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

COMPILATION OF SUMMARIES: PROPOSED CATEGORY I DOCUMENTS

Note by the secretariat¹

Summary

This document is a compilation of summaries of proposed Category I documents for the Sixth Ministerial Conference “Environment for Europe” (Belgrade, 10-12 October 2007). The compilation aims at providing the ministers with a user-friendly and concise overview of major documents prepared for the Conference in order to facilitate their preparation for and work at the Conference. Following the decision by the Ad Hoc Working Group of Senior Officials (WGSO), the secretariat in consultation with the Chairperson has prepared the draft outline of the compilation of summaries and the draft template for the summaries for the consideration by the fifth meeting of WGSO Executive Committee of the Ad Hoc Preparatory Working Group of Senior Officials “Environment for Europe” held on 14-15 February 2007. In the light of the recommendations by the Executive Committee, the revised template was completed by the partners in the “Environment for Europe” process involved in preparing documents of Categories I and II for the Conference. In accordance with the recommendation by the fifth meeting of the Executive Committee, the proposed Category II documents for the Conference are compiled in an additional document (ECE/CEP/AC.11/2007/5). WGSO is invited to consider the two compilations of summaries of Category I and II documents.

¹ This document was submitted on the above date because of resource constraints.
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I. EVALUATION AND IMPLEMENTATION**A. Europe's Environment: the Fourth Assessment**

By the European Environment Agency

1. The two-page summary will be submitted later and will be included in an addendum to this document.

B. Making monitoring and assessment effective tools in environmental policy

By the UNECE secretariat

Objective and scope

2. The paper focuses on specific areas of monitoring and assessment where progress has been and/or should be made to link closer observations, data collection and management, and reporting with environmental policy- and decision-making. It covers environmental indicators and reporting and environmental monitoring by enterprises and monitoring networks. The paper presents proposals for discussion and action by ministers at the Belgrade Ministerial Conference "Environment for Europe" under a sub-session on Monitoring and Assessment. The paper is based largely on the recent findings of the Working Group on Environmental Monitoring and Assessment and its proposed contributions to the Belgrade Ministerial Conference "Environment for Europe".

Main findings

3. UNECE Environment Ministers have been continuously highlighting the importance of environmental information for policymaking and public awareness. There are wide gaps in environmental data collection and reporting, especially in the Eastern Europe, Caucasus and Central Asia (EECCA) and South-Eastern Europe (SEE). The preparation of the Kiev Assessment report identified priority areas for improving environmental monitoring capacities. The subsequent preparation of the Belgrade Assessment reconfirms that substantial efforts are still needed.

4. The importance of environmental monitoring should be adequately backed at the political level. There is a need to establish an effective bridge between a responsive monitoring system

and a relevant reporting process in support of decision-making. There are encouraging examples of positive developments in various parts of the region that may be successfully replicated in other countries concerned.

5. Many UNECE countries have recently transformed their national State of the Environment reports into indicator-based assessments that link data and information to policy targets and allows evaluating progress in achieving these targets. Most EECCA and SEE countries are lagging behind this development. They should convert their descriptive and often compilation-like reporting into indicator-based environmental reporting. The focus should be more on the transformation of environmental information into clear policy messages.

6. Substantial improvements in environmental monitoring and data collection are difficult to achieve without the commitment and cooperation of enterprises. Increasing the quantity of environmental information produced by enterprises, improving the quality of this information and enhancing access to it by the general public will help decision-making, at various levels, concerning the prevention and reduction of adverse environmental impacts by enterprises. The development and implementation of effective environmental monitoring programmes by enterprises will have value added for them as well.

Recommendations

7. The ministers might stress in their Declaration the need to make monitoring and assessment an effective instrument in environmental policymaking at both national and international levels. They might endorse the Recommendations to Governments of Eastern European, Caucasus and Central Asian countries for the Application of Environmental Indicators and the Preparation of Indicator-Based Environmental Assessment Reports that will help these and other interested countries in transforming environmental data into policy messages and will enhance the comparability of national environment assessments throughout the region. The Ministers might also endorse the Guidelines for Strengthening Environmental Monitoring and Reporting by Enterprises and call upon EECCA and other interested countries to establish strategic partnerships with business and industry in improving environmental data collection and observations. They might, furthermore, invite UNECE, in cooperation with the European Environment Agency (EEA) and other partners and stakeholders, to continue building monitoring and assessment capacities of EECCA and SEE countries.

C. Implementation of UNECE Multilateral Environmental Agreements

By the UNECE secretariat

Objective and scope

8. The five UNECE environmental Conventions and their protocols have been important driving forces for environmental policy in the region. However, their implementation, though effective in some parts of the region, is poor in others. This report highlights some of the important issues related to successful implementation, noting in particular the value of the Guidelines for Strengthening Compliance with and Implementation of Multilateral Environmental Agreements in the ECE region (ECE/CEP/107) (the Kiev Guidelines) adopted by ministers at their conference in Kiev in 2003. The report is divided into three sections. Section I considers national implementation and section II the mechanisms the Conventions use to promote implementation. Section III identifies challenges and draws attention to issues that may merit particular attention.

Main findings

9. Success in implementation of the multilateral environmental agreements (MEAs) can be judged in various ways. A simple assessment using ratification of MEAs illustrates some sub-regional differences but may not truly reflect the effectiveness of implementation in individual countries. Reporting mechanisms and assessments can provide a much better indication of national implementation and show where more effort is needed in the future. The Kiev Guidelines remain valuable guidance for States to implement and ratify the legal instruments.

10. The Convention bodies are keen to promote implementation and have developed a number of mechanisms for this. Reporting, compliance procedures, capacity building, funding mechanisms, public participation and outreach to other regions all contribute to strengthening the instruments and their international implementation. Reporting is key to assessing successful implementation but not all parties to MEAs report effectively and on time. Electronic reporting has helped some countries but others need to take reporting more seriously. Funding of essential work, especially that for international coordination, either through trust funds or through in-kind contributions have been essential to achieve the current level of implementation but such funding needs to be sustained. Capacity-building has also proved to be an essential mechanism for achieving implementation in many countries with economies in transition.

