

# Technical Cooperation: Delivering as One



**UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE**

# **Technical Cooperation: Delivering as One**



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## FOREWORD

The objective of this publication is to provide an overview of the UNECE technical cooperation activities implemented at the country, subregional and regional levels. The objective has determined the structure of the publication. It consists of two parts. Part I includes information about UNECE technical cooperation activities in two major beneficiary subregions: Southeast Europe and Central Asia. Part II provides information about UNECE work at the country level through two major modalities: United Nations Development Assistance Framework (UNDAF) and One UN. In addition, it describes UNECE involvement in the United Nations Development Cooperation Strategy (UNDCS) of Turkey, the sole upper-middle income UNECE member State which is both a recipient and a donor of foreign aid.

The UNECE region is the most advanced but also the most diverse region of the world. It includes 2 low-income and 20 middle-income countries, including those with high levels of external debt, and 34 high-income economies. Inequality within and between countries is another important feature of this region. In addition, 9 countries with economies in transition are landlocked and isolated from world markets.

The UN General Assembly in its resolution of 61/210 of 20 December 2006 and the UNECE Commission in the “Work Plan on ECE Reform” (E/ECE/1434/Rev.1) recognised the special needs of economies in transition and emphasised the need for their full integration into the world economy. As part of the UN’s broader effort to support these countries in their efforts to achieve international development goals, UNECE has committed itself to the “Delivering as One” initiative, to multiply the effects and increase the impact of its work at the country level.

Country level and regional technical assistance of the UNECE are both complementary and mutually reinforcing. UNECE regional and subregional activities, including through the United Nations Special Programme for the Economies of Central Asia (SPECA) often focus on transboundary and cross border issues and seek to promote regional cooperation and integration. Most of them are implemented in collaboration with other UN entities and international organisations. UN SPECA is implemented jointly with the UN Economic Commission for Asia and the Pacific (ESCAP), the Transport, Health and Environment Pan-European Programme (THE PEP) in collaboration with the WHO; the Environment and Security Initiative (ENVSEC) in partnership with OSCE, the Regional Environment Centre for Central and Eastern Europe, UNDP, UNEP and NATO; the Forestry and Timber Subprogramme jointly with FAO; the Education for Sustainable Development (ESD) Strategy in cooperation with UNESCO.

At the global level, UNECE collaborates with UN Energy, UN Women and UN Water. It also provides a neutral multilateral platform for policy dialogue, exchange of national experiences, best practices and lessons learned between governments, academia, the private sector and civil society of 56 countries located in three continents (North America, Europe and Asia) and beyond.



Sven Alkalaj

Executive Secretary  
United Nations Economic Commission for Europe



## *I. UNECE ACTIVITIES IN THE REGION*

“Delivering as One” is an initiative launched by the Secretary General in 2007 in response to the challenges of a changing world. This initiative arose from the outcome of the 2005 World Summit where the world leaders reaffirmed their commitments to the Millennium Development Goals (MDGs). The MDGs are eight international development goals that all United Nations member states have agreed to achieve by the year 2015. They were officially established following the Millennium Summit in 2000, when world leaders adopted the United Nations Millennium Declaration which represents a global commitment to eradicate poverty and improve economic and social conditions in developing countries.

As a follow-up to the Summit, the Secretary-General established the High-level Panel on United Nations System-wide Coherence. The panel explored ways to strengthen the management of the United Nations system so that they can make a more effective contribution to the achievement of the internationally agreed development goals, including (MDGs).

In November 2006, the High-level Panel submitted a report entitled “Delivering as One”, which included extensive recommendations to consolidate and improve the effectiveness of the United Nations operations in the areas of development, humanitarian assistance and the environment. Subsequent to the “Delivering as One” initiative, in December 2007 the General Assembly adopted the resolution on the Triennial Comprehensive Policy Review of Operational Activities for Development of the UN system (TCPR). This resolution recognized that “there is no ‘one size fits all’ approach to development” and encouraged the UN development system to intensify its collaboration at the country and regional levels towards strengthening national capacities, in





support of national development priorities, through the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF).

The CCA and UNDAF bring the UN together at the country level to achieve the MDGs and illustrate where the UN can most effectively contribute to the achievement of national development priorities. In September 2008 the General Assembly adopted a resolution on System-wide Coherence deciding that “the continuing and deepening intergovernmental work of the General Assembly on system-wide coherence will focus exclusively and in an integrated manner on ‘Delivering as One’ at country and regional levels, harmonization of business practices, funding, governance, and gender equality and the empowerment of women.”

Technical cooperation forms an integral part of the UNECE’s activities. It is aimed at improving the national capacity of member states to implement the UNECE legal instruments, norms and standards. As part of the reform, UNECE adopted the Technical Cooperation Strategy in 2007 which states that “the UNECE will increase its involvement in national level planning mechanisms, such as the Common Country Assessment, the United Nations Development Assistance Framework, and the Poverty Reduction Strategy Paper in order to encourage the incorporation of transboundary policy issues into these mechanisms”. Under this Strategy and in response to the General Assembly resolutions on UN System Wide Coherence, the UNECE has been actively involved in the UNDAF process, working in 17 countries with economies in transition. The UNECE also participates in One UN programmes in Albania, the Republic of Moldova and Montenegro.

At the regional level, the UNECE ensures the coordination of its activities through the United Nations Development Group (UNDG), Europe and CIS. The main objective of the UNDG is to strengthen the UN Resident Coordinator System to achieve country-level results. At the global level, the UNECE coordinates its operational activities through the Chief’s Executive Board (CEB) Inter-agency Cluster on Trade and Productive Capacities, established in 2008; an interagency mechanism dedicated to the coordination of trade and development operations. The UNECE also contributes to the work of UN Energy, established in 2004 to help create a coherent approach towards a sustainable energy system particularly in developing countries and cooperates with UN Women and UN Water Initiative.

In 1992, the breakup of the Socialist Federal Republic of Yugoslavia left many countries in Southeast Europe (SEE) divided and this region remains still in a process of transition. European integration is one of the most important national priorities of these countries. Most of the countries in the region are either candidate or potential candidates to become the European Union (EU) members. UNECE technical cooperation with these countries within UNDAF is aimed at supporting their EU aspirations by strengthening national capacity to implement global and UNECE legal instruments, norms and standards in the areas of environment, trade, innovative and knowledge based development, and energy efficiency.

