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**ECONOMIC COMMISSION FOR EUROPE
COMMITTEE ON ENVIRONMENTAL POLICY**

REPORT ON THE TWELFTH SESSION

10-12 October 2005

Executive summary

- The Committee reviewed the environmental performance of both Belarus and the Republic of Moldova, and adopted the recommendations for these countries. It discussed mechanisms for enforcement and compliance, as well as management of eco-funds in countries in transition. It agreed on the proposed structure of the second Environmental Performance Review (EPR). It took note of the interim reports on the implementation of the EPR of Kazakhstan, and welcomed the launch event of the EPR of Tajikistan.
- The Committee noted the draft “Environment for Europe” Communication Strategy and decided to request that Working Group of Senior Officials (WGSO) revise the draft strategy for the sixth Ministerial Conference after the contents of the Conference agenda has been defined.
- It welcomed the work plan of the Working Group on Environmental Monitoring and Assessment and stressed the importance of the activity. It noted the information on the preparation of the Fourth Assessment Report on the State of the Environment (The Belgrade report), by the European Environment Agency (EEA) with the support of the Working Group, and asked to be regularly informed about further preparatory work.
- The Committee welcomed the adoption of the UNECE Strategy for Education for Sustainable Development (ESD) and the “Vilnius framework for implementation” by a High-level Meeting of Environment and Education Ministries (17-18 March 2005). It took note of the preparations for the first meeting of the ESD Steering Committee (13-14 December 2005).
- The Committee acknowledged the progress achieved under the UNECE multilateral environmental agreements (MEAs) and their protocols and emphasized the importance of strengthening activities related to their implementation.
- It provided guidance on the preparation of a progress report on the implementation of the Eastern Europe, the Caucasus and Central Asia (EECCA) Strategy. It welcomed the work carried out in the areas of the environment, water and security in EECCA, including that performed by the UNECE Regional Adviser.
- The Committee welcomed the cross-sectoral work on the environment and health, and transport, environment and health.
- It took note of the agenda of the first meeting of the WGSO organized back to back with its session to discuss the preparation of the Belgrade Ministerial Conference.

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Introduction

1. The twelfth session of the Committee on Environmental Policy took place in Geneva from 10 to 12 October 2005. Mr. Zaal Lomtadze (Georgia) chaired the session.
2. The session was attended by delegates from 40 UNECE member countries: Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Israel, Italy, Kazakhstan, Kyrgyzstan, Latvia, Monaco, Netherlands, Norway, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Spain, Sweden, Switzerland, Tajikistan, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom, United States of America.
3. The session was attended by representatives of both the European Commission (EC) and the European Environment Agency (EEA).
4. Representatives of the United Nations Environment Programme (UNEP), the United Nations Environmental Programme Mediterranean Action Plan (UNEP/MAP), the United Nations Institute for Training and Research (UNITAR), the World Health Organization's Regional Office for Europe (WHO/EURO), the International Council of Environmental Law, the European Regional Office of the World Conservation Union (IUCN), the Organisation for Economic Co-operation and Development (OECD), and the Energy Charter secretariat also took part.
5. The following non-governmental organizations and regional environmental centres were also represented: Eco-Accord Centre, European ECOFORUM, European Environmental Bureau (EEB), Law and Environment Eurasia Partnership, NGO Union for Defence of the Aral Sea and Amudarya, Regional Environmental Centers for Central and Eastern Europe (REC), for Central Asia (CAREC) and for Moldova.

I. ADOPTION OF THE AGENDA

6. The Committee adopted the agenda for its twelfth session as contained in document ECE/CEP/126.

II. MATTERS OF CONCERN TO THE COMMITTEE ARISING FROM THE SIXTIETH SESSION OF THE COMMISSION

7. The Committee considered the following relevant information provided by the UNECE secretariat on decisions taken by the Commission at its sixtieth session:
 - (a) The draft biennial programme plan for 2008-2009: the Committee welcomed the performance-based approach for assessing the activities of the UNECE secretariat. The secretariat was encouraged to revise the document (CRP.1) on the basis of the comments from the floor (see Annex III) and send it to the chair of the Bureau for his approval.

(b) The UNECE review and its recommendations as well as the implications for the environmental activities of the UNECE: the Committee welcomed the high profile of the environmental activities as reflected in the report on the state of UNECE, which was prepared by independent consultants.

