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COMMITTEE ON ENVIRONMENTAL POLICY

REPORT ON THE NINTH SESSION

Summary

The Committee discussed the future strategic directions of ECE environmental policies in the light of the outcome of the World Summit on Sustainable Development and the paper on the future of the "Environment for Europe" process. It concluded that it should continue to promote the environmental pillar of sustainable development but also strengthen the involvement of major groups in the implementation process and establish its priorities, both from the geographical point of view and in substance. The Committee reviewed progress in the implementation of its programme of work. It reviewed the environmental performance of Albania, the former Yugoslav Republic of Macedonia and Yugoslavia, and discussed some broader policy issues resulting from these reviews and hosted a round-table discussion on the impact of decentralization on environmental management and governance. It welcomed the draft report on lessons learned from ten years of Environmental Performance Reviews (EPR) and supported the continuation of the EPR process with the second round of reviews. The Committee welcomed the progress in the negotiation of legally binding instruments to the UNECE environmental conventions, and expressed its continuing support to the UNECE multilateral environmental agreements. It also supported the option of developing guidelines on public participation in international forums within the framework of the Aarhus Convention. The Committee reviewed progress in its cross-sectoral activities, and welcomed in particular the recent establishment of the Transport, Health and the Environment Pan-European Programme under the auspices of UNECE and the Regional Office for Europe of the World Health Organization (WHO/EURO). The Committee discussed other activities within its programme of work in relation to the fifth Ministerial Conference "Environment for Europe", such as environmental monitoring, environmental education, compliance and follow-up to the Strategy to Phase Out Leaded Petrol.

CONTENTS

	<u>Paragraphs</u>
Introduction	1-5
I. ADOPTION OF THE AGENDA	6
II. ADOPTION OF THE REPORT ON THE EIGHTH SESSION AND PROGRESS IN IMPLEMENTING THE PROGRAMME OF WORK	7
III. MATTERS ARISING FROM THE FIFTY-SEVENTH SESSION OF THE COMMISSION OF CONCERN TO THE COMMITTEE.....	8-11
IV. FUTURE ECE STRATEGIC DIRECTION FOR THE ENVIRONMENT	12-18
V. PRESENTATION OF THE ENVIRONMENTAL PERFORMANCE REVIEWS OF ALBANIA, THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA AND YUGOSLAVIA	19-20
VI. ROUND-TABLE DISCUSSION WITH HIGH-LEVEL REPRESENTATIVES OF THE REVIEWED COUNTRIES	21
VII. DISCUSSION OF THE FIRST DRAFT OF THE COMPREHENSIVE ANALYTICAL PAPER BASED ON THE ENVIRONMENTAL PERFORMANCE REVIEW REPORT OF THE EPR EXPERT GROUP.....	22-25
VIII. ADOPTION OF RECOMMENDATIONS TO THE REVIEWED COUNTRIES.....	26
IX. ECE MULTILATERAL ENVIRONMENTAL AGREEMENTS	27-30
A. Support to the ECE multilateral environmental agreements.....	27-28
B. Ongoing activities related to the ECE multilateral environmental agreements which need special attention.....	29-30
X. CROSS-SECTORAL ACTIVITIES	31-37
A. Transport, environment and health	31-32
B. Environment and health	33-34
C. Reforming energy prices.....	35-36
D. Regional process on water and energy in Central Asia	37

XI.	OTHER ACTIVITIES WITHIN THE COMMITTEE'S PROGRAMME OF WORK AND THEIR CONTRIBUTION TO THE "ENVIRONMENT FOR EUROPE" PROCESS.....	38-48
A.	Environmental monitoring.....	39-41
B.	Environmental education.....	42-43
C.	Compliance.....	44-45
D.	Energy and the environment.....	46
E.	Follow-up to the Strategy to Phase Out Leaded Petrol.....	47-48
XII.	FINANCIAL ASSISTANCE TO COUNTRIES WITH ECONOMIES IN TRANSITION AND COUNTRIES' CONTRIBUTIONS TO THE ECE TRUST FUNDS.....	49
XIII.	OTHER BUSINESS.....	50
XIV.	ELECTION OF OFFICERS FOR THE TENTH SESSION.....	51
XV.	CLOSING OF THE NINTH SESSION.....	52-53

Annexes

- I. Summary of the round-table discussion (EPR)
- II. Criteria for financial support

Introduction

1. The ninth session of the Committee on Environmental Policy took place in Geneva from 4 to 6 November 2002. Mr. Hugo von Meijenfeldt (Netherlands) chaired the meeting.
2. The meeting was attended by delegates from 31 ECE member countries: Albania, Armenia, Austria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Italy, Latvia, Monaco, Netherlands, Norway, Portugal, Republic of Moldova, Russian Federation, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Ukraine, United Kingdom, United States of America and Yugoslavia.
3. The session was attended by representatives of the European Commission.
4. Representatives of United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the World Health Organization's Regional Office for Europe (WHO/EURO) also took part.
5. The following non-governmental organizations and regional environmental centres were also represented: European ECOFORUM, International Council of Environmental Law (ICEL), Regional Environmental Center for Central and Eastern Europe (REC), and Regional Environmental Center for Central Asia (CAREC).

I. ADOPTION OF THE AGENDA

6. The Committee adopted the agenda as contained in document ECE/CEP/85.

II. ADOPTION OF THE REPORT ON THE EIGHTH SESSION AND PROGRESS IN IMPLEMENTING THE PROGRAMME OF WORK

7. The Committee adopted the report on its eighth session, which had taken place in Geneva from 25 to 28 September 2001, as contained in document ECE/CEP/80. It also reviewed the progress in implementing its programme of work based on a report prepared by the secretariat (ECE/CEP/85, Add 1).

III. MATTERS ARISING FROM THE FIFTY-SEVENTH SESSION OF THE COMMISSION OF CONCERN TO THE COMMITTEE

8. The Committee was informed about the latest session of the Commission held in May 2002 and in particular its recommendations.
9. The Committee agreed that the document requested by the Commission and prepared by the secretariat, outlining the Committee's accomplishments, problems and challenges should be based on "Challenges and emerging directions of ECE environmental policies" (CEP/2002/2 and Add.1) and on the "Future of the 'Environment for Europe' process" (CEP/2002/9 – CEP/AC.11/2002/26) documents to be finalized for the Committee's session in September 2003

and for the Kiev Conference in May 2003, respectively. Consequently, owing to the ongoing discussions, the proposals on its future orientations were not final.

10. The Committee was informed that the Spring Seminar to be organized in conjunction with the 58th session of the Economic Commission for Europe on 3 March 2003 as well as the high-level segment of the Commission's session on 4 March 2003, would focus on "Sustainable development in the ECE region". It was expected that the Commission would decide on the ECE role in the follow-up work of the Plan of Implementation of the World Summit on Sustainable Development. The Committee felt that this decision was related to the future of the "Environment for Europe" process and of the Committee itself, and agreed that the outcome of the Commission's session on this issue should be reflected in the discussion paper on the Committee's future orientation.

11. The Committee also considered the work of the Regional Adviser and expressed its satisfaction with the way the work was conducted. It held that the Regional Adviser should continue to be involved in those areas that were closely related to the substantive work of the Division.

IV. FUTURE ECE STRATEGIC DIRECTION FOR THE ENVIRONMENT

12. The Committee had before it the document on "Challenges and emerging directions of ECE environmental policies" prepared by the secretariat to provide guidance and to serve as reference for the Committee in developing its long-term programme, as requested by the Committee at its eighth session (ECE/CEP/80, para. 26). The document had been discussed by the Bureau at its meetings in July and in September and amended accordingly, taking also into account the results of the World Summit on Sustainable Development. In addition, and upon recommendation of the Bureau, the document on the "Future of the "Environment for Europe" process" prepared by a drafting group at the initiative of the Chairman of the Committee, provided a basis for the discussions under this agenda item.

13. The Committee welcomed the documents and took note of the decisions of the Bureau in their regard.

14. Following the discussions, the Committee concluded that:

- (a) Much work had been done on the environment by the Committee and the ECE environmental Conventions, achieving visible results;
- (b) It should continue to develop its strengths in environment and focus on further work that still needed to be carried out to better achieve integration;
- (c) While putting emphasis on the implementation of sustainable development goals, the Committee should continue to promote the environmental pillar of sustainable development, and establish its priorities, both from the geographical point of view and in substance. This might require a change in approach, strengthening the involvement of major groups in the implementation process;
- (d) To comply with the decisions of the World Summit, the future work of the Committee needed to be pursued in a wider perspective, implying sectoral integration,

cooperation and coordination with other relevant ECE Committees and other organizations active in the region;

(e) A closer view and analysis of work carried out by the Committee and the other ECE principal subsidiary bodies related to the World Summit's Plan of Implementation could help to redefine future priorities.

15. The Committee favoured the intermediate option 3, as reflected in the consultant's paper (CEP/2002/2), i.e. maintaining its core mandate but also taking into account increasingly the other two pillars of sustainable development.

16. The governing bodies of the ECE Conventions should be closely involved in the discussion on the future environmental priorities. To that end the Committee suggested convening a meeting between its Bureau and those of the Environmental Conventions in early summer 2003.

17. The involvement of the other relevant principal subsidiary bodies of ECE in the discussion on future directions of ECE environmental policies should be further considered.

18. The Committee requested that specific comments on the documents should be submitted to the secretariat in writing by 25 November 2002 so that they could be revised in accordance with the discussions held. The paper on strategic directions of ECE environmental policy would be finalized in late spring 2003 on the basis of decisions taken by the Committee in February 2003, on the outcome of the Kiev Ministerial Conference and the future of the "Environment for Europe" process, together with the decision taken by the Commission on the role of ECE in the follow-up to the World Summit. The paper would be submitted for approval to the Bureau at its meeting in June-July 2003 prior to its presentation and final adoption at the Committee's tenth session (20-22 October 2003).

V. PRESENTATION OF THE ENVIRONMENTAL PERFORMANCE REVIEWS OF ALBANIA, THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA AND YUGOSLAVIA

19. Prior to the Committee's session on 8-11 October 2002, the Environmental Performance Reviews (EPRs) of Albania, the former Yugoslav Republic of Macedonia and Yugoslavia had been reviewed by the EPR Expert Group in the presence of the experts from the reviewed countries.

20. At the Committee's session, each Environmental Performance Review was presented first by the head of delegation of the reviewed country, and then by a rapporteur selected by the EPR Expert Group. In their presentations, the heads of delegation outlined the main environmental issues and constraints facing their countries and emphasized the value of the EPR in helping them to move forward. The rapporteurs from the Expert Group reported on the main conclusions and recommendations that had been discussed in detail with representatives of the reviewed countries. As a result of the expert discussions, some of the recommendations made in the draft environmental performance reviews had been modified. These amendments were drawn to the Committee's attention. Following the presentations, the Committee held a round-table discussion on the issues.

VI. ROUND-TABLE DISCUSSION WITH HIGH-LEVEL REPRESENTATIVES OF THE REVIEWED COUNTRIES

21. On the basis of a policy discussion paper on major policy issues emerging from the current Environmental Performance Reviews (CEP/2002/7), the Committee hosted a round-table discussion with the heads of delegation from the reviewed countries on the impact of decentralization on environmental management and governance. A summary of the discussion is contained in annex I to the present report.

VII. DISCUSSION OF THE FIRST DRAFT OF THE COMPREHENSIVE ANALYTICAL PAPER BASED ON THE ENVIRONMENTAL PERFORMANCE REVIEW REPORT OF THE EPR EXPERT GROUP

22. The Committee welcomed the draft report of the secretariat on “Environmental policy in transition: Lessons learned from ten years of UNECE Environmental Performance Reviews” (CEP/2002/3) as a valuable analysis of the EPR Programme.

23. The Committee provided further inputs to the report, and particularly to the recommendations. It supported the continuation of the EPR programme, with the second round of reviews, to which the recommendations should provide guidance.

24. The delegations felt that the second reviews should focus on policy implementation and integration and that consolidated indicators developed in other forums should be used to measure progress. Their scope should be more limited and the process less time- and resource-consuming. A period of up to five years was proposed as the adequate time between the first and second reviews.

25. The Committee requested the secretariat to provide a revised version for discussion and decision at its special session in February 2003. The Committee also proposed that the report should be submitted to the Fifth Ministerial Conference “Environment for Europe” as a category I document.

VIII. ADOPTION OF RECOMMENDATIONS TO THE REVIEWED COUNTRIES

26. Subsequent to its peer review of the EPRs of Albania, the former Yugoslav Republic of Macedonia and Yugoslavia, the Committee adopted the EPR recommendations to these three countries, as amended. Prior to publication, the review of Yugoslavia would still be subject to a few technical corrections that had been pointed out.

IX. ECE MULTILATERAL ENVIRONMENTAL AGREEMENTS

A. Support to the ECE multilateral environmental agreements

27. The Committee was informed of the outcome of the meeting between its Bureau and those of the governing bodies of the ECE environmental conventions (Geneva, 1 July 2002) (CEP/2002/8) aimed at supporting the regional environmental conventions, sharing their experience and finding possible synergies and areas of cooperation between the instruments and

discussing specific items of common interest. The Committee focused its attention on good practices in public participation in international forums with a view to possibly developing guidelines within the framework of the Aarhus Convention.

28. The Committee:

(a) Welcomed the legal analyses of the links between the Aarhus Convention and the other ECE environmental Conventions and protocols and of the good practices in public participation in international forums produced for the meeting of its Bureau and those of the governing bodies of the ECE environmental conventions;

(b) Took note of the information on the conclusions of the first meeting of the Parties to the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) regarding the issue of public participation in international forums. It noted in particular the recommendation in the "Lucca Declaration" adopted at the meeting, to give consideration to the possibility of developing guidelines on the topic of public participation in international forums for adoption, as appropriate, at a future meeting of the Parties;

(c) Agreed that further work on the possible development of such guidelines could best be undertaken within the framework of the Aarhus Convention and decided to propose to the Working Group of the Parties to the Aarhus Convention that any process to prepare such guidelines should be opened up to participation by all interested stakeholders, including representatives of the Bureaux of the other ECE environmental conventions and individual States and organizations, and to take account of other studies undertaken in this area such as that prepared by Germany ("Participation of NGOs in International Environmental Governance");

(d) Invited the Working Group of the Parties to the Aarhus Convention to keep it informed of progress on an ongoing basis, allowing for the possibility for the Committee to revisit the issue at a later stage as appropriate.

B. Ongoing activities related to the ECE multilateral environmental agreements which need special attention

29. The Committee was informed about the key current activities within the framework of the UNECE Conventions on Environmental Impact Assessment in a Transboundary Context, on the Transboundary Effects of Industrial Accidents, on the Protection and Use of Transboundary Watercourses and International Lakes, on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.

30. The Committee:

(a) Took note of the progress report on the negotiations of the protocol on strategic environmental assessment (SEA) and expressed its commitment to supporting the finalization of the protocol in time for its adoption at the Kiev Ministerial Conference;

(b) Took note of the information on the progress in the negotiations of the new legally binding instrument on civil liability and compensation for damage resulting from the transboundary effects of industrial accidents on transboundary waters, under the Convention on the Protection and Use of Transboundary Watercourses and International Lakes and the Convention on the Transboundary Effects of Industrial Accidents. Concerning the possible

options for which countries would be entitled to become Parties to this new instrument, the Committee expressed its support for a broad participation, which would allow countries Party to either of the two Conventions to become Party to the new instrument. The Committee also encouraged the Baltic States to participate in the negotiation process;

(c) Took note of the progress report on the negotiation of the protocol on pollutant release and transfer registers (PRTR) and the decision of the Meeting of the Parties to the Aarhus Convention to establish a new Working Group on PRTRs to continue the task of preparing the draft protocol. The Committee also noted the report on the main outcomes of the first meeting of the Parties to the Aarhus Convention, Lucca, Italy, 21-23 October 2002, namely the adoption of the Lucca Declaration, the establishment of an innovative compliance mechanism, the adoption of guidelines for genetically modified organisms, the confirmation of the commitment to developing the proposed protocol on PRTRs, the establishment of task forces dealing with access to justice and electronic information tools and the putting in place of the procedural and institutional 'architecture' of the Convention, including financial arrangements, a work programme, an intersessional body and a set of rules of procedure, which provided for representation of environmental NGOs in an observer capacity in the Bureau;

(d) Took note of the information provided on the main issues to be discussed at the forthcoming second meeting of the Conference of the Parties to the Convention on the Transboundary Effects of Industrial Accidents, which would take place in Chisinau on 6-8 November. The Parties would discuss the first report on the Convention's implementation and on its basis adopt a decision on strengthening it. It was envisaged that the future work would focus on this subject and a workshop on implementation was planned to assist some of the newly independent States in acceding/ratifying the Convention and applying it in practice. Its outcome and that of the workshop on technology transfer should lead to an internationally supported assistance programme. The Conference would also encourage the further identification of hazardous activities under the Convention as a priority;

(e) Took note of the information provided on the Convention on the Long-range Transboundary Air Pollution in particular regarding problems with the acceptance of a protocol on mandatory funding of effects-related core activities. Instead, the Executive Body, in December, would be recommended to consider a decision and recommendation for voluntary funding. The Committee noted the expected need to inform Ministers in Kiev of the outcome of these deliberations.

X. CROSS-SECTORAL ACTIVITIES WITHIN THE COMMITTEE'S PROGRAMME OF WORK

A. Transport, environment and health

31. The Committee was informed about the outcome of the Second High-level Meeting on Transport, Environment and Health (Geneva, 5 July 2002), organized jointly by ECE and the World Health Organization's Regional Office for Europe (WHO/EURO) to follow up to the decisions taken at the First High-level Meeting (4 May 2001) on further steps to be taken for moving towards transport sustainable for health and the environment in the region.

32. The Committee:

(a) Took note of the establishment of the Transport, Environment and Health Pan-European Programme (THE PEP) as well as of an intergovernmental body, the Steering Committee, for its implementation. It noted also the ongoing preparations for the first session of the Steering Committee to be held on 10-11 April 2003 in Geneva;

(b) Encouraged active contribution from the national environment, transport and health sectors towards the effective implementation of THE PEP.

B. Environment and health

33. The Committee took note of the progress report on the preparatory process for the Fourth Ministerial Conference on Environment and Health (Budapest, 2004) and the documents made available. It welcomed the overall theme of the Budapest Conference, "The Future for Our Children".

34. On the basis of the Chairman's proposal, and taking into account its geographic distribution, the Committee elected the environment members for the European Environment and Health Committee (EEHC): Ms. Cizkova (Czech Republic); Mr. Clini (Italy); Mr. Isac (Republic of Moldova); Ms. Knutsson (Sweden).

C. Reforming energy pricing

35. The Committee was informed about progress made in the joint preparation by the Committees on Sustainable Energy and on Environmental Policy of guidelines on reforming energy pricing and subsidies, including the preparations for the meeting of a joint Task Force to be held on 19 November 2002 in Geneva to work on the guidelines.

36. The Committee took note of the Task Force's progress and invited the delegations that had not yet designated environmental experts to participate in the Task Force's meeting on 19 November 2002 to do so as soon as possible.

D. Regional process on water and energy in Central Asia

37. The Committee took note of the information provided by the Regional Adviser on the implementation of the UNECE - Economic and Social Commission for Asia and the Pacific (ESCAP) project "Rational and efficient use of water and energy resources in Central Asia".

XI. OTHER ACTIVITIES WITHIN THE COMMITTEE'S PROGRAMME OF WORK AND THEIR CONTRIBUTION TO THE "ENVIRONMENT FOR EUROPE" PROCESS

38. The Committee discussed other activities within its programme of work and their contribution to the "Environment for Europe" process. The items related to the Kiev Ministerial Conference were discussed in depth at the meeting of the Working Group of Senior Officials held back to back with the Committee's ninth session. Further information on the related items is contained in the report of the meeting of the Working Group (CEP/AC.11/2002/24).

A. Environmental monitoring

39. The Chairman of the Ad Hoc Working Group on Environmental Monitoring informed the Committee about the Working Group's progress, including its expected contributions to the Kiev Conference.

40. The Committee was informed in addition about the discussions between the Executive Body for the Convention on Long-range Transboundary Air Pollution Convention and the Working Group, and in particular the invitation to the Executive Body to prepare, through the EMEP Steering Body and centres, possible proposals for a short-term (two- to three-year long) programme, to be implemented jointly with the Working Group, on capacity building in countries of Eastern Europe, the Caucasus and Central Asia.

41. The Committee:

(a) Took note of the progress in the work on environmental monitoring and welcomed the capacity-building activities carried out by the Working Group. It called upon delegations that had not yet designated their representatives in the Working Group to do so as soon as possible;

(b) Noted that documentation on environmental monitoring would be an important contribution by the Committee to the Kiev Ministerial Conference "Environment for Europe", and stressed the potential of this work for building synergies between regional environmental conventions;

(c) Supported further cooperation between the Working Group and the Executive Body for the Convention on Long-range Transboundary Air Pollution on capacity building in countries of Eastern Europe, the Caucasus and Central Asia.

B. Environmental education

42. The delegations from Sweden and the Russian Federation informed the Committee on the progress in the preparations of the UNECE strategy for environmental education for sustainable development as possible input for the Kiev Conference. All interested parties were invited to participate in the second meeting of the drafting group, which would take place in Moscow on 22 November 2002. The final draft of the paper was expected to be finalized by February 2003 in time for submission to the Committee's special session as well as to the Working Group of Senior Officials.

43. The Committee:

(a) Welcomed the progress report on the preparations of a strategy for environmental education for sustainable development and of the draft document made available;

(b) Underlined the need for coordination between Ministries of Environment and Ministries of Education, and for the involvement of other stakeholders in the preparation of the strategy;

(c) Requested that the document should be amended in accordance with the comments made during the meeting and provided in writing to the drafting group by 11 November, and further considered at its next session in February 2003.

C. Compliance

44. The Committee took note of the information on the finalization of the guidelines for strengthening compliance with and implementation of multilateral environmental agreements in the ECE region. The proposals presented in the guidelines would be useful tools for strengthening the implementation of existing and future agreements.

45. The Committee agreed to consider the guidelines for endorsement at its next session in February 2003.

D. Energy and the environment

46. The Committee took note of the information provided by the Energy Charter secretariat on the progress made in the implementation of the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects.

E. Follow-up to the Strategy to Phase Out Leaded Petrol

47. The Committee welcomed the status report provided by the delegation of Denmark on the phasing-out of leaded petrol as well as the overview table made available.

48. The executive summary of the analysis of the responses to a questionnaire would be presented to the Committee at its special session.

XII. FINANCIAL ASSISTANCE TO COUNTRIES WITH ECONOMIES IN TRANSITION AND COUNTRIES' CONTRIBUTIONS TO THE ECE TRUST FUNDS

49. The Committee:

- (a) Took note of the current status of the ECE Trust Fund;
- (b) Expressed the need for donor countries to contribute to the Trust Fund and welcomed Finland's pledge for funds to support its activities;
- (c) Endorsed the updated version of the eligibility criteria for the financial assistance to representatives of countries in transition to attend ECE meetings in 2003 (see annex II).

XIII. OTHER BUSINESS

50. With a view to preparing the budget proposal for the biennium 2004-2005 and at request of the Commission, the member countries had been invited to prioritize the Committee's programme elements within its 2001-2002 programme of work. The Committee endorsed the prioritization reflected in the tables distributed during the session.

XIV. ELECTION OF OFFICERS FOR THE TENTH SESSION

51. The Committee re-elected Mr. H. von Meijenfeldt as its Chairman and elected the following members to its Bureau: Ms. H. Cizkova (Czech Republic), Mr. Zaal Lomtadze (Georgia), Mr. Bert-Axel Szelinski (Germany), Mr. S. Tveritinov (Russian Federation), Mr. J. Kahn (Sweden), Mr. M. Dimovski (the former Yugoslav Republic of Macedonia) and Ms. L. Poulton (United States of America).

XV. CLOSING OF THE NINTH SESSION

52. The decisions taken by the Committee at its ninth session and prepared by the secretariat in consultation with the Chairman were distributed by the end of the meeting. The Committee entrusted the secretariat with finalizing the report (ECE/CEP/86) and with updating its programme of work (ECE/CEP/86/Add.1) in consultation with the Bureau.

53. In accordance with the proposal of the Bureau, the Committee decided to hold an extraordinary session on 18-19 February 2003 to finalize its input to the Kiev Ministerial Conference, and to discuss and decide on other pertinent issues. It agreed, in addition, that its tenth session would be held on 20-22 October 2003.

Annex I

SUMMARY OF THE ROUND-TABLE DISCUSSION

ON MAJOR POLICY ISSUES EMERGING FROM THE CURRENT
ENVIRONMENTAL PERFORMANCE REVIEWS
OF ALBANIA, THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
AND YUGOSLAVIA

1. Decentralization of environmental management in South Eastern Europe has formed part of the institutional restructuring and reform. It offers an opportunity to strengthen environmental management by bringing it closer to the public and to local concerns, thereby promoting greater accountability, transparency and participation.
2. Decentralization requires good preparation to be effective. It is important:
 - To review local conditions;
 - To determine carefully the logic for a new distribution of functions;
 - To map out not only the new structures and functions but also their interrelationships;
 - To develop new administrative procedures at the local level; and
 - To anticipate the financial and technical support that will be required.
3. The development of local environmental action plans (LEAPs) by local authorities should assist them in identifying both the actions to be taken and the tools that they are likely to need to carry out these actions.
4. Public awareness-raising campaigns and involving the public in the development of LEAP should also help to prepare the local population for its new responsibilities.
5. In Albania, the Law on the Organization and Functioning of Local Government (No. 8652/2000) has devolved new responsibilities and revenue-collection authority to the local level. Municipalities are responsible for the management of water supplies, municipal waste, transport infrastructure, urban green areas and the management of closed and abandoned industrial facilities that are within their boundaries.
6. The former Yugoslav Republic of Macedonia adopted a new Law on Self-Government at the beginning of 2002, which defines the functions of local self-government in the country and gives municipalities competence in environmental protection. Municipalities are accountable for taking measures to protect water, the atmosphere and land from pollution, to protect nature and to ensure protection against noise and ionizing radiation. They are also responsible for water supply and waste-water drainage, public hygiene, the disposal of municipal waste, public transport, and the maintenance of green areas.
7. Yugoslavia is currently in the process of drafting new constitutions for the Federation and the two constituent republics. At the moment, most of the environmental responsibilities that do not have international or transboundary implications lie with the republics' governments.

Municipalities, through their secretariats for environmental protection, are responsible for local air protection, noise protection, urban planning and municipal waste management (collection, landfill site selection and operation) and, in the case of Montenegro, nature protection, water, parks and forests of local importance. Water and waste management are generally carried out by a municipal enterprise.

8. However, while the overall devolution of competences may be reflected in laws and policies in Albania, the former Yugoslav Republic of Macedonia and Yugoslavia, implementation of decentralization still meets with a number of obstacles, including a lack of institutional clarity, the need for capacity-building and a shortage of financial resources.

9. The respective responsibilities of central and local administrations are not always clearly defined. The devolution of responsibilities may also be uneven; for example, municipalities may be accountable for air and water pollution, but inspection of industrial facilities remains with the centre. As a result, local administrations find it difficult to fully implement measures laid down at national level.

10. There are no specialized environmental units in the municipalities in either Albania (except in Tirana) or the former Yugoslav Republic of Macedonia. In Albania, regional environmental agencies enforce legislation, carry out site inspections, control operating facilities, take part in environmental permitting for new activities, and support environmental monitoring and assessments. However, these agencies belong to the Ministry, not to the local administrations.

11. In Yugoslavia, municipalities may give construction permits for small facilities, but this is very limited. In both constituent republics, all environmental impact assessments and almost all permitting are still carried out under the purview of their governments. Inspection responsibilities also remain at the republic level. Local environmental inspectors have been forbidden in some cases from entering industrial facilities that have a direct negative impact on the environment of the municipality.

12. The area that may be most susceptible to institutional conflicts is the inspectorate. Local inspectorates are closer to the problem and may have easier access than centralized inspectorates, but they may also be more vulnerable to corruption. Central inspectorates may be less concerned with environmental impacts on the local community. Decentralization requires careful consideration of the management of inspections most appropriate to the country.

13. Effective decentralization is also hindered by an insufficient number of staff in the local administrations and by a lack of knowledge. Local authorities generally lack sufficient experience in environmental matters to manage their new responsibilities. At the same time, their responsibilities are increasing but not the size of the staff. It is crucial not only to expand the staff but also to provide them with the necessary training. This should include training in how to manage public utilities for, e.g. water and waste management, including establishing criteria for monitoring performance.

14. Decentralization of environmental management has not received the financial support it requires. This includes not only a failure by the central government to provide funding to the local governments, but also constraints imposed by the government on the ability of municipalities to generate income, for example, by establishing price ceilings on public utility user fees.

15. In Albania, funds for local environmental management may be provided by the central Government or raised through local charges and taxes. In the former Yugoslav Republic of Macedonia, all relevant legislation, including environmental acts, should be revised before the end of December 2003 so as to delegate more rights to local government and to clarify the financing of local government tasks. The new Law on Local Self-Government will be complemented by a new law on local revenues and finances, which is being discussed.

16. Overall, decentralization of environmental management offers an opportunity to strengthen environmental management by bringing it closer to the public and to local concerns, thereby enabling greater accountability, transparency and participation. This environmental management has to be supported by the resources necessary for implementation.

Annex II**CRITERIA FOR FINANCIAL SUPPORT**

(ADOPTED BY THE COMMITTEE ON ENVIRONMENTAL POLICY, NOVEMBER 2002)

Country	GDP per Capita (\$)	Eligibility note: threshold set for financial support for 2002-2003 = US\$ 2500; countries with GDP per capita below \$1550 are eligible for financial support (travel expenses and DSA <u>1</u>); countries with GDP per capita between \$1550 and \$2500 are eligible for financial support (DSA only)				
Russian Federation	2140	Eligible for financial support (DSA only)				
Romania	1772					
The FYR of Macedonia	1727					
Bulgaria	1705					
Kazakhstan	1510	Eligible for financial support (travel and DSA)				
Belarus	1220					
Albania	1201					
Bosnia and Herzegovina	1125					
Turkmenistan	1083					
Yugoslavia	986					
Ukraine	766					
Azerbaijan	705					
Georgia	693					
Armenia	558					
Uzbekistan	461					
Republic of Moldova	407					
Kyrgyzstan	308					
Tajikistan	167					
COUNTRIES ELIGIBLE		18				
COUNTRIES ELIGIBLE FOR DSA ONLY		4				
COUNTRIES ELIGIBLE FOR TRAVEL EXPENSES + DSA		14				
1/ DSA - daily subsistence allowance.						