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CREATING CONGRUENCE:
**HIGHLIGHTS AND ACHIEVEMENTS OF THE REC
ACTIVITIES IN CENTRAL AND EASTERN EUROPE
UNDER THE ENVIRONMENTAL ACTION
PROGRAMME**

submitted by

The Regional Environmental Center for Central and Eastern Europe
through the Ad Hoc Working Group of Senior Officials

BACKGROUND DOCUMENT



UNITED NATIONS
ECONOMIC COMMISSION FOR EUROPE

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This report presents key results of the Central and Eastern Europe (CEE) sub-programme of the Task Force for Implementation of the Environmental Action Programme (EAP Task Force) from 1998 to 2003, the dates which mark the convening of the ministerial conferences "Environment for Europe" in Aarhus and the Kiev, respectively.

The Regional Environmental Center for Central and Eastern Europe (REC) considers it a privilege to have served as secretariat of the CEE sub-programme. The REC brought to it the knowledge and experience accumulated over the last 10 years serving and assisting the CEE region, expertise on best practices and methodologies for multi-stakeholder dialogue and cooperation, as well as successful models developed for regional and country initiatives. Five REC programmes joined efforts to make this work a success.

The CEE sub-programme was beneficial for the further development of the REC. It created opportunities for new projects and initiatives, skills and modes of assistance.

For all countries in which REC operates, EU accession is the main driving force for achieving high environmental standards. The CEE sub-programme supported exactly this process. REC is committed to continuing its assistance to the EU candidate countries after they join the EU in 2004, because there is still much work to do after the date of official accession. Of course this will require new approaches and methods of work; REC is actively preparing for this development.

The experience and best practices which have accumulated under the CEE sub-programme could also benefit other countries of Eastern Europe, the Caucasus and Central Asia as they implement their environmental strategies.

I would like to warmly thank all country representatives, donors, international institutions and organisations, and partners who contributed to the success of the CEE sub-programme of the EAP Task Force.

Special thanks go to our colleagues and friends at the Organisation for Economic Cooperation and Development (OECD) secretariat of the EAP Task Force. It was a great pleasure working together as joint secretariats. We appreciate the open and constructive dialogue which was established and are grateful for their support and advice.

I would also like to thank the REC staff for their personal contribution to the success of the CEE sub-programme.

Toni Popovski
Executive Director of the REC

CEE Sub-Programme of the EAP Task Force

Background

At the fourth Environment for Europe conference held in Aarhus, Denmark in June 1998, participating ministers called for the Regional Environmental Center for Central and Eastern Europe (REC) to play a more active role in the Task Force for Implementation of the Environmental Action Programme (EAP Task Force). The REC and the Organisation for Economic Cooperation and Development (OECD) formed a joint secretariat which focused on assisting the Newly Independent States (NIS; now referred to as East Europe, Caucasus and Central Asia (EECCA)).

This publication presents key results of the CEE sub-programme of the EAP Task Force. Given the good progress in the EU accession process, the programme will cease to exist after the Kiev conference, although some of the projects will continue to early 2004.

Objectives

Between the Aarhus and Kiev ministerial conferences, the EAP Task Force implemented two work programmes. The first covered 1998-2000 and the second 2001-2003. Although there were some difference between the two programmes, they held in common two main objectives:

- (i) Assist the EU enlargement process and facilitate the transfer of know-how among the members of the EAP Task Force. Extend the Task Force to work in all accession countries, including Cyprus, Malta and Turkey.

The process of EU enlargement is the single most important driving force for environmental policy-making in CEE. The experiences gained the approximation process provides a significant learning opportunity for all countries, including the European Union (EU) member states. The EAP Task Force is uniquely positioned to contribute to the enlargement process through development of innovative approaches to environmental policy-making and through transfer of experience and expertise.

- (ii) Transfer experience and expertise from the more advanced CEE countries to South Eastern Europe (SEE) and NIS (now EECCA) countries.

The EU accession countries have accumulated valuable experience while addressing the environmental challenges while adapting to the *acquis communautaire*. The exchange of best practices and lessons learned helps the SEE and EECCA countries to address their environmental problems in more efficient ways.

The strategic priorities remained the same as those defined in the original EAP Task Force mandate:

- the integration of environmental considerations into the process of economic reconstruction to ensure sustainable development; and
- institutional capacity building, including an efficient legal and administrative framework, as well as management capacity, training and education.

Function

The work of the EAP Task Force is undertaken mainly through consultations, workshops, roundtables, and other meetings. Furthermore, information and analyses are widely disseminated in the form of expert reports, publications, directories, articles and other marketing material, both in printed and electronic format. The EAP Task Force members share their knowledge and promote the development of partnerships in support of the environmental policy efforts of governments, international financial institutions, international and regional environmental programmes and the independent sector.

The implementation of the CEE sub-programme was country-driven as much as possible. The Sofia Initiatives provided a successful model of cooperation in this respect. Focusing on priority issues, each Sofia Initiative is an open-ended initiative led by a chair country. Any Task Force member country can choose to participate in any initiative and at any level, either as beneficiary, donor or both.

The biggest impact of the Task Force in CEE was in developing, testing and transferring leading-edge tools for policy planning, implementation and enforcement. The composition of the Task Force, its processes and breadth of expertise provided for excellent grounds to move in this direction. The work on environmental financing, strategic environmental assessment or economic instruments are just a few of the examples of successful innovations that took place under the umbrella of the EAP Task Force.

Priority work areas

The CEE sub-programme was structured around the three themes that have guided work since the task force's establishment:

- environmental policy,
- environmental financing, and
- environmental management in enterprises.

More specifically the work in these areas covered the following:

Environmental policy tools

In CEE countries, the strategic goal of the EAP Task Force was to harmonise environmental policy among the accession countries, the countries not involved in accession and the European Union. Emphasis was placed on integrating environmental considerations into economic and sectoral policies, devising cost-effective environmental strategies and developing environmental management capacity at local and regional levels.

Environmental financing

Activities were primarily focused on strengthening the operation of environmental funds, developing cost-effective financing strategies and building project preparation capacity — particularly in the context of EU accession.

Environmental management in enterprises

The EAP Task Force facilitated the implementation of the Policy Statement on Environmental Management in Enterprises adopted by the ministers at Aarhus. Strong emphasis was placed on engaging the private sector. In this context, the Aarhus Business and Environment Initiative (ABEI) facilitated cooperation between the public and private sectors and promoted wide-scale application of management concepts, practices and technologies that increase company profits while reducing their environmental impacts

It should be noted that the specific projects in the two work programmes of the EAP Task Force have found different donor support, which had an impact on the scope of the activities. In addition, the second work programme included only some of the projects initially planned for because of developments like the endorsement of the Regional Environmental Reconstruction Programme (REReP) for SEE and the establishment of the REReP Task Force as a separate assistance process for the SEE region. The second work programme includes a few new projects in an attempt to diversify the services to the CEE countries and help them address new challenges.

The role of the Regional Environmental Center for Central and Eastern Europe in the EAP Task Force

A variety of programmes and projects have been undertaken by the REC to fulfil the objectives of the CEE sub-programme of the EAP Task Force. Programmes and projects were mainly designed around existing REC expertise, although new areas were also explored through more modest activities.

Highlights of these programmes and projects are presented in this document. The focus falls particularly on the progress that has been made, particular achievements that were attained and an indication of the way forward.

Donor support

The CEE sub-programme attracted considerable donor support amounting to nearly six million Euro. Details are available in the donor support tables and charts at the end of this publication.

Major donors are the Danish Environmental Protection Agency, the European Commission, the government of Norway, the US Environmental Protection Agency, the Japan Special Fund, the government of Flanders, Belgium and the Ministry of Environment of the Netherlands.

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Joint Conclusions of the Ministerial Consultation on Environmental Policy-making in Central and Eastern Europe June 19, 2000

Szentendre, Hungary

Introduction

The ministers of environment and high level officials from Albania, Austria, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Japan, Latvia, Lithuania, FYR Macedonia, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, United States, Yugoslavia; a representative of the European Commission; and representatives of international organisations, non-governmental organisations and the private sector met at the Regional Environmental Center in Szentendre, Hungary on June 19, 2000 for the Consultation on Environmental Policy-Making in Central and Eastern Europe. The event took place within the framework of the EAP Task Force and Environment for Europe.

Without prejudice to the outcome of the discussions currently under way within the EU on the preparation of the Sixth Environmental Action Programme of the EU, participants agreed on the following:

The Regional Environmental Center

Ten years have passed since the establishment of the Regional Environmental Center for Central and Eastern Europe (REC). We recognise the development of the REC into an independent body of international character that has been successful in supporting the CEE region through various phases of transition towards democracy and a free market. It provides a significant capacity to assist in solving environmental problems of the CEE region through cooperation among governments, NGOs and business. It also promotes free access to information and public participation in environmental decision-making. REC's services include providing grants and other support to further environmental civil society, information exchange, policy research and development, facilitation of dialogue, capacity building and networking. We thank the founders of the REC: the United States of America, European Commission and Hungary for their initiative and continued support to the centre. We also thank other donors, especially Japan, for their contributions in support of its valuable work.

In the future, we see the **REC** as an organisation facilitating the improvement of the European environment by providing input into pan-European, EU, regional (CEE, SEE), national, and sub-national environmental policies and facilitating their development and implementation. We encourage the REC to continue as an innovative model of providing a flexible set of key services to the environmental sector as a whole and environmental stakeholders in particular. REC provides a significant capacity that will speed up the process of environmental integration of the CEE countries with the EU and will also benefit the EU from within. Within the framework of the Stability Pact for South Eastern Europe, REC plays an important role in the implementation process of the Regional Environmental Reconstruction Programme for South Eastern European region. We call upon the signatories to the REC Charter to secure its long-term viability through appropriate financial support of its activities.

Sixth Environmental Action Programme

We believe that the **EU Enlargement** process actually presents an important opportunity to advance the environmental agenda on the continent through cooperation and dialogue among countries and among stakeholders across country borders. To achieve this, the current *acquis communautaire* serves as the baseline with which all candidate countries need to comply within a set time. But beyond the current *acquis*, much needs to be done to avoid the threats to environment that could increase through the enlargement process (e.g. from transport) and to fully appreciate environmental assets and exploit opportunities for sustainable development (e.g. biodiversity and landscapes, industrial and energy restructuring). We believe that future EU legislation would benefit from the involvement of candidate countries in the policy-making process.

We welcome the initiative of the European Commission to make EU Enlargement an integral part of the **Sixth Environmental Action Programme** (Sixth EAP) and to solicit input from the candidate countries in the drafting phase, as well as through the REC. As some of them may become EU members during the course of the Sixth EAP, we believe that the candidate countries should also be able to contribute input into the commenting and policy-making process about the Sixth EAP within the EU.

We believe that the **Sixth EAP** and the council integration strategies should in particular address the following objectives in relation to EU Enlargement:

- Efficient implementation of *acquis communautaire*, as well as consistent implementation of environmental policy and enforcement of environmental law.
- Creating general awareness about the benefits of EU environmental policies to citizens and the economy through a process of public participation and stakeholder involvement.
- Building up the institutional capacity for environmental policy development and implementation at national and especially local levels.
- Finding effective solutions to the problem of environmental liabilities from the past in the candidate countries, promoting recycling of existing industrial sites and solutions based on risk assessment.
- Preventing negative developments in transport and the environment in CEE, such as the decline of rail and urban public transport, by promoting consistency between proclaimed policies and actions within communities and countries.
- Protection of biological and landscape diversity, as well as social structure, through sustainable rural development,
- Using to the full extent the opportunities for reduction of greenhouse gas emissions through the promotion of renewable energy sources, energy efficiency and market-based mechanisms.
- Use of economic instruments, spatial planning and strategic environmental assessment as tools for sectoral integration, taking into account the CEE experience.

Current trends in environmental and health impacts of the transport sector require a comprehensive policy response at national and international levels. At the same time, the links between transport infrastructure and economic development and competitiveness are becoming less certain in view of communication technologies and the internet. The situation in Central and Eastern Europe offers a tremendous opportunity to preserve the still-functioning public transport services and to leapfrog to the latest technologies and development models. EU policy needs to support this either through expanding the scope of transport policies beyond trans-European networks to public transport and sustainable mobility, or through urban, structural, industrial and communication policies and, in particular, through community financial instruments. Special emphasis should also be placed on measures against noise pollution. First steps might include: a detailed strategic environmental assessment (SEA) of the transport infrastructure needs assessment (TINA) and of the national development plans in the beneficiary countries of Phare; setting internationally coherent and quantifiable environmental objectives and targets for the transport sector with reporting by the European Environmental Agency (EEA); opening a special window for urban public transport either in ISPA (Instrument for Structural Policies for Pre-accession, later Cohesion Funds) or Phare (later Structural Funds). We agree to initiate a consultation with the European Commission on these issues. We agree that the REC should facilitate the implementation of these conclusions through the existing structures.

The EU will substantially increase its natural heritage through enlargement because of the well-preserved **biological and landscape diversity** within the countries of Central and Eastern Europe. But the economic growth accompanied by EU policies such as Trans-European Networks and the Common Agricultural Policy can pose a serious threat to the natural environment in these candidate countries. In the medium and long term, sustainable development can only be achieved by fully integrating nature and biodiversity conservation into economic, financial and land use sectors by preserving nature and at the same time enabling the citizens of the candidate countries to fulfil their aspirations for economic prosperity and quality of life. In the short term, it is important to expand the Natura 2000 network to the candidate countries as soon as possible, to identify possible conflicts and synergies between the conservation of sites and other developments, to establish procedures and instruments to resolve such conflicts (e.g. SEA) and create synergies, and to raise awareness of stakeholders about the Natura 2000 networks and its meaning for their activities.

Climate change is an unprecedented challenge and a critical environmental issue facing humankind. The world has experienced severe and unusual weather consistent with many projections of the future impacts of climate change. Temperatures in the 1990s ranked amongst the highest on record and many parts of the world experienced unusually severe droughts, floods and storms. The participants in the Sixth EAP confirm their commitment to ensure that the results achieved at the Sixth Conference of the Parties of the UN Framework Climate Change Convention (COP6) at the Hague in November 2000 will ensure the integrity and credibility of the Kyoto Protocol and help promote the ratification and entry into force of the protocol as soon as possible, but not later than 2002. The EU and the candidate countries have signed the **Kyoto Protocol**, committing themselves to specific greenhouse gas emission reduction targets. In most candidate countries these emissions have actually dropped since 1990 because of economic decline and restructuring, which means that there are significant opportunities to meet and eventually exceed the Kyoto targets in the enlarged EU. Using the Kyoto mechanisms could give additional incentives while recognising that emissions reductions should be primarily achieved through domestic policies and measures. In order to achieve this, climate change considerations need to be integrated into the ongoing restructuring process of the energy sector. This can be achieved through promotion of greener energy, new technologies and energy efficiency. Other methods include market-based mechanisms such as a carbon tax, phasing out subsidies harmful to the environment and the Kyoto mechanisms. The candidate countries are committed to develop their capacity for reporting, monitoring and verification to fulfil their greenhouse gas reduction targets under the Kyoto Protocol. The EU should consider involving the candidate countries in the consultations about the European Emissions Trading Regime. In order to prepare a common negotiating position on joint implementation for the next Subsidiary Body for Implementation/Subsidiary Body for Scientific and Technological Advice

(SBI/SBSTA) meeting in view of COP6, one meeting or more, if necessary, under the coordination of REC could be held, provided that the necessary funding is supplied by interested donors.