(c) Second Regional Implementation Forum (RIF) (Geneva, 15-16 December 2005) on air pollution, climate change, energy and industrial development: the Committee discussed the draft agenda for the RIF as agreed by the informal consultation of the Commission in July 2005. The Committee agreed to forward to the secretariat, by the end of October, names of delegations to act as chairs and speakers for the sessions during the RIF as well as feedback e.g. on the modalities for organizing the partnership segment.

(d) Collaboration with the Organization for Security and Co-operation in Europe (OSCE): the Committee welcomed the fact that the OSCE review on the environment will take place in 2007 instead of 2006. This was requested by the CEP Bureau so as to maximise the benefits of the synergies resulting from the preparation of the Belgrade report on the State of the Environment.

III. PROGRAMME OF WORK (2006-2007)

8. The Committee welcomed the detailed information provided by the secretariat on the regular and extrabudgetary resources for the implementation of the activities in the programme of work, following the request of its Bureau. It invited the secretariat to link the specific programme activities with the strategic goals, set out in the "Future UNECE Strategic Goals for the Environment" (CEP/2003/25), when finalising the programme of work for 2005-2006.

A. Education for sustainable development

9. The Committee took note of, and welcomed, the information provided by the delegation of Sweden on the outcome of the High-level Meeting of Environment and Education Ministries that was held in Vilnius, Lithuania on 17-18 March 2005. The High-level Meeting adopted a Strategy for Education for Sustainable Development (ESD) to serve as a flexible framework for UNECE member countries to develop and then incorporate ESD into their formal and informal education systems in line with national priorities, specific needs and circumstances. To facilitate the co-ordination and review of the Strategy's implementation, the High-level Meeting also adopted a "Vilnius Framework for Implementation" which set up a Steering Committee and an expert group on indicators. The Committee noted the information on the preparations for the first meeting of the ESD Steering Committee to be held on 13-14 December 2005 back to back with the Regional Implementation Forum.

10. The Committee also took note of the other related events and ongoing work carried out in the region, including that of the OECD, the Regional Environment Centres and the ECOFORUM. It emphasized the importance of working together and co-ordinating among the related initiatives.

11. Further information is available at <http://www.unece.org/env/esd/welcome.htm>.

B. Environmental performance reviews

1. Environmental performance reviews of Belarus and of the Republic of Moldova

12. Mr. Harry Liiv (Estonia) and Mr. Jürg Schneider (Switzerland), both members of the Expert Group on Environmental Performance, reported respectively on the results of both the review of the draft EPR of Belarus and of the Republic of Moldova conducted by the Expert Group (4-7 October 2005), and the amendments brought into the recommendations of these reports (ECE/CEP/129 and ECE/CEP/130).

13. Mr. Aleksander Apatsky, Vice-Minister (Ministry of Natural Resources and Environmental Protection, Belarus) and Mr. Constantin Mihailescu, Minister (Ministry of Ecology and Natural Resources, Republic of Moldova) presented their views of the situation in their respective countries, as well as progress made and measures undertaken since the time of the EPR missions.

14. The Committee subsequently adopted the recommendations of the EPRs of both Belarus and the Republic of Moldova, as amended.

2. Major policy issues emerging from the environmental performance reviews

15. The Committee took part in the round-table on Compliance and enforcement mechanisms and on the Management of eco-funds, which was moderated respectively by Ms. Vanya Grigorova (Ministry of Environment and Water of Bulgaria) and by Mr. Rumen Dobrinski (UNECE secretariat). A summary of the discussion and its main conclusions are included in Annex I.

3. Interim reports on the implementation of environmental performance reviews

16. The Committee took note of the interim report on the implementation of the recommendations of the first environmental performance review of Kazakhstan, which was presented by Mr. Zhambul Bekzhanov, Vice-Minister of Environment, Kazakhstan.

4. Second round of reviews

17. The secretariat introduced document CEP/2005/6 on the structure of second reviews and indicated the willingness of the Expert Group on Environmental Performance to introduce an executive summary in every EPR report and keep the structure of the conclusive part in every chapter, as in previous EPRs. Furthermore, the Expert Group had found it premature to introduce a large list of indicators in the reports without a preliminary thorough quality check of the statistical data.

18. The delegations discussed the options on the structure of second EPRs and agreed in principle on the positions of the Expert Group. If delegations wish to forward their additional comments on the options for improving the current presentation of second EPR reports, as contained in (CEP/2005/6) and indicate their preferences on specific issues, they can send them by fax or email to the secretariat (catherine.masson@unece.org) by 30 November 2005.