11. Countries outside UNECE can benefit from the knowledge and experience gained by the Conventions and governing bodies have taken steps to communicate and share with other regions.

Recommendations

12. More effort should be placed upon effective national implementation since this is key to region-wide success. For this, countries should make use of the Kiev Guidelines wherever appropriate as well as mechanisms developed under the Conventions. Governing bodies of the Conventions should continue to explore opportunities for developing mechanisms to aid implementation across the region, in particular for capacity-building and sustainable funding, as well as for sharing their information and experience with regions outside UNECE.

D. From intentions to actions: overcoming bottlenecks. Critical issues in the implementation of environmental policies highlighted by the UNECE Environmental Performance Review Programme

By the UNECE Environmental Performance Review (EPR) Programme

Objective and scope

13. This paper focuses on the progress achieved by EECCA and SEE countries reviewed by the EPR Programme, and evaluates problems and challenges ahead in order to overcome critical issues in implementation of environmental policies in these countries.

Main findings

14. Most of reviewed countries have made progress over the past decade, but not at the same pace. This is mainly attributed to original differences between countries and distinct transition paths, although they had a similar political and economic system initially. Virtually all reviewed countries have now environmental framework laws in place that serve as the legal basis for subsidiary legislation, which in most countries is still under elaboration. They have also undertaken institutional reforms and are gradually improving the use of economic instruments.

Most countries are engaged in promoting environmental policy integration through the development of sustainable development strategies and the introduction of new market-based mechanisms and institutional tools. In parallel, a greater involvement of the civil society is increasingly pushing Governments to take actions in a more effective and responsible manner regarding the environmental protection. However, most countries still face obstacles in raising public awareness. Strong factors of progress for a few countries have been their ambition of using European Union (EU) legislation as a model and principles of MEAs as guidance. However, despite these improvements, key barriers to progress persist in reviewed countries. The most critical ones as identified through the EPR Programme are the lack of political support for environmental purposes, the ineffectiveness of environmental institutions in particular with regard to implementation and enforcement, the inability of Governments to mobilize financing even on clearly established environmental priorities, the still weak environmental policy integration, and the failure to establish and use monitoring to measure progress achieved and set new targets.

Recommendations

15. It is therefore recommended that governments in all EECCA and SEE countries should strengthen their political support to resolving persistent environmental problems, increasingly involving civil society as a partner and using international environmental commitments as leverage. They should urgently address the serious bottlenecks caused by weak environmental institutions, through strengthening the level, mandate and capacities of the environmental authorities to make these more competent and effective, clarifying institutional task-sharing, and consolidating enforcement structures. To increase the effectiveness of environmental financing, Governments should review procedures, improve institutional capacity, and make proper use of economic instruments. A more solid foundation for identification of projects and prioritization of spending of environmental funds should be developed. Also, Governments in all EECCA and SEE countries should conduct an overall review of their environmental monitoring systems, including readjusting their targets so as to better understand actual environmental priorities and develop more realistic environmental programmes and strategies for their effective funding. To that end, focused environmental indicators should be selected, monitoring equipment modernized and data collection, processing and reporting improved. Environmental authorities should enforce self-monitoring in enterprises. Finally, Governments should institutionalize the integration of environmental policy into sectoral policies, and ensure involvement of the private sector and effective public participation in the policy integration process.

E. Belgrade Statement on Biodiversity

By the Council of the Pan-European Biological and Landscape Diversity Strategy

Objective and scope

16. The objective of the document is for the ministers and heads of delegation participating in the Pan-European Biological and Landscape Diversity Strategy (PEBLDS) process to review, at the Belgrade Conference, the achievements so far, and the challenges that remain, in the implementation of the Kiev Resolution on Biodiversity endorsed at the Fifth Ministerial Conference Environment for Europe.

Main findings

17. The document recognizes the activities of the national and local governments in Western Europe, South-Eastern and Eastern Europe and the Caucasus and Central Asia, as well as the activities of the European Community, and the regional cooperation taking place through intergovernmental and non-governmental organizations, that aim to conserve the rich natural heritage of Europe - the foundation for livelihoods and human well being in the region. While recognizing the achievements so far, however, key challenges still remain and the Belgrade Report of the European Environment Agency and the 2010 Countdown Initiative Assessment will highlight a number of areas where particular attention is needed in the coming years in order to reach the Kiev target to halt the loss of biodiversity by 2010 in the pan-European region.

Recommendations

18. At the Belgrade Conference, the ministers and heads of delegation participating in the PEBLDS process may wish to reaffirm their commitment to halt the loss of biodiversity in the pan-European region by 2010 and propose new and innovative ways to reach the 2010 target in collaboration with all relevant stakeholders in the public and private sector, civil society and with further actions in the regions and at the local community level.

II. CAPACITY-BUILDING AND PARTNERSHIPS

A. Progress in environmental management in Eastern Europe, Caucasus and Central Asia²

By the Task Force for the Implementation of the Environmental Action Programme for Eastern Europe, Caucasus and Central Asia countries

Objective and scope

19. One of the main outcomes of the 2003 Kiev "Environment for Europe" Ministerial Conference was the adoption of the Environment Strategy for the countries of Eastern Europe, Caucasus and Central Asia. This report provides an assessment of progress in achieving the objectives of the EECCA Environment Strategy since 2003 – focusing on actions taken by EECCA Governments. The report has been drafted by Organization for Economic Co-operation and Development (OECD) / Environmental Action Programme (EAP) Task Force secretariat staff, but it is the result of the collaboration with EECCA countries and a number of international partners – Central Asia Regional Economic Cooperation Programme, the European ECO-Forum, the Project Preparation Committee, the Regional Environmental Center for Central and Eastern Europe (REC-CEE), Regional Environmental Center Moldova, Russian, United Nations Development Programme (UNDP), UNECE, the United Nations Environment Programme (UNEP), the World Health Organization (WHO) and the World Bank. It has been prepared in close coordination with the EEA.

