument under the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes. They consist of a set of strategic, rather than technical, recommendations for the various steps involved in the establishment and operation of various schemes for PES, and of a set of other annexes, which are of a technical nature.

107. The Recommendations provide step-by-step guidance for the design and implementation of PES, from how to determine whether ecosystems can provide the necessary services to solve existing water management issues to how to value such services in order to make informed decisions and optimal choices, as well as how to balance the requirements of economic efficiency with broader societal and equity objectives, and the main principles to follow in establishing a PES scheme.

108. The Recommendations show that PES schemes have the capacity to mobilize financial resources through a direct provider-user relationship which can be developed under public schemes, private (self-organized) schemes and trading schemes. Therefore, through the promotion of economic partnership, PES are valuable financing mechanisms for implementing

national sustainable development strategies and Poverty Reduction Strategies, and for achieving the MDGs.

Recommendations

109. The Recommendations stress that the process of establishing a PES scheme should involve a wide range of stakeholders in order to balance all interests. It is therefore crucial that decision-making should involve public participation. This requires that the public be informed about environmental matters, including the protection, restoration and sustainable use of water-related ecosystems. A negotiated agreement among stakeholders is a key to the scheme's implementation.

110. Also, research and pilot studies to estimate the economic values of water-related ecosystem services should be promoted to improve the quality of political decisions. Research should reveal the change in economic benefits caused by a change in the ecosystem service, for instance with respect to flood protection services from forest ecosystems and the influence of other ecosystems in the water basin.

V. Integrating Environment in Key Economic Sectors in Europe and Central Asia

By the World Bank

Objective and scope

111. Achieving sustainable economic development requires going beyond project-based environmental assessment and mitigation, to integrating environmental considerations into economic development policies and programs. There are factors which can facilitate this process but can also involve trade-offs which need to be understood and addressed.

Main findings

112. Issues and experience of environmental mainstreaming in the ECA region are explored for five key economic sectors – energy, extractive industries, transport, agriculture and forest management – and for cross-sectoral policy-based lending (based on a review of the World Bank project portfolio, and illustrated by examples).

113. In the energy sector, there has been considerable interest and success in increasing investment in energy efficiency; however, policy measures such as raising energy tariffs can have negative as well as positive impacts. Despite widespread interest, renewable energy development has tended to stay at pilot/demonstration scale because it remains economically uncompetitive compared to fossil fuels.

114. In the extractive industries sector, restructuring has meant closure or privatization of many state-owned enterprises. There has been strong public pressure for, and success in, addressing environmental and social impacts of mine closures. Dealing with past environmental liabilities and future environmental performance in the context of mine privatizations has been more challenging, partly due to pressure for rapid privatization.

115. In the transport sector, main challenges include managing the impacts of the rapid growth in private motor vehicles (traffic management, emissions reductions, etc.) and enhancing public transport systems in urban areas. Investments in transport systems should be in the context of integrated area development.

116. In the agriculture sector, land privatization has created both benefits and challenges (e.g. fragmentation), and the same is true for irrigation (e.g. soil salinization). EU policies have served as a strong driving force for environmental mainstreaming, particularly among EU member and accession countries. Sectoral strategies now usually focus more broadly on rural development, including both on-farm and off-farm economic activities. Tourism is a favoured off-farm option, but will often require more investment and time to develop than proponents anticipate.

117. In the forest management sector, well-established principles of sustainable forest management are often not followed for various economic and political reasons. Illegal logging remains a major challenge for Governments. Forest agencies need support to make the transition from primary producers to regulators and providers of technical support services. Two market-based instruments – carbon finance and sustainable forest certification – are beginning to have an influence on forest sector policies and practices.

118. Mainstreaming environment in Development Policy Lending has been challenging, both in terms of identifying appropriate policy-level indicators and targets and because environmental sustainability becomes just one of many objectives and is not necessarily given highest priority.

Recommendations

119. The report notes that environmental mainstreaming is widely recognized as important but does not happen automatically, and results have been mixed. Successful examples show the importance of cross-sectoral collaboration, support at both central government and local levels, and flexibility to adjust to changing circumstance and unpredictable timeframes. Other factors for success include the existence of local or international markets for environmental goods and services, and the ability to identify specific barriers which can be overcome through an initial infusion of capital and/or technical assistance.