5. Launch of the EPR of Tajikistan

19. The Committee welcomed the launch event of the EPR of Tajikistan (September 2005) to disseminate the findings of the review to all stakeholders, and acknowledged the appreciation expressed by Mr. Abduvokhit Karimov, Chairman of the State Committee on Environmental Protection and Forestry of Tajikistan, on the usefulness of such an event. The Committee decided that launch events should be undertaken after the finalization of each second EPR once their translation into the national language is completed.

20. Further information is available at <http://www.unece.org/env/epr/welcome.htm>.

C. Communication strategy

21. The Committee took note of the draft “Environment for Europe” Communication strategy prepared by the secretariat, in consultation with the Bureau and interested organizations, following the mandate received by the Environment Ministers in Kiev. The Strategy’s objective is to raise awareness of the “Environment for Europe” process and its achievements among stakeholders and the general public.

22. It decided to request the Working Group of Senior Officials (WGSO) for the Sixth Ministerial Conference to revise the strategy for further consideration after the content of the Conference agenda has been defined. At a further date, the WGSO could also consider the possible development of a Communication Plan for the implementation of the Strategy.

D. Environmental monitoring

23. The UNECE secretariat reported on the fifth session of the Working Group on Environmental Monitoring and Assessment (2-3 June 2005) involving organization of a roundtable on environmental monitoring and reporting and enterprises; review of the progress made in the preparation of a manual on environmental indicators for EECCA, and of the EcoReporting electronic catalogue; as well as guidance to the EEA on the preparation of the pan-European assessment report for the Belgrade Conference (Belgrade Report). The Working Group agreed on its work programme for the period up to the Belgrade Conference, priorities and resource requirements. Unmatched extrabudgetary requirements of the Working Group were reported to amount to €197,000 for two years.

24. Mr. David Stanners of the EEA informed the Committee about the preparation of the Belgrade report. Further EU/Tacis funds for strengthening environmental information and observation capacity in EECCA, amounting to €1 million, were expected to be available for supporting, among other things, the Working Group’s activities on the Belgrade report preparations and environmental indicators.

25. Delegations were in favour of strengthening the environmental monitoring and assessment pillar of the Committee’s work programme. This focuses on the capacity-building activities by the Working Group in EECCA, in particular to harmonize the environmental indicators, especially related to reporting under multilateral environmental conventions and to strengthen enterprise self-monitoring and reporting. The importance of investigating the possibilities for strengthening the Working Group’s capacity-building activities in South Eastern Europe was also acknowledged.

26. Following the discussions, the Committee agreed on the work plan of the Working Group on Monitoring and Assessment, stressed the importance of this activity and invited interested countries to consider providing financial support to its work to cover the unmatched requirements for 2006-2007.

27. It took note of the information on the structure of the Belgrade Assessment report and the method for its preparation and asked to be regularly informed about the preparatory work for the Report. It also asked to see the finalized report well in advance of the Belgrade Conference to enable it to support Ministers' discussions at the Conference itself.

28. Further information is available at http://www.unece.org/env/europe/environmental_monitoring.htm.

E. UNECE multilateral environmental agreements

29. The Committee took note of the information provided by the secretariat on the key developments and activities under the UNECE environmental conventions and their protocols, highlighting in particular the major achievements and obstacles encountered in the implementation of the instruments.

Convention on Environmental Impact Assessment (EIA) in a Transboundary Context (Espoo Convention) (<http://www.unece.org/env/eia/welcome.html>)

30. The Espoo Convention currently has 40 Parties, and Tajikistan was expected to join soon. Three Parties had ratified the amendment to the Convention that will allow any UN Member State to accede upon approval by the Parties. The Convention's recent Protocol on Strategic Environmental Assessment (SEA) is expected to come into force in 2007. At the request of Romania, an inquiry commission had been established to examine whether an activity in Ukraine was likely to have a significant transboundary environmental impact. The commission was expected to present its final opinion early in 2006.

31. Some examples of co-operation with other organizations in undertaking activities to support the implementation of the Convention and the Protocol were provided, i.e. working together with UNEP to develop a protocol on transboundary EIA for the Caspian Sea region; to prepare SEA capacity-development tools with UNDP/RBEC, WHO/Europe, the EC and the Regional Environment Centre for Central and Eastern Europe; and to develop guidelines on transboundary EIA in Central Asia with the Regional Environmental Centre for Central Asia with the support of Switzerland. Finally, donors' contributions were sought to support a workshop on transboundary EIA in the Caucasus, which Armenia had offered to host.