The UNECE Convention on the Protection and Use of Transboundary Waters and International Lakes (Water Convention) is of particular importance to SEE countries. It provides a legal framework for transboundary management of shared water resources in the pan-European region, including on the extended Drin River Basin. Many countries in the SEE region rely on the water resources of the Drin River Basin for drinking water, agriculture, fisheries, industry and hydropower. However, the basin faces a number of threats to its water quality, such as pollution from agriculture and discharges of untreated wastewater from cities. The importance of the Drin River Basin for SEE countries highlights the need for effective and coordinated transboundary management of this ecosystem.

UNECE and Global Water Partnership Mediterranean (GWP-Med) cooperate to support transboundary and integrated management of the extended Drin River by bringing together governmental and non-governmental representatives from the countries that share this basin, as well as international organizations and donors. As a result of this work, a draft Shared Strategic Vision for the Sustainable Management of the Drin River Basin was prepared. In November 2011, the five Drin River riparians (Albania, Greece, Kosovo (United Nations administered region, Security Council resolution 1244), Montenegro, and The former Yugoslavia Republic of Macedonia) signed a Memorandum of Understanding on a Shared Strategic Vision to protect the shared water resources for about 1.5 million people. The Shared Strategic Vision outlines specific objectives in the short, medium and long term and institutes the Drin Core Group of representatives from all riparian countries to manage its implementation.

Countries of SEE face the challenge of reducing barriers to trade in goods and services and the application of international trade norms, standards and recommendations, particularly on trade facilitation. One of the key trade-facilitation recommendations, developed by UNECE/UNCEFACT, requires the establishment of a ‘Single Window’ (SW), a facility that provides a country with a single entry point for clearing all export, import and transit information and documents. The SW enables to expedite and simplify information flows between trade and government and bring gains to all parties involved in cross-border trade. In October 2011, the UNECE organized the Fifth Southeast European Regional Seminar on Trade Facilitation, the Single Window and Data Harmonization in Sarajevo (Bosnia and Herzegovina), to review the feasibility of a Single Window. The participants discussed the problems and opportunities for exchange of trade data in the region and identified the next steps in building an enabling environment for interoperable Single Window systems in Southeast Europe.

Many countries of Southeast Europe are confronted with a massive inflow of low-quality, substandard and counterfeit consumer goods, equipment and medicines. This situation poses a threat to consumers, undermines the local industry and prevents the full integration of SEE in the system of international trade. Market surveillance is the main regulatory response to ensure that products placed on the market, whether produced locally or imported, conform to regulatory standards for consumer protection and the safety of workers. To highlight the political importance of market surveillance and present the international best practice in this area, the UNECE co-organized a session on “Overcoming Barriers to Trade: Market Surveillance and Quality Infrastructure”, as



part of the CEFTA Week 2010 in Belgrade (Serbia) in November 2010. The meeting contributed to improved knowledge by market surveillance authorities of international standards and best practices, including UNECE Recommendation M on the “Use of Market Surveillance Infrastructure as a Complementary Means to Protect Consumers and Users against Counterfeit Goods”.

Achieving balanced economic growth, improving the conditions for foreign direct investment, promoting entrepreneurship and small and medium-sized enterprises development, and encouraging innovation are key priorities for SEE countries. The UNECE assists in achieving these priorities by facilitating the effective regulatory protection and enforcement of intellectual property rights (IPRs) and strengthening their role in innovative development. An effective intellectual property regime increases national wealth and benefits consumers by stimulating research and investment into new technologies and innovative products, and by enabling the transfer of modern technologies. A Subregional Capacity-Building Conference on the Commercialization & Enforcement of Intellectual Property in SEE, co-organized by UNECE in Serbia in April 2011, discussed policies and programmes aimed to support the effective use of IPRs in innovation and to ensure their enforcement. The Conference also facilitated knowledge sharing and discussion of good international practices among participants representing government agencies, public research organizations and the business community.

Many countries in Southeast Europe lack the necessary capacity to develop Public Private Partnerships (PPPs) effectively. Furthermore, these countries require assistance in order to attract the private sector interest to partner the public sector in the implementation of PPP projects. To strengthen the national capacity for PPPs, UNECE has developed a Toolkit for PPP capacity-building, including the PPP national readiness assessment. The readiness assessment is a diagnostic tool that rates the country’s performance with a particular focus on investment climate and the level of its preparedness to undertake PPPs successfully. As part of its capacity building programme for SEE countries, the UNECE, in cooperation with the Regional Cooperation Council and the Croatian PPP Center, organised a Subregional International Conference on PPPs in Zagreb (Croatia) in February 2011. The Conference contributed to increased knowledge by government policy makers and representatives of the private sector about international and regional PPP best practices, and strengthened their capacity for creating an enabling environment in PPPs. The Conference also contributed to building a subregional network of PPP practitioners to develop cross border projects, which is of particular importance because the majority of countries in South-East Europe are too small to engage in effective PPPs by themselves.

In the UNECE region, the building sector is responsible for over one third of the total final energy consumption. A significant part of this energy is used by the residential sector (30 per cent of total final consumption on average, according to some estimates). The level of energy use in the housing sector is likely to increase further due to current demographic, economic and cultural trends. Improvements in this area could generate both economic and environmental benefits and improve significantly the quality of life in countries of the UNECE region. To address this issue, UNECE has developed an “Action Plan for Energy-efficient Housing in the UNECE Region” which provides a framework for governments to raise energy efficiency in the housing sector and effectively address economic and environmental challenges.

As part of its assistance to SEE countries, UNECE has been implementing a “model” project “National Action Plan of Montenegro for energy efficiency measures in the residential sector.” This project, carried out in the framework of the Integrated United Nations Programme for Montenegro for 2010-2015, aims to assist the Government in enhancing its energy efficiency policy through: (i) assessment of the existing legal and institutional framework for energy efficiency in the housing sector; (ii) identification of institutional/

legal impediments as well as priority areas for action; and (iii) development of an Action Plan for improving energy efficiency in the residential sector of Montenegro. The Action Plan will outline priority policy areas for action, establish specific targets and identify concrete actions to be implemented in order to reduce energy consumption in the residential sector in Montenegro.