Main findings

20. For the most part, EECCA countries lack the strong drivers for environmental improvement that Western countries (public demand, price signals) and Central European countries (EU accession requirements) have enjoyed. The opportunities offered by renewed economic growth – both for carrying out environmental investments and for getting the prices

² Working title.

right – have not been fully utilized. The governance situation, given slow progress in public administration reform and tackling corruption, remains generally unsupportive of modern environmental management approaches. Nevertheless, there are many examples of successful action across countries and policy areas. The main body of this report documents nearly 200 examples of progress across the 12 countries and 15 policy areas analysed. Additional examples can be found in the environmental policy matrixes included in the country profiles.

21. The speed of progress varies across policy areas. Noticeable progress seems to have been made on compliance assurance, water supply and sanitation, water resources management and agriculture. Less progress seems to have been made on waste management, biodiversity, transport and energy efficiency. Even in some areas that seem “frozen” in time (such as environmental quality standards), at least the need for reform is finally recognized. The basic legal and policy frameworks are often in place and keep improving – even if further important reforms are still needed. The real problem is implementation – with the implementation gap being particularly evident at the subnational level. Also, where progress is taking place, there is little evidence of countries taking a coherent approach to reform.

22. Looking at progress across areas offers valuable insights. The situation with environment-related infrastructure (whether water supply and sanitation, waste, energy, urban transport or irrigation) is often characterized by unsustainable financial models that result in crumbling infrastructure, poor service and negative environmental impacts. While it is increasingly recognized that progress on environmental policy integration will largely determine overall progress towards environmental sustainability, environmental authorities are still ill-prepared to engage in meaningful cross-sectoral policy dialogue and little progress has been made in adopting integrated policy responses.

23. Overall, progress does not seem to have accelerated after the Kiev Ministerial Conference. Indeed, in some cases there has been regression, with the authority and capacities of environmental authorities in some countries downgraded. The experience since 2003 confirms that environmental progress in EECCA will take a much longer time than in Central and East European countries. But there are signs that consistency and patience will pay off – recent progress in some countries was made possible by the foundations established several years earlier.

24. Finance is clearly a cross-cutting constraint to improving environmental management and advancing towards environmental sustainability, but not necessarily the most important one in all cases. Environmental authorities share common institutional and organizational weaknesses – often related to public administration practices inherited from the Soviet era – including the role of political leaders and administrations that are seldom supportive of modern conceptions of environmental management and are biased towards “producing laws” rather than achieving measurable results. Additional actionable constraints include a shortage of skills related to the functioning of market economies, poor understanding of the role of information management in policy development and implementation, weak horizontal and vertical inter-institutional coordination, and low environmental awareness of the public and economic agents.

25. But environmental authorities also face structural and political constraints. They include the lack of strong drivers (and the subsequent low profile of environment on national policy agendas), a poor governance context (including widespread corruption), the challenge of decentralizing responsibilities in a fiscally responsible manner, concerns about the competitiveness and social impacts of environmental policies; decreasing donor coordination;

and a common perception among top policymakers that environmental protection is a hindrance to economic growth rather than a necessary element to ensuring socio-economic development over the long term.

Recommendations

26. Although there is no single roadmap for accelerating progress in environmental management across EECCA countries, a number of key common areas for action can be identified. In order to accelerate progress in achieving the objectives of the EECCA Environment Strategy, and towards environmental sustainability more generally, the following actions would be needed:

- (a) A clear vision of where each EECCA country wants to go and how to get there – this will require setting clear objectives and targets, making the case for environment to be included in national development plans (and donor country programmes) and establishing alliances with finance and line ministries to support “win-win” sectoral reforms.
- (b) A step-by-step approach to reform – this will require setting clear targets, sequencing actions and adopting a reform pace that is commensurate with each country’s political, economic and technical restrictions.
- (c) A stronger focus on implementation – this will require linking planning, budgeting and monitoring processes; developing implementing regulations; improving inter-sectoral co-ordination and monitoring the contribution of line ministries to national environmental objectives; and empowering subnational environmental authorities.
- (d) An approach that focuses on providing real incentives to encourage producers and consumers to improve their environmental performance in the most cost-effective manner – this will require streamlining regulation, stepping up enforcement and emphasizing demand management.
- (e) An improved institutional framework - this will require institutional stability, clarification of responsibilities at subnational level, removal of perverse incentives for staff and more robust and policy-relevant information systems.
- (f) A comprehensive approach to environmental financing – this will require considering the role of all potential funding sources and policy actions needed to leverage them (public expenditures, incentives for private investments in pollution abatement, user charges for environmental services, climate for private investments in infrastructure, clean development mechanism, donor assistance) and building the capacity to mobilize and manage them.
- (g) A strategic investment in skills – this will require paying particular attention capacities on environmental economics, financial and human resources management, policy integration and stakeholder relations as well as those of subnational actors.
- (h) A stronger engagement of stakeholders – this will require understanding industry concerns and the role of non-governmental organizations (NGOs) as both watchdogs and agents of action at local level.
- (i) A more supportive international cooperation framework – this will require efforts on the part of EECCA countries to motivate, coordinate and make efficient use of

donor support, but also more strategic approaches to co-operation on the part of donors.

27. As regards the EECCA Environment Strategy, EECCA countries feel that, while it has been useful as a guidance document and a framework for benchmarking and guiding support, a more differentiated approach would now be needed, tailored to the specific needs of the EECCA subregions or individual countries. At the same time, there is still need for an EECCA-wide mechanism to exchange information and good practice in areas of common interest, and to facilitate dialogue and cooperation with donors.