Convention on Long-range Transboundary Air Pollution (LRTAP)
(www.unece.org/env/lrtap/welcome.html)

32. Attention was drawn to the twenty-fifth anniversary of the Convention in November 2004 and the special event and reports produced for the occasion. The 1999 Gothenburg Protocol had entered into force in 2005 and the first meeting of the Parties would be held at the time of the Executive Body session in December 2005. All eight Protocols to the Convention were now in force.

33. The work on three protocol reviews was referred to as a considerable challenge in the year ahead. Following the disbanding of its Expert Group on Heavy Metals, the Executive Body created a new Task Force on Heavy Metals, to deal with the technical aspects of the review of the Protocol on Heavy Metals. An Expert Group on Particulate Matter and a Task Force on Hemispheric Transport of Air Pollution was established to deal with these two priority areas of work that were linked to review of the Gothenburg Protocol. Other challenges are in implementation of the Convention and its protocols in EECCA countries. UNECE's Capacity Building for Air quality Management and the Application of Clean Coal Combustion Technologies in Central Asia (CAPACT) project had formed a good basis for capacity building in Central Asia and the Convention was extending the project to include other EECCA countries.

Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) (www.unece.org/env/water/welcome.html)

34. The implementation capacity of the EECCA and SEE countries was noted to be hampered by institutional gaps, insufficient financial and human resources, weaknesses in governance and in networks for partnerships among governmental, non-governmental bodies and private sector entities. These problems are addressed by the Water Convention's "Capacity-for-Water-Cooperation" programme, targeted policy guidance and pilot projects. Due to the fact that water-related issues are generally high on the environmental agenda of these countries, improvements could be expected in the medium term.

35. Performance evaluation of all Parties, targeted at an assessment of transboundary watercourses, is currently being carried out. Preliminary results of the evaluation indicate that Parties have significantly reduced transboundary impact over the last ten years. The final assessment will be published for the next Ministerial Conference "Environment for Europe".

36. The Protocol on Water and Health to the Water Convention entered into force on 4 August 2005. It aims to ensure access to drinking water and provision of sanitation to everyone and goes beyond the Millennium Development Goals. Within two years, the Parties shall set targets and target dates for national and local action in the water and health sector for the Protocol's implementation.

Convention on Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) (www.unece.org/env/pp/welcome.html)

37. The major event of the year for the Aarhus Convention was reported to be the second meeting of the Parties, which took place in Almaty, Kazakhstan, in May 2005. The meeting had provided the first opportunity for the Parties to formally review the implementation of the Convention on the basis of its innovative reporting and compliance mechanisms, both of which allowed for input from the public. The review indicated that implementation tends to be most effective with respect to the information pillar of the Convention and somewhat less so for the public participation pillar, while the access to justice provisions tend to pose the greatest challenges. Other important outcomes of the meeting were: the adoption of an amendment to the Convention aimed at strengthening the rights of the public to participate in decision-making on genetically modified organisms; the adoption of guidelines to assist

Parties in applying the principles of the Convention in international environment-related fora; and a decision to offer more support to countries outside the ECE region which are interested in either acceding to the Convention or developing other means of promoting principle 10 of the Rio Declaration on Environment and Development.

38. The Convention has 36 Parties. The Protocol on Pollutant Release and Transfer Registers has no Parties at that stage but was expected to enter into force in 2007. An important step towards this goal was achieved in July 2005 when the EU reached political agreement on the necessary implementational legislation.

Convention on the Transboundary Effects of Industrial Accidents
(www.unece.org/env/teia/welcome.htm)

39. The third meeting of the Conference of the Parties (Budapest, 27-30 October 2004) concentrated on strengthening the implementation of the Convention. The second report on the Convention's implementation, based on replies from 90 per cent of the Parties and three other UNECE member countries, provided a good basis for discussion and decision-making. The adoption of an internationally supported assistance programme for the EECCA and SEE countries is an example of concrete action taken by the Convention's 34 Parties. The programme attracted considerable political and financial support from the Parties and was successfully launched by the end of 2004.