We acknowledge the **high costs** associated with the full implementation of parts of the *acquis communautaire* relating to environmental infrastructure in the candidate countries. We also acknowledge that the costs will accumulate considerably if the implementation is delayed. At the same time, the implementation of the *acquis* will secure necessary improvement of the environment for the citizens of the candidate countries. Nevertheless, the economic burdens connected with such improvement will be substantial. In this respect, the pre-accession financial instruments of the EU, such as ISPA, are very important, as are the activities of bilateral donors and international financial institutions (IFIs). Although financial and technical assistance cannot take the burden of costs from the taxpayers and users of infrastructure in candidate countries, it has an important catalytic and facilitating role. To maximise this role, it is important to secure close cooperation and mutual trust among the various institutions involved through the development of country strategies and specific projects. In doing this, special emphasis needs to be placed on cost effectiveness and affordability to the population. To secure cost effectiveness, donor and EU funds have to be used to leverage funding from domestic sources and international financial institutions. The roles and responsibilities of the private sector, properly regulated, in investing in and operating both infrastructure and industry is recognised as a very important component of achieving the environmental objectives of the "Environment for Europe" process. When mobilising capital, whether private or public, proper guarantees for the protection of health and the environment need to be in place.

Regional Environmental Reconstruction Programme for the South Eastern Europe

The **Stability Pact for South Eastern Europe** provides an unprecedented opportunity for stability and security in the SEE region and Europe as a whole, as well as for environmental improvement and sustainable development. We consider addressing environmental problems that threaten the future well-being of the citizens of the region a matter of urgency which should be regarded as humanitarian assistance. We also hold that regional problems require regional solutions and that the Stability Pact offers the framework for the international community to assist in the reconstruction process. The comprehensive reconstruction process within the framework of the Stability Pact offers a unique opportunity to integrate environmental and human health concerns into the economic sectors and forthcoming infrastructure projects, thus implementing the concept of sustainable development.

Together with the European Commission and other donors, we congratulate the SEE Countries on their initiative to launch the Regional Environmental Reconstruction Programme. It is very timely and appropriate, and provides an important impetus to solving existing environmental problems in the region. The work done in the last year by the Regional Environmental Center, the EAP Task Force, the UNEP Balkan Task Force and Southeast European Cooperative Initiative (SECI) provides a good strategic framework for future work. The constructive approach of the countries in the region, as well as their readiness to cooperate, which has also been demonstrated at this meeting, highlights their commitment to integration into the structures of the EU.

We endorse the **focus of the Regional Environmental Reconstruction Programme** on a set of key priorities that address the short-term needs as well as long-term objectives of the region in a cost-effective manner. The priority areas of the programme as identified by the SEE countries are:

1. Institutional strengthening and policy development,
2. Civil society development,
3. Rehabilitation of environmental damage from the wars in the region,
4. Projects with a dimension of regional cooperation, including participation in existing international instruments and programmes, and
5. Support to priority national and local projects.

The **implementation of the programme** should aim at a level of environmental protection comparable with that of the EU. This will require appropriate support from the donor community to the SEE countries in an equitable manner and allocation of human and institutional resources in the SEE countries. Environmental cooperation among the SEE countries will provide important benefits to the citizens and the environment of these countries, as well as contribute to the objectives of the Stability Pact such as democratisation, economic development and increased security. It is particularly important that projects, plans and programmes for all sectors undergo environmental impact assessment (EIA) or strategic environmental assessment.

We recognise the **pledges already made by the donors** to support the programme and invite other donors to provide their support. We welcome the establishment of the **Task Force for Implementation of the Regional Environmental Reconstruction Programme** (REReP Task Force) under the Stability Pact, as the ad-hoc group which will develop, update and facilitate the implementation and coordination of the REReP. It will be co-chaired by an SEE country on a rotating basis and the European Commission, with REC serving as secretariat. The further process of the development and implementation of the REReP should be open to all countries, international organisations, institutions and NGOs which can contribute to its success. We wish the Task Force a lot of success in its first meeting in Cavtat, Croatia on July 6 and 7, 2000 and its future work. Danube River Basin Cooperation

The **Danube River** drains a basin shared by 15 countries and represents one of the most important environmental assets of Europe. The International Convention on Cooperation for the Protection and Sustainable Use of the Danube river, signed in Sofia in 1994, represents a joint commitment of the Danube countries to work jointly to improve conditions of the environmental and water quality as well as to conserve and restore ecosystems. The Baia Mare cyanide spill in January this year; and the

subsequent pollution of the Somes and Tisza Rivers in Romania, Hungary, Yugoslavia, Bulgaria and Ukraine, has further underscored the importance of cooperation for the protection of the ecosystems of the Danube and its tributaries.

Considering the initiatives of Hungary to develop the basis for an agreement on the conservation and rehabilitation of ecosystems in the Danube River basin, and building on successful initiatives such as the Lower Danube Green Corridor, which was agreed upon by Bulgaria, Moldova, Romania and Ukraine in Bucharest on June 5, 2000; we agree that ecosystem conservation and restoration in the Danube river basin needs to be strengthened. Possibilities for an appropriate instrument to achieve this objective should be explored within the framework of the Danube River Protection Convention.

We appreciate the international cooperation of the four Tisza river countries — Hungary, Romania, Slovakia and Ukraine — in strengthening the information exchange and in identification and evaluation of potential pollution sources, as well as their joint activities to prevent accidental pollution of transboundary watercourses and enhance environmental security. Yugoslavia expressed its willingness to be involved in this cooperative effort. We particularly welcome initiatives for river basin management, based on Integrated Environmental Management Programmes, in line with the relevant EU Directives.

Kiev Ministerial Conference

19. We thank the United Nations Economic Commission for Europe (UN ECE), the OECD and other organisations and countries for the work done so far leading to the preparation of the **Kiev Ministerial Conference** “Environment for Europe” in 2002. We consider that the working group of senior officials that will start its work in September this year should, inter alia:

- Welcome and support the ongoing work in the UN-ECE/World Health Organisation (WHO) on a possible legally-binding instrument (convention) on health, transport and the environment. The question of such a legally-binding instrument will be decided by the UN ECE/WHO high level meeting before the end of this year.
- Take into consideration the outcome of the meeting of (Newly Independent States (NIS) economic and environment ministers to be organised within the framework of the EAP Task Force in Kazakhstan on October 16-17, 2000.
- Welcome the ongoing work on investigating the opportunities for negotiation of a Protocol on Strategic Environmental Assessment and on guidelines for environmental compliance and enforcement.
- Take into account the outcome of the Governmental Conference “Biodiversity in Europe”, organised in Latvia in March 2000, as presented to the Fifth Conference of Parties (COP5) of the Biodiversity Convention.
- Welcome the ongoing work on investigating the needs and opportunities for negotiating a Protocol on Environmental Liability within the framework of the existing UN ECE Conventions on Industrial Accidents and Transboundary Waters and Lakes.

•
RIO + 10

20. We consider that **the progress in environmental protection made in CEE** in the last 10 years is a good and useful example of a rapid transition towards a more sustainable society, also in view of the challenges ahead. We particularly recognise the importance of institutional strengthening and public participation for the implementation of Agenda 21. We consider that the achievements of the Central and Eastern European countries as well as the progress made at the pan-European level with instruments such as the Aarhus Convention are of global importance. We will actively engage in preparing the European coalition for the World Summit on Sustainable Development in Johannesburg (RIO + 10) in 2002. Europe should make an important contribution to the Johannesburg Summit, coordinating with the Environment for Europe process.

The Sofia Initiative on Economic Instruments

Introduction

Economic instruments can trigger actions both among producers and consumers to achieve environmental objectives at the lowest costs. Conditions in CEE since 1990 created a dynamic context to implement economic instruments for environmental policy.

The Sofia Initiative on Economic Instruments (SIEI), created in 1995, seeks to support the improved integration of environmental and economic policies through the implementation of economic instruments. The EAP approach recommends criteria for identifying national priorities and policies that tackle the underlying causes rather than the symptoms of environmental problems, and urges the use of cost-effectiveness as a criterion in allocating scarce financial resources. Proper pricing and the application of economic instruments as incentive measures should therefore play important roles. On the basis of that approach, environmental strategies have been developed in countries throughout the region, with a strong focus on the extended use of economic instruments.

The activities of SIEI are based on the work program, approved by the SIEI Advisory Board. Two work programs have been approved for the periods 1997-1998 and 1999-2001. SIEI relies on the contributions of a regional network of experts and practitioners. The REC serves as the SIEI secretariat, and the Ministry of Environment of the Czech Republic chairs the SIEI.

Progress

The project has brought together various stakeholders, economic experts and environmental specialists at conferences and workshops for the exchange of information and experiences. The project has also focused on disseminating the latest available data and analyses, as well as other information on economic instruments, by publishing several reports, distributing an electronic newsletter and maintaining an SIEI website. The key achievements of SIEI's activities are described below, and are presented at <www.rec.org/siei>.

Achievements

The *Sourcebook on Economic Instruments for Environmental Policy in Central and Eastern Europe*, covering 13 countries, was published in 1999 (in full and abridged versions, the latter also published in Russian). A comprehensive survey on the use of economic instruments for environmental policy was carried out for the first time for this sourcebook. The sourcebook was expected to contribute to intensified experience exchange and further research on the application of economic instruments internationally, especially within the CEE region.

An awareness-raising report on *Improving Environment and Economy: The Potential of Economic Incentives for Environmental Improvements and Sustainable Development in Countries with Economies in Transition* was published in 1999 in English, Russian, Estonian, Romanian and Croatian. The report focused on the specific circumstances of economies in transition and demonstrates the importance of integrating modern environmental management policies into emerging economic policies now rather than in the future. The report highlighted many possibilities for achieving EU environmental standards in a cost-effective way and discussed how the environmental accession process may lead to additional economic benefits.

The several editions of the newsletter *Green Budget Reform* were distributed electronically. The newsletters promoted the exchange of information on priority issues in environmental economics and policy in CEE.

The Database of Environmental Taxes and Charges in CEE was developed and updated for 14 CEE countries. The database provided up-to-date information on energy taxes, air pollution charges, water effluent charges, product taxes/charges, user fees for water and waste services, and other charges for environmental protection.

A conference was organised in cooperation with the Environment Directorates-General (DG) on Economic Instruments and Water Policies in Central and Eastern Europe — Issues and Options, in Hungary, September 2000. The conference reviewed existing water pricing policies in CEE and in the EU; identified the key factors (technical, socio-economic and institutional) that explain existing water pricing policies; assessed the adequacy of existing water pricing policies for addressing present and future challenges faced by the water sector in CEE countries with particular emphasis on the enlargement process; and identified the key constraints, the potential for adapting water pricing policies to these objectives, and the challenges that lie ahead. The conference proceedings were published in June 2001.

Steps for improving the role and effectiveness of existing water pricing policies and for moving to better water pricing policies identified at the conference Economic Instruments and Water Policies in Central and Eastern Europe — Issues and Options, are:

- To improve transparency and availability of information on users, polluters, costs and who pays for these costs;
 - To share experiences on water pricing policies and their key success/failure factors;
 - To use existing information and methodologies, without waiting for further research and information;
 - To account for existing water pricing policies in the development of new policies, and implement these policies in a phased manner; and
 - To enhance interaction among different governmental bodies with different interests in water resources management.
- Studies on Water Pricing Policies in Croatia: Current Situation and Trends and Agricultural Water Management Policies in Bulgaria, Hungary, Romania and Slovakia were completed in 2001. The studies provided synthesised information on water pricing, and discussed the challenges faced by the countries in the water sector.
 - A report on Waste Management Policies in Central and Eastern European Countries: Current Policies and Trends was published in October 2001. The report focuses on important issues to be considered in the context of implementing EU waste directives into national waste management policies, e.g. financial strategies for a self-financing waste sector, waste management priorities and strategies, waste tariffs and recycling policies.

The report on Waste Management Policies in Central and Eastern European Countries: Current Policies and Trends concluded that CEE countries seeking EU-compatible waste management strategies should:

- introduce the polluter pays principle, and define clearly its enforcement strategy;
 - reverse the ratio between landfilling and energy reuse of waste in power and heat generation;
 - support composting and recycling; and
 - enhance the incentive function of economic instruments that are essential for full harmonisation with EU waste management policies (e.g. tax reform).
- A report on Environmental Taxes in an Enlarged Europe — An Analysis and Database of Environmental Taxes and Charges in Central and Eastern Europe was published in October 2001.

This report analysed economic instruments for environmental policy in 10 EU candidate countries plus five countries of SEE. Country coverage was extended also to Albania and Romania. The report extended the data available on economic instruments in the region, and presented this data in a manner that allows for comparison with Western Europe as well as provided a more detailed analysis of the role of economic instruments in the EU accession process.

Four distinct roles for economic instruments in implementing the *acquis communautaire* have been identified. Economic instruments:

- 1) directly implement EU directives,
- 2) raise revenues to finance (and leverage) priority investments,
- 3) raise revenues for public services (cost-recovery charges),
- 4) provide incentives that reduce total investment needs.

- A workshop was organised by the Environment DG with support from the REC, on Which Role for Economics in Implementing the Water Framework Directive in November 2001, in Hungary.
- A conference on incentives to reduce generation and increase reuse, recycling and composting of municipal waste application of economic instruments and other incentive schemes in CEE countries will take place in Prague, Czech Republic, on May 11-13, 2003. The conference is a follow up to the report on Waste Management Policies in Central and Eastern European Countries: Current Policies and Trends prepared in 2001.

The conference Incentives to Reduce Generation and Increase Reuse, Recycling and Composting of Municipal Waste will cover:

- the reduction of municipal waste generation and disposal at landfills as an unsatisfactory trend (in both CEE accession countries and some member states);
- the need for increased rates of reuse and recycling of packaging and packaging waste and reduction of biodegradable municipal waste sent to landfills (together with the long-term objective of meeting targets as stipulated in the relevant EU directives);
- existing economic instruments (and other incentive schemes) applied in accession countries to reduce municipal waste generation and increase their reuse, recycling and composting rates;
- ways of financing which could help to meet these objectives; and
- good practices (the application of economic and other types of incentive schemes) in EU member states and CEE accession countries which aim at reduction of municipal waste generation and increase of reuse, recycling and composting of municipal waste.

The Way Forward

Perhaps the most important roles that economic instruments could play are through the proper pricing and cost recovery in water, wastewater, and waste sectors and by providing incentives to reduce the need for costly solutions later. Cost-recovery charges will be important to help finance the necessary upgrading of public infrastructure as well as to cover the services' operational and maintenance costs. Economic instruments can also be adjusted and improved in order to provide more effective incentives, which will allow for the attainment of some directives at the lowest cost. The potential to improve the use of economic instruments as cost-recovery and incentive tools to achieve EU compliance in a cost-effective way has been identified as a primary, untapped opportunity for the region. Although progress has been made with the use of economic instruments, some work remains to be done to reap the full benefits of cost-effective environmental strategies and the use of the polluter pays principle.