B. Guiding principles of effective environmental permitting systems

By the Task Force for the Implementation of the Environmental Action Programme for Eastern Europe, Caucasus and Central Asia countries

Objective and scope

28. Environmental permitting is a key regulatory instrument for reducing industry's environmental impacts, facilitating its compliance with environmental requirements and promoting technological innovation. Based on an extensive policy dialogue and exchange of experience, which involved governmental and non-governmental actors from countries participating in the "Environment for Europe Process", the current document presents a reference that Governments in EECCA may wish to use when considering how to strengthen their environmental permitting systems. The Guiding Principles emphasize the introduction of integrated permitting for large industry and simplified permitting for small and medium-sized enterprises (SMEs) in order to achieve a higher level of environmental protection and, at the same time, reduce administrative burdens on regulatees.

Main findings

29. Any effective permitting system is based on a legal requirement that all stationary sources with potentially significant environmental impacts should obtain an environmental permit as a precondition for operating. Other fundamental features include differentiation of permitting regimes for major and minor pollution sources, adequate powers of regulators, transparency and broad institutional stakeholder and public participation, and outreach to the regulated community.

30. An environmental permitting system comprises substantive and procedural aspects. Permit conditions need to be unambiguous and enforceable. In integrated permits for large-scale industry, the scope of permit conditions covers, among others, pollution prevention and control techniques, waste management, resource use, emission and effluent limit values, and self-monitoring and reporting requirements. Integrated permitting requires sound management decisions based on careful case-by-case evaluation by an environmental permitting authority. For SMEs with significant environmental impact, standard permit conditions can be stipulated through general binding rules for specific industry sectors. Finally, for installations with intrinsically low environmental impact, simple registration with local or environmental authorities is usually considered to be the most feasible regulatory option.

31. Developing and issuing an environmental permit involves a number of procedural stages, including helping a regulated installation to understand the permit application requirements, to stakeholder consultations on the application, and issuance or refusal of a permit. The

transparency of the process and the accountability of the permitting authority, enhanced by the possibility of appealing any permitting decision, are important for the credibility and effectiveness of a permitting system.

Recommendations

32. The transition to an integrated environmental permitting system is a long process that entails important legal and institutional changes and extensive capacity-building. The transition process can be facilitated if it is embedded in a government strategy with concrete implementation actions designed upfront and accepted by environmental authorities as well as by other stakeholders. Political will is indispensable for the success of an environmental permitting reform.

33. These Guiding Principles are not intended to prescribe a universal legal and organizational model for permitting; rather, they aim to provide a reference for those EECCA countries that want to make their permitting systems more effective and based on good international practice. Each country would need to devise a permitting system that best suits its own legal and institutional arrangements, and its own social, economic and environmental priorities.

C. Initiative on Strategic Environmental Assessment

By Armenia, Belarus and Moldova, with support from UNECE, UNDP and REC-CEE

Objective and scope

34. The Governments of Armenia, Belarus and Moldova propose the adoption by Ministers of Environment from the EECCA region of a voluntary initiative on strategic environmental assessment (SEA) as a means of promoting sustainable development in the EECCA region. The initiative would provide for networking among government officials so as to develop capacity for the introduction of SEA and the implementation of the UNECE Protocol on SEA.

Main findings

35. UNDP, with support from the REC-CEE and the Environment and Security Initiative, has implemented an SEA capacity development initiative. This initiative has been undertaken in collaboration with UNECE and the Meeting of the Parties to the UNECE Convention on Environmental Impact Assessment in a Transboundary Context. Together with Armenia, Georgia, Moldova, Ukraine (signatories to the Protocol) and Belarus, these organizations have been working to develop capacity for the introduction of SEA and the implementation of the Protocol, resulting in: (a) national capacity development needs analyses and a subregional overview of capacity development needs; (b) pilot projects; and (c) national capacity development strategies and subregional initiatives to support them.

36. However, this work identified the absence of a mechanism in the EECCA region for the mobilization of support for countries in their implementation of the Protocol and the alignment of their SEA-like systems with internationally accepted SEA principles. The priority issues of concern were: (a) the limited capacity of the responsible national environmental authorities to work on the Protocol's transposition and on the preparation of methodological guidance; (b) limited experience with SEA, which would provide examples of effective procedures and analytical approaches, which would meet the Protocol's requirements; and (c) the limited openness of planning systems, which poses obstacles for carrying out SEA and for consulting

relevant authorities and the public during the elaboration of plans and programmes.

37. Capacity development is continuing and being carried forward by the above-mentioned organizations and others in the five countries mentioned above and elsewhere in the EECCA region, though better results would be achieved if the work were coordinated through the means provided by the "Environment for Europe" process. The current partners in the SEA capacity development initiative would therefore welcome support and endorsement of their activities by the Conference.

Recommendations

38. The Governments of Armenia, Belarus and Moldova invite the Ministers of Environment from EECCA countries to adopt the "Belgrade SEA Initiative", which would: (a) agree upon the importance of a voluntary initiative on the networking of government officials responsible for SEA system development in EECCA countries, through facilitating the sharing of experience and knowledge among EECCA countries that demonstrate serious interest in ratification of or accession to the Protocol; (b) invite EECCA countries and other stakeholders to join this open-ended initiative; (c) request Armenia and Belarus to jointly lead the initiative, by providing political leadership and chairing its meetings, and invite UNECE, UNDP and REC-CEE to support the countries through the provision of a joint secretariat for the initiative (the EECCA regional environmental centres should be involved based on their capacity to deliver and on the country needs); and (d) invite donors, international organizations and financing institutions to be involved fully, sharing their experience and providing much needed support for subregional and country-specific activities.