## ***List of UNECE Activities in South-East Europe***

1. Training Workshop on sharing experiences in engendering statistics, in Skopje, under a project “Marrakech Action Plan for Statistics: Improving Gender Statistics in SEE and CIS countries”  
*Skopje, Republic of Macedonia, 10 February 2010*
2. Capacity-building Conference on Public-Private Partnerships (PPPs) in South-East Europe  
*Zagreb, Croatia, 07 - 08 February 2011*
3. TIR Regional Seminar for the Balkans  
*Sarajevo, Bosnia and Herzegovina, 29-30 March 2010*
4. Reducing vulnerability to extreme floods and climate change in the Dniester basin” and “Dniester III” project  
*Chisinau Moldova, 18-19 April, 2011*
5. Hazard and crisis management in the Danube Delta  
*Chisinau, Moldova 12-13 July 2011*
6. Sub-regional capacity-building event on the commercialization and enforcement of intellectual property rights (IPRs) in Southeast Europe  
*Belgrade, Serbia, 12-13 April 2011*
7. Fifth Southeast European Regional Seminar on Trade Facilitation, the Single Window and Data Harmonization  
*Sarajevo, Bosnia and Herzegovina, 10 - 11 October 2011*
8. Sub-regional Workshop on Gender Statistics  
*Tbilisi, Georgia, 27-28 September 2010*
9. Multi-stakeholder sub regional Workshop on electronic information tools to support the implementation of the Aarhus Convention in South-Eastern Europe  
*The Former Yugoslav Republic of Macedonia, 25-26 November 2010*
10. Improving forest products marketing to help drive sustainable rural economic development in South-East Europe  
*The Former Yugoslav Republic of Macedonia, 7-9 December 2010*
11. Training on market surveillance for Balkan Countries during CEFTA week  
*Belgrade, Serbia, 9 November 2010*
12. Fourth Regional SEE Conference on Trade Facilitation, the Single Window, and Data Harmonization  
*Durres, Albania, 27-28 September 2010*
13. Workshop on Corporate Social Responsibility (CSR) in the forest sector in South-East Europe  
*Belgrade, Serbia, 13-14 April 2010*

14. The RCC e-SEE Working Group meeting, RCC meeting with the new RCC Officer for Economic Affairs Mr Arifagic; meetings with Ministries of Economy, Reforms, Customs, National Agency on the Information Society, UNDP-Tirana, on the possibility to organize the next SEE conference on trade facilitation, the Single Window and data harmonization in Tirana in 2010.  
*Tirana, Albania, 16-18 March 2010*
  
15. Workshop on Trade Facilitation, the Single Window and Investment Promotion  
*Kiev, Ukraine, 25 June 2010*

Central Asia is a unique region within the UNECE area. It plays a significant role in ensuring security by fighting terrorism, religious extremism and illicit drugs. It is also rich in natural resources (land, water, minerals, oil and gas) and biodiversity, and plays an important role in the energy security of Europe and Asia. Central Asian countries are landlocked and have no territorial access to the sea. Remoteness and isolation from world markets, inadequate transport infrastructure, and dependence on the export of commodities are the major challenges in their development. There is also a rapidly growing gap between the income levels of energy-exporting and non-energy-exporting countries. Moving away from their present status of energy and commodity exporters is a key precondition for their robust, inclusive and sustained economic development and full integration in the region.

The UNECE provides technical assistance to Central Asia mainly within the framework of the UN Special Programme for the Economies of Central Asia (SPECA). This programme is implemented by the UNECE jointly with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). The Programme was launched in 1998 with the aim of strengthening sub-regional cooperation in Central Asia and accelerating its integration into the world economy. Besides Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan SPECA includes Azerbaijan and Afghanistan. SPECA uses six Project Working Groups (PWGs), each dealing with one of the following key problem areas in the region such as 1) Water and Energy, 2) Transport and Boarder Crossing, 3) Trade, 4) Statistics, 5) Knowledge-based Development, and 6) Gender and Economy.

The work in the area of water is aimed at improving water management and cooperation in Central Asia both through work of the SPECA Water and Energy programme of work and through the implementation of the UNECE Water and Environmental Conventions. The SPECA working group on energy and water resources promotes the rational and efficient use of water and energy resources in Central Asia. It identifies the needs for action in the water and energy sectors in the longer and shorter term for the benefit of the whole region. The UNECE Water and Environmental Conventions provide with a legal framework for cooperation between neighbouring countries on shared natural resources. The UNECE Water<sup>1</sup> is particularly important their cooperation on transboundary water management.

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1 The Convention or the Convention on the Protection and Use of Transboundary Waters and International Lakes





Dam safety is another area of concern for this region, with more than 100 dams, many of which are ageing. Furthermore, a growing population is living in the downstream. Dams are poorly maintained and adequate institutional and legal frameworks for their safety are lacking. The first phase of a UNECE-UNESCAP joint project on dam safety was implemented in 2006 and resulted in an analysis of the present situation. The second phase began in 2007 and aims to support the revision of national legislation, the development of a regional cooperative framework and capacity development, including training. In 2006, the UNECE established a partnership between the Kazakh and Kyrgyz governments on the management of water installations on the Chu-Talas Rivers. As part of the bilateral agreement, Kazakhstan agreed to pay part of the operating and maintenance expenses for a number of Kyrgyz dams and reservoirs supplying water to both countries. This ensures a mutually beneficial way for both countries to share the responsibility for water infrastructure.

The management of water quality is yet another important issue in Central Asia. As the water quality monitoring has seriously deteriorated since the early 1990s, it is a challenge to establish a basic monitoring network in the region. The UN Development Account project of the UNECE aims to improve the cooperation and policies on water quality in Central Asia. The first stage of the project aims to establish common principles for measurement, exchange of information and joint assessment. The development of more efficient national policies, including the standards and principles applied in the permitting of environmentally harmful activities, is another key aspect of the project.