Environmental policy-makers perceive earmarking as an important means to secure funding for environmental protection. Carefully administered, earmarked pollution charges may still implement the polluter pays principle. By holding polluters as a group responsible, earmarking of environmental charges can function as a mechanism for recycling revenues from polluters to the polluters responsible for activities requiring remedial action. The combined charges/subsidies system can thus retain efficiency as an economic instrument. Additionally, public negotiations should be a part of the charges system. The proper information policies and clear pricing signals are crucial in this system.

The existing waste disposal structure cannot solve the problems characterised by the enormous generation of production waste. The structure of national economies must be transformed to become less energy and material demanding. It is inevitably necessary to invest in best available techniques, to attract foreign investors and to develop less polluting economic activities. The Integrated Pollution Prevention and Control (IPPC) regulation should be used in combination with disposal charges.

In order to improve national waste management practices, the waste strategies should be integrated into the policies of other sectors. The strategies have a clear definition of its main terms in legislation together with defining responsibilities for each key player, and clear objectives together with proposed, clearly defined solutions on how to reach these objectives. The solutions should be backed by proper political support and financial resources. The implementation of the strategy should be controlled, monitored and adjusted with a focus on enforcement.

There is agreement on the need to reconsider subsidies and cross-subsidies (mainly from industry to households) related to water services. Subsidies should be better targeted and made more transparent to consumers and taxpayers. There is also a great concern for social issues in the context of foreseen future increases in water prices. Clearly, affordability and capacity to pay will be key issues in future water pricing policies.

Further efforts should be put into better measuring water uses and pollution, and understanding the impact of price changes on water demand. There is clear agreement that metering is a key to building the information database necessary for taking policy and management decisions effectively. Finally, pricing policies will need to be integrated into the development of river basin management plans, which constitutes a key challenge for the implementation of the Water Framework Directive. Such policies need to be adapted to changes in economic, hydrological and social conditions.

The Sofia Initiative on Environmental Impact Assessment (EIA)

Introduction

By undertaking this project as part of the activities of the EAP Task Force, REC has come to the forefront of the strategic environmental assessment (SEA) of proposed plans, programmes and policies in the CEE region. The purpose of SEA is to encourage environmentally sound and sustainable development by providing information to strategic decision-makers. The project's aims are to analyse and document the environmental effects of proposed strategic actions; identify alternatives and measures to mitigate significant adverse effects; and ensure that the relevant findings are considered and integrated in the decision-making process.

Since 1999, SEA systems have been established by an increasing number of countries. Current driving forces are the European Directive on SEA and the forthcoming SEA Protocol to the United Nations Economic Commission for Europe (UNECE) Espoo Convention. It is projected that these frameworks will significantly increase the number of countries that make provisions for SEA over the next decade.

The Sofia EIA Initiative, led by Croatia, facilitated regional exchanges of experience with SEA among CEE countries. As a result of this project, principles of effective SEA application in CEE were identified, tested in practice and widely reported throughout the CEE region. These principles advocate full integration of SEA and public participation into planning, programming and policy-making cycles. Seen from this perspective, SEA becomes a tool of integrated planning for sustainable development.

Progress

The project started in 1999 and is still ongoing. As a first step, priorities were defined for the development of national SEA systems in CEE countries. A regional programme has also been undertaken to support the inclusion of SEA in planning for the future use of EU Structural Funds in EU accession countries. Pilot SEA projects for these programming documents were carried out in the Czech Republic (National Development Plan and Sectoral Operational Programme for Tourism), Poland (National Development Plan), Estonia (SEA of National Development Plan document), Hungary (Regional Operational Programme) and Slovenia (National Development Plan). Additional assistance was provided to the Czech Republic in several pilot SEA projects and in development of guidelines for SEA application in regional development planning.

Achievements

- A CEE regional workshop on Priorities for Development of National SEA Systems in CEE took place in April 2001 in Hungary. A review of the state of the application of SEA in the CEE region was prepared as a background document for the workshop
- Two major workshops were organised to support negotiations on the SEA Protocol to the UNECE Espoo Convention. The first workshops on Public Participation and Health Assessment in SEA (Hungary, November 2000) were held in cooperation with UNECE, the World Health Organisation (WHO)/Euro and Ministries of Environment of Norway, the Czech Republic and Italy. The second workshop entitled Key Elements of SEA: Priorities in CEE Countries (Poland, October 2001) was organised in cooperation with UNECE.
- During a regional workshop on the SEA of National Development Plans in CEE (Slovakia, May 1999) basic principles for SEA of National Development Plans in CEE were defined.
- The United Nations Development Programme (UNDP)/REC regional workshop on the SEA of Regional Development Plans in CEE (Slovenia, December 2001) provided recommendations for future pilot SEA projects for regional development plans in CEE countries and NIS.

- The REC and the Czech Academy of Science jointly carried out the first SEA of the Czech National Development Plan (Ministry of Regional Development of the Czech Republic, 1999-2000).

"SEA was a very useful experience in elaboration of the Czech National Development Plan. Its benefits went beyond its original purpose of ensuring full consideration of sustainable development during the planning process. SEA helped us improve the openness of the entire programming process and established a "bridge" between the planning team and the public. This turned out to be very positive feature that we later very much appreciated."

Mr. Tomas Nejdl, Ministry of Regional Development, Czech Republic

"SEA helped us improve the quality of the Hungarian Regional Operational Program. Proponents of this program often did not take into account natural resources, which form the basis of any economic activity. The SEA team identified the main relevant environmental issues and helped us consider this information throughout the entire planning process. SEA also facilitated our cooperation with the Ministry of Environment, other sectoral ministries and regional authorities during environmental optimising of the programme."

Ms. Agnes Somfai, Prime Minister's Office, Hungary

- The REC participated in the SEA of the Strategy for Regional Development of the Czech Republic (Ministry of Regional Development of the Czech Republic, 1999-2000).
- The REC designed SEA methodology for the first Regional Operational Programme for the South-West of the Czech Republic (Ministry of Regional Development of the Czech Republic, 1999-2000).
- The REC led a national expert group to design the official Methodology of the Czech Ministry of Environment for the SEA of Regional Development Strategies,
- The REC participated in the SEA of National Development Plan of Poland (Ministry of Economy of Poland, 2001-2002).
- The REC supported SEA of National Development Plan of Estonia (Ministry of Finance of Estonia, 2001-2002). This project included three in-country workshops to review lessons learned with this pilot SEA application in Estonia.
- The REC carried out SEA for the Operational Programmes for Tourism (Ministry of Regional Development of the Czech Republic, 2000-2002).
- The REC supported SEA of Regional Operational Programme (Agency for Regional Development, Hungary, 2001-2002). This project also included three in-country workshops to review lessons learned with this pilot SEA application in Hungary.
- The SEA Training Module for South East Europe was developed.

The manual is a result of the experience collected within the Sofia Initiative on Environmental Assessment. It consists of a series of overheads that may be used as a framework for the development of country specific SEA guidance materials, training courses and demonstration projects. The training module complements and supports already ongoing East-East cooperation among the experts in CEE in the area of SEA.

Way forward

The elementary legal framework for SEA has existed in CEE since the 1980s, especially within the context of sectoral and spatial planning. This has provided a solid foundation for implementation of SEA systems in CEE. However, there are certain key issues that should be respected in the development of effective national SEA systems in CEE countries.

THE SOFIA INITIATIVE ON ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

There is a consensus among CEE practitioners that the main purpose of SEA should be to inform and assist decision-makers and not to produce a separate study, as is often thought to be the case. SEA therefore needs to be undertaken in parallel with the planning process to provide input into all stages of strategic planning.

In order to achieve effective SEA integration into planning, SEA may use tools which differ from those used in traditional EIAs of projects.

For instance, an objective-led appraisal can be applied in the early stages of planning and programming. Such appraisal facilitates early clarification of key environmental objectives for the plan or programme and evaluation of possible strategic alternatives against these objectives. Objective-led appraisal creates early links between the SEA and planning and thus becomes a key component of effective SEA systems.

Assessment tools used in the EIAs of projects become suitable once the draft plan or program alternatives have been clearly defined. In this stage of planning, a rigorous qualitative or quantitative assessment can be performed for the main environmental and health effects.

The common practice of organising public participation through formal hearings at the end of the SEA process proved to be generally ineffective. Good SEA practices in the CEE region indicate that more interactive participation techniques – such as workshops, conferences and roundtables – could be organised to provide for effective stakeholder input from the beginning of the SEA and planning process.

SEA remains an evolving instrument for sustainable development. Much remains to be done within the context of EU accession, as well as in the reconstruction of South Eastern European countries. There should be further integration of SEA into planning, programming and policy-making aimed at achieving integrated planning. SEA demonstration projects should be implemented in countries that are just beginning to develop SEA systems (for example in South Eastern Europe) and wide-scale implementation should start in EU accession countries.

The principles and guidelines developed in CEE have clearly shown the potential for the application of SEA in other parts of the world. Close cooperation is being established with possible partner organisations in South Africa, Russia, Japan and other countries. Close networking and the exchange of experience should be actively supported.

Integration of Environmental Considerations into Transport Policies

Introduction

CEE and EECCA countries have in common many problems and priorities related to transport, the environment and health. In addition, the past decade has raised new opportunities and challenges to develop transport that would be sustainable where environmental and health issues are concerned. This project aims to integrate environmental considerations into transport policies in CEE. In this respect, some of the priorities and needs that were identified during a high officials meeting in March 2001, held in Szentendre, Hungary, included:

- Clear environmental and health goals and targets for transport should be established.
- Integrated transport, environmental and health strategies (plans, programmes and policies), incorporating social and economic concerns, should be formulated through partnerships between transport, health and environmental authorities and other stakeholders.
- Strategic environmental assessment (SEA) of transport, regional development and land-use plans, programmes and policies should be carried out at all levels, paying attention to health impacts and effectively involving environmental and health authorities.
- Health impacts should receive further attention in national environmental impact assessment systems.
- Comprehensive and adequate economic instruments for sustainable transport should be developed on a pan-European scale.
- Policy measures for user-friendly public transport at the local level should be supported as a matter of priority at the international and national levels. Healthy alternatives to road infrastructure development need to be promoted, with special attention to a dedicated infrastructure for cycling and access to public transport for handicapped persons.
- International standards and indicators for the monitoring and evaluation of overall cumulative impacts of transport plans, policies and programmes on the environment and health should be developed.
- Awareness should be raised about the environmental and health impacts of transport and land-use planning, and best practices and developments in sustainable transport should be promoted.
- Institutional development and capacity-building are needed to address these priorities.

The meeting marks the beginning of a network of transport, environment and health professionals that should be extended across Europe. The aim has been to provide regular networking and capacity-building opportunities, and to stimulate dialogue among the countries, bilateral and multilateral donors and financial institutions on increasing investment in transport sustainable for the environment and health.

Fundraising and staff problems have very much delayed the work on the agreed priorities. Funding has been secured for activities supporting public transport in the EU candidate countries. Two meetings will be held by the end of 2003 focusing on major problems of public transport, such as financing.

Progress

The project included a review of developments to date in the sustainable transport field. Priority problems and needs in CEE countries and selected EECCA countries were identified. The CEE/EECCA countries had the opportunity to exchange best practices. The conclusions and recommendations of the Szentendre meeting were taken into consideration in the preparatory process for the second high-level meeting on Transport, Environment and Health held in July 2002 in Geneva.

Three studies of public transport in Warsaw, Tallinn and Sofia were undertaken in 2002 to prepare for the first meeting of the public transport companies from the capitals of the EU accession countries.

Preparations are underway for a meeting of public transport companies and municipalities from the capitals of EU accession countries in September 2003.

Achievements

- Regional scoping of the SEA of Transport Policies in CEE has taken place (with scoping documents prepared for Poland, Slovakia, the Czech Republic and Hungary, as well as a regional overview of key policy issues). A final report and a set of recommendations were presented at the ministerial consultation, held in Szentendre, Hungary in June 2000.
- A meeting of high officials on Transport Sustainable for Environment and Health took place in March 2001 in Szentendre. The meeting established a network of sustainable transport professionals to facilitate the networking and capacity-building of practitioners in CEE/EECCA countries with a special emphasis on local and regional authorities. The network was also aimed at facilitating the dialogue between CEE/EECCA countries and bilateral and multilateral donors and financial institutions on increasing the investment in transport systems that would be environmentally sustainable and take due consideration of health impacts.
- Pilot case studies were completed in Sofia, Tallinn and Warsaw. The studies have shown that public transport share many similar problems. However, they have shed light on the tremendous effort of the municipalities to ensure the best possible quality of public transport services for the population and to solve the problems with their own means.

Way forward

Examples of best practices and specific practical steps to ensure transport development that is environmentally sustainable have been prepared, demonstrating significant potential for the region. The CEE and EECCA countries have substantial experience with transport issues. For example, territorial planning provides a basis for integrated transport planning, and may be relevant on a pan-European level. Public transport and rail facilities are more extensively used in these countries than in other parts of Europe. A joint and concerted effort should be made to preserve the positive aspects and experiences with integrated transport planning in CEE and EECCA countries.

Without significant and visible changes in current policies for public transport management, the negative trends in public transport development will continue. These trends threaten to marginalise public transport to the extent that it will become unaffordable, in some cases particularly having an impact on low income population groups.

Analyses of the practical experience of public transport companies in the CEE region have clearly shown that issues around public transport should get particular attention from national governments. These should not only be seen as the concern of municipalities and local authorities, which have limited capacity to support and maintain public transport structures.

Public transport should receive more financial resources from national funds and sources. It cannot be self-sustainable, as was already proven in practice by western partners and stressed by the European Commission. In order to address the major public transport problems in the region, ways have to be found to secure the necessary investments for the renewal of tram and bus fleets, upgrading existing tramlines and constructing new tram services in peripheral zones, as well as other investments aimed at solving technical problems of public transport structures. Urgent traffic management measures are needed, such as integrated planning for public transport and privately owned vehicle traffic, and improvements to the quality and level of service provision. Although mobility management is increasing in the region, additional steps can be taken to discourage private vehicles from entering cities through the introduction of paid parking (zoning), entrance fees and the development of park-and-ride systems. Public transport integration should not only encompass bus, tram, metro and trolley services, but also suburban railway services that should receive more financial support from national governments.

The Sofia Biodiversity Initiative

Introduction

The Sofia Biodiversity Initiative (SBI) is a cooperative arrangement among the countries of CEE to achieve better progress in nature conservation through cooperation on common priority problems.

One of the aims the SBI is to establish a platform for informal discussions among EU accession and EU member states on the integration of biodiversity conservation into rural policy development. Opportunities are created for the exchange of information about developments on the ground and for improving the capacity of accession country governments for rural policy integration. The objective is to involve accession countries in the EU policy debate, particularly around agricultural issues and rural development.

Because the interrelationship among rural development, agriculture and nature conservation is very important in the CEE region, the SBI established a clear link with the Special Accession Programme for Agriculture and Rural Development (SAPARD).

Progress

The development of the so called Lucerne sites since 1995 was reviewed and analysed at a workshop in November 1999 in Croatia. These are sites included in the Environmental Action Programme for CEE adopted at the Lucerne "Environment for Europe" conference in 1993 as showcases for conservation planning in rural areas. The workshop was jointly organised with the World Conservation Union (IUCN) European Regional Office. The Lucerne site managers exchanged practical experience on integrating biodiversity considerations into the management policies of the sites. A network of site managers was established and priorities for joint future activities were identified.

The SBI had difficulties finding donor support during the period 1999-2001. In parallel to fundraising, efforts were made to use international events where most of the CEE countries were present for holding short, informal meetings to exchange information on the activities in each country and the needs for support within the SBI. These meetings made it possible, despite tight resources, to keep active the SBI network of experts and to discuss possible activities within SBI, national and international initiatives and projects.

A regional conference on Nature Conservation, Rural Development and Agriculture in CEE took place in February 2003 in Bled, Slovenia. Discussions focused on the potential for high quality and healthy food, biodiversity and landscape protection values, the problems and the future development of the rural areas in the EU accession countries. The discussions were based on a study of the first generation of National Programmes for the SAPARD (the pre-accession instrument preceding the measures under the EU Common Agricultural Policy (CAP)).

According to funding allocations in current national SAPARD portfolios, it seems that the main priority of the programme is to increase the competitiveness of the large farms and the processing industry. The bulk of funds is oriented toward agricultural production, processing and investments in large farms and infrastructure in order to prepare large farmers for competition in the expanded EU, to help the accession countries adapt to new legislation and position them to benefit from the CAP in its current set-up. Sustainable rural development, the environment and nature conservation are secondary objectives in most countries.

If such programming allocations continue into the future, especially as the CAP is implemented in the new EU member states, major opportunities to preserve the social, environmental and economic advantages of the countryside will be lost. Furthermore, problems such as social disparities, pollution and loss of biodiversity will be aggravated, requiring expensive remedies later on. New EU member states may also lose opportunities to gain important experiences which they can bring to the upcoming round of discussions on CAP reform.

The conference adopted recommendations for future work.

Achievements

- A workshop on the lessons learned from the sites identified as showcases for conservation planning in rural areas in 1993 in Lucerne was held in November 1999 in Croatia.
- At an SBI consultation meeting in February 2002 in Budapest, EU accession countries agreed that there is an urgent need to exchange information on rural development programmes that will serve as examples of good practice for integration of biodiversity concerns.
- A methodology and concept paper for collecting good practices for integration of nature conservation into EU rural policy was prepared and disseminated to the EU accession countries. Experts from these countries prepared case studies for good practices in the integration of nature conservation initiatives and decisions into EU rural policy. A regional report was prepared based on the national case studies.
- A regional conference on Nature Conservation, Rural Development and Agriculture in CEE took place in February 2003 in Bled, Slovenia. Officials from the ministries of environment, ministries of agriculture, managing authorities of SAPARD, other national authorities and organisations from the EU accession countries, representatives of the European Commission, the World Wildlife Fund (WWF) and other international organisations took part in the event.

Way forward

The interrelationship between agriculture, rural development and the protection of biodiversity is an ongoing concern that should continue to receive attention. The Bled conference proposed a number of measures to address the existing problems.

Certain protected areas have to be developed in such a way that traditional agricultural ecosystems with high biodiversity are preserved in cooperation with the owners of such land. This would not only ensure employment opportunities, but would also assist in the sustainable development of these areas.

Sensitivity should be shown towards the socio-economic impact of EU accession in rural areas. A transition will be required from agricultural production to service-oriented activities with significant implications for employment. This would require the creation and identification of innovative business opportunities if the depopulation of these areas and decreased biodiversity are to be avoided. Public participation will be crucial to such a process.

Capacity should be extended and further developed at the local level to plan and implement measures related to rural development and biodiversity protection.

The crossroads where environmental concerns and the need for economic growth meet is clear in the case of rural development and the protection of biodiversity. Clear guidance on sustainable development will be important, especially after the EU accession countries are fully integrated into the EU. Ongoing work should be focused on capacity-building, particularly at the local level (small farmers), the improvement of communication, appropriate dissemination of information and the sharing of experiences. The challenges of post-accession will be particularly pronounced in the rural areas of the accession countries, and special attention will have to be paid to ensure that biodiversity protection does not become neglected terrain.

Assistance in the Development and Implementation of Integrated National Pollutant Registers

Introduction

The development of integrated national pollutant release and transfer registers (PRTRs) has many benefits for the public, governments and businesses. It is a powerful tool for providing the public with access to information, while encouraging governments to improve environmental performance, track trends and demonstrate progress in the reduction and monitoring of emissions.

In the past 10 years, a considerable amount of international experience has accumulated on PRTRs, mainly resulting from the work of the US Toxics Release Inventory (TRI) — the first system to integrate and make publicly available emission and transfer registers — and from the United Nations Conference on Environment and Development (UNCED)/Agenda 21 process, where chemical safety and the issue of the community's "right to know" were given substantial attention.

Following the recommendations of chapter 19 of Agenda 21, the Organisation for Economic Cooperation and Development (OECD) has developed a Council Recommendation on Implementing Pollutant Release and Transfer Registers, in which it called for establishing and making publicly available national pollutant release and transfer registers. It also developed the Guidance Manual for Governments on Pollutant Release and Transfer Registers. While the emphasis remained on public accessibility to emissions data, the benefits to environmental management also reached the forefront. Several pilot projects and training sessions were conducted in CEE countries and outside Europe by OECD, the United Nations Institute for Training and Research (UNITAR) and the United Nations Environment Programme (UNEP) Chemicals.

The registers developed in CEE differ in most cases from country to country. One of the most serious deficiencies of the existing systems is that they have been designed solely for the purpose of assisting particular agencies. The information produced as a result of running such registers is too sporadic and incompatible for efficient use by the general public. The lack of a single integrated system allowing access to information on emissions from concrete facilities, in all environmental media, and on the most significant substances creates a serious obstacle not only for public access to information, but also for the effective use of such information by the public, government, and businesses.

Among the accession countries, several started discussions on developing a national integrated pollutants and transfer registers in the 1990s. In Slovakia and the Czech Republic, pilot activities and capacity-building efforts took place to develop such a register. Hungary also started a dialogue on PRTR development. However, the process in Hungary and Slovakia has slowed in recent years. The Czech Republic has drafted a law based on the elements of existing reporting systems which would, at the same time, also accommodate the requirements of the Integrated Pollution Prevention and Control (IPPC) Directive and the European Union's European Pollutant and Emission Register (EPER). Recently, Poland and Bulgaria have shown interest in the possibility of developing a PRTR.

Although the dynamics of PRTR developments have slowed down in the accession countries due to the intensive process of EU harmonisation, the PRTR Protocol under the Aarhus Convention has bridged gaps among earlier PRTR initiatives and EU initiatives. In addition, it has also contributed to the development of national PRTRs in an international context. The Aarhus Convention process on PRTR has also provided an excellent opportunity for the accession countries to discuss the establishment of integrated pollutant release and transfers registers at the national level in a harmonised and coordinated manner. At the same time, it has also been an opportunity to contribute to a region-wide approach during negotiations.

The REC has been actively involved in different activities related to PRTRs since 1996. REC experts in public participation assisted with negotiating the Aarhus Convention, participated in the Task Force on PRTR under the convention and were involved in the working group of the Intergovernmental United Nations Economic Commission for Europe (UNECE) which drafted the PRTR Protocol under the convention.

As part of the work programme of the EAP Task Force, the project Assistance in the Development and Implementation of Integrated National Pollutant Registers was launched at the end of 2001.

The project Assistance in the Development and Implementation of Integrated National Pollutant Registers has the following objectives:

- promotion of the development and implementation of integrated national PRTRs in Bulgaria, the Czech Republic, Hungary, Poland, and Slovakia;
- assistance in the development of national PRTR systems compatible with the IPPC Directive and with the upgraded EPER system, as envisaged in the Sixth Environmental Action Programme (EAP) of the European Union; and
- facilitation of the transfer of experiences and expertise between accession countries and EU member states, as well as other countries that have already established best practices for such systems.

Synergies have been built with other PRTR projects such as the project Aarhus Instrument on PRTRs: A Community Right to Know Tool and the project Aarhus Protocol on PRTR: Towards the Kiev Conference, funded by the Dutch Ministry of Housing, Spatial Planning and the Environment. These projects have included awareness-raising activities, informing stakeholders about the draft protocol, collecting feedback on its content and creating dialogue with stakeholders on the possible implementation of the legal instrument after its finalisation.

Progress

Interested countries and experts from accession, and other CEE, countries have been identified, and a network of governmental and NGO experts was established. A regional workshop was held, and pilot countries have been selected after conclusion of the initial consultation process.

Although it was planned that the project activities would be finished in June 2003, the activities will need to be prolonged until the end of 2003. Because the PRTR Protocol was finished only in January 2003, the activities were slower than expected in the pilot countries pending the results of the Protocol. Also, the pilot activities are expected to gain speed in Hungary and Slovakia from the late spring of 2003.

Achievements

- The informal network of governmental and NGO experts has been established, including experts from different ministries and agencies responsible for PRTR issues and interested NGOs from 15 accession and other CEE countries as well as Turkey. The network aims at facilitating exchange of information and experience regarding the development of national PRTRs.
- Needs, priority problems and interested potential partners were identified for all countries during various workshops.
- Pilot projects are running in the Czech Republic, Poland and Bulgaria until the end of 2003 to promote the establishment of PRTR systems compatible with EU requirements and the PRTR Protocol under the Aarhus Convention. The pilot projects are implemented according to agreed country-specific work plans.

The activities of pilot projects in the Czech Republic, Poland and Bulgaria include:

- identification of gaps in terms of the legal, institutional framework and practices; steps, measures and possible strategies to address the gaps properly and to set up PRTR system;
 - identification of the needs and concerns of stakeholders regarding the development of the PRTR;
 - facilitation of stakeholder involvement in the discussions on the process of setting up and implementing PRTRs;
 - transferring experience from countries with advanced PRTRs;
 - clarification of issues and proposing practical solutions on handling confidential information;
 - capacity building of authorities and stakeholders on relevant PRTR issues and awareness-raising and promotion of the implementation of PRTR.
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- A regional workshop was organised in March 2003 evaluating needs and priority problems regarding development of PRTR systems, solutions and recommendations for strategies to implement them in accession and other CEE countries. Workshop participants included experts from government, NGOs and international organisations such as OECD, UNECE and UNITAR.
 - A report on the results of a detailed survey on the situation in Bulgaria and the Czech Republic was published in CD format in the spring of 2003 by the REC. It contained summary conclusions about the needs, problems and possible solutions and strategies for developing and implementing PRTRs in harmony with EU requirements and the requirements of Aarhus PRTR Protocol.

Way forward

Although the PRTR Protocol has now integrated and accommodated the requirements of the EU's EPER system, each accession country has the opportunity to follow the path of establishing a system based on EPER requirements and gradually building up a more comprehensive PRTR system. The common direction of implementation of the PRTR Protocol can provide good guidance for the establishment of the minimum requirements of a fully integrated PRTR for the accession countries and will also help spread experience and expertise from those countries which have more mature PRTR systems. Significant international experience on PRTR has accumulated in the past decade among the international organisations OECD, Inter-Organisation Programme for the Sound Management of Chemicals (IOMC), UNITAR, and UNEP Chemicals. Their experiences can and should be utilised when looking at how the protocol could be implemented in practice.

Once the EU approximation process is finalised and the implementation of the new legislation begins, the current flaws and gaps in terms of national needs and priorities are bound to surface and trigger further revisions and modifications. It would however be efficient to accommodate such needs and priorities already in the first steps of legislative development. The implementation of the PRTR Protocol at this stage might facilitate the revision process and help to accommodate both national priorities not yet reflected in the chemical safety legislation and the need for one-stop access to information.

In all of the countries, several different data collection and processing methods are used under national and international law. However due to the lack of coordination and gaps in information flow, the information collected for different purposes is not integrated and not made easily accessible. A clear analysis of existing legal obligations, institutional needs and ongoing practical arrangements is needed at the national level in each of the countries in order to implement such obligations in the most efficient way possible. The implementation of the protocol can provide an excellent framework for such analysis.

The main challenge in setting up national PRTRs at the moment seems to be related to the coordination of information flow and the sharing of responsibilities among the various national (and sometimes local) agencies and institutions involved. Streamlining this process and designating a single responsible authority would not only improve access to information but would also relieve industry of some of the burdens of reporting.

In light of some countries' problems with confidentiality of information, it is essential that institutional arrangements involve environmental rather than statistical bodies. It is also important that this process considers coordination of information and data on diffuse sources and that unified methodologies are developed at the national level. This process should be based on existing international methods adapted to national priorities and needs.

Under the reporting obligations of the protocol and other existing international norms and acts, it is crucial that information be timely. This in itself precludes heavy monitoring for the purpose of verification, at least with regard to the information reported to the register. Such verification of data should be ensured through consistent methodologies of estimations, calculations and measurements of releases and transfers, such as sector-based unified estimation methods and factors. What might prove even more crucial in the pilot stage of the PRTR system implementation are enforcement measures and powers of the authorities, and even more so the emission factors for industry self-reporting.

While most countries usually collect some information on estimated emissions from diffuse source, it still remains to be seen whether most of them will include such reporting in the first stage of the protocol's implementation. One of the main problems with the collection of information on diffuse sources is related to, as previously mentioned, unintegrated collection methods and uncoordinated processing by numerous agencies. Another problem is related to the methodological integration of existing data into databases designed primarily for holding information on an individual facility.

One of the main issues raised often in discussions on access to information on emissions is the protection of facilities' commercial interests. Decision-makers need clear criteria and guidelines on verifying confidentiality claims.

Where emissions information is reported only or primarily to statistical bodies, the rules on confidentiality of information from individual facilities prevents any public access to information on emissions. If any such access is to be ensured in the future, designating environmental authorities as the recipients of such reporting would be required, as well as clear making clear that the primary purpose for collecting such information chemical safety and the public's right to know.

Public access to information on releases and transfers is fundamental feature of the PRTR system. Although the databases in most countries are accessible, they are still often not kept in electronic form. The PRTR system set-up needs to be designed to be searchable by separate parameters, (facility, pollutant, location, medium, geographic information, etc.) and to be accessible free of charge through the internet. There is also need to provide paper copies of reports upon request and summaries of annual reports.

Most countries demonstrate examples of public participation or stakeholder involvement in developing environmental policies, plans, programmes, and legislation. However, only a few examples exist of such public participation (as NGOs) in discussions about establishing PRTR systems in any form of working or expert group. PRTRs may require some specific expertise, and it is not easy to identify which NGOs or stakeholders should participate. Stakeholder involvement brings important benefits if the public participation process is designed and integrated throughout the discussions and decision-making on the development of PRTRs.

The REReP Start-up Process

Introduction

Both society and the environment in South Eastern Europe (SEE) suffered greatly during the past decade of war and instability. SEE countries could not continue the process of reforms towards a market economy that had already started. They were isolated from international environmental cooperation and assistance. Following the military conflicts, lost confidence, as well as the lack of cooperation and dialogue between the countries, became the major obstacles for the post-war reconstruction process.

Although the implementation of the Regional Reconstruction Programme (REReP) for South Eastern Europe is independent of the activities that form part of the EAP Task Force, the REReP inception and start-up were initially endorsed and supported by the task force.

Support for the idea of the Regional Environmental Reconstruction Programme first emerged at an informal meeting of EU environmental ministers in Helsinki, Finland, in July 1999. The meeting gave the first political push that launched the idea into the international arena.