D. Central Asian Initiative on sustainable development: progress and prospects

By the Central Asian countries in cooperation with the Regional Environmental Centre for Central Asia

Objective and scope

39. The Central Asian Initiative aims to achieve sustainable development in Central Asia by strengthening cooperation mechanisms and establishing partnership relations between States, the private sector, and international and public organizations. It is closely related to the Environment for Europe process.

Main findings

40. In many respects, environmental problems, in particular in the water sector, are the main obstacle to the development of Central Asian countries. The isolated and fragmentary efforts of separate sectors, countries or international organizations in the past did not show the expected results and did not solve the problems of environment and development. A different approach is required which should be based on long-term processes, with the participation of all interested parties and the community, and integrated into international and regional programmes, using best practices where possible.

41. The Central Asian Initiative is in line with the resolution of the Kiev Ministerial Conference in 2003 that suggested developing an agreement on partnership of all the interested parties, which would specify the roles of all the interested parties in achieving the goals of sustainable development and offering effective mechanisms of coordination between donors, countries, business and NGOs.

Recommendations

42. In order to implement the Central Asian Initiative on Sustainable Development, the interested parties will establish a Partnership on the realization of the Central Asian Initiative through the signing of a the Memorandum. A Coordination Council will be created with the participation of representatives of the state and public sectors, international organizations and private sector on a parity basis. The common goal of the Partnership is the creation of the legislative and institutional basis for uniting the efforts of Central Asian countries, international organizations, businesses and the civil sector for achieving the goals of sustainable development, strengthening the regional mechanisms of coordination, and creating favourable conditions for private investment.

E. Belgrade Initiative: enhancing regional South-East European cooperation in the field of climate change – recommendations on the use of Regional Climate Change Framework Action in South-Eastern Europe region and the establishment of a Subregional Climate Center

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

Objective and scope

43. The present Summary and Outline were prepared based on the joint conclusions of the SEE ministerial consultation on the possible agenda items for the October 2007 Belgrade “Environment for Europe” Conference (Belgrade, 16 June 2006).

44. The overall objective of the document is to present the Belgrade initiative related to enhancement of subregional cooperation in the field of climate change, which is to be achieved through SEE regional framework planning.

45. The analysis covers: (a) scientific findings and evidence of SEE regional effects of global climate change; (b) available information on major national achievements in and obstacles to fulfilling the objectives of United Nations Framework Convention on Climate Change (UNFCCC); and (c) the identification of common regional objectives and needs in the SEE region, as well as identification of their priority focus (e.g. capacity building related to Article 5 and Article 6 of UNFCCC, technical and financial assistance, and the transfer of technology).

46. The document further elaborates on the need for development of SEE Climate Change (multi-party) Framework Action Plans (SEE/CCFAP) in capacity-building, research and systematic observation, education, training and public awareness, as well for the establishment of a Subregional Climate Center as a means to improve regional cooperation, and to facilitate and coordinate the implementation of the SEE/CCFAP.

47. In this context, further elaboration of the rationale for the Serbian proposal to host the mentioned center is given.

Main findings

48. The new challenges in climate change facing SEE countries can be summarized as follows:
- (a) Experience in environment, trade and economic cooperation between SEE countries as well as with the South-East Europe Regional Energy Market (SEEREM) could be used more intensively in preparing policy directions for climate protection within the new Climate Change SEE Regional (multi-party) Framework Action Plans;
 - (b) Steps should be taken to further identify climate change issues of mutual importance for the SEE region in order to avoid duplication of effort and mobilize available human resources in preparing regional framework actions and programs which will be financed by different international financing institutions;
 - (c) There is an urgent need for initiation of a SEE pilot project aiming at setting up of functions of the sub-regional climate center that will provide coordination and implementation of SEE/CCFAP, i.e. actions in capacity-building and widespread dissemination of information on the regional climate change projections, impacts, vulnerability and mitigation assessments, as well as common regional requirements, initiatives and networks identification and formulation, which are of relevance to address climate change.
49. The SEE/CCFAP is a practical and specific regional response of the SEE countries towards achieving concrete results in climate change with region's own available resources and capacities. Further support has to be provided to the region by other countries from UNECE Region and by the international donor funding community.

Recommendations

- (a) Drafting a Regional Climate Change Framework Action for the SEE region for the implementation of Article 6 of the UNFCCC and capacity-building programme related to Article 6 and Article 5 of the Convention.
- (b) Establishing a Subregional Climate Change Center in Belgrade to support coordination in activities under Regional Climate Change Framework Action for SEE Region.
- (c) Development partnerships for undertaking activities from Recommendations 1 and 2 with relevant regional and international organizations and conventions.

F. Strategy/framework/action plan for transboundary water cooperation in South-Eastern Europe

By Serbia in collaboration with UNECE

Objective and scope

50. Ninety percent of the territory of SEE countries falls within transboundary river basins, with the consequence that countries depend heavily on each other for water resources. Hence, transboundary water cooperation is a crucial issue in this region. There are positive examples of transboundary cooperation, but in many river and lake basins transboundary water cooperation needs to be developed further.

Main findings

51. A high-level negotiation process, driven by the countries, is being launched in the region with the objective to establish a Strategy/Framework/Action plan for transboundary water cooperation to be adopted at the Belgrade Ministerial Conference. The negotiation process will be lead by Serbia (possibly in cooperation with another country from the SEE region) and will involve Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Montenegro, Romania, Slovenia, Serbia and The Former Yugoslav Republic of Macedonia.

52. The Strategy/Framework/Action plan will provide a framework for ambitious but achievable development in the integrated management of transboundary waters in the region. Through the adoption of the Strategy/Framework/Action plan, countries will commit themselves to a road map with concrete recommendations for specific river basins.

53. The implementation of the Strategy/Framework/Action plan could be monitored through the Environment for Europe process by the Meeting of the Parties to the UNECE Water Convention.

