

Project Proposal

OECD/EAP TASK FORCE SUPPORT TO WATER MANAGEMENT POLICIES IN EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA

Objectives

This project aims to provide support for better design and implementation of water management policies in the region of Eastern Europe, Caucasus, and Central Asia (EECCA). The focus will be on issues with a high potential to simultaneously contribute to environmental and development objectives, and to reinforce the rule of law. The various project activities will be implemented within the framework of the *OECD/EAP Task Force*.

The project will cover *two major substantive areas*: (i) improving the *access of people to adequate water supply and sanitation services* in the context of integrated water resources management; and (ii) improving the quality and the sustainability of water resources use through *strengthened policy incentives, analysis, and financing*. More specifically, the project will aim to:

Component 1: improve access to water and sanitation services, including:

- To improve the information base for policy making in the water sector by updating water utility benchmarking data, and by compiling and analysing information on institutional and legal reforms for regional dialogue and national level policy making;
- To provide support and analytical input to EU Water Initiative National Policy Dialogues, as well as the annual meetings of the EUWI Working Group (based on the above).

Component 2: strengthening incentives and capacity for water resources management:

- To promote legislative changes enabling better water resources management by raising countries capacity to demonstrate economic costs and benefits of such changes;
- To support the operationalisation of integrated water resources management plans through the development of strategic financial plans, thereby improving the ability of water sector actors to access financial resources from various sources (e.g. user charges, public budgets, ODA, financial and capital markets);
- To reinforce the use of the “polluter pays principle” by reforming national systems of monetary penalties and liability in line with Article 23 of the EU’s Water Framework Directive and the Environmental Liability Directive.

This work will contribute towards the achievement of both Result 1 and 2 of the “EECCA Strategy Framework Programme” on cooperation in the water sector, developed by SYKE within the framework of the “Wider Europe Initiative”.

The *requested budget* is 700 thousand Euros.

Project rationale

EECCA countries face very diverse and difficult water challenges. For example, from a quantitative perspective, Azerbaijan, Turkmenistan, and Uzbekistan are classified as water stressed, while in Russia some 300 major cities are prone to floods. On the quality side, many of the largest rivers, such as the Volga, Ural, Kura and Syr Darya are heavily polluted. Pollution hotspots are found downstream from large cities due to the discharge of insufficiently treated wastewater. Water is also polluted by heavy metals from mining and industry and by ammonia and nitrates from agriculture. Despite high wastewater treatment connection rates, large amounts of wastewater are discharged untreated into watercourses as many treatment plants are no longer operational – around 80% in Georgia, Moldova and Tajikistan. Moreover, discharges from diffuse sources, in particular agriculture, are very difficult to control. Climate change will aggravate many of these problems, changing rainfall and river flow patterns, but also affecting demand, particularly in agriculture.

Infrastructure for the delivery of municipal water services has been steadily deteriorating over recent years, with serious impacts on public health and the environment. Populations living in small and medium sized cities and in rural areas are the most affected, with scheduled water supplies of only a few hours per day and water that does frequently not meet national drinking water norms. Many EECCA countries are also off-track in meeting the internationally agreed Millennium Development Goal on access to basic sanitation, which has shown no signs of improvement over the last 20 years and in some countries has even receded.

Reforms to improve water sector governance and water services have been undertaken in most EECCA countries, but progress is painfully slow. For example, new legislation on Integrated Water Resources Management (IWRM) has been difficult to pass, sometimes due to a lack of planning, a lack of analysis of its economic and social consequences, and a lack of financial realism. Existing policy incentives are weak and as a consequence water-efficient or pollution control technologies are not being introduced. Also, little progress has been achieved in better integrating water-relevant policies across sectors.

The EAP Task Force – a regional cooperation mechanism focused on results

For over fourteen years, the EAP Task Force – the Task Force for the Implementation of the Environmental Action Programme – has supported EECCA countries in reforming their environmental policies and institutions. Initially, the Task Force focussed on Central Europe and was credited with helping to create a good basis for those countries to begin their accession dialogue with the European Union. Since 1998 Aarhus Ministerial Conference, the work of the Task Force shifted to EECCA countries. The main *mission* of the EAP Task Force is to promote the integration of environmental considerations into the processes of economic, social and political reform; and help upgrade institutional and human capacities for environmental management.

The *value added* of the EAP Task Force stems from the fact that this intergovernmental body:

- Builds local ownership and consensus on policy principles and good practices through analytical work and dialogue within regional networks;
- Facilitates access to best practices and tools for effective environmental management through a peer learning process;
- Implements in-country projects to demonstrate how policies and tools can be applied in practice, and feeds this experience into regional policy dialogue where it can find further channels of dissemination.