40. The implementation of the programme's preparatory phase will be the key challenge for the Conference of the Parties and secretariat in the months ahead. This phase comprises: (i) a high-level meeting to be held in Geneva on 14-15 December 2005 where a firm commitment from the EECCA and SEE countries towards the implementation of the Convention and to discuss the further support needed for the programme's implementation; and (ii) fact-finding missions of experts to each participating country in order to verify the implementation of the Convention's basic tasks and to define concrete needs for future capacity-building activities under the programme.

F. Environment Strategy for Eastern Europe, the Caucasus and Central Asia (EECCA)

41. The Committee took note of the information on the implementation of the EECCA Strategy provided by both the OECD Environmental Action Programme (EAP) Task Force secretariat and countries and organizations representing the subregion.

42. It agreed, in general terms, on the usefulness of the strategy as a tool for laying out and promoting environmental objectives in the EECCA region. It considered that the progress report on the implementation of the strategy, which will be submitted to the Ministers in Belgrade, should contain achievements and also an analysis of obstacles encountered, as well as propose ways to enhance its further impact in the countries.

G. Environment, Water and Security Partnership in Central Asia

43. The Committee took note of the information, provided by the representative of Tajikistan on behalf of the Central Asian countries, on the steps taken and problems

encountered in developing the partnership and the practical activities to reach its objectives. It also noted the information provided by CAREC on the development of co-ordination and finance innovation mechanisms in Central Asia, as well as on the forthcoming High-level Meeting on the Central Asian Initiative in Spring 2006.

44. The Committee invited the secretariat, in consultation with the Bureau, to find ways to link this initiative with other activities in its work programme, such as linking the environment and security initiatives, which include water aspects and in which the UNECE is participating, to both the activities under the water Convention and the technical assistance programmes. That which is carried out by the Industrial Accidents Convention could well serve as a model.

H. Activities of the UNECE Regional Adviser for Environment and his contribution to the Committee's programme of work

45. The secretariat reported on the work of the Regional Adviser and this was welcomed by the Committee. It agreed to holding an in-depth discussion on these activities, as well as their impact on the EECCA countries and further work needed, at its next session. The secretariat was invited to prepare a background document for the item for a first discussion with the Bureau.

I. Other cross-sectoral activities

1. Transport, Environment and Health Pan-European Programme (THE PEP)

46. The Committee took note of the information provided by the UNECE secretariat about activities that are currently implemented within THE PEP in line with the decisions taken by THE PEP Steering Committee at its third session on 10-11 April 2005. They include:

(a) Preparation of practical guidance on institutional mechanisms that promote greater integration between sectors and different levels of decision-making in the field of transport, environment and health;

(b) Preparation of a "tool-kit" for policy makers to assess the impact of transport on health and the environment;

(c) Organization of subregional workshops to address sustainable urban transport issues of concern to the countries in Eastern Europe, Caucasus and Central Asia (EECCA);

(d) Launching of a web-based Clearing House on Transport, Health and Environment and its integration by the end of 2005.

47. The Committee also took note of the information about the ongoing preparations for the third High-level Meeting on Transport, Health and Environment to be held in 2007.

48. Further information on THE PEP is available at <http://www.thepep.org>

2. Environment and Health

49. The Committee noted the information concerning the European Environment Health Committee (EEHC), provided by both the Chairman, in his capacity of vice-chairperson of the

EEHC, and the representative of the WHO/Europe secretariat. The Committee was reminded that the two key roles of the EEHC are monitoring and reporting on activities by countries and organizations so as to implement the Budapest conference. Deliberation as well as promotion and advocacy of the environment and health go hand-in-hand with these implementation efforts. The mechanisms by which these key roles are carried out include a network of National Environment and Health Focal Points; topic-oriented EEHC meetings which focus on a Children's Environmental and Health Action Plan for Europe (CEHAPE) Regional Priority Goals, a CEHAPE Task Force for monitoring and reporting on activities in countries to fulfil the related commitments; an environment and health information system; and a web-based implementation map and communication strategy.

50. The Committee also noted information on the following upcoming meetings:
- 20th meeting of the EEHC (Helsinki, 12-13 December 2005) with a focus on preventing/reducing disease and disability from exposure to hazardous chemicals, physical and biological agents, and hazardous working environments;
 - 2nd meeting of the CEHAPE Task Force (Edinburgh, 20-21 October 2005);
 - 21st meeting of EEHC (Norway, Spring 2006) with a focus on preventing/reducing health consequences of accidents and injuries.
51. Further information is available at <http://www.euro.who.int/eehc>

IV. PREPARATION OF THE "ENVIRONMENT FOR EUROPE" CONFERENCE IN BELGRADE

52. The Committee took note of the draft agenda of the first meeting of the Working Group of Senior Officials (WGSO), held back to back with its session to discuss the preparation of the Belgrade Ministerial Conference.
53. Further information is available at <http://www.unece.org/env/wgso/welcome.html>.