The REReP was built on the strong political will of the Stability Pact for South Eastern Europe to integrate the environmental concerns into the SEE reconstruction process from the very beginning. The SEE countries' strong commitment to the idea made it possible for the programme to address the national and regional environmental priorities and challenges in an efficient manner.

The members of the REReP Task Force are the ministers of environment of the SEE countries. Representatives of donor countries, international organisations, financial institutions and NGOs have observer status. The task force is co-chaired by an SEE country chosen annually on a rotating basis with the European Commission. The task force meets twice a year to discuss major developments at the national and regional level, and the overall progress in REReP implementation, including NGOs' activities. The task force takes decisions on the further implementation of REReP, and if necessary, finds solutions to problems as they emerge.

The REC plays the role of secretariat for the REReP Task Force. The secretariat coordinates programme implementation and makes sure that the projects under implementation match the countries' priorities and needs. It also provides information about bilateral and multilateral assistance in the region in order to avoid duplication of efforts as well as to ensure synergies among the projects. REC monitors project implementation and presents monitoring results in each REReP Task Force meeting and enforces implementation of the REReP Task Force decisions. As secretariat it also facilitates communication among REReP stakeholders and provides information on the progress achieved and developments within the programme, in part by maintaining the REReP web site, including an electronic database, and organising task force meetings in cooperation with the host countries.

Progress

The concept of the REReP was developed by the REC and discussed at the EAP Task Force in October 1999 in Szentendre, Hungary. The EAP Task Force endorsed the proposal by the REC to develop an environmental reconstruction programme for the Balkan countries. This programme, strongly supported by the European Commission, was presented as a contribution to Working Table II of the Stability Pact for South Eastern Europe.

While developing the concept of the programme, the REC invested its 10 years of experience in addressing the environmental problems in Central and Eastern Europe. The REC also performed intensive consultations with SEE governments in order to assess national needs and priorities, to discuss joint principles for cooperation and to explain the needs and benefits of a regional approach

towards reconstructing the environment. The consultations saw the SEE countries express initial political support for the REReP and made possible the early involvement of the countries in the design of the programme as well as the reflection of their views and needs in it.

Understanding the importance of environmental reconstruction in the SEE region, the government of FYR Macedonia discussed the REReP concept at its session in November 1999 and decided to fully support further development of the programme by taking a lead in the process and by discussing the issue with other governments in the region. This decision contributed greatly towards rapid development of the programme and its acceptance by other countries in the region.

Two preparatory meetings for REReP took place in the period January — March 2000.

The general goals of the REReP were developed into four priority areas in order to clearly indicate the direction of the programme, and to create a portfolio on which bilateral and multilateral assistance can build upon:

1. Institutional strengthening and policy development;
2. Building of an environmental civil society;
3. Emergency assistance for environmental infrastructure and remediation of war damage;
4. Support for priority national and local projects.

The SEE countries agreed on the draft concept of REReP and identified specific priority project proposals within the priority areas in an effort to encourage necessary reforms and to make sure that the reconstruction of the region was environmentally sustainable. The SEE countries also agreed on the concept of "lead country" for each priority project.

In February 2000 the development of REReP was presented to the Working Table II meeting of the Stability Pact in Skopje, FYR Macedonia by the government of FYR Macedonia. The Working Table II welcomed the joint statement and endorsed the REReP as a basis for further work. The Working Table II invited donor countries and interested parties to participate in the programme and finance its implementation. The Working Table II endorsed the establishment of an ad-hoc group on environmental issues within the framework of Working Table II of the Stability Pact.

The ministers of environment from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia and Romania — observed by representatives of donor countries, international organisations, institutions and non-governmental organisations (NGOs) — met in Skopje March 15-16, 2000 to discuss and agree upon the REReP in the framework of the Stability Pact for South Eastern Europe.

In their joint statement, the ministers endorsed the REReP and agreed on the List of Immediate Project Priorities for the Implementation of REReP or so called "Quick Start" projects. The ministers also approved the Terms of Reference of the Task Force for Implementation of the REReP and asked the REC to serve as secretariat.

The REReP and the priority projects for its implementation were presented at the Stability Pact Donor Conference on March 28, 2000 in Brussels, Belgium. In general, the political commitment of the SEE countries to REReP, their active involvement in the development of the programme as an efficient and transparent assistance mechanism, their sincere wish to achieve results in the short term, and good coordination of the programme's implementation were among the main factors contributing to generating donor commitment to the REReP.

The first meeting of the REReP Task Force took place July 6-7, 2000 in Cavtat, Croatia.

Achievements

- Establishment of the REReP;
- Approval of the Terms of Reference of the Task Force for Implementation of the REReP; and
- Agreement on priority project proposals for the implementation of REReP based on the priority areas of REReP identified by the SEE countries. The priority projects were proposed and agreed to by the countries in line with their needs and priorities. Thus, a crucial element of the successful REReP implementation is country "ownership" of the programme. The REReP remained a strongly country-driven programme throughout its implementation. In addition, in order to ensure the acceptance and ownership of the programme, the REC developed the concept of "lead countries," which provides political support and leadership during project implementation. The lead country oversees the project activities and makes sure that the project is implemented in an efficient way in line with its objectives. The main purpose of this concept is to give the SEE countries opportunities to exercise international leadership, to actively contribute to regional cooperation, and in this way to develop institutional capacity and experience.

Way forward

REReP has been established as a programme that will evolve. Therefore, priority projects were planned, from the very beginning, to respond to the changing needs of countries. The current projects assessed needs and problems, and identified priorities for immediate action. Therefore, they prepared the ground not only for work on specific current projects, but also for future activities.

Nearly all projects implemented so far have identified priorities for follow-up activities. In most of the cases the priorities are based on detailed needs assessments, case studies, and discussions with the countries. The priorities also reflect the wish expressed by countries to use the REReP framework to address their environmental challenges. The experience in EU candidate countries shows that such processes require years before sustainability and irreversibility are achieved.

A comparison between current assistance, the environmental challenges in SEE and the obligations under the Stabilisation and Association process clearly shows that progress to date in REReP implementation is only the first step in a long process of achieving the environmental sustainability of the SEE region.

More information on REReP can be found in the REC's publications *The Regional Environmental Reconstruction Programme for South Eastern Europe — a Model for a Successful Assistance Mechanism*, and *REReP Highlights* published in spring 2003.

The Sofia Initiative on Local Air Quality

Introduction

The Sofia Initiative on Local Air Quality (SILAQ) focuses particularly on the promotion of unleaded gasoline throughout the CEE region, as well as on the significant reduction of sulphur and particulate emissions in highly polluted urban areas. The initiative relies on the sharing of experiences among countries in the region, in cooperation with western partners. It aims to:

- exchange information on local air pollution control strategies and their implementation;
- harmonise policies, standards and regulations among participating countries (with reference to international practice and EU accession requirements); and
- develop and implement national and municipal strategies for cost-effective reduction of airborne lead, particulates and sulphur, as well as for public participation and information dissemination.

The following countries are participating in SILAQ: Bulgaria (chair), Hungary, Poland, Romania, Slovakia, Slovenia, the Czech Republic, Croatia, and FYR Macedonia.

Progress

The activities under SILAQ have mainly focused on the following:

- data collection;
- exchange of experience and best practices among the participating countries through regional workshops;
- preparation and publication of synthesis papers on the current status of air pollution, policies and measures for its reduction and results achieved;
- development of a database on available technology options and alternatives; and
- preparation of country analyses, development of possible scenarios, specific projects, legislative, economic and investment measures.

In addition, steps have been made to transfer the experience of advanced CEE countries to the SEE region.

Local air quality management

Air pollution has been characterised by specific pollutants. Portable sampling equipment, donated by the United States Environmental Protection Agency to the REC, has been used to measure azote oxides, sulphur oxides, carbon oxide, particulate matter (PM) 2.5 and 10 (known for their adverse impacts on the health of humans, flora and fauna) and total suspended particulates (TSP). The equipment measures the content of polyaromatic hydrocarbons, sulphates, nitrates, and chlorates in the particulates. These data complement the information available from the national monitoring systems. The equipment was upgraded during the project implementation to reach its present capacity.

Measurements have been taken so far in Bulgaria, Romania and Croatia. The equipment will be made available in 2003 for Hungary and Slovenia.

The studies that have been completed aimed to assist authorities in identifying the pollution in urban areas and high-risk zones, and in making decisions about the necessity for continuous monitoring and special measures in order to fulfil EU air quality requirements.

Phasing out leaded gasoline

The project has ensured a forum for exchange of expertise and experience in the development and implementation of national programmes and specific measures for phasing out leaded gasoline. Slovakia, Hungary, the Czech Republic, Poland and Slovenia completely stopped the production and sale of leaded gasoline. Bulgaria is aiming at a total ban by the end of 2003. Croatia and Romania developed their leaded gasoline phase-out programmes based on a step by step approach to reach a total ban in 2006 and 2007, respectively.

A study has been completed on the needs of SEE countries in phasing out leaded petrol. The objective was to take stock of the activities to date, establish contacts with the relevant authorities and encourage the countries to participate in current initiatives to phase out leaded petrol.

Achievements

- A meeting of the SILAQ working group was held in Szentendre, Hungary in February 1999 to identify priorities and plan activities.

Local air quality management

- A regional workshop on the use of economic incentives for the reduction of emissions and the improvement of ambient air quality on national and local levels was held in October 1999 in Warsaw, Poland. Participants came from Bulgaria, Croatia, the Czech Republic, Hungary, FYR Macedonia, Poland and Romania.
- A synthesis status report on air quality management in the SILAQ countries was published and distributed in 2000.
- A regional workshop and training programme on High Density Aerial PM Sampling for Air Quality Characterisation were held in Sofia, Bulgaria in April 2000. During the workshop, the process of planning studies, and the use and maintenance of equipment were demonstrated. Experts from the environmental authorities of Bulgaria, Croatia, FYR Macedonia and Romania participated.
- Measurements of particulate matter pollution were conducted by local environmental ministry experts in the atmosphere of three highly polluted regions of Bulgaria and two cities in Romania. The results of the studies were presented in country reports. Training on the use of equipment took place in each country before the studies commenced.
- A regional workshop on the assessment of PM pollution and health impacts in countries from the region was organised in Sofia, Bulgaria in December 2001. Participants came from Bulgaria, Croatia, Hungary, FYR Macedonia, Romania and Slovenia.
- A regional workshop on the assessment of PM pollution in Croatia and use of up-graded sampling equipment for carbon oxide and azote oxides sampling was held in Zagreb in December 2002. The plans for studies in Slovenia and Hungary were presented and discussed. Bulgaria, Croatia, Hungary, FYR Macedonia, Romania and Slovenia took part in the meeting.

Phasing out of leaded gasoline

- A regional workshop took place on the development and implementation of national programmes to phase out lead in gasoline in Bucharest, Romania in October 2000, with participants from Bulgaria, FYR Macedonia, Poland, Romania and Slovakia. The experiences and problems with the use of unleaded gasoline were analysed, and measures were agreed upon for future work. The SILAQ countries follow different strategies and approaches to achieve a total ban of leaded gasoline. Therefore the exchange of ideas and information is much needed.

- A workshop on problems in countries from the SEE region, including airborne lead pollution, health impact assessment, technical aspects of the production and use of unleaded gasoline, was held in Sofia, Bulgaria in June 2001. Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, FYR Macedonia, Romania, Russia and Yugoslavia were represented. The issues of fuel quality control and the phasing out of lead in gasoline have not been priority environmental measures in Albania, Bosnia and Herzegovina, FYR Macedonia or Yugoslavia. These countries need assistance to develop policies and strategies to phase out leaded gasoline.

Way forward

Local air quality management

As indicated earlier, measurements with portable sampling equipment will take place in Hungary and Slovenia in 2003.

Countries in South Eastern Europe in particular should be assisted in prioritising air quality, and in developing policies and strategies to address those pollutants that threaten both the environment and people's quality of life. The transfer of best practices and lessons learned will support this process.

The use of economic incentives for the reduction of emissions and the improvement of ambient air quality on national and local levels remains an important issue in CEE countries. Best practices and lessons learned by other countries could play an important part in developing appropriate measures for the region.

Capacity-building and training initiatives make a significant contribution not only to provide authorities with the necessary skills and expertise to implement policies, but also to assist the public in accepting responsibility for their own environment and to enable them to make informed choices.

Information campaigns directed to influence public opinion on the advantages of the activities in question.

Phasing out leaded gasoline

Technological improvements in refineries related to the production and consumption of lead-free petrol are a good precondition for the improvement in the quality and environmental adequacy of motor fuels in line with the requirements of Directive 98/70/EC on the quality of petrol and diesel fuels and the respective amendment – Directive 93/12/EEC.

The SILAQ cooperation model and the established network of experts and institutions within the Initiative is a good example of a joint effort for improving fuel quality. The harmonisation of national legislation with that of the EU may be considered practically complete. Future challenges lie in the practical implementation of the legal acts and regulations. Against this background, possible future SILAQ activities may address the following issues:

- Problems in the implementation of the new legislative requirements (Directive 98/70/EC; 93/12/EEC; 2000/71/EC; 98/70/EC and others in national and trans-border perspectives);
- Studies and expert analyses of the best applicable technologies and practices related to the implementation of environmentally cleaner motor fuels;
- Analyses of the costs and benefits, and economic mechanisms for ensuring the investment process and access to the best available practices.
- Support for distributing information on progress made and available opportunities for the use of new alternative motor fuels.

Local Environmental Action Plans (LEAPs)

Introduction

The Local Environmental Action Plan (LEAP) is a participatory process for the local community. LEAP provides a forum for bringing together a diverse group of individuals, sometimes referred to as a "stakeholder group." These individuals work together over a 12-24 month period — in partnership with the local or regional government — to agree on common priorities and actions for addressing environmental problems in their community.

LEAP is a long jump (of a community), consisting of short movements in the same direction. *Robert Spendl, LEAP Practitioner, Slovenia*

Since the EAP was endorsed by the Environment for Europe conference held in Lucerne in 1993, national governments from many CEE countries have delegated a variety of environmental management responsibilities to local governments. In most CEE countries, it meant that local governments were given the task to manage water supply, sewerage systems, heating, waste collection and disposal, green areas and land-use planning.

LEAPs have been instrumental in helping local authorities to fulfil these new obligations. The REC, through its LEAP project, has played an important role in building the capacity of local governments in this field throughout the region. This initiative has also supported the harmonisation with EU environmental requirements, since LEAPs are increasingly used as tools in this process. The project also falls within the focus of the Aarhus Convention, providing an important opportunity where the public's right to environmental information can be fulfilled.

Progress

The LEAP project has been implemented in CEE by the REC since July 1997.

Its main goal has been to promote the development of LEAPs in CEE countries and to disseminate LEAP methodology widely. In addition, the project's aim was to bring LEAP issues to the political agendas of relevant ministries and to continue building up local capacity through a set of training courses and development of local training materials. Its main activities focus on:

- networking;
- development of information material;
- training; and
- demonstration projects.

The REC's LEAP activities have been mainly supported by the United States Environmental Protection Agency (USEPA) in cooperation with the United States Agency for International Development (USAID), as well as other donors, such as the Open Society Institute (Soros Foundation), the Dutch Embassies in the South Eastern Europe and national funding institutions. Contributions for the implementation of demonstration projects and training courses have also been provided by regional and local authorities.

Achievements

Networking

- Four meetings of the LEAP Practitioners Network were held in Szentendre, Hungary in February 2000, March 2001 and April 2002; and in Malmo, Sweden in June 2001).

The LEAP Practitioners Network was established early in the project. The network consists of experts with previous experience in developing LEAPs. They meet annually and discuss methodological issues as well as priority issues related to the implementation of LEAPs in CEE. Its main goals have been to promote the dissemination of LEAP methodology and to provide support to training and demonstration projects in CEE.

Development of regional material

- *The Guide to Implementing LEAPs in CEE* (2000) was published in cooperation with the Institute for Sustainable Communities (2,000 copies).
- The *LEAP Guide* was translated into Romanian (1,000 copies).
- *The 2001 LEAP Calendar* was developed and published (1,000 copies).
- *The LEAP Kit* was developed in 2000 consisting of two publications and a CD: *LEAP Trainer's Handbook* (Institute for Sustainable Communities, US) and *Developing Environmental Assessments and Comparing Risks* (Green Mountains Institute, US). The initial print run produced 500 copies. The kit is also available at <www.rec.org/REC/Programs/LocalInitiatives/LEAP/>.
- A LEAP webpage was developed and includes LEAP country overviews, methodological material, demonstration project descriptions and LEAP contacts (www.rec.org/REC/Programs/LocalInitiatives/LEAP/).

Development of country-specific material

- *Albania*: LEAP guidelines were developed in Albanian in 2000 and the LEAP Kit is under development and to be completed in 2003.
- *Bulgaria*: *The LEAP Training Materials for Bulgarian Municipalities* was developed by a team managed by the REC and was adopted by the Bulgarian Ministry of Environment and Waters in November 1999. *LEAP Guidelines for Bulgarian Municipalities* was developed, published and disseminated (1,000 copies) in cooperation with the Ministry of Environment and Waters (2000).
- *Latvia*: The *LEAP Guide for Latvian Municipalities* was published and disseminated in 1998 (700 copies). The methodological *Guidelines on Health and Environment Action Planning for Municipalities* was developed and published in 2002 (500 copies). Guidelines for public participation to reduce environment-related health problems were developed and published in 2001 (1,000 copies).
- *Yugoslavia*: The *LEAP Guide* was translated into Serbian (500 copies) and widely distributed. A *Collection of Yugoslav LEAP Case-studies* was developed, published and disseminated (500 copies)

Training

- *Albania:* An introductory LEAP workshop was organised for local authorities, central government and NGO representatives (1998). *Bosnia and Herzegovina:* LEAP workshops were presented to local authorities, NGOs, and representatives of international organisations in Konjic (1999) and Tuzla (2000).
- *Bulgaria:* 32 environmental inspectors were trained during two LEAP training sessions in 2000; 270 municipal environmental experts were trained during 15 LEAP training sessions from 2000–2001; and 50 NGO representatives were trained during two sessions in 2002.
- *Kosovo:* An introductory LEAP training session was organised for 25 municipal experts in 2001.
- *Latvia:* LEAP seminars were organised for 80 rural municipalities in 1998-2002. Seminars focusing on water issues were organised for 40 municipalities in Jekabpils and Preili districts in 2001.
- *Romania:* LEAP training was presented to 30 municipal and regional environmental experts and NGOs in 2000.
- *Yugoslavia:* An introductory LEAP workshop was held for municipalities and NGOs in Subotica in 1999, and five LEAP training sessions were organised for various stakeholders from municipalities located in Vojvodina, Central Serbia and Montenegro.

Demonstration projects

- *Albania:* The REC and the Dutch Development Organisation (SNV) developed two pilot Strategic Environmental Analyses for Fier and Peshkopi districts.
- *Bulgaria:* Two LEAP demonstration projects were implemented in Bulgaria (Pazardjik and Belogradchik) and adopted by municipal councils in 2000-2001.
- *Latvia:* The Gaujena (a rural municipality) Environmental Action Programme was developed in 1999. The Jekabpils Regional Environmental Action Programme (REAP) was developed in 2001. A pre-feasibility study of the water supply and sewerage systems of seven small rural municipalities was prepared as part of the implementation stage of the Jekabpils REAP (Ziemelsuseja River Basin) in 2001. A Health and Environment Action Programme (LEHAP) was completed for Preili District in 2002.
- *Macedonia:* Four LEAP projects were developed with the Institute for Sustainable Communities (municipalities of Centre Skopje, Veles, Gevgelija and Zrnovci) in 1999.
- *Romania:* Two regional EAPs were developed for the Ramnicu Valcea and Hunedoara counties in 2001-2002.

Way forward

The support of national ministries of environment is crucial for the widespread dissemination and application of the LEAP methodology. The initial support for the LEAP country-specific programme may be provided at the international level. However, at its more advance stage, it should be implemented by local experts.

The organisation of the LEAP process around stakeholder groups requires significant time and should take country-specific communication patterns and traditions into account. Communities have to be made aware of all the advantages and drawbacks before embarking on a LEAP process, which is a demanding exercise. The LEAP process should be 'owned' by a community and cannot be imposed by external forces without strong local commitment.

LEAPs should share some common characteristics (e.g. extensive public participation, priority-setting), but could take on a variety of forms depending on local circumstances and needs.

Links should be improved between the LEAP process and other planning processes (e.g. development planning, health and environmental action planning) required by national legislation or as commonly used in a given country.

Increased focus should be placed on the implementation of LEAPs, which should be balanced with the focus currently placed on the preparation phase.

Supporting NGOs within and beyond CEE borders

Introduction

Following the EAP Task Force meeting in Almaty, Kazakhstan in 2000, an element of support for non-governmental organisations was added to the work done under the EAP. The REC, with the support of the Danish Environmental Agency (DANCEE), developed a programme of financial and twinning support for CEE and EECCA NGOs. This programme commenced under the pilot project entitled NGO Cooperation Within and Beyond CEE Borders. It was completed in June 2002 and a follow-up project, which drew important lessons from the pilot project and is called Supporting NGOs Within and Beyond CEE borders, was launched in early 2002 and is currently being implementation.

The activities have been designed to help environmental NGOs in CEE and EECCA develop the ability to carry out projects with an environmental impact. The pilot project NGO Co-operation Within and Beyond CEE Borders was based on three main components:

1. a nationally based granting programme for environmental NGOs focusing on national priority issues in 16 countries (EUR 500,000);
2. a regional grant programme to support international environmental projects of NGOs from CEE and EECCA (EUR 200,000); and
3. an initiative to assist the development of joint projects and facilitate partnerships between NGOs in CEE, EECCA and Denmark.

The need for funds to carry out the projects and activities was clearly shown through NGO needs analyses. The need to support cooperation among NGOs was highlighted by the NGOs themselves. Support is aimed at these two broad areas. Additionally, there was a topic-based emphasis for grant support. Grants funded nationally are targeted towards the promotion of public participation and access to information, support for biodiversity projects, and other issues of national importance. Regional grants were open to all environmental issues, with the emphasis on interregional (CEE, SEE, EECCA and Danish) cooperative efforts.

Progress

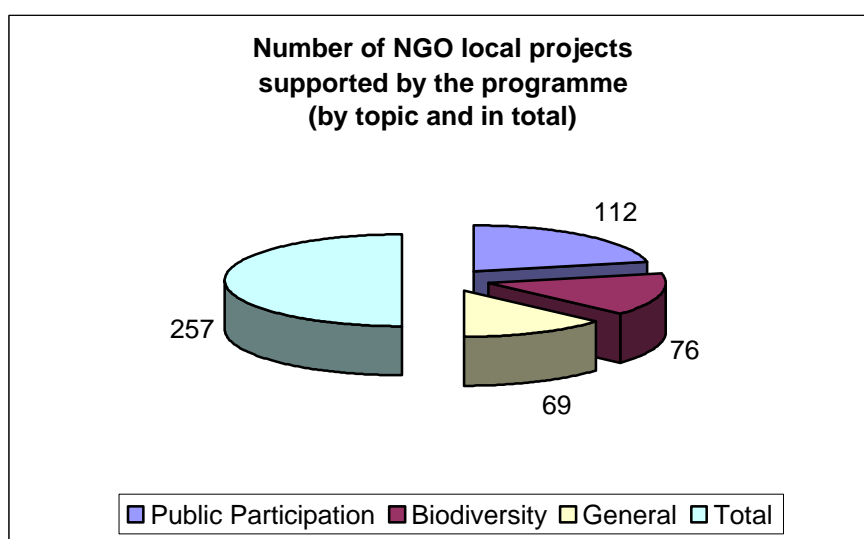
It was expected that the pilot project NGO Cooperation Within and Beyond CEE Borders would result in a substantial level of assistance to the NGO sector in the region. Many of the results are not measurable as the activities have various effects, however, the scale of the project led to the enhanced capacity of the NGOs to carry out various projects, raised their profiles on key environmental issues and developed a number of cooperative actions that would continue after the project period. The participation of almost 1,000 NGOs in a competition for funding across the region (of approximately 4,000 active ones in CEE) showed great interest from the non-governmental sector.

From the general point of view, the pilot achieved substantial impact through more than 250 NGO projects in the region of local and national importance. The services that NGOs provided and products produced with the support of the local grants reached many people in the region. Several sectors have been covered and the performance of NGOs has been strengthened on the national and local levels. Public participation, biodiversity, awareness raising, education, energy, sustainable development and other topics have been covered through the extensive participation of NGOs and the products that they have produced in the process.

The follow-up project Supporting NGOs Within and Beyond CEE borders continues with a range of activities similar to the pilot project. Again 500,000 EUR have been offered through national granting programmes, although this time focus has shifted to ‘brown’ issues such as waste and urban issues. Full details will be available by the end of 2003.

Achievements

- In component one, almost 1,000 projects were submitted and evaluated, of which more than a quarter, 257 projects, received support. The average amount awarded per project in all countries was almost 2,000 EUR. The total amount awarded was 500,000 EUR. The total number of projects supported per topic category appears below.



The total number of projects supported per country and per category appears below.

Country	Number of projects in the public participation category	Number of projects in the biodiversity category	Number of projects in the general category	Total number of projects
Albania	13	2	3	18
Bosnia and Herzegovina	7	4	2	13
Bulgaria	6	5	4	15
Croatia	7	3	3	13
The Czech Republic	15	13	15	43
Estonia	3	3	4	10
Hungary	9	3	3	15
Latvia	5	5	2	12
Lithuania	10	5	5	20
FYR Macedonia	4	3	4	11
Moldova	6	4	2	12
Poland	5	6	3	14
Romania	5	2	11	18

Country	Number of projects in the public participation category	Number of projects in the biodiversity category	Number of projects in the general category	Total number of projects
Slovakia	6	6	6	18
Slovenia	7	2	0	9
Yugoslavia	4	10	2	16
Total	112	76	69	257

- In component two, the grants awarded were the following:
 - Eight region-wide cooperative NGO projects were supported with 181,754 EUR. These projects included 20 CEE and EECCA NGOs cooperating on genetically modified organisms (a priority in the Baltic States), public participation (a priority in Poland, Ukraine, Belarus, Hungary and the Czech Republic), climate change, renewable energy (a priority in the Tatra mountains between Slovakia and Poland, as well as in the Kolpa River Valley between Slovenia and Croatia), organic agriculture (a priority in the Czech Republic and Slovakia), sustainable tourism, transportation issues, forest management, and nature conservation. Five Danish NGO partners were involved.
 - 20 start-up grants were awarded totalling 8,028 EUR. A region-wide cooperation approach on solving priority environmental problems is being promoted and applied around the CEE and EECCA region.
- In component 3, 156 cooperation request form forms from 21 countries were submitted, which were then uploaded on the project internet site in the form of a searchable database and forwarded to the Danish Outdoor Council (DOC) Partnership Service for dissemination to the Danish NGO community. As a result of the REC grants, five out of eight projects had Danish-East partnerships and the DOC awarded 44 grants under Danish and Eastern NGO partnerships.
- An additional goal of the component three was to update the *CEE NGO Directory*, which has been available online from September 2001 at www.rec.org/REC/Databases/NGODirectory/NGOFind.html and in print by December 2001. Some 2,500 copies were printed. The research concluded the following:

Country	Number of NGOs
Albania	63
Bosnia and Herzegovina	127
Bulgaria	166
Croatia	151
Czech Republic	631
Estonia	81
Hungary	505
Latvia	94
Lithuania	57
FYR Macedonia	71
Poland	393
Romania	91
Slovakia	76
Slovenia	102
Yugoslavia	160
Kosovo	12
Total	2,780

- Under the follow-up project Supporting NGOs Within and Beyond CEE borders, 215,000 EUR were awarded to six collaborative NGO projects.

Way forward

The role of NGOs at the local level remains immensely important, as state governments are often unable or unwilling to become involved at the local level.

Financial support for national NGOs' activities, which are often specific to the environmental needs of the particular country, and co-operation among NGOs, which results in environmental issues being addressed in a more effective manner, remains a crucial component of the successful implementation of projects with significant impacts both at local and regional levels.

While NGOs are still in need of strengthening through capacity-building initiatives, the exchange of experiences and expertise through east-west cooperation provides significant support in the development and enhancement of NGOs in CEE and EECCA countries.

Environmental Funds in CEE

Introduction

Over the past years, environmental funds in CEE have played a significant role in financing environmental investments. Most CEE countries have environmental funds or continue to earmark the revenues derived from environmental charges for environmental investments. In the framework of EAP Task Force activities, the operational St Petersburg Guidelines on Environmental Funds in the Transition to a Market Economy was developed in 1995. While the St Petersburg Guidelines offer an appropriate benchmark for proper project cycle management, the role of the funds is increasingly being reviewed in terms of their role in leveraging and effectively translating EU-related investments into environmental improvements.

The EU Phare Project Preparation Fund (PPF) and OECD jointly developed and implemented a technical assistance project from 1997 to 1999 to strengthen and improve the capacity of funds to adhere to the principles and criteria elaborated in the St Petersburg Guidelines.

In order to assist environmental funds further in facing the challenges related to their potential role in financing accession-related investments, the REC has taken on the role of secretariat of the Network of CEE Environmental Funds. The role also includes assisting with the need to comply with procedures of external funding agencies and with guidelines for public institution expenditures within EU law.

Progress

Upon implementing this project, a work programme for the Network of Environmental Funds in CEE was developed. A debate was started on the future of environmental funds in CEE and their potential role in the post-accession period. Different models for environmental funds were reviewed and comparisons were drawn with selected EU member states. The possible implication of EU guidelines on state aid for environmental issues was discussed, but specific technical expertise still remains a priority in accession countries.

A forum for the exchange of experiences and expertise on the development and implementation of environmental investment strategies was also established. Topics of interest included, among others, the involvement of the private sector in implementing selected EU directives, and the use of consultants in project preparation.

Policies and procedures of environmental funds in accession countries were reviewed and assessed, and the *Sourcebook on Environmental Funds* was updated.

Comprehensive information and all materials related to the project progress are available at www.rec.org/REC/Programs/REAP/REAP19.