W. Delivering Energy Efficiency for Competitive Energy Markets and a Cleaner Environment

By the Energy Charter Secretariat

Objective and scope

120. The report aims to present progress and efforts made by countries participating in the “Environment for Europe” process for improving energy efficiency, in line with the provisions of the 2003 Kiev Ministerial Declaration.

Main findings

121. The report is developed in the context of a growing political attention to energy efficiency, triggered by concerns related to energy security of supply, environmental impacts and high oil prices. The report presents areas in which progress in improving energy efficiency has been important, such as the development of an adequate general policy framework, the promotion of energy efficiency in buildings, the development of the market for energy efficient appliances, and the stimulation of cogeneration on the supply side of the energy chain.

122. The report also identifies areas of challenge, including the transport sector, the financing of energy efficiency, and the use of flexible mechanisms under the Kyoto Protocol in this respect, as well as the problematic of better coordinating energy efficiency and renewable policies. The report discusses how further action in these areas could contribute to the broader policy objectives related to addressing climate change and energy security of supply.

123. International cooperation and the role that various institutions play in promoting energy efficiency at the international, national and local levels is also discussed in the report, with the aim to identify and promote synergic action.

Recommendations

124. The report concludes by identifying main areas for action in the area of energy efficiency for countries participating in the “Environment for Europe” process. Implementing energy efficiency policies is complex and requires a good delivery mechanism together with the necessary human and financial resources and an improved coordination between energy, industry and environmental policy makers. Present action and long-term commitment to raise awareness, to promote favourable and stable legal frameworks for energy efficiency and to secure the necessary capacity-building are essential to achieve and to preserve results.

X. Financing Energy Efficiency for Climate Change Mitigation in Selected Transition Economies

By the UNECE

Objective and scope

125. This paper examines financial mechanisms for Energy Efficiency (EE) in transition economies from the example of five countries: Belarus, Bulgaria, Kazakhstan, Russian Federation and Ukraine. Transition economies countries have a strong potential for EE improvement, but lack incentives on the consumer level and practical financial opportunities. By encouraging appropriate EE financing, governmental, inter-governmental and private partners can contribute significantly to the promotion of EE in these countries.

Main findings

Barriers to be addressed:

126. Transition economies countries that have inherited post-communist centralized and non-profit energy systems, which isolate them from the correcting mechanisms of efficient markets. Price policy and subsidies artificially lower the prices of energy to end consumers, and metering devices often do not exist to measure consumption at the end-user level. In this context, appropriate financing schemes can greatly help EE promotion.

Current financial practices and their advantages:

- (a) **Public involvement and financing:** EE became a priority for transition economies, even though their institutional, legal and financing systems are insufficient to promote EE measures. Available public funds remain limited, but public involvement and financing play a key role in providing the necessary credibility to other investors due to the large degree of public ownership in the energy sector.
- (b) **Grants:** Many bilateral and multilateral partners provide grants for financing energy efficiency under different programmes. The most important international organizations involved are UNDP, UNEP, Global Environment Facility (GEP) and the EU.
- (c) **Lending and minority equity financing:** National banking systems are developing rapidly, though certainly remain less active than those of the Western countries. They often specialize in short-term credits and perceive EE as a high-risk

investment sector. International financial institutions such as the European Bank for Reconstruction and Development and the World Bank play an important role in providing capital in this context.

- (d) **ESCO:** The Energy Saving Company (ESCO) can simultaneously fulfil the functions of project identification, planning, implementation and financing. The investment is carried out by the ESCO and is financed from the cost savings achieved. In transition economies countries, ESCOs are at a very early stage of development. ESCOs best respond to situations where there is a need not only for financial resources, but also for expertise and services.
- (e) **Leasing:** The use of leasing is growing rapidly in transition economies. About 80 major leasing are companies already operating in the Russian Federation. However, in some countries such as Ukraine, leasing procedures remain unwieldy and complicated. Leasing schemes offer the advantage of implementing investments without the need to raise capital up-front.
- (f) **Tax and customs tariffs incentives:** Actively used in Belarus, a country with strong EE priorities, these incentives are still being elaborated in most countries.
- (g) **Revolving fund (RF):** This loan scheme aims at self-sustainability after the initial capitalization. The objective is to invest in profitable projects with a short payback time, be repaid, and use the same funds to finance new projects. While cost-effective, this scheme requires energy metering system for precise calculation of the savings to be repaid. An RF can be an appropriate scheme for a city administration used for financing EE projects in municipal buildings (e.g. schools, hospitals).