Recommendations

54. The strategy/framework/action plan will include a general set of principles valid for the whole region, taking into account the Water Convention, the EU Water Framework Directive and major shared problems, and a specific set with recommendations/objectives for each river basin. Recommendations/objectives will have a deadline for their implementation including recommendations/objectives to be achieved by the next Meeting of Parties of the Water Convention (2009) and by the next Ministerial Conference (2011, to be confirmed).

G. Partnerships with the private sector

By the United States in cooperation with the UNEP Office for North America

55. A one-page summary will be submitted later and will be included in an addendum to this document.

H. Public-private partnership for reduced air pollution from vehicles through lead-free and low-sulphur fuels

By the Regional Environmental Center for Central and Eastern Europe and UNEP-based Partnership for Clean Fuels and Vehicles (PCFV), with the support of the United States Environmental Protection Agency and the Italian Ministry of Environment, Land and Sea

Objective and scope

56. The report makes the point that a partnership between the public and private sectors based on the example of the UNEP-based PCFV is an efficient tool for achieving concrete environmental goals. The report highlights the importance of phasing out lead and reducing sulphur in fuels (thus allowing for direct emission reductions from the existing fleet and the use of cleaner vehicles through stricter vehicle standards) for improving urban air quality and achieving significant health benefits. The ministers at the Belgrade "Environment for Europe" conference are asked to endorse the end 2008 deadline for phasing out lead, to intensify discussions with refineries, oil companies and car producers/importers for reducing sulphur-levels in fuels, and to promote the introduction of updated Euro standards for vehicles in SEE

and EECCA countries.

Main findings

57. PCFV is a successful model for public-private partnership for achieving concrete goals. The mission and work of PCFV complements and builds on past “Environment for Europe” initiatives and declarations related to the environment in Eastern European and EECCA countries, specifically the Sofia Initiative for Local Air Quality (SILAQ) process.

58. There is a direct link between urban air quality, vehicle pollution, fuel quality, human health and poverty alleviation. There is a proven and significant negative health impact of emissions due to lead, high sulphur and older vehicles with outdated technology. During the last five years, countries worldwide have made significant progress in phasing out leaded gasoline. There are only 21 countries in the world selling leaded petrol, eight of them in the SEE and EECCA regions.

59. Success in other regions has been achieved due to the active role of PCFV and the participation of all relevant sectors, including private industry, in the partnership. Barriers to the phasing out of leaded gasoline (including technical information and public awareness) have been addressed by PCFV successfully in the past, resulting in the complete ban on leaded gasoline in sub-Saharan Africa as of January 2006.

Recommendations

60. Initiate discussions between government and the private sector and other relevant stakeholders in order to:

- (a) Phase out lead by end 2008 and enable emission control technologies in petrol vehicles such as catalytic converters;
- (b) Reduce sulphur levels to European standards to enable cleaner vehicles, with timelines and steps determined by countries;
- (c) Intensify discussion on cleaner bus fleets, retrofits and alternative fuel and vehicle technologies at the project and policy levels.

61. In order to achieve all three goals, action plans should be drafted for taking all necessary measures: legislation, standards, funding, etc.

I. Environment and security partnerships

By Italy, Belgium, Finland, Germany and Hungary in collaboration with UNEP as a competent partner of the Environment and Security Initiative (ENVSEC) network

Objective and scope

62. There is a growing recognition of links between natural resource management, environmental quality, security and development, within and across national borders. Competition for fresh water, arable land and wood as well as mineral resources can add to economic and social tensions, and result in disputes that carry the risk of potentially violent conflict. Disagreement over the management of cross-border environmental degradation can likewise lead to diplomatic disputes. Preventing and resolving the challenges that environment can pose to security and stability requires a better integration of the environment in development, foreign and security policies; more effective environmental cooperation between countries; stronger coordination among international agencies; and harmonized donor support.

Main findings

63. The ENVSEC initiative, established in 2003, has developed into a stable and flexible partnership between six international organizations (UNEP, UNDP, UNECE, the Organization for Security and Co-operation in Europe (OSCE), REC-CEE, and NATO as an associated partner) with national focal points in 20 countries in Eastern and South-Eastern Europe, the Caucasus and Central Asia. Each ENVSEC partner contributes its skills, expertise, and networks, in support of assessment, policy development, institution building and technical cooperation. Relying on support from the field presences of OSCE, UNDP, and the REC-CEE, the ENVSEC partners have rendered and are rendering assistance ranging from mapping out and codifying stakeholder accountability of environment and security risks of mining practices and legacies in the South-Eastern Europe to monitoring and programming remediation of cross-border industrial pollution in the Ferghana valley, cleaning up of obsolete pesticide stocks in the Caucasus, and helping to increase public access to environmental information through supporting public environmental information centers (Aarhus Centres) in all subregions. The current ENVSEC portfolio includes over 70 projects, and has a total budget of around US\$27.5 million.

64. Activities conducted under the ENVSEC Initiative show that the environment can act as a bridge for cross-boundary cooperation. Joint assessments and information exchanges have identified common interests, improved mutual understanding, and built foundations for agreements on trans-boundary environmental management. The partnership approach on which ENVSEC is based brings explicit benefits³ of improved coordination and a cost-effective comprehensive approach to regional cooperation as well as enhanced synergies and coherence with other donor initiatives at the country and subregional levels.

Recommendations

65. Complex environmental risks threatening stability, human security and inter-State relations are best prevented by joint efforts and multidisciplinary partnerships of countries, stakeholder groups and the international community. Ministers of Environment are invited to recognize the Environment and Security agenda as new window of opportunity to strengthen and deliver on global and regional environmental policies in areas of climate change, sustainable use of natural resources, or transboundary water and landscape management. Ministers are requested to initiate and support transboundary environmental cooperation in regions of tension as part of peace-building processes while reducing environment-related security risks. Ministers should back and help secure sufficient funding for the ENVSEC Initiative as a unique partnership and cost-effective arrangement for assisting countries in the UNECE region in identifying, addressing and mitigating environmental and security risks.

³ A mid-term evaluation conducted by an independent consultant concluded that “The ENVSEC Initiative is a rare upshot of the implementation of the February 2005 Paris Declaration with regard to donor harmonization and local ownership”.

J. Cooperation and frameworks for the protection and sustainable development of mountain regions in Europe

By *UNEP*

Objective and scope

66. Following the discussions at the Second meeting of the WGSO (29-30 June 2006) regarding the agenda for the Sixth Ministerial Conference “Environment for Europe”, Belgrade, Serbia, 10-12 October 2007, UNEP was invited to provide updates, as appropriate, on activities under the “Documents of Category I and II” in accordance with the framework for the Conference agenda. This Category I paper for the Belgrade Conference is intended to report on the progress made in the cooperation for the protection and sustainable development of mountain regions in Europe.

Main findings

67. Sustainable mountain development can be considerably advanced through regional and sub-regional initiatives, cooperation and actions. The Alpine region offers many knowledge repositories of mountain-related information, which are increasingly made available to interested mountain stakeholders. Innovative regional and local development approaches are now implemented in the Carpathians with EU structural funds supporting the Carpathian Mountain Range cooperation, which can provide food for thought and experience sharing with other mountain regions, such as in South-Eastern Europe, the Caucasus or Central Asia. The international Mountain Partnership offers a promising platform for interlinking the growing “European” experience with other mountain regions in the world.

68. In order to be successful and achieve lasting results, collaboration in mountain regions has to address a great variety of interlinked areas, from agriculture and forestry to energy and transport, landscape planning and water basin management, sustainable tourism and biodiversity protection. Joint action in mountains will also directly contribute to the implementation of the Convention on Biological Diversity and its programme of work on mountains; assist in the achievement of the 2010 target to halt the loss of biological diversity of the PEBLDS; as well as support European nature conservation policies in mountain ecosystems.

69. Collaborative arrangements, such as the Alpine and Carpathian conventions, successfully provided useful markets and powerful incentives for mountain related action and support. It is hoped that negotiations on framework conventions on the protection and sustainable development of the South-East European mountain region and the Caucasus mountain region will advance and receive the necessary backing and support from all partners involved.

Recommendations

70. The Sixth Ministerial Conference “Environment for Europe”, to be held in Belgrade, Serbia, on 10-12 October 2007, is invited to take note of and welcome and support the mountain partnerships within and between the Alps, the Carpathians, the South East European mountain region, the Caucasus and the mountain regions of Central Asia, including the development of framework instruments for the protection and sustainable development of the South-Eastern European and Caucasus mountain regions; to encourage the international Mountain Partnership to promote and foster exchanges of experience and expertise with other mountain regions in the world; and to call upon donors and the international community to continue to support and service mountain partnerships and initiatives in Europe and other parts of the world.

K. Sustainable consumption and production

Objective and scope

71. The paper summarizes progress made since the 2003 Kiev Conference on the promotion of Sustainable Consumption and Production (SCP) and recommends the future necessary actions to be taken in the pan-European region.

Main findings

72. Programmes on SCP are developed and activities are planned or on going in many parts of the region. As an example, the EU already integrated SCP as one of the seven key challenges in its renewed EU Sustainable Development strategy, and the European Commission is now preparing a SCP action plan to be presented in 2007. Several countries are developing national strategies and action plans for SCP and are supporting activities in other parts of the region. A number of programmes and projects to promote SCP, including cleaner and efficient production, energy efficiency, sustainable transport, better management and reduction of waste, education and public awareness campaigns and sustainable procurement have been currently undertaken in partnership between stakeholders. Many such initiatives have been and are planned to be implemented in the EECCA and SEE regions through region-wide collaboration.

73. Development of more sustainable mobility systems, actions and strategies for energy efficiency, opportunities to reduce and recycle waste, and measures for a more sustainable agriculture are examples of issues where countries could benefit from regional and subregional cooperation and diffusion of good practices and partnerships. Although the situation varies from country to country in the SEE and EECCA regions, the countries share common challenges, such as an increase in road traffic, old heating systems, increase of waste generation and old stores of pesticides. Urbanization, including transport systems, the renewal of productions systems, and housing, presents special challenges. The report on "Sustainable Consumption and Production in SEE and EECCA countries" is a Category II document for the Belgrade conference developing these issues.

Recommendations

74. The paper recommends (a) developing strategies and/or action plans at the national level (if such strategies or plans do not already exist), (b) capacity-building/training and (c) demonstration projects at the national and local levels in SEE and EECCA countries, sharing practical information, (d) knowledge and experience between countries in SEE and EECCA, and with other countries; linking SCP and education for sustainable development; and (e) developing and establishing a pan-European collaborative framework as part of and contributing to the Marrakech process and subregional frameworks to support and facilitate the implementation of the programmes within the 10-year framework of programmes on SCP reflecting subregional needs and priorities.

L. Public sector participation in the energy efficiency equity fund

By UNECE Energy Efficiency 21 project

Objective and scope

75. The main objective is to promote a public-private partnership for an investment climate in which self-sustaining energy efficiency and renewable energy projects can be financed, and global greenhouse gas emissions reduced.

Main findings

76. Since 2000, investment projects to reduce carbon emissions have been developed under EE21 with local counterparts in Belarus, Bulgaria, Kazakhstan, Russian Federation, and Ukraine. Proposals have been prepared in the amount of US \$60 million, investment projects of US \$14.9 million have been financed to date. These account for an estimated 136,000 tons of carbon dioxide avoided per year.