The *members* of the Task Force comprise the governments of Western, Central and Eastern Europe, North America, the Caucasus and Central Asia. International organisations and financial institutions, business and civil society, and Regional Environmental Centres (RECs) actively participate in the work of the Task Force. EAP Task Force's *expert networks*, including the Regulatory Environmental Programme Implementation Network – REPIN – and the Group of Senior Officials for Water Supply and Sanitation Sector Reform (the water network) have enabled EECCA policy makers and practitioners to exchange experience and build partnerships with their counterparts from OECD countries, Central and Eastern Europe, as well as with representatives of NGOs and the private sector on issues of common interest. The REPIN members have established a regular dialogue with the EU's IMPEL Network of environmental regulators and inspectors. Since 2005 the EAP Task Force's Water Network and the EUWI EECCA Working Group are meeting jointly and oversee a common work programme. In addition, the EAP Task Force is supporting several National Policy Dialogues that have been launched by the EUWI in the EECCA region. This ensure that the work of the EAP Task Force, and the proposals presented here, are firmly grounded in the environmental, economic, political and administrative realities of EECCA countries, and that the proposed activities respond to expressed demands from EECCA representatives.

The Task Force *secretariat* is located at the Organisation for Economic Co-operation and Development (OECD). This location enables the EAP Task Force Secretariat to draw upon the policy analysis and recommendations prepared within OECD directorates and committees dealing not only with Environment but also Financial and Enterprise Affairs, Public Management, Economics, Regulatory Reform and others. The Task Force works in close consultation and cooperation with donors and international financial institutions such as the World Bank and EBRD and complements their more project-level work with up-stream capacity and institutional development that helps to accelerate environmental investments. The annual budget of the Task Force is about 2 million EUR.

Timeframe, proposed cooperation activities and outputs

The project will be implemented in the period 2010-2011. The proposed activities are part of a long-term work programme, approved by both OECD and partner governments in the EECCA region.

Component 1: Improving access to the water services

Currently, 80% of the urban population in EECCA region are connected to water supply, and more than 60% have access to sewerage systems. However, the infrastructure is rapidly deteriorating, resulting in low service quality and increased risks to public health and the environment. The worst situation exists in rural areas, where only 10 to 15% of the population have access to centralised water supply.

Improving the situation will require EECCA governments to reform the policies and institutions governing the water sector. Estimates suggest that financial expenditures in the sector would need to roughly double to achieve the water-related MDG which call for a reduction by half of those without access to safe water and basic sanitation services by 2015. On present trends these targets will not be met.

This and related challenges were the subject of a meeting between Economics, Finance and Environment/Water Ministers in Yerevan in November 2005, which recommended that the EAP Task Force should continue to support financial, legal and institutional reforms in the sector in line with the recommendations of the Almaty Guiding Principles adopted by EECCA Ministers in 2000. The 2007 Belgrade Ministerial meeting reinforced this direction.

Three streams of activities will be pursued in order to support the strengthening of water sector governance in EECCA:

- Activity 1.1: Benchmarking and Improving Data for Policy Making;

- Activity 1.2: Support for Strengthened Water Sector Governance in EECCA – Policy Dialogue on Measures to Achieve Economies of Scale in the Provision of Water Supply and Sanitation;

Activity 1.1: Benchmarking and Improving Data for Policy Making

Objectives

This activity aims at providing a firm empirical basis to support water sector reform and to monitor progress in this regard, including monitoring progress in achieving the water-related Millennium Development Goals.

Background

The millennium development goals commit countries to reduce by half the number of people who do not have access to safe drinking water and adequate sanitation by 2015 compared to 1990 levels. At the same time EECCA countries are also committed to the implementation of the Almaty “Guiding Principles for Water Sector Reforms” adopted at a meeting of EECCA Economic, Finance and Environment Ministers in Almaty in 2000, and the policy conclusions and recommendations made at a follow-up Ministerial Conference in Yerevan in 2005.

The activity would build on similar work carried-out in the past and seek to update and expand an existing EAP Task Force database of water utility performance data, which has been routinely published on the World Bank’s IB-Net website.

The performance indicator methodology that will be used has been developed by the World Bank and the database currently provides data for more than 400 water utilities in 11 EECCA countries. It is essentially based on self-reporting by utilities, following a short training on methodology. The database contains 32 indicators, including technical (e.g. service coverage rates, unaccounted-for water, pipe breaks, and continuity of service) and financial indicators (e.g. billing period, unit operational costs, and average water tariff).