International trade is a key vehicle for economic growth in Central Asia. The major objective of the UNECE PWG on Trade is to foster regional cooperation and promote global and regional trade of the SPECA member countries. Trade facilitation is an important component of this PWG and for nearly 10 years the UNECE has been developing capacity and providing advisory services in all SPECA member countries, in particular on trade facilitation, including the establishment of a Single Window for export and import clearance, data standardization and harmonization, and agricultural quality standards. Key achievements so far include the establishment of interagency groups in Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan to launch single window projects and build up political will to implement them. Collaboration must now focus on technical issues. UNECE has been also supporting the Aid-for-Trade (AFT) initiative of the SPECA countries by preparing the AFT needs assessments and projects.

Central Asia faces a number of transport and transit challenges ranging from geographical location to inadequate infrastructure and complex customs procedures. The PWG on Transport and Border Crossing promotes sub-regional cooperation through the development of road, rail and combined transport networks throughout Central Asia, ensuring they are in line with the relevant legal requirements. Within the framework of the UN Development Account project the UNECE has been promoting the development of Euro-Asian Transport Links, including the possible extension of the TER (railway) and TEM (road) networks into the region. This project has already produced substantial results by identifying the main Euro-Asian transport routes for road, rail and inland water transport which can reduce the strain on these landlocked countries.

The PWG on knowledge-based development is relatively new and supports the development of sub-regional cooperation and economic integration through capacity-building in the following areas: ICT for development; promoting innovation and innovative development; knowledge-based competitiveness; financing ICT infrastructure and infrastructure development; commercialization and protection of intellectual property; and public-private partnerships. Most recently, the Fourth Session of the SPECA Project Working Group on Knowledge-based Development held in Baku on the 25 November 2011 discussed strategic policy issues related to the promotion of knowledge-based development and innovative entrepreneurship, including the development of suitable infrastructure. Particular reference was made to the contribution of information and communication technology (ICT) to these objectives.



## ***List of UNECE Activities in Central Asia***

1. Strengthening Water Management and Transboundary Water Cooperation in Central Asia: the Role of UNECE Environmental Conventions  
*Published December 2011*
2. Kazakh-Kyrgyz meeting on the safety of the Kirov dam, Consultations with regional organizations and donors, Almaty, Kazakhstan  
*Almaty, Kazakhstan, 7-9 February 2011*
3. “Strengthening transboundary water cooperation in Central Asia: the role of international water law and the UNECE Water Convention”  
*Almaty, Kazakhstan, 25 October 2011*
4. 16th session of the SPECA Programme Working Group on Transport and Border Crossing (SPECA PWG-TBC) and Workshop Follow-up on Transport Statistics (UNECE-UNESCAP) *Almaty, Kazakhstan, 20-21 April 2011*
5. Central Asia Regional Risk Assessment (CARRA) meeting  
*Almaty, Kazakhstan, 13-15 April 2011*
6. Water Quality in Central Asia  
*Bishkek, Kyrgyzstan, 25-26 May 2011*
7. National training session on identification of hazardous activities under the Convention on the Transboundary Effects of Industrial Accidents for Kyrgyzstan and Tajikistan *Bishkek, Kyrgyzstan, 22-23 November 2011*
8. Fourth Session of the SPECA Project Working Group on Knowledge-based Development  
*Baku, Azerbaijan, 25 November 2011*
9. Dam safety in Central Asia  
*Bishkek, Kyrgyzstan, 19-20 September 2011*
10. “20 Years of Regional Economic Cooperation and Integration in Central Asia: Successes, Challenges and Prospects”  
*Ashgabat, Turkmenistan, 8-12 November 2011*
11. Workshop to strengthen capacity for the development of EIA and SEA systems in Uzbekistan, with sharing of experiences from other countries in the implementation of the Espoo Convention and in particular its Protocol on SEA  
*Tashkent, Uzbekistan, 9-12 November 2011*
12. Water Quality in Central Asia, Chu-Talas II and Capacity Building for Dam Safety in Central Asia  
*Tashkent, Uzbekistan, 11-26 May 2011*

13. CAREC Customs Cooperation Committee meeting, UNECE--CAREC-Commission of the Customs Union of EurAsEC  
*Baku, Azerbaijan, 18-21 September 2011*
14. CAREC Single Window Implementation Seminar and to the UNECE/UNESCAP aid-for-trade national validation workshop  
*Baku, Azerbaijan, 6-9 July 2010*
15. Ministerial Conference on the Aid-for-Trade Road Map for SPECA initiative and 5<sup>th</sup> session of the SPECA Project Working Group on Trade, Baku Business Centre - coorganized with the Islamic Trade Finance Corporation (ITFC) and UNDP  
*Baku, Azerbaijan, 1-2 December 2010*
16. Water quality in Central Asia: Organization and facilitation of second regional meeting, Water Quality Project, 24-25 March, Water Quality Project planning with CAREC 30 March, GTZ project consultations  
*Almaty, Kazakhstan 24 - 30 February 2010*
17. 2nd meeting of the Working Group on Institutional and Legal Reform and the Aral Sea Basin Program -3, organized jointly with the Executive Committee of IFAS  
*Almaty, Kazakhstan, 19-22 April 2010*
18. Regional dialogue and cooperation on water resources management in Central Asia  
*Almaty, Kazakhstan, 18-21 May 2010*
19. EU project meeting “Environment Governance in Central Asia, consultations on water quality, dam safety and GTZ project, participation in the visit of the ES to EC-IFAS-  
*Almaty, Kazakhstan, 13-17 July 2010*
20. SPECA Project WG on Transport & Border Crossing  
*Almaty, Kazakhstan, 7-8 April 2010*
21. Third Session of the SPECA Project Working Group on Knowledge-based Development (PWG on KBD)  
*Astana, Kazakhstan, 30 September 2010*
22. Expert meeting on the Aid-for-Trade Road Map for SPECA initiative  
*Bishkek, Kyrgyzstan, 10-13 March 2010*
23. Regional Forum on the Single Window for Central Asia  
*Bishkek, Kyrgyzstan, 7 December 2010*
24. International Conference “Strengthening Regional Cooperation in Central Asia for promoting stable & reliable energy with Eurasia”  
*Ashgabat, Turkmenistan, 3-4 May 2010*