77. The new project on Financing Energy Efficiency Investments for Climate Change Mitigation will provide for the establishment of a public-private partnership dedicated fund to finance energy efficiency investments in UNECE transition economies. This new phase of the EE21 Project is mainly supported by United Nations Foundation, Global Environmental Facility, Fonds Français pour l'Environnement Mondial and the European Business Congress with an approved amount of US \$ 7.75 million for technical assistance activities.

78. The Fund ranging between US \$100 million and \$250 million will be established as a dedicated source of equity and quasi-equity finance with the participation of public and private sector investors. It will invest exclusively in energy efficiency and renewable energy projects that have a quantifiable impact on the reduction of greenhouse gas emissions and that are located in the twelve participating countries: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Moldova, Romania, Russian Federation, Serbia, The Former Yugoslav Republic of Macedonia and Ukraine.

Recommendations

79. Within the framework of the Environment for Europe process, ministers may wish to decide to request their relevant national ministries or agencies to consider participating as public sector investors in the energy efficiency investment fund which will be created through the Energy Efficiency 21 Project.

M. Mobilizing finance for environmental priorities: recommendations for the future

By the Project Preparation Committee, EAP Task Force, Regional Environmental Centre for Central and Eastern Europe, the World Bank

Objective and scope

80. The objective of this paper is to identify actions that can be taken by actors in the "Environment for Europe" process to ensure that adequate levels of finance are available for environmental improvements in EECCA and SEE countries to meet commitments under the "Environment for Europe" process. It provides a brief assessment of the trends in environmental expenditures and access to finance in the region, and considers the roles of public, private and international sources of finance and the opportunities these present for supporting environmental improvements.

Main findings

81. Most countries in the region have resumed sustained economic growth, but this has not always improved access to environmental finance. Reasons for this include a reluctance to prioritize the environment in national development strategies, institutional weaknesses in inter-governmental coordination, planning at the national and local levels and the provision of incentives for environmental performance, and barriers to project development. Low-income countries suffer from more limited access to affordable finance. EECCA and SEE Governments,

donors, international bodies and the private sector need to find innovative ways to optimize flows of environmental finance.

82. Key message: Although access to environmental finance has improved, it is still a barrier to environmental improvements, especially in low-income countries. Insufficient political leadership and institutional capacity hinder the exploitation of emerging opportunities. Action is required by public, private and international actors to make optimal use of all available sources of environmental finance at national and subnational levels.

Recommendations

- (a) Environment should be prioritized in national and subnational development strategies and the management of public environmental expenditure should be aligned with best international practice;
- (b) Environmental expenditure as a percentage of GDP needs to increase to levels comparable to those in countries in Central and Eastern Europe net of EU funds, and the share of expenditure allocated to investments needs to be aligned with current best practice;
- (c) Environment ministries can help to achieve this by supporting mid-term budget frameworks and preparing sound environmental investment programmes within these frameworks in cooperation with other ministries;
- (d) Donors and international financial institutions could align their assistance plans with environmental investment programmes, using performance-based aid instruments linked to actual results;
- (e) Adequate legal and institutional frameworks should be implemented as soon as possible to take advantage of new opportunities for environmental financing, such as local financial markets, carbon-financing mechanisms and debt-for-environment swaps;
- (f) Environmental ministries could encourage more private-sector finance by implementing market-friendly reforms of environmental policies and institutions;
- (g) Middle-income countries could attract more international finance by making it more accessible at sub-national levels; whereas low-income countries require sustained donor grant co-financing to make loans from international financial institutions accessible;
- (h) Assistance is needed to build the capacity of potential project proponents to prepare viable environmental investment projects; and
- (i) Environmental policy and international competitiveness in a globalizing world: challenges for low-income countries in the ECE region.

N. Environmental policy and international competitiveness in a globalizing world: challenges for low-income countries in the UNECE region

By the UNECE secretariat

Objective and scope

83. A major policy goal of low-income countries is to promote the creation of competitive economic capacities in order to achieve sustained growth and raise the material well being of the population. Economic growth is, however, associated with increasing environmental pressures, and the question is to what extent the costs of more stringent environmental policies will affect

the competitiveness of domestic firms. What is the empirical evidence on the impact of environmental protection costs on international trade and foreign direct investment location decisions? What are the opportunities that the process of technological upgrading, which is a major driving force of economic development, provides for reducing environmental pressures? What kind of policies and supportive institutional arrangements can help to effectively integrate environmental protection into national economic development strategies and thereby promote sustainable production and consumption patterns?

Main findings

84. The impact of more stringent environmental policy on overall industrial competitiveness is only marginal, reflecting notably the small share that environmental management costs have, on average, in total production costs in industry. Moreover, adequate design of policy instruments can cushion any potential adverse competitiveness effects in the pollution-intensive sectors most affected by stricter pollution standards. International cooperation and coordination in the design of environmental policies, notably as regards transboundary pollution, can also reduce asymmetric competitiveness effects across countries.

85. Environmental standards are clearly not a major determinant of foreign direct investment flows, which are rather factors such as labour costs, quality of labour force and access to infrastructure. Increased environmental awareness and green consumerism has led, moreover, to a global proliferation of increasingly stringent environmental requirements for local firms that want to be part of international production networks organized by multinational firms.

86. More stringent environmental policies in a competitive market context have been an important driver of technological innovations that lead to cleaner technologies, i.e. more environmentally sound production processes and products.

87. Given the close linkages between the economy and the environment, there is a need for effective integration of environmental protection in sectoral and broader national industrial development strategies. This requires adequate supportive institutions. An overriding concern must be to ensure that individual environmental policies are worth having and that they are cost-effective.

Recommendations

88. It is important to ensure an appropriate representation and integration of environmental policy concerns in national economic development strategies.

89. Governments should establish institutional arrangements for a continuous dialogue among major stakeholders with the aim of a balanced and integrated consideration of economic, social and environmental issues.

90. Governments need to build a capable and sufficiently strong civil service for planning and implementation of effective environmental policies and successful policy integration.