It is expected that, as in the past, this work would be carried-out in coordination and synergy with the World Bank, which is currently working to update its IB-Net database. The indicators enable benchmarking of water utilities performance, including the identification of areas where performance could be improved in line with comparable utilities.

Implementation arrangements and outputs

Work would focus on:

- collecting water utility performance data and information about key institutional and legal reforms in two EECCA countries (to be coordinated with the World Bank, possibly two out of Kyrgyzstan, Azerbaijan, Uzbekistan and Tajikistan)
- presenting the information in country reports
- publishing data on the World Bank’s IB-Net website

The following outputs are envisaged:

- Two country reports documenting the performance of water utilities
- Data published on the World Bank’s IB-Net website

Level of effort

Human resources:	UNIT	NR. OF UNITS
Project Management	month	5
Project Assistant	month	2
Activity:		
Missions	mission	3
Consultants	days	80
Expert Meetings (incl. expert travel)	meeting	1
Translation	pages	150

Outcomes

Greater use of performance indicators should ultimately lead to improved performance of water utilities, In addition, it is expected that the data and analysis that will be produced in the framework of this activity will feed into policy reports that will be prepared by the EAP Task Force as an input to the Environment for Europe Ministerial (EfE) Conference in Astana, as well as to the Assessment of Assessments report that the European Environment Agency is going to prepare for that conference . The work should help to improve policy making for the water supply and sanitation sector by providing good quality data and analysis and ultimately to support the achievement of the water-related MDGs.

Activity 1.2: Support for Strengthened Water Sector Governance in EECCA – Policy Dialogue on Measures to Achieve Economies of Scale in the Provision of Water Supply and Sanitation

Objectives

The objective of this activity is to identify ways in which municipalities might cooperate to achieve economies of scale and overcome the fragmentation of the water supply and sanitation sector following decentralisation in the early 1990s, as well as policy reforms that would be required to support this.

Background

There is increasing recognition that the decentralisation of responsibilities for water supply and sanitation has made it difficult for utilities and municipalities to fully exploit economies of scale, to retain and develop adequate capacity to run the sector, and to generate the necessary resources to finance capital investments. This project will build upon work done in 2008/9 that looked at the situation in the Ukraine and into reform measures in several EU countries that help to overcome the fragmentation effects of decentralisation, i.e. through inter-municipal cooperation agreements, the establishment of regional water utilities and other relevant measures. Work in 2010 would focus on continuing the policy dialogue on this issue in the Ukraine and to launch a dialogue in one additional EECCA country, based on the reference paper developed for the Ukraine.

Implementation arrangements and outputs

The OECD/EAP Task Force Secretariat will facilitate an EUWI national policy dialogue on fragmentation in the water sector in one EECCA country in the Ukraine and to launch a similar dialogue in one other EECCA country. The following outputs are envisaged:

- Two-three dialogue meetings
- A Policy Brief on developing economies of scale in providing water supply and sanitation
- A roadmap for related reforms in the Ukraine

- A fact finding paper on fragmentation in the water sector of one EECCA country

Level of effort

Human resources:	UNIT	NR. OF UNITS
Project Management	month	5
Project Assistant	month	2
Activity:		
Missions	mission	3
Consultants	Days	50
Expert Meetings (incl. expert travel)	Meeting	2
Translation	Pages	150

Outcomes

Policy reforms to facilitate cooperation among municipalities to provide water supply and sanitation more efficiently, and, ultimately, the implementation of such cooperative arrangements.

Component 2: Strengthening incentives and capacity for water resources management

Water management has been the most prominent policy area in regional cooperation during the last decade, which could be explained by the existence of several internationally shared river basins in the EECCA region (e.g., Danube, Dniester, Kura, or Ural) and international instruments of water management and protection, such as the UNECE Water Convention or the Danube Convention. Moreover, a large number of bilateral agreements on the use and protection of transboundary waters were signed since 1991. In recent years, significant progress has been made in adopting the principles of integrated water resource management and the EU Water Framework Directive.