Achievements

- The Fourth Meeting of the CEE Environmental Funds Network was held in Slovenia in October 1999.
- The Fifth Annual Meeting of Environmental Funds was held in Hungary in June 2001. The meeting discussed issues impacting the future of environmental funds in the pre- and post-accession periods, including for example, the EU General Guidelines on State Aid.
- A study tour was taken to the Czech Environment Fund in September 2001, combined with a mini-workshop on the future of environmental funds in CEE.

A study tour was also taken to Kommunalkredit Austria AG in September 2001, which focused on environmental financing issues in Austria, the EU state aid rules and their impact on national environmental schemes, EU rules on structural funds and their impact on financing procedures, the case study EU-PHARE Twinning project “Environmental Protection Fund” in Hungary, and recommendations for future environmental funds.

- The report *Environmental Funds in the Candidate Countries* was published in December 2001. Covering environmental funds in the accession countries, the report analysed and reviewed their policies. Additionally, post-accession needs for environmental financing were examined and the possible role of environmental funds was studied. The report also provided recommendations for the changes necessary to fund policies.

The report on *Environmental Funds in the Candidate Countries* provides several recommendations, whose relevance to the country’s particular situation should be assessed by a competent authority:

- Clearly specify the goals of the fund and present them in the form of a log frame;
- Train selected experts of the staff of the fund in the principle of EU regional policy and the related programming skills, including priority setting;
- Differentiate between environmental infrastructure projects and those aimed at addressing environmental hot spots;
- Develop and implement a strategy for cooperation with international financing institutions, based upon the fund’s goals;
- Develop and implement a strategy for cooperation with commercial banks;
- Support soft (non-investment) projects tailored to increase the capacity of the respective country to absorb and use EU financial assistance effectively;
- Implement quality assurance systems such as ISO 9000 in order to increase and maintain the credibility of the fund;
- Apply for an international financial rating in order to increase and maintain the credibility of the fund;
- Incorporate the principles of EU regional policy into assistance programmes of the fund.

Way forward

The success of environmental fund management may increasingly be evaluated by the ability to adjust operations to reflect the priority investment needs to achieve EU compliance and maximise the effectiveness of EU assistance programmes. The current challenge — or opportunity — for environmental funds, therefore, is to identify strategies to build on the effective experience accrued during the transition process and to capitalise on the opportunities offered by the EU accession process.

Among the most important aspects of fund activity is the establishment of clear spending priorities and the consideration of EU-specific rules and guidelines. Another major factor determining the success of environmental funds both in current operations and in the future is a well-designed and implemented project cycle effected through clear and explicit operating procedures.

Environmental funds with the experience of having successfully leveraged other sources of environmental investments now have the opportunity to adjust their operations so that project selection is carried out in a way that fully realises the benefits offered through EU assistance programmes. Environmental infrastructure investments, in particular heavy-investment EU directives, will still be on the agenda in the post-accession period. There is a general agreement that these investments will require huge financial commitments from domestic as well as international sources. Further institutional, operational and legislative changes inside the candidate countries will also be necessary to ensure that these countries continue to efficiently manage EU funds after accession. Environmental funds — with their experiences in managing environmental investment programmes — may play an important role in implementing these necessary reforms.

The results of activities of this project have had substantial value to environmental funds in the region. The level of participation in the CEE Network of Environmental Funds shows that it is highly relevant to the countries during the accession process. Especially encouraging is the level of interest received by stakeholders external to the network, including the national authorities responsible for the implementation of environmental *acquis*, particularly ministries of environment. It is therefore desirable to continue the work of the CEE Network of Environmental Funds with emphasis on longer term projects and extending the scope of activities also to institutions other than environmental funds.

The experiences of the CEE Environmental Funds have started to be transferred to the SEE countries. Within the framework of the REReP 1.5.1, environmental finance specialists visited several environmental funds in Poland and the Czech Republic.

Environmental Investment Strategies

Introduction

To help with the successful preparation and implementation of environmental investment strategies, the REC organised four regional seminars on the preparation and implementation of environmental investment strategies, in close cooperation with the European Commission. Participants in the first seminar, held in November 1998 in Szentendre, agreed on the necessity to prepare a regional programme for environmental accession-related investments based on national accession-driven strategies. The second seminar took place in April 1999 in Szentendre, and brought together more than 100 participants to discuss the current state of the development of accession strategies. The third regional seminar was held in October 1999, and monitored progress in the development of national accession-related investment strategies. The fourth seminar took place at end of June and beginning of July 2000, also in Szentendre, and introduced and endorsed the draft Priority Environmental Projects for Accession (PEPA) Programme.

The PEPA programme was developed during 1999. The European Commission mobilised a specific technical assistance team to help accession countries in developing PEPA. The team was put in place early in 2000, under the leadership of Ecotec Ltd. The REC participated in this team, supporting the development of national project pipelines and organising progress meetings.

Progress

During 2001-2002, the REC organised three international meetings on the development and implementation of directive-specific environmental investment strategies, within the scope of the PEPA programme:

- The first meeting (Third Progress Meeting on PEPA) took place in Szentendre, Hungary in June 2001.
- The second meeting (Fourth Progress Meeting on PEPA) took place in Warsaw, Poland in November 2001.
- The third meeting (Fifth Progress Meeting on PEPA) took place in Szentendre, Hungary in June 2002.

Achievements

- An important activity within this project was the organisation in 1999 of a workshop on EU financing mechanisms and pre-accession strategies for Slovakia, two workshops on EU financing mechanisms and pre-accession strategies for the Czech Ministry of Environment and a workshop on EU financing mechanisms and pre-accession strategies for the Czech State Environmental Protection Fund. These events contributed to better understanding and better future use of EU financing mechanisms. They assisted the countries in setting up structures and preparing for development of environmental investment strategies for EU accession.
- A regional seminar on integrated environmental financing was held in Ostrava in May 2000. Representatives from Poland, Hungary, Slovakia and the Czech Republic participated. Based on the conclusions of the seminar, a background paper on Some Aspects of EU Funding for Enlargement Related Environmental Investments was prepared for the Ministerial Consultation on Environmental Policy-making in CEE held on June 19, 2000 in Szentendre, Hungary.
- The PEPA progress meetings focused on very important discussions for CEE countries, including how best to involve the private sector in financing public infrastructure, how to identify and prioritise investment projects, how to develop financial strategies for implementation of European Commission directives, and how to encourage long-term environmental investment planning covering a wide range of sectors and financing instruments.

- Participants in all the meetings have greatly appreciated the importance of events where experiences and expertise could be exchanged on an international level, thus leading to the improvement of skills within national authorities, and in ministries of environment, in particular. These international meetings contributed to the identification of good practices in directive-specific environmental investment planning and the related exchange of experience and expertise.
- An additional benefit of these activities is the informal network that developed during the course of 1999-2001. Building informal networks among participants is often underestimated, but leads to the much better ability of national authorities to approach problem-solving in an effective and efficient manner.

Way forward

While most accession-driven activities aimed at the preparation and implementation of environmental investment strategies are country-specific, the success of PEPA meetings has clearly demonstrated the benefits of international exchange of experiences and networking.

Additionally, participation of non-accession countries during the meetings (particularly, the countries from South Eastern Europe) has increased their understanding of the importance of environmental investment planning and the related processes.

There is a need for a platform for exchange of information among countries of the CEE region, including SEE countries, in relation to solving problems to secure financing for environmental infrastructure projects.

Environmental Financing in Central and Eastern Europe and the Western Balkans

Introduction

The main objective of the project is to present trends in environmental financing from 1996-2001, as well as future options for environmental financing in the EU candidate countries and the South Eastern European countries. The report should provide the basis for discussion between governments on developments and necessary actions to improve the levels and effectiveness of environmental financing. The project consists of a desk study conducted by the REC.

Progress

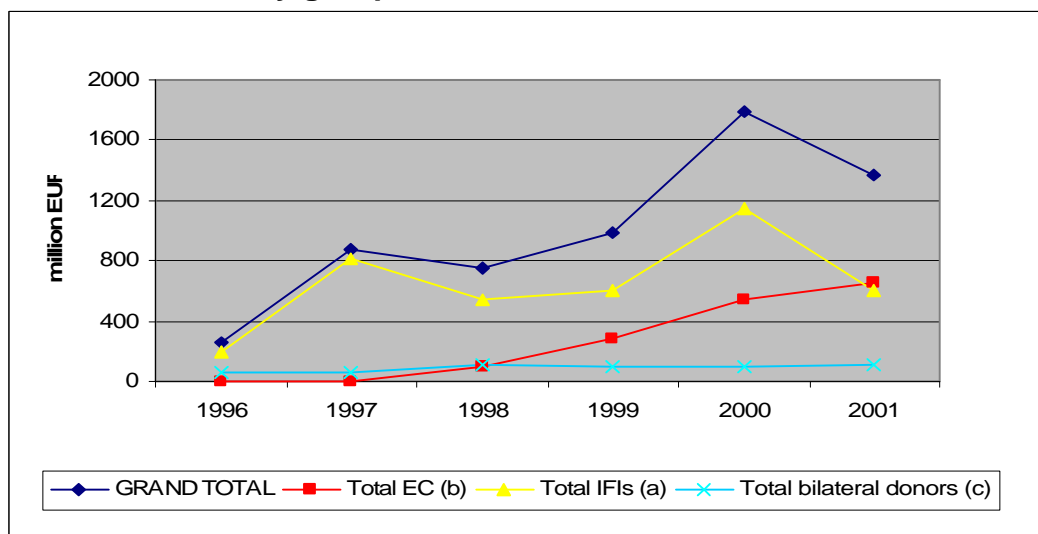
The analysis of trends in environmental financing presented in the report is based on data collected from international databases, international financial institutions, donor countries, and national statistics. Where possible the data have been cross referenced and validated against other sources.

The report analyses environmental expenditures in the candidate countries and the SEE countries, presents sources of financing including domestic and international environmental assistance as well as presents possible options for the future.

Achievements

- The report presents the most updated picture on the situation on environmental financing in the EU candidate countries and the SEE countries, prepared for the Fifth Ministerial Conference in May 2003.
- The report presents background information on the political and economic situation and environmental issues in all countries of the region that are to be taken into consideration when analysing environmental financing in the second half of 1990s.
- The need for investments is discussed for different countries.
- Environmental expenditures of CEE countries are presented, including total expenditures per capita and as a share of GDP, differences in a share of current and investment expenditures, and expenditures by different media.
- The situation in environmental financing is discussed in the SEE countries, country by country. Discussions on internal sources of financing include public expenditures, and different ways of involving the private sector such as industry expenditures, the involvement of banks, and public-private partnerships.
- An analysis of international environmental assistance provided to the CEE and SEE countries presents trends in total assistance provided together with analyses of assistance provided by particular donors.

- **Total environmentally related commitments to the candidate countries, by group of donors, 1996-2001**



Source: Authors' calculation based on the Organisation for Economic Co-operation and Development (OECD) creditor reporting system database, donors and international financial institutions reporting

Note:

(a) 1996-1998 data not available;

(b) Includes data from the European Investment Bank, European Bank for Reconstruction and Development, Nordic Environmental Finance Corporation, EFCO, the Nordic Investment Bank and the World Bank;

(c) Excludes commitments from the EC;

- Finally, options for the future are discussed, summarising the discussion by presenting key conclusions and recommendations.

Way forward

Although several actions have been undertaken, still there is a lot of work to be done. The report presents several recommendations.

- Recommendations for the candidate countries' governments include:
 - Undertaking revisions of estimates of investment needs;
 - Developing clearly defined financial strategies and lists of priority projects;
 - Conducting further harmonisation of statistical systems with Eurostat;
 - Strengthening administrative capacity at national, regional and local levels;
 - Providing training for administration;
 - Minimising the risk of private sector involvement; and
 - Supporting private sector involvement.
- Recommendations for the SEE governments include:
 - Estimating investment needs;
 - Developing domestic financing mechanisms;
 - Developing clearly defined strategies and lists of priority projects;
 - Strengthening administrative capacity at the national, regional and local levels;
 - Improving coordination of activities among national institutions;
 - Supporting emerging domestic eco-industries;
 - Developing statistical systems on collection of environmental expenditure data; and
 - Minimising the private sector's risks by becoming involved.

- Recommendations for the private sector include:
 - Increasing involvement of commercial banks in environmental projects;
 - Training the private sector companies willing to be involve in public infrastructure development; and
 - Improving environmental standards in private sector companies.

- Recommendations for donors and international financial institutions (IFIs) include:
 - Coordinating the international assistance provided to countries;
 - Involving IFIs in technical assistance;
 - Supporting the SEE countries in developing their domestic financial mechanisms; and
 - Defining the frameworks for funding.

The Aarhus Business and Environment Initiative

Introduction

The Aarhus Business and Environment Initiative (ABEI) originates from the Aarhus Policy Statement on Environmental Management in Enterprises in CEE and in NIS (now referred to as EECCA). The ABEI was set up during the Environment for Europe Conference held in Aarhus, Denmark in June 1998. The REC serves as ABEI secretariat for CEE accession countries. The major theme of the initiative is to raise awareness about the potential for and benefits of ecological, resource and business efficiency in the region. The application of advanced, clean technologies, methods and procedures in economic activities is thought to lead to increased national competitiveness, while decreasing negative impacts on the environment.

The ABEI steering committee requested that the ABEI proceed in a systematic manner to achieve its main objective of developing sustainable national and regional systems and programmes to improve environmental management of private enterprises in the region. Having made a number of substantial attempts to achieve this objective, it has been recognised that it is difficult to generate measurable results in a short timeframe.

Progress

The typical west to east, top-down approach of the ABEI, driven by European Commission (EC) officials, powerful business organisations from the EU (for example, the European Roundtable of Industrialists (ERT), the World Business Council for Sustainable Development (WBCSD), European Partners for the Environment (EPE), International Network for Environmental Management (INEM)) included three main phases:

- During the first phase (March 1999 — June 2000), a series of *spearheading missions* and high-level discussions were held on the benefits of developing ecological and resource efficiency principles and procedures for all sectors of the national economies. Participants included the EC Commissioner for Environment; high ranking Directorates General Environment officials; CEE ministers responsible for industry, economy and environment; and corporate executives from Western and Central and Eastern Europe. The notion of *eco-efficiency*, developed by the WBCSD, was explained in an ABEI marketing brochure and disseminated to stakeholders.
- During the second phase (June 2000 — January 2002), *roundtable discussions* on the state of national eco-efficiency was analysed and suggestions were made for improvements that companies in CEE need to make with regard to their eco/resource-efficiency and competitiveness. National reviews of eco/resource-efficiency from several CEE countries, including the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia were prepared and circulated via electronic discussion groups. Sound planning and management of company resources was prioritised, as well as the adaptation of clean technologies and procedures across the economic sector. The necessity of developing sophisticated eco-project financing instruments was emphasised. Awareness was raised for alternative, economically and environmentally sound wastewater treatment approaches for local governments facing typical challenges across CEE.
- The third phase of activities (January 2002 — May 2003) was originally to focus on the development of *national eco/resource-efficiency strategies and action plans*. However, due to the changing ABEI programme, donor interest and the recognised true needs of the CEE economies, this phase was redesigned and scaled down. The new plan included the dissemination of information on measures for environmental management in small and medium enterprises (SMEs), the sector that most national economic planners, top level decision-makers and managers neglected across CEE, regardless of their real significance. With the assistance of the REC, as the ABEI

secretariat for CEE, the accession countries became eligible for the biannual, prestigious European Environmental Award for Industry from 2002. The message of needing to increase national competitiveness through eco/resource-efficiency has been reinforced, and closer links and an ongoing working relationship between the REC secretariat and a number of major ABEI participants such as the EPE, WBCSD and INEM was strengthened.

In line with preparations for the upcoming Pan-European Conference of the Ministers for Environment in Kiev, the last activities of the ABEI for CEE included an analysis of existing environmental management toolkits for SMEs. Based on the assessment of the information gathered, a toolkit, building on the work of a Spanish NGO, Foundation Entorno, was selected for adaptation to CEE needs. Preparations for the adaptation are in progress. Also, in cooperation with the OECD, the ABEI secretariat for the EECCA, a major report on the Aarhus Policy Statement on Environmental Management in Enterprises: CEE/SEE has been prepared and shall be circulated as a category II document in Kiev.

The last phase encompasses the preparation of the ABEI Final Report, which will conclude the activities, findings and lessons learned from the initiative.

Further activities target the establishment of relationships with respective Turkish institutions dealing with EU accession and sustainable development.

Achievements

Phase 1

- An industry-government dialogue on EU Enlargement was jointly arranged by the REC and ERT in March 1999, in Hungary.
- A marketing brochure was published.
- A workshop on Opportunities for Cleaner Production Centres to strengthen environmental management in CEE countries was held in December 1999, in Hungary.
- Consultations took place with the Czech minister of economy and the European Commissioner for the Environment in Prague, (May 2000); the Bulgarian minister of economy in Sofia (May 2000); and the Hungarian minister of economy in Budapest (June 2000).

Phase 2a

- Dialogue was established with stakeholders and cooperative projects were identified.
- A multi-stakeholder and donors dialogue was established involving international organisations, western governments, government agencies and overseas missions, as well as financial institutions, and business and environment programmes.
- Based on the recommendations of the ABEI steering committee in October 2000, a decision was made to diversify activities in different countries: an eco-efficiency conference was organised in Hungary (Szentendre, November 2000) in partnership with the Hungarian Association of Environmentally Aware Management (KOVET-INEM), and was followed up by model pilot projects on wastewater treatment. A fact-finding mission was undertaken to Polish Silesia, and several preparatory meetings were held in existing cleaner production and pollution prevention centres to confront local expectations with overall ABEI goals. A roundtable discussion on eco-efficiency was held in the Czech Republic (Prague, December 2000).
- A business forum was arranged during the meeting of ministers of the environment of the Visegrad Four countries in Bojnice, Slovakia (May 2001).

Phase 2b

- Cooperation with a Leonardo co-funded project (Networked Environmental Action Training) resulted in the production of a CD and accompanying training material about environmental management for regional SMEs. It was published in five local languages, and introductory workshops were held.

- Consultants were contracted in several CEE countries to prepare national reviews on the current state of eco/resource-efficiency. Based on these reviews, electronic and roundtable discussions were held in local languages.
- At the request of the Directorates General Environment, the REC's Business and Environment Programme started coordination with existing national award schemes for environmental excellence across CEE, Malta and Cyprus. The aim was to integrate these countries into the EC's European Environmental Award scheme. The 2002 award ceremony was held for the first time in CEE (Budapest, Hungary), with successful participation of Slovenian, Maltese, Hungarian and Estonian companies.
- A presentation on the ABEI was made to EC officials, diplomats and industrialists in Brussels.
- A pamphlet was produced in Hungarian in the area of fruit production, which included short case studies on local and international companies.
- A report on environmental management in small car repair shops was produced and disseminated in Slovakia.

Phase 3

- A presentation on sustainable production and consumption was made during Green Week, Brussels, Belgium, in March 2002.
- A presentation on eco-efficiency and cleaner production in CEE was made in Seville, at the IPPC conference, in April 2002.
- Meetings were held with international organisations, business concerns and high-level government representatives to discuss future initiatives and partnerships during the World Summit on Sustainable Development in Johannesburg, South Africa, August—September 2002.
- During a meeting held in Montecatini in September 2002, ABEI representatives participated in the inception of Renaissance Europe, a new business initiative.
- EAP Task Force meetings were attended at the OECD in Paris (October 2002) and in Tbilisi (February 2003) to discuss lessons learned and the potential way forward in the field of business and environment.
- Two major reports were prepared: the report on progress in the implementation of the Aarhus Policy Statement on Environmental Management in Enterprises: CEE/SEE, and the ABEI Final Report.
- A user-friendly SME toolkit for the SMEs of CEE/SEE is being prepared.

Way forward

Although the ABEI has not achieved large successes easy to flag in the international arena of environmental management for enterprises, it has been a quite useful tool for learning the nature of respective business. During the few years of this initiative it became prevalent that the top-down, elitist ABEI approach is not very efficient in dealing with the business community. In order to elicit their cooperation, it is crucially important that businesses should be addressed in an appropriate way and in forums that enable dialogue, meaningful participation in planning and decision-making, and seek consensus and mutual benefits for business, government and civil society.

Creative ways and incentives should be found to bring those not yet converted to environmentally sound management principles in business dealings to the discussion table. Unfortunately, initiatives are often geared to involve those who are already converted to protect the environment and manage their operations responsibly towards the public good.

Discussions, roundtable meetings, consultations, workshops and conferences remain ineffective unless they are followed up by appropriate actions.

The development, and even more, the implementation of national eco/resource-efficiency strategies and resulting action plans remain a priority, although it has been impossible to find funding for this important initiative so far. Creative means should be identified to allocate resources for such initiatives, and attempts should be made to support the exchange of experiences and expertise in advanced, type two partnerships — a new model flourishing since the Johannesburg Summit.

THE AARHUS BUSINESS AND ENVIRONMENT INITIATIVE

The focus on eco/resource-efficiency is often limited to big business, while it is the numerous small and medium enterprises that make up a country's economic backbone. Raising their capacities to improve competitiveness while generating less stress on the built and natural environments and lower risks to the public's health and safety must be a major goal.

Secretariat of the CEE Sub-Programme of the EAP Task Force

Achievements

As part of its activities, the EAP Task Force secretariat for CEE arranged and participated in the Ministerial Consultation on Environmental Policy-making in CEE, which took place on June 19, 2000 in Szentendre, Hungary. The secretariat prepared extensive background documents for this consultation, and was responsible for producing the Joint Conclusions of the Ministerial Consultation on Environmental Policy-making.

Over the years the CEE sub-programme secretariat produced documentation for four annual EAP Task Force meetings and eight meetings of the EAP Task Force Bureau, for example, work programmes, progress reports, background documents, financial reports, and others. It has also been responsible for the coordination of programme implementation and fundraising.

Through its ongoing activities, the CEE secretariat established excellent cooperation with the EAP Task Force secretariat for NIS at the OECD. Coordination meetings of both secretariats were held in Paris in January 1999 and June 2001.

In January 1999, the CEE secretariat developed the EAP Task Force Communication Strategy, and it has ensured that information about task force activities and developments have been regularly reported in *The Bulletin*, the REC's regular flagship magazine. It has also been the driving force behind the publication of a newsletter, other publications, brochures, flyers and press briefings. An EAP Task Force webpage was developed and is being revised.

Chairpersons of the Sofia Initiatives and REC staff involved in the Implementation of the CEE Sub-Programme of the EAP Task Force 1998 - 2003

Sofia Initiative on Economic Instruments

Chair: Miroslav Hajek, Ministry of Environment of the Czech Republic
Joanna Fiedler
Paulina Janiak
Stefan Speck
Jim McNicholas
Marina Markovic
Jurg Klarer
Eva-Maria Knaus

Sofia Initiative on Environmental Assessment

Chair: Nenad Mikulic, Ministry of Environmental Protection and Physical Planning of Croatia
Jiri Dusik

Integration of Environmental Considerations into Transport Policies

Oreola Ivanova
Jiri Dusik
Ausra Jurkeviciute

Sofia Biodiversity Initiative

Chair: Peter Skoberne, Ministry of Environment and Physical Development of Slovenia
Mira Mileva
Ausra Jurkeviciute

Development and Implementation of Integrated National Pollutant Registers

Magdolna Toth Nagy
Marianna Bolshakova

REReP Start-up Process

Mihail Dimovski
Jennifer Braswell
Miroslav Chodak

Sofia Initiative on Local Air Quality

Chair: Dimitar Kantardjiev, Ministry of Environment and Waters of Bulgaria
Mihail Staynov

Local Environmental Action Plans (LEAPs)

Agata Miazga

Supporting NGOs within and beyond CEE Borders

Robert Atkinson
Adriana Craciun
Entela Pinguli
Cerasela Stancu
Darek Urbaniak

Environmental Funds in CEE

Stefan Speck
Miroslav Chodak
Marina Markovic
Alexandra Orlikova (deceased)

Environmental Investment Strategies

Joanna Fiedler
Miroslav Chodak
Alexandra Orlikova

Environmental Financing in Central And Eastern Europe and the Western Balkans

Joanna Fiedler
Paulina Janiak

Aarhus Business and Environment Initiative

Robert Nemeskeri
Ernst Max Nielsen
Peter Bodo
Roman Vyhnanek
Gerald Fancoj

Secretariat of the CEE Sub-Programme/EAP Task Force

Toni Popovski
Jernej Stritih
Oreola Ivanova
Ausra Jurkeviciute
Kristiina Soone
Miroslav Chodak
Mary McKinley
Ilona Docze

Donor Support

Summary table of donors support for the CEE sub-programme 1998 - 2003

Donor	EUR
Danish Environmental Protection Agency (Danish EPA)	1,914,278
European Commission	1,104,853
Norway	905,771
United States Environmental Protection Agency (USEPA)	884,236
Japan Special Fund	273,517
Belgium	175,000
Dutch Ministry of Environment	110,457
European Round Table of Industrialists	56,251
Finland	51,309
Italy	50,000
United Nations Development Programme	40,142
Austria	30,814
Germany	29,850
The Czech Republic	25,257
The Netherlands/World Conservation Union (IUCN)	21,453
Hungary	15,000
Procter&Gamble	12,000
Latvian Environmental Fund	10,132
Slovakia	9,091
Sweden	4,000
Environmental Protection Fund, the Czech Republic	2,792
UK	854
Total	5,727,057

Donors support for the CEE sub-programme by activity, 1998 — 2000

	Donor	EUR
1. ENVIRONMENTAL POLICY/NEAP IMPLEMENTATION		
1.1.1. Facilitation of practical implementation of Sustainable Development in CEE	Japan Special Fund	45,140
1.1.2. Sofia Initiative on Economic Instruments (Note 1)	Danish EPA	182,000
1.1.3. Sofia Initiative on Environmental Impact Assessment (Note 1)	Danish EPA USEPA Dutch Ministry of Environment	61,051 64,217 85,457
1.1.4. Sofia Initiative on Biodiversity (SIBIO)	The Netherlands/IUCN	21,453
1.3.1. Network of policy experts working on NEAPs and Accession Strategies (Note 2)	Japan Special Fund European Commission	62,168 107,540
1.3.2. Sofia Initiative on Local Air Quality	USEPA	124,729
1.4.1. Network of Local Environmental Policy Practitioners	USEPA	181,755
1.4.2. Support for the development and implementation of LEAPs and Local Agendas 21 in CEE municipalities	Latvian Environmental Fund European Commission	10,132 216,422
Total No 1:		1,162,064
2: ENVIRONMENTAL FINANCING		
2.1.1. Support for environmental funds in CEE	Germany	29,850
2.3.: Financing Strategies	Slovakia The Czech Republic Environmental Protection Fund, the Czech Republic European Commission	9,091 5,257 2,792 43,090
Total No 2:		90,080
3: ENVIRONMENTAL MANAGEMENT IN ENTERPRISES (EME)		
3.1: Aarhus Business & Environment Initiative (ABEI)	Danish EPA European Commission	114,870 53,064
3.2: Implementation of the Policy Statement on EMEs	European Round Table of Industrialists Japan Special Fund	56,251 75,008
Total No 3:		299,193
4. EAP Task Force management and support activities		
4.2.: Organisation of the EAP Task Force meetings	European Commission Finland	50,000 8,409
4.3.: Development and implementation of Task Force Communication Strategy	European Commission	50,000
Total No. 4:		108,409
Grand TOTAL		1,659,746
<p>Note 1: The Czech Ministry of Environment and the Czech Ministry of Rural Development provided support in kind for the implementation of the Sofia Initiative on Economic Instruments and Sofia Initiative on Environmental Impact Assessment. Note 2: Under Activity 1.3.1. most efforts were focused on the development and negotiation of the REReP. The donor support received for REReP is included into the REReP donor tables and statistics</p>		

Donor support for the CEE sub-programme by activity, 2001 — 2003

	Donor	EUR
1. ENVIRONMENTAL POLICY PLANNING, IMPLEMENTATION AND INTEGRATION		
1.1.1. Sofia Initiative on Economic Instruments	Danish EPA Belgium	168,000 22,000
1.1.2. Sofia Initiative on Environmental Impact Assessment	Japan Special Fund UNDP Norway Italy Czech Republic Hungary	31,225 40,142 125,000 50,000 20,000 15,000
1.1.3. Integration of environment considerations into transport policies	Danish EPA Japan Special Fund Norway	38,357 59,976 250,000
1.1.4. Sofia Initiative on Biodiversity	Norway Belgium	86,849 10,000
1.1.5. Assist developing and implementing of integrated national pollutants registers (Note 1)	Norway	125,000
1.3.1. Support for the development and implementation of LEAPs	USEPA European Commission	356,314 30,000
1.3.2. Sofia Initiative on Local Air Quality (SILAQ)	Norway USEPA	37,210 157,221
1.4.1. Support for environmental NGOs (Note 2)	Danish EPA	1,200,000
Total No 1:		2,822,294
2. ENVIRONMENTAL FINANCING		
2.1.1. Development of environmental investment strategies and support for environmental funds	European Commission	349,737
2.2.1 Developing capacity for project preparation	European Commission	90,000
2.3.1. Financial Trends Report	Danish EPA	150,000
Total No. 2:		589,737
3. ENVIRONMENTAL MANAGEMENT IN ENTERPRISES		
3.Aarhus Business and Environment Initiative	European Commission Finland	90,000 42,900
3.1.3. Sustainability Award/Index	Procter&Gamble	12,000
Total No. 3:		144,900
4. CEE SUB-PROGRAMME SECRETARIAT		
4.1.1. CEE sub-programme secretariat	Belgium Norway Austria European Commission Dutch MoE UK Sweden	118,000 47,712 30,814 25,000 25,000 854 4,000
4.1.2. Involvement of NGOs in the EAP task force work	Belgium	25,000
4.1.3. Support for NGO projects in the run up to the Kiev Conference	Norway	234,000
Total No. 4:		510,380
Grand TOTAL		4,067,311

Note 1: The Dutch MoE provided 90,150 EUR in 2001 and 80,000 EUR more in 2002 for complementary projects supporting PRTR negotiations and the input of CEE stakeholders. Note 2: Based on the condition that the project will be under implementation until mid-2004. Note 3: As several projects under the programme will be under implementation until the end of 2003 or beginning of 2004, small variations in the amounts are possible