V. FINANCIAL ASSISTANCE TO COUNTRIES WITH ECONOMIES IN TRANSITION AND COUNTRIES' CONTRIBUTIONS TO THE UNECE TRUST FUNDS

54. The Committee approved the updated criteria for financial support as included in the conference room paper (CRP.6) and prepared by the secretariat in consultation with the Bureau. The updated criteria shall be applied as of 1 June 2006. Until that date the criteria adopted last year will remain valid (Annex II).
55. The criteria for financial support is based on figures for GDP per capita provided by the National Statistics Offices of the UNECE Member States to the UNECE Statistical Division. The secretariat was requested to refer to the source of the figures in future documents.

VII. ELECTION OF OFFICERS FOR THE THIRTEENTH SESSION

56. On the basis of the consultations between countries, the Committee elected the following members to its Bureau: Chairperson: Mr. Zaal Lomtadze (Georgia); Vice-Chairpersons: Ms. Narin Panariti (Albania); Mr. Bert-Axel Szelinski (Germany); Ms. Liubov Stepanova (Russian Federation); Mr. Czeslaw Wieckowski (Poland); Mr. Jon Kahn (Sweden); Ms. Eldrid Nordbo (Norway) and Mr. John Matuszak (United States of America).

VIII. CLOSING OF THE TWELFTH SESSION

57. The decisions of the Committee at its twelfth session were summarized by the secretariat in consultation with the Chairman and distributed to the delegations at the end of the meeting. The Committee entrusted the secretariat with finalizing the report in consultation with the Bureau.

58. The thirteenth session of the Committee on Environmental Policy will be held on 9-11 October 2006.

Annex I

**SUMMARY OF THE DISCUSSION ON MAJOR POLICY ISSUES
EMERGING FROM THE ENVIRONMENTAL PERFORMANCE REVIEWS ON
COMPLIANCE AND ENFORCEMENT MECHANISMS IN EECCA COUNTRIES**

1. Most of the EECCA countries are still working through a single-media permitting approach, although a few countries, such as Belarus, are striving to introduce integrated permitting stepwise through pilot projects. In most cases, single-media permits apply uniformly to all industrial enterprises, irrespective of their size and pollution impact. This system is complex and its compliance monitoring difficult. Although there is a general agreement that integrated permitting is a far better approach, most EECCA countries, including Ukraine, find it unfeasible to switch to such a system at present.
2. An efficient and clear sharing of tasks between the different functions of the inspectorate is essential for efficient enforcement and compliance. Too often, still following past practice, inspectors are entrusted with the task of both issuing permits and enforcing compliance. Another weakness is the large number of bodies involved in the permit process, with overlapping tasks. For this reason, five years ago, Estonia introduced separate systems for issuing permits and for controlling permit compliance, and simplified the number of administrative levels and procedures. The numbers of inspectors and staff have not increased, but their skills and competence have significantly improved. Capacity, professionalism and competence are essential to ensure increased efficiency of the permit process. It is critical to move towards simplifying the system and redeploying people. During the discussion, it was suggested to streamline the administrative procedure so that permits can be obtained in a "one-stop shop".
3. To create a strong framework for enforcement and compliance, the Czech Republic started by setting up clear legal bases, achievable standards and effective inspectorates. Similarly, in 2005, Armenia adopted a comprehensive set of laws on environmental control, which, in particular, clarify rights and obligations of inspectors and combat corruption.
4. Furthermore, these laws should be realistically enforceable. The permit requirements should be compatible with the financial implications for compliance that are imposed on the permit contractor. On the other hand, violators must be fully aware of the legal and economic sanctions that they incur, and the seriousness of these sanctions. Three parameters are necessary for a deterrent effect: an efficient mechanism to detect violations; a legal procedure to bring cases to well-trained specialized courts; and a clear grading system of the level of punishment to be imposed. If one parameter is missing, the system will not work. Other partners/authorities may be involved in enforcement, such as: prosecutor, police, customs, border patrols, etc. Unscheduled inspections (for illegal waste disposal, hazardous products, etc.) also act as a strong deterrent.
5. A further step of the Czech Republic in preparing to introduce the integrated pollution prevention and control law (IPPC), was the shift from command and control to a combination of mandatory and voluntary mechanisms, as well as the involvement of other actors. Implementation of IPPC should be undertaken as a result of negotiations. Horizontal co-

operation between all relevant ministries and sectors is necessary for this approach. Voluntary mechanisms, such as ISO 14000 or EMAS, that are usually introduced for penetrating western and EU markets, can simultaneously encourage a culture of compliance. In the Republic of Moldova and Ukraine, ISO 14000 standards have been adopted; the incentive is even more attractive in Belarus, where the government grants a 10 per cent reduction on pollution charges to those enterprises with ISO 14000 certification. Another powerful voluntary mechanism, which should be encouraged, is the twinning between EECCA countries and other more advanced countries, such as the new EU member countries.

6. Further development of voluntary monitoring systems and environmental management in enterprise needs a change in behavior of administrative authorities and economic agents, so that they understand that permitting entails partnerships. Negotiated rather than imposed permit conditions should be taken into account by the EECCA countries in their approach towards a modern permitting system and improved enforcement.

Managing eco-funds

7. Eco-funds, which were established in the 1990s as transitional financing instruments for improving the environment in UNECE countries in transition, have proved to be useful and necessary. Fifteen years is a short period to judge their long-term future but they still have their role at short- and medium-term. Since 1990, eco-funds have undergone many changes; for instance their instruments, their regulatory mechanisms and structures have all changed. Eco-funds have to continue to adjust and respond to the changing realities and priorities so that they maintain their value. Thus the need is now to focus fund financing on long-term investment projects. New organizational forms of operation for eco-funds should also be considered, such as using public-private partnerships.

8. Integrating national environmental policy priorities into the management of eco-funds requires firstly a clear definition of policy priorities. In addition, a legislative and regulatory framework should be drawn up to govern the operation of eco-funds and compel them to implement policy priorities. Setting priorities and targets relies on co-ordination between involved national stakeholders. Furthermore, the eco-funds' operations should monitor policy priorities to ensure their implementation. Transparency in the operating practices will also contribute to better channelling of policy priorities in their operation. The involvement of NGOs in eco-funds management should be encouraged as a form of additional public control over whether the funds operation is in line with policy priorities. While the economic instruments for environmental protection should continue to reflect the "polluter pays principle" and their revenues to accrue eco-funds, a widening of the eco-fund sources of revenues (including donations and access to capital markets), in particular through public-private partnerships, should be considered.

9. A key question is how best to use the usually scarce financial resources, how to achieve the objectives at minimum cost, and how to ensure that financial resources are channelled to national environmental policy priorities. First, for funds to be efficient, they must have steady sources of revenue. This implies that adequate legislation and regulations are in place and are enforced. Furthermore, efficient financial management requires

knowledgeable and skilful operative staff, who are sometimes lacking, to improve financial management in eco-funds. Government should pay more attention to capacity building through various training activities. In addition, incentives are a major component of efficient management: the performance of eco-fund operators should be assessed in relation to the success of fund operations and their accomplishments. Better co-ordination with other stakeholders and transparency in the operation of eco-funds also contribute to greater efficiency in financial management. Finally, with the shift towards greater involvement in long-term investment projects, eco-funds should also turn to medium- to long-term planning of their operations, including the formulation of a medium- to long-term financial framework of revenue and expenditure.

10. Both centralized/national and decentralized/regional, local funds have their role to play, and it is important to find the right niche for each fund. National funds are better suited for implementing large-scale and long-term projects which reflect national priorities. Local funds are better suited to implement projects that reflect local priorities. National and regional/local funds should be regarded as complimentary, and not substituting each other. It is necessary to find a proper balance and a clear division of tasks between the different funds, and to avoid diluting overall efficiency by creating too many local funds. Better co-ordination between national and regional/local funds would also help to improve overall efficiency and avoid the overlapping of work.

Annex II**(a) CRITERIA FOR FINANCIAL SUPPORT (valid until 31 May 2006)****COUNTRIES ELIGIBLE FOR FINANCIAL SUPPORT**

Approved by the Committee on Environmental Policy at its eleventh session

Country	GDP per capita (\$)	Eligibility note: threshold set for financial support for 2003-2004 = US\$ 3000; countries with GDP per capita below \$2500 are eligible for financial support (travel expenses and DSA 1/); countries with GDP per capita between \$2500 and \$3000 are eligible for financial support (DSA only)			
		Eligible for DSA only			
Russian Federation	2991				
Romania	2620				
Bulgaria	2539	Eligible for financial support (travel and DSA)			
Turkmenistan	2457				
Serbia and Montenegro	2345				
The FYR of Macedonia	2327				
Kazakhstan	1994				
Belarus	1772				
Albania	1739				
Bosnia and Herzegovina	1591				
Ukraine	1041				
Georgia	877				
Armenia	875				
Azerbaijan	867				
Republic of Moldova	542				
Kyrgyzstan	382				
Uzbekistan	342				
Tajikistan	236				
COUNTRIES ELIGIBLE FOR FINANCIAL SUPPORT		18			
COUNTRIES ELIGIBLE FOR DSA ONLY		3			
COUNTRIES ELIGIBLE FOR TRAVEL EXPENSES + DSA		15			
1/ DSA - daily subsistence allowance					

(b) CRITERIA FOR FINANCIAL SUPPORT (valid as from 1 June 2006)**COUNTRIES ELIGIBLE FOR FINANCIAL SUPPORT**

Approved by the Committee on Environmental Policy at its twelfth session, 9-11 October 2005

Country	GDP per Capita (\$)	Eligibility note: threshold set for financial support for 2005-2006 = US\$ 2800; countries with GDP per capita below \$2500 are eligible for financial support (travel expenses and DSA <u>1/</u>); countries with GDP per capita between \$2500 and \$2800 are eligible for financial support (DSA only)			
Serbia and Montenegro	2757	Eligible for financial support (DSA only)			
Kazakhstan	2717				
The FYR of Macedonia	2690				
Turkmenistan	2433	Eligible for financial support (travel and DSA)			
Albania	2406				
Belarus	2330				
Bosnia and Herzegovina	1906				
Ukraine	1376				
Georgia	1149				
Armenia	1106				
Azerbaijan	1027				
Republic of Moldova	720				
Uzbekistan	458				
Kyrgyzstan	436				
Tajikistan	284				
COUNTRIES ELIGIBLE	15				
COUNTRIES ELIGIBLE FOR DSA ONLY	3				
COUNTRIES ELIGIBLE FOR TRAVEL EXPENSES + DSA	12				
<u>1/</u> DSA - daily subsistence allowance.					

Annex III**EXPECTED ACCOMPLISHMENTS OF THE SECRETARIAT (2008-2009)**

Objective of the organization: safeguard the environment and human health, improve environmental management throughout the region and strengthen the environmental pillar of sustainable development

Expected accomplishments of the secretariat	Indicators of achievement
Strengthened national implementation of legally binding instruments.	Number of reports from parties indicating significant progress in implementing key obligations
Improved environmental performance in countries with economies in transition	Number of countries with improved environmental performance through a set of indicators reported by Environmental Performance Reviews Percentage of recommendations that have been implemented by the reviewed countries as reported to the Committee on Environmental Policy
Strengthened environmental monitoring and assessment systems in Eastern Europe, the Caucasus, Central Asia and South East European countries	Number of countries that have set mechanisms for periodic state-of-environment reporting following the guidelines for the preparation of governmental reports on the State and Protection of the Environment.

Strategy

In line with this objective, the work of the Environment and Human Settlements Division will focus on enhancing international assistance activities to build appropriate capacities to implement and comply with the ECE environmental conventions and their protocols as well as on promoting synergies and cooperation between them. The sub programme will continue to conduct the second round of environmental performance reviews of countries with economies in transition and, to build environmental observation and reporting capacities, contributing to the provision of timely and accurate environmental data through improved monitoring in these countries. The sub programme will further promote the implementation of sustainable development in the UNECE region, by contributing in the implementation of the Millennium Declaration and the outcomes of regional environment and sustainable development conferences, in particular of the decisions taken by the sixth Ministerial Conference "Environment for Europe" (Belgrade, 2007). Actions will be taken to: further inter sectoral programmes and projects, including education for sustainable development,

transport, health and environment and water and health; contribute to developing and harmonizing environmental policies in the region leading to improved cross-border environmental security; support the implementation of regional and sub regional agreements and action programmes, as well as processes and partnerships resulting from the World Summit on Sustainable Development and from the work of the Commission on Sustainable Development (CSD), by providing regional contributions on the priority areas of the 2007-2010 programme cycles of CSD