Y. Sustainable Consumption and Production in South-Eastern Europe and Eastern Europe, Caucasus, and Central Asia

By UNEP and the European Environment Agency

Objective and scope

127. In order to map out SCP activities in the SEE and EECCA regions, and to support the implementation of the SCP activities in the countries, this report sets out to:

- (a) Provide an overall picture of the current state of consumption and production patterns in EECCA and SEE, focusing on the key thematic issues from an SCP perspective, including selected economic sectors with high environmental impacts;
- (b) Identify key existing policies aimed at reducing the environmental impacts of these activities;
- (c) Discuss options for achieving more SCP patterns, including opportunities presented by behavioural and infrastructural characteristics;
- (d) Review existing economic, social and institutional barriers to the realization of these opportunities, and to provide information on on-going and completed initiatives aimed at overcoming these barriers.

Main findings

128. The impacts on the environment due to increased production and consumption are growing in the region. The report provides detailed information on status and trends and analysis of SCP initiatives in key thematic areas and economic sectors: food, building, transport, waste, public procurements, and overall SCP policy development.

129. Framework strategies or policies specifically targeting SCP have not yet been developed in the EECCA and SEE countries, although in most of the countries there are examples of addressing SCP-relevant topics, albeit in an isolated fashion.

130. The ongoing economic and social restructuring in the region offers a unique opportunity to establish more resource-efficient, safe and sustainable production patterns. Moreover, some elements of the legacy of the past can support a society with more SCP.

131. There are many promising opportunities to leapfrog and avoid many of the production and consumption-related problems. However, this will require appropriate policy development, including regulatory frameworks, economic incentives, and the integration of sectoral issues and environmental concerns.

Recommendations

- (a) Developing strategies and/or action plans at the national level which reflect the countries' priorities, with focus on the improvement of quality of life;
- (b) Sharing practical information, knowledge and experiences among the countries in SEE and EECCA, and with other countries;
- (c) Raising public awareness raising (including education), provide information (e.g. labelling) which will enable consumers to make informed choice and influence governmental policies;
- (d) Strengthening institutional capacity and institutional settings to achieve more sustainable production and consumption.

Z. Sustainable Consumption and Production in South-Eastern Europe

By Croatia with the support of UNEP

Objective and scope

132. The paper summarizes the progress made on the promotion of SCP and recommends the necessary future actions to be taken in SEE.

Main findings

133. Programmes on SCP have been developed and activities are planned or ongoing in many parts of the pan-European region. For example, the EU has already integrated SCP as one of the seven key challenges in its renewed Sustainable Development strategy, and the European Commission is now preparing a SCP action plan to be presented in 2007. Several countries are developing national strategies and action plans for SCP and supporting activities in other parts of the region. A number of programmes and projects to promote SCP – including cleaner and efficient production, energy efficiency, sustainable transport, better management and reduction of waste, education and public awareness campaigns, and sustainable procurement – are currently being undertaken in partnerships between stakeholders.

134. In SEE, the first sub-regional SCP workshop was organized by the Ministry of Environment, Physical Planning and Construction of the Republic of Croatia in collaboration with the Centre for Cleaner Production in Croatia, the UNEP and the Central European Initiatives. The workshop sought to be an information exchange on countries' status and recent changes related to consumption and production patterns as well as current good practices/initiatives including education, facilitating stakeholder dialogues, raising awareness, and providing a platform for further information exchanges and joint actions.

135. Although the situation varies from country to country in SEE, the countries share common challenges, such as increased road traffic, old heating systems, increased waste generation, and old stores of pesticides. Urbanization – including transport systems, and renewal of production systems and of housing – represents special challenges. The report on Sustainable Consumption and Production in SEE and EECCA countries, a Category II document for the Belgrade conference, further details these issues.

136. The inventory of SCP initiatives/projects undertaken by national and international organizations, such as RECs, will also be included.

137. Development of national strategies and actions on key issues for SCP, in particular which countries could benefit from regional and sub-regional cooperation and diffusion of good practices and partnerships, is the way forward.

Recommendations

- (a) Developing of strategies and/or action plans at the national level which reflect the priorities of the country in question (if such strategies or plans do not already exist);
- (b) Sharing practical information, knowledge and experiences between countries in SEE, the EU and other countries, including EECCA;
- (c) Linking SCP and education for sustainable development;
- (d) Capacity-building/training and demonstration projects at the national and local levels in SEE, in particular, waste elimination, more environmentally efficient production, urban transport, energy efficiency, education/public awareness raising, and labelling.