Despite such internationally-driven developments, national-level actions in pollution prevention and reduction, and better water resource management, are not sufficient to ensure a better quality and more sustainable use of water resources. Environmental and natural resources management systems suffer from many flaws that include, most importantly, unsystematic and incoherent policy planning and law making, over-fragmentation and instability of the regulatory and institutional frameworks, and lack of targets, financial plans and evaluation arrangements. There is a clear shortage of skills related to the functioning of market economies and budget planning and management. While many countries report that they have adjusted their regulatory framework at least partly to European environmental law, experience shows that a huge gap exists between enacting laws and implementation. The effectiveness of policy implementation is further hindered by low environmental awareness of the decision-makers, the public and economic agents. Public resources in the environmental sector are often spent without clear programmatic frameworks.

Overall, EECCA countries lack the strong drivers for environmental improvement that exist in western countries (public demand, price signals) and Central European countries (EU accession requirements). The governance situation, given uneven progress in public administration reform and tackling corruption, often does not support modern environmental management approaches.

In order to help countries to overcome such problems, four streams of activities will be pursued under this component:

- Activity 2.1: Promoting a “second-generation” water resource management legislation;
- Activity 2.2: Improving financial planning capacity for water resources management;

- Activity 2.3: Reinforcing the use and effectiveness of the “polluter pays principle” by reforming national systems of monetary penalties and liability.

Activity 2.1: Promoting a “Second-generation” Water Resource Management Legislation

Objective

The objective of this activity is to promote the adoption of ambitious but feasible water-related regulatory requirements by building capacity for the application of cost-benefits analysis, with an emphasis on social and economic impact of regulation, as well as likely compliance with new requirements. This work will be based on the EU experience with Water Framework Directive implementation, particularly on guidance documents developed within the context of the common implementation strategy (CIS) but also nationally in the EU member states.

Background

Many EECCA countries have started a convergence process with the EU environmental legislation, the water management requirements being a high priority for most of these countries. The focus is on adopting the principles of the Water Framework Directive (WFD), which seeks to achieve the enhancement of aquatic ecosystem quality. At the same time, the WFD recognizes the need to accommodate social and economic considerations, particularly where achievement of the Directive's objectives may result in disproportionate costs. This necessitates the use of cost-benefit analysis, which may be hard to conduct in EECCA because of limited capacity but also the tradition of “technocratic” environmental regulation. Thus, in many EECCA countries the “first-generation” of water-related laws imposed the same stringent standards on all surface waters without due consideration social and economic impacts.

The example of the WFD will be used to change this situation and move towards feasible and enforceable regulatory requirements that are set based on *ex-ante* economic analysis. An initial attempt to pilot test elements of this approach was made within a pilot EAP Task Force project that aimed to assist the Government of Moldova in revising its system of surface water quality standards in line with Moldova's commitment to converge with the EU environmental legislation (see policy recommendations at www.oecd.org/dataoecd/34/23/41833059.pdf). This approach was further promoted in recent projects in Western EECCA countries with support of the European Commission and in Central Asia with assistance from the UNECE.

Implementation arrangements and outputs

In 2010, the OECD Secretariat will assess progress in the reform of water quality legislation in the EECCA region, evaluate the opportunities and constraints for adopting international practices in EECCA, and build on this analysis to develop regional policy guidance for converging the water resource management requirements in EECCA with the EU approach. The following *outputs* are envisaged:

- A review of the state of water quality regulation reforms in EECCA;
- A guidance document for policy makers covering the approach to the reform of water quality regulation and the legal and institutional changes necessary to implement it; and
- A regional meeting to discuss and refine regional policy recommendations.

Level of effort

Human resources:	Unit	No of units
Project Management	month	5
Project Assistant	month	2
Activity:		
Missions	mission	3
External consultants	days	35
Expert meeting	meeting	1
Translation	pages	200

Outcomes

This activity will help EECCA countries to progress with a “second generation” of water-related legislation, thus developing a legal framework that is anchored in the economic and social environment of the country. It will also support the achievement of better outcomes within the process of convergence with EU environmental legislation, particularly with the Water Framework Directive.

Activity 2.2: Improving Financial Planning Capacity for Water Resources Management

Objectives

The objective of this activity is to provide support to EECCA governments for the development of strategic financial sector plans for water resources management, including water supply and sanitation, irrigation and other water resources management sub-sectors. This would help to ensure that available financial resources are used in the most effective way, to inform discussions on transboundary waters with economic information and to facilitate access to donor and IFI funds for the achievement of the water-related MDGs.

Background

There is an increasing need for a more integrated approach to the financing of the water sector (ie WSS, irrigation, flood management and prevention etc.). This is suggested by a trend towards increasing water scarcity and decreasing water quality in many areas, as well as by the expected impact of climate change on the water cycle and the need to adapt infrastructure to modifications in rainfall patterns and runoff volumes.

While in a number of EECCA countries significant efforts are already under way to support the development of appropriate legal and institutional frameworks as well as integrated water resources management plans, and some countries have declared their desire to approximate with the European Union Water Framework Directive, the progress in achieving results on the ground are painfully slow and there is an increasing implementation gap.

This project would seek to address this implementation gap by helping to operationalise Integrated Water Resources Management Plans by adding rigorous financial analysis to these plans and by helping to develop a consensus among policy makers about the financial realism and the priority areas for intervention. Work would build on the body of experience that the OECD/EAP Task Force has accumulated over the last ten years in working in the water supply and sanitation sector with the FEASIBLE approach.

A number of expert meetings have identified a knowledge and experience gap in the area of financing water resources management and the OECD/EAP Task Force has been suggested as being well placed to work in this area. The most recent such event was an OECD expert meeting held on the 10-11th of June 2009 that brought together key experts from the Global Water Partnership, UNEP as well as several member countries (a summary record of this meeting can be obtained upon demand). The OECD’s horizontal water programme

will develop a conceptual framework to support work in this area and it is planned that this project would seek strongly synergise with these efforts.

These activities would provide analytical inputs into EUWI National Policy Dialogues and support regional dialogue in annual joint meetings of the EU Water Initiative EECCA Working Group and of the EAP Task Force Group of Senior Officials for water sector reforms. It is expected that the project would help to accelerate the achievement of the water-related MDGs at the lowest possible cost, while at the same time improving the mobilisation of financial resources for the sector.

Implementation arrangements and outputs

Implementation will include:

- Development of analysis and analytical tools for the financing of water resources management in one EECCA country (most likely Armenia);
- Support for a number of national policy dialogue meetings on financing water resources management in that EECCA country, with the aim of developing the key elements of a strategic financial plan;

The following outputs are envisaged:

- Several policy dialogue events in one EECCA country
- Several analytical papers;
- Outline of a draft strategic financial plan for water resources management;

Level of effort

Human resources:	UNIT	NR. OF UNITS
Project Management	month	6
Project Assistant	month	3
Activity:		
Missions	mission	7
Consultants	days	160
Expert Meetings (incl. expert travel)		2
Translation		200

Outcomes

It is expected that the project would help to accelerate the achievement of the water-related MDGs and of other water-related policy objectives (e.g. approximation with the EU's Water Framework Directive) at the lowest possible cost, while at the same time improving the mobilisation of financial resources for the sector.

Activity 2.3: Reinforcing the application and effectiveness of the Polluter Pays Principle

Objective

This activity will assist EECCA countries to make the application of the Polluter Pays Principle more effective by adopting the approaches specified in Article 23 “Penalties” of the Water Framework Directive that says that penalties have to be “*effective, proportionate and dissuasive*”. Defining such penalties needs to build on economic analysis and reformed environmental liability regimes. More specifically, the project will:

- Test approached for assessing administrative fines based on new criteria, such as economic benefits from delaying or avoiding costs of compliance and a range of operator-specific factors. Addressing water pollution from both industrial and municipal sources will receive a special focus;
- Use the EU’s Environmental Liability Directive and other OECD countries’ approaches as benchmarks to help EECCA countries modernise their legislation and methodologies on environmental damage assessment, remediation and/or compensation as concerns water resources.

Background

The EAP Task Force has done extensive work to help environmental regulatory agencies in EECCA countries to modernise their systems of economic instruments for environmental protection, particularly pollution and product charges. Recognising the need to further strengthen financial incentives for good environmental behaviour, EECCA countries have requested assistance in reforming two crucial instruments of deterrence against environmental non-compliance and risks.

1) *Administrative monetary penalties.* Monetary penalties (fines) are the most widespread environmental enforcement instrument in EECCA. However, they are widely considered too small to act as a deterrent, with many offenders preferring to pay the fines as a “lesser evil”. Analytical tools to estimate (and legal means to recover) financial gains from non-compliance as well as to account for the gravity of violations and affordability of fines are lacking, compromising the proportionality and fairness of a penalty and leaving room for abuse. In international practice, there are a number of methods to determine administrative fines (the system used by the U.S. Environmental Protection Agency is a notable example). Among other things, these tools distinguish between industrial and municipal polluters.

2) *Environmental liability.* Liability for environmental damage is an important aspect of the Polluter Pays Principle. As it makes the polluter bear financial responsibility for its environmental impact, the threat of potential damage compensation becomes a powerful incentive to prevent regular and accidental pollution releases. The concept of environmental liability includes both damage to water resources, land, and habitats and species, as well as “traditional damage” to private parties (economic loss, personal injury and property damage). While environmental liability issues are gaining visibility in the European Union in the context of implementation of the EU Environmental Liability Directive (2004/35/EC), this system remains underdeveloped in EECCA. In EECCA countries, environmental liability regimes are focused on assessing environmental damage for purposes of monetary compensation (essentially serving as a penalty) rather than on correcting the damage, limiting its impacts, and preventing further damage. Competent authorities must rely on science-based methodologies for assessing damage that are largely theoretical in nature.

Implementation arrangements and outputs

Monetary Penalties. In 2009, the EAP Task Force Secretariat has prepared a *guidance document* to provide EECCA countries with a methodology on how to determine and apply administrative fines. It adapts the internationally recognised approaches (including those of the US and the UK) to the legal and institutional realities in the region. It was first presented and discussed at a regional expert meeting in Tallinn, Estonia in March 2009, and then endorsed at the annual meeting of the regional REPIN Network.

In the second phase of the project, the example of an EECCA country, which already has administrative fines for legal entities, will be used to demonstrate the implementation of a methodology for the determination of administrative fines that would account for economic benefits of non-compliance and seriousness of an offence as well as address industrial operator-specific factors in setting a penalty.

Implementation arrangements would include:

- Review of the existing legal provisions (the Code of Administrative Offences and relevant water legislation) and current practice of the application of administrative fines for environmental violations (including their link to the systems of pollution charges and environmental damage compensation) with a special focus on water pollution and water resources use. Interviews will be conducted with representatives of environmental enforcement authorities, courts, industry as well as with non-government experts.
- Selection of 3-4 representative cases of recent significant environmental offences for which administrative fines have been assessed and calculated, using actual case data, of “alternative” (fictitious) fines based on the methodological guidance developed by the EAP Task Force Secretariat. These cases will cover both industrial and municipal water pollution.
- Development of country-specific recommendations to improve the effectiveness of administrative fines.
- Conducting a stakeholder workshop involving representatives of environmental authorities as well as ministries of finance and justice to discuss the results of the study and draft recommendations.
- Preparation of a pilot case study report.

Environmental Liability. In response to requests from EECCA environmental authorities, the EAP Task Force Secretariat produced a discussion paper “Environmental Liability for Damage to Natural Resources in OECD Countries: The Concept and Key Approaches”. EECCA government officials and experts used this document to discuss (at the June 2009 REPIN annual meeting) the priorities for the reform of environmental liability systems in their countries. They asked the Secretariat to address these priorities through the development of a guidance document as part of the EAP Task Force contribution to the 2011 Environment for Europe Ministerial Conference.

The guidance document proposed to develop under this project will also build on a review of the legal framework and implementation practices of liability for environmental damage in EECCA countries, which is expected to be carried out by EECCA Regional Environmental Centres (RECs) by mid-2010.

Based on the discussion at the REPIN meeting, the Secretariat will elaborate a guidance document for EECCA countries that will *focus on reorientation of environmental liability regimes in EECCA toward remediation of environmental damage*. To this end, it should address the following priority issues agreed upon by EECCA government officials and experts:

- How to improve the investigation of cases of environmental damage and the determination of responsible parties?
- How to regulate the issue of prevention of environmental damage?
- How to determine the scope of activities to remediate environmental damage (using the example of at least one environmental medium, e.g. water)?
- How to ensure control over remediation actions?

- How to promote broad stakeholder involvement and public participation?
- How to secure resources for remediation (insurance, financial guarantees, deposits, etc.)?

The draft guidance document will be prepared by September 2010 and discussed at a regional expert meeting in November-December 2010. It will then be finalised and presented for endorsement by an annual REPIN meeting in the first half of 2011.

Level of effort

Human resources:	Unit	No of units
Project Management	month	4.5
Project Assistant	month	2
Activity:		
Missions	mission	4
Consultants	days	25
Expert meetings (incl. expert travel)	expert meetings	2
Translation	pages	300
Total		

Outcomes

The improved practices of administrative fines assessment will enhance the deterrent effect while ensuring proportionality and fairness of the punitive effect of their application in EECCA. The reform of the environmental liability system in EECCA would encourage industries to take preventive measures against environmental accidents, increase remediation of environmental damage, contribute to the establishment of a level playing field, and engage new actors such as banks and insurance companies in promoting sound environmental management.