## II. UNECE Activities at the Country Level

### A. United Nations Development Assistance Framework

## Azerbaijan

### **UNDAF Priority Areas**

1. Economic development
2. Social development
3. Governance

### **UNDAF Outputs Committed by the ECE**

#### ***Economic development***

- Recommendations from national assessment to identify regional and national trade development potential implemented
- National laws and regulations on standardization and conformity assessment are adapted to fully comply with international agreements, in particular with WTO agreements on TBT and SPS.
- Relevant regulatory and institutional frameworks established to safeguard energy security, enable greater energy efficiency in production and consumption cycles and a wider use of renewable energy
- Forestry programme and legislative amendments prepared and approved with the participation of all stakeholders
- Improved integrated water resources management on the national level and strengthened trans-boundary cooperation on this issue in the Kura-Aras River Basin

#### ***Governance***

- NGOs, the media and others actively participate in the implementation of the Aarhus Convention

### **UNDAF Key Activities**

- Environmental Performance Review
- Country Profile on the Housing Sector (Includes Land Administration Review)
- National Policy Dialogue on Integrated Water resource Management

## Key Activity

### 2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW

**Objective:** The first Environmental Performance Review (EPR) of Azerbaijan was carried out in 2003. This second review aims to measure the progress made by Azerbaijan in managing its environment since the first EPR, and in addressing upcoming environmental challenges.

**Brief Description:** This review takes stock of the progress made by Azerbaijan in the management of its environment since the country was first reviewed in 2003. It assesses the implementation of the recommendations contained in the first review. This second EPR covers nine issues of importance to Azerbaijan related to policymaking, planning and implementation, the financing of environmental policies and projects, and the integration of environmental concerns into economic sectors, in particular the sustainable management and protection of water resources and the protection of the Caspian Sea, waste management, air management, and forestry, biodiversity and protected areas.

#### **Policymaking framework for sustainable development and environmental protection**

- Environmental authorities have been considerably strengthened since the first EPR, both institutionally and in terms of funding. Since its establishment in 2001, the Ministry of Ecology and Natural Resources (MENR) has succeeded in promoting sectoral integration by developing environmental programmes and action plans,
- Core policy documents relating to the environment were either about to expire or had expired, without a clear plan or timetable that would ensure their continuity. Specifically, there was no evidence that the 2003–2010 State Programme on Environmentally Sustainable Socio-Economic Development was about to be extended or updated.
- Integrating environmental concerns into economic and social sectors remains a key objective for guaranteeing sustainable development, public health and social well-being, which by its nature requires inter-sectoral and inter-ministerial cooperation.

#### **Key Recommendations:**

1. The Ministry of Ecology and Natural Resources should: (a) Develop a national environmental policy that would succeed the one that is about to expire, with clear multiyear priorities and adequate consideration of funding and capacity needs, in order to ensure policy continuity and predictability. (b) Submit it to the Cabinet of Ministers for consideration and approval.
2. The Ministry of Ecology and Natural Resources should improve the system of secondary legislation and its implementation and ensure the full implementation of legislative improvements foreseen in the multi-year programmes that cover environmental protection and sustainable development, and their action plans.

#### **Compliance and enforcement mechanisms**

- Since the first EPR, the provisions of the environmental legislation on monitoring of compliance have not changed significantly. The environmental enforcement system in Azerbaijan relies almost solely on administrative fines for non-compliance with environmental requirements and standards.
- As addressed in the first EPR, there is still no unified environmental enforcement strategy. Some short-term priorities in this area are set via ad hoc decisions by the President and Cabinet of Ministers. This approach precludes the design of a more effective environmental enforcement system with a set of key measures.

- The legislative frameworks for state ecological expertise and environmental impact assessment (EIA) have not changed in comparison with 2002. National legislation lacks specific provisions on EIAs, as well as clear criteria for determining whether or not a project is subject to state ecological expertise and an EIA.

**Key Recommendations:**

1. The Cabinet of Ministers should launch a review of the system of administrative sanctions for non-compliance with the aim to make it more consistent, proportionate and efficient by covering the examination of the amounts of fines introduced in 2007 and possibilities to provide a more broad set of administrative sanctions, which are not limited only to monetary administrative penalties.
2. In order to follow international practices on environmental inspection, such as the EU Minimum Criteria for Environmental Inspection, the Ministry of Ecology and Natural Resources should:
  - (a) Improve the operational and human resources management in the relevant structures, including staff training, and upgrade its technical capabilities;
  - (b) Based on the implementation of the EPR-I recommendation 1.5, streamline the instruments used to achieve compliance and enforcement. A first step would be to identify particular groups of the regulated community and their impact on ambient environment conditions. Further priorities should then be set among the most problematic geographic areas and the most polluting installations, and enforcement tools selected that will effect the most appropriate enforcement response; and
  - (c) Improve the existing set of indicators, which currently falls short of measuring both environmental improvements and enforcement results, so that the effectiveness of enforcement can be assessed more accurately.

**Monitoring, information, public participation and education**

- Azerbaijan has generally preserved its monitoring networks and made some progress in developing them further. However no change in the number of measured air and water parameters has taken place since 2003.
- There are no institutional structures or formal arrangements to coordinate monitoring and environmental data-collection activities conducted by various institutions.
- Azerbaijan does not publish state-of-the-environment reports, contrary to the country's obligations under the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.
- Azerbaijan is making efforts to ensure that environmental information is accessible to the public, thus, MENR and the Ministry of Health regularly update their websites and produce information leaflet. However national reports to the governing bodies of MEAs are not uploaded on national websites and are thus not available to the public.

**Key Recommendations:**

1. In order to strengthen the implementation of environment-related political decisions, the Ministry of Ecology and Natural Resources should:
  - (a) Continue expanding and modernizing environmental monitoring networks;
  - (b) Establish a working group composed of representatives of its own monitoring institutions, of the Centre for Epidemiology and Hygiene of the Ministry of Health and of the National Academy of Sciences to help coordinating environmental monitoring activities, facilitate the development of up-to-date guidance material, facilitate staff training and to promote the

- organization of intercalibration exercises and comparison of sampling analysis results;
- (c) Develop, furthermore, detailed rules for environmental monitoring by enterprises using the Guidelines for Strengthening Environmental Monitoring and Reporting by Enterprises in Eastern Europe, Caucasus and Central Asia endorsed at the 2007 “Environment for Europe” Ministerial Conference.
2. The Ministry of Ecology and Natural Resources should:
    - (a) Develop and regularly update a modern electronic database containing data from environmental monitoring activities, species inventories, enterprise environmental reporting and environmental statistical data.
    - (b) Make the database accessible and user friendly to all interested public authorities and the general public
  3. The Ministry of Ecology and Natural Resources should develop, in consultation with NGOs, regulations supplementing existing laws to ensure that unambiguous and detailed procedures are in place guaranteeing public participation in environmental decision-making and public access to environmental information to comply fully with the Aarhus Convention.

### **Implementation of international agreements and commitments**

- Azerbaijan has made significant progress on international environmental cooperation since 2003. Azerbaijan has acceded to or ratified 14 major MEAs and the number of international environmental conventions and protocols.
- Substantial progress has been made in implementing international commitments under some MEAs, but for other agreements measures taken is mostly on an ad hoc basis and often lack strategic planning.
- Azerbaijan is a party to a relatively high and still growing number of conventions in the area of biodiversity conservation. National authorities have to place special attention on coordinating activities for the implementation of these agreements and on effective use of synergies in their work.
- Azerbaijan has not yet fulfilled an important obligation on setting targets on the quality of drinking water and related issues to comply with the provisions of the Protocol on Water and Health to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes.

### **Key Recommendations:**

1. The Ministry of Ecology and Natural Resources and other institutions involved in environmental matters should fulfil commitments under the MEAs including compliance with reporting requirements concerning content and deadlines to their secretariats and ensure reliable communication.
2. The Ministry of Ecology and Natural Resources should submit for approval to the Cabinet of Ministers written guidelines on coordination with other governmental agencies and institutions of the implementation of MEAs.
3. The Government should set and achieve national and local targets as requested by the Protocol of Water and Health of the Helsinki Convention by implementing accordingly programmes of measures.

### **Economic instruments and expenditures for environmental protection**

- Progress has taken place in the use of economic instruments for environmental protection in the period since the first EPR. However the system of pollution charges has not been changed since 2003, they remain unreformed and largely ineffective as a policy instrument. There is still a lack of focus and limited influence in changing the behaviour of polluters.
- Environmental spending has increased significantly in recent years, with expansion driven by investment. In 2008, the amount of environmental expenditures was US\$ 213.73 million, almost 10 times the level reached in 2003.



- Public spending has played a major role in the overall growth of environmental spending. However, while financing has been available, there is insufficient clarity as to concrete commitments over the medium-term.

**Key Recommendations:**

1. The Ministry of Ecology and Natural Resources, in cooperation with the Ministry of Economic Development and the Ministry of Finance, should make proposals for approval to the Cabinet of Minister to revise the system of pollution charges, targeting a reduced number of substances, substantially increasing rates and creating clear mechanisms for periodical rate revision.
2. The Ministry of Finance and the Ministry of Economic Development, in cooperation with the Ministry of Ecology and Natural Resources, should:
  - (d) Prepare medium-term financial envelopes for environmental programmes, including investment components, projected public commitments and expectations of financing from other sources;
  - (e) Develop and apply cost-benefit methodologies that provide clear foundations for environmental spending and justify public sector involvement;
  - (f) Facilitate the dissemination of information on future spending plans, so to use public opinion as an input in efficient decisions and alert the private sector to possible commercial opportunities.

**Air management and permit issuing**

- Until 2009, air quality was not a priority of environmental policy in Azerbaijan. However, several measures were recently implemented or planned to reduce emissions of pollutants into the air. Highly polluting industrial installations in Baku will be closed down and replaced by newly built ones located in sparsely populated sites.
- The air quality monitoring network in the country is obsolete and under-developed, with a limited number of stations, no automated stations and no measurements of particulate matter (PM10 and PM2.5) or ground-level ozone. No advanced treatment of monitoring data (modelling) is in place.
- The air quality assessment and management system is not coordinated with the measures to mitigate climate change. This lack of coordination prevents the exploitation of potential synergies.
- Since 2000, the system of environmental permit issuing has been fully based on Soviet practice and does not reflect recent developments. Best available techniques (BATs) have not been defined and are therefore not taken into consideration during the permit issuing procedure.

**Key Recommendations:**

1. The Ministry of Ecology and Natural Resources should:
  - (a) In cooperation with the Ministry of Health and the Ministry of Transport, continue to upgrade the air quality monitoring network, especially with automated monitoring stations in other big cities in connection with new/revised air quality standards;
  - (b) Introduce a modernized methodology of emission inventories covering also small businesses, households and diffused sources of emissions and advanced methodology of assessment of emissions from mobile sources using the EMEP/EEA Air Pollutant Emission Inventory Guidebook;
  - (c) Introduce advanced air quality assessment methods.
2. The Ministry of Ecology and Natural Resources should, in cooperation with other relevant ministries, introduce an integrated approach to air quality management and climate change mitigation. In this respect, the Ministry of Ecology and Natural Resources should focus on preferential support to non-

combustion renewable sources of energy (hydro, solar, wind) as well as to energy efficiency measures and energy savings.

3. The Ministry of Ecology and Natural Resources, in cooperation with other relevant ministries, should
  - (a) Introduce technology-based emission limit values and other generally binding quantified requirements to reduce environmental pollution for selected major polluting sectors / industries on a step-by-step basis (including technically and economically achievable compliance deadlines);
  - (b) Define guidance for national best available techniques, taking into account country specific conditions; these national BATs should be taken as a background for setting technology-based emission limit values and for permit issuing;
  - (c) Start preparing new legislation setting rules for environmental permit issuing, by introducing the concept of integrated pollution prevention and control (IPPC);

### **Water management and protection of the Caspian Sea**

- Inadequate water supply and irrigation networks cause high water losses, around 30 per cent of the total water abstracted. Some 70 per cent of available surface water resources are heavily polluted owing to the lack of wastewater treatment plants. One major problem relates to water governance. There are no structural documents on water policy and strategy, and there is limited cooperation among the stakeholders in the water sector.
- Since the first EPR, there has been progress in securing water availability, irrigation, water and sanitation cycle, and flood protection infrastructures, owing to significant investments both from the multilateral and bilateral institutions and from the State Oil Fund.
- The very low water tariffs do not allow cost recovery or the promotion of efficient use of water. Water reuse is not promoted and the installation of water meters is proceeding at a very slow pace.
- The legal framework for water in Azerbaijan has not kept up with the existing institutional infrastructure which is being developed. The majority of water-related laws in Azerbaijan have not changed since 2003, and almost no amendments have been introduced.

### **Key Recommendations:**

1. The Cabinet of Ministers ought to give priority to the process of approval and to foster the establishment of the State Commission on Water, including representatives of different ministries, in order to improve the water sector by defining objectives and goals in the short and medium term, and coordination between the different water actors.
2. The Ministry of Ecology and Natural Resource, the Amelioration and Water Economy joint stock company, and Azersu should propose water tariffs that promote the efficient use of water and propose economic instruments to grant access to water for less well-off people. These tariffs should also allow for a full cost recovery to be applied in the maintenance of the systems.
  - (a) The Ministry of Ecology and Natural Resources and the Amelioration and Water Economy joint stock company should carry out a study to assess major hotspots of water losses throughout the country, assess the ways to reduce water needs (this would probably need incentives to change from some crops in some areas), and prepare a plan of action with short-term and medium-term components according to priorities - the implementation of the plan should include the participation of water user associations.
  - (b) The Ministry of Ecology and Natural Resources and the Amelioration and Water Management Joint Stock Company should prepare awareness-raising campaigns for water users associations and end users to promote adequate planning of water utilization along the channels and sub-channels and culture of shared maintenance responsibilities.

3. The Ministry of Health, in cooperation with the Ministry of Ecology and Natural Resources and the State Commission on Standards, should proceed with the revision of norms and standards already started, and make sure all water types and uses are taken into account, and that the defined norms and standards are practical and economically feasible, while still complying with best practices worldwide (WHO, EU, etc). The Ministry of Ecology and Natural Resources should ensure that while the above is not achieved, the water and sanitation systems being built comply with international standards.

### **Waste management**

- Waste-related data collected by the State Statistical Committee or the Ministry of Ecology and Natural Resources seems to be of low quality and non-compliant with the recently approved waste classification.
- Management of pesticide waste has significantly improved with the establishment of the Phytosanitary Control Service in 2006, which created conditions for taking concrete steps to solve this problem. But there are still some additional actions which can further decrease environmental risks resulting from this type of waste. Furthermore, an improved picture of the obsolete pesticides would help the authorities carry out further actions.
- Medical waste remains a problem. There has been some improvement in the management of medical waste in the private health sector. No changes have been identified in the practices of the state-owned health sector. However, new legislation has been adopted and a strategy for health-care management has been drafted and is supported by all the ministries involved in this area.

### **Key Recommendations:**

1. The State Statistical Committee and the Ministry of Ecology and Natural Resources should jointly improve the quality of collected data on waste management by:
  - (a) Collecting data on municipal solid waste accepted by Tamiz Seher Joint Stock Company at Balakhani disposal site, comparing results with existing estimations on MSW generation in Baku, and making adjustments in waste generation norms if discrepancies are identified
  - (b) Collecting data on industrial waste received by the National Centre for Hazardous Waste Management and verifying the existing data on industrial waste.
2. The State Phytosanitary Control Service of the Ministry of Agriculture, in cooperation with the Ministry of Ecology and Natural Resources, should:
  - (a) Prepare the inventory of pesticides according to the requirements of the Stockholm Convention;
  - (b) Strengthen the system of monitoring the use of pesticides and other agrochemicals which may become hazardous waste, especially focusing on collection (e.g. by return to sale points) and safe disposal of unspent amounts and packaging.
3. The Ministry of Health should concentrate its efforts on implementation of the medical waste strategy and legislation, with a focus on: Development of relevant infrastructure (transportation, temporary storage and liquidation, containers) for safe delivery of medical waste. Training of hospital/ambulance staff in separation of this type of waste.

### **Biodiversity, forestry and protected areas**

- Azerbaijan, as a party to a number of biodiversity-related conventions, has made increased efforts since 2003 to comply with their obligations. There remain, however, some issues to be addressed, a Red Data Book was published in 1989 but the revised edition is still pending. There is a lack of available information on the status of vulnerable, endangered and critically endangered species.
- Considerable investments have been made to create protected areas with the major objectives being to

protect rare, endangered and endemic species, as well as the development of tourism in the national parks. Yet, no management plans have been developed, apart from Hirkan National Park.

- There is low forest cover in the country and a lack of commercial wood production. Since 2003, the Government has carried out some forest restoration and protection activities, but there is no up-to-date publicly available data on forest resources.

**Key Recommendations:**

1. The Ministry of Ecology and Natural Resources should finalize the Red Data Book and identify those species most in need of conservation attention to be able to preserve the unique biological diversity endowment of Azerbaijan and to reduce global extinction rates.
2. The Ministry of Ecology and Natural Resources should: Evaluate shortcomings in the implementation of the 2006–2009 National Biodiversity Strategy and Action Plan. Make the resulting documents publicly available, while making every effort to identify and address possible information gaps that existed in the past. Based on these evaluations, prepare in cooperation with relevant stakeholders a national biodiversity strategy and action plan to be submitted to the Government for approval.
3. The Ministry of Ecology and Natural Resources should, as a matter of priority, set the objectives and goals for the forestry sector, implement sustainable forest management principles, and develop a national forestry programme in order to fulfil the important objective of increasing forest area to be submitted for approval to the Government.





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## **Key Activity**

### **COUNTRY PROFILES ON THE HOUSING SECTOR**

**Objective:** The objective of this Country Profile is to provide a critical examination of the housing and land management situation in Azerbaijan, covering the main characteristics of the sector and advancing some policy recommendations.

**Brief Description:** This country profile on the housing sector intends to assist the Governments to improve the performance of its housing sector and at the same time promote sustainable development. It analyses trends and policy developments and makes an overall assessment of the political, economic and social framework of the housing sector. The issues considered are land administration and spatial planning, decentralization and a more active role for the private sector. This country profile report puts forward a set of policy recommendations in four main areas of assessment.

### **Socio-Economic Conditions and Housing Policy Framework**

This chapter begins with an introduction to Azerbaijan, providing some general information about the country's geographical location, its socio-economic conditions and housing policy framework. Azerbaijan's transition to a free market has been slow. Economic growth relies heavily on oil and gas, and efforts to diversify into non-oil sectors have had limited impact thus far. Poverty and unemployment remain problematic, especially for internally displaced persons (IDPs) and refugees. Bureaucratic burdens and legal constraints undermine the coherent development of housing, encouraging the construction of informal settlements, while the institutional framework governing housing policies is unclear and overcrowded. These challenges are met with possible policy recommendations for the future.

#### **Key Recommendations:**

1. Continue the implementation of programmes supporting the housing sector and projects promoting sustainable socio-economic development in Azerbaijan.
2. Establish a single institution/ agency to effectively develop and administer the country's housing and communal services policies.
3. Invest in capacity-building in state institutions. There is a lack of skilled human resources in some institutions, and generally so in the housing and land management sectors.

### **Spatial Planning and Land Administration**

This chapter considers the spatial planning and land administration systems which provide the infrastructure for implementing a country's land-related policies and land management strategies. The development of master plans for long-term spatial planning and urban development have been slow or non-existent, while the general framework remains the one inherited from the Soviet era. This has undermined the implementation of proper legislation and standards concerning new construction, exacerbating the lack of proper urban development control. Despite the recent prioritization of master planning, the focus is mostly on land use, without paying sufficient attention to environmental, communal and urban-economical aspects. Looking ahead, this chapter presents some policy conclusions and recommendations for further development of the land administration and spatial planning in Azerbaijan.

#### **Key Recommendations:**

1. The Government should elaborate a general spatial development strategy as part of the national socio-

- economic development strategy. The document should provide a long-term spatial vision, outlining a comprehensive territorial strategy for Azerbaijan.
2. The Government should establish a coordination mechanism responsible for housing and spatial planning. This entity should ensure coordination with other Ministries and government departments, and elaborate related policies.
  3. Improve the land administration governance structure. Officials must design a set of standards to promote a more integrated governance structure for land administration as well as implement new mechanisms to monitor good governance practices.
  4. Improve application and data processing procedures. The existing real estate registration does not always meet the standards established by the Law on the State Register of Real Estate.

### **Existing Housing Stock, New Construction and Utilities**

This chapter considers the existing housing stock and the challenges of new housing construction. Although construction activities in Azerbaijan have increased recently and many national projects have been carried out to develop the country's infrastructure, the housing sector still faces significant problems. Housing-related issues are not coordinated by one state institution responsible for national housing policy and relevant activities. They are regulated by a number of normative acts, and legislation is unclear and incomplete. Azerbaijan also faces serious problems in terms of informal settlements and urban sprawl. About 30 per cent of the population lives in illegal developments, the lack of proper legislation and lax enforcement allow the spread of illegal housing. A number of policy recommendations are offered to overcome these challenges.

#### ***Key Recommendations:***

1. Develop programmes for outdated and damaged housing stock, especially with respect to multifamily buildings. The Government should draft policy that targets damaged and outdated housing stock.
2. Strengthen legislation covering housing and utilities. There are obvious gaps in the legislation dealing with housing and municipal services. The current legal framework does not correspond to the existing situation.
3. Effective legislation and mechanisms for illegal housing and settlements should also be applied. Illegal construction and settlements are quite problematic for Azerbaijan because they prevent proper use of land and encourage the black market. The Government should elaborate policies that target existing illegal estates and settlements.
4. Plan and support renovation projects, with a special focus on energy efficiency in buildings. The country's economic development needs to be more focused on the living environment.

### **Financial Framework for the Housing and Land Sectors**

This final chapter examines the housing demand and the availability of housing finance, there are great challenges related to housing finance in Azerbaijan. A general lack of resources for maintaining apartments is apparent at both the individual and state levels. Privatization put many new owners in charge of maintaining deteriorating buildings from the 1950s, but many cannot afford such expenses. Moreover, the financing available for buying new properties, it is extremely expensive and limited. While growing, the mortgage sector remains underdeveloped, with extremely high interest rates. The underlying problems relate to underdeveloped capital markets and the lack of appraisal standards, which make proper valuations of properties extremely challenging. These weaknesses in the financial framework provide a basis for drawing conclusions and formulation policy recommendations.



**Key Recommendations:**

1. Increase financial means for housing projects at both the national and local levels. Housing policies could be funded through the revenues of local self-government units, as foreseen in the existing budget law.
2. Finance proper strategies for housing renovation and repair. The high proportion of degraded multifamily housing stock in Azerbaijan indicates that renovation and repair work is an urgent priority for the Government.
3. Improve legislation on mortgages. The Government should ensure easy and costless foreclosure processes both for debtors and borrowers, but this process needs to be supplemented by social assistance programmes.
4. Create a state subsidy system to improve people's access to affordable housing. Taking into account the high percentage of people living in rural areas and employed in the agricultural sector, housing policies should primarily target problems in rural areas. Housing policy should also be aimed at the creation of affordable housing finance mechanisms to improve the housing situation for IDPs, forced migrants and other vulnerable groups.

**Key Activity**

**NATIONAL POLICY DIALOGUE ON INTEGRATED WATER RESOURCES MANAGEMENT**

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWRM in countries of Eastern Europe, the Caucasus and Central Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- Azerbaijan's National Policy Dialogue on Integrated Water Resources Management (IWRM) was launched on 12 October 2010 in Baku.
- Transboundary water cooperation with neighbouring Georgia, specifically the preparation of a bilateral agreement on management of shared transboundary waters, is an important issue on the National Policy Dialogue agenda. The policy dialogue in Azerbaijan will also build on recommendations of the recently completed Second UNECE Environmental Performance Review.
- The NPD/IWRM in Azerbaijan is funded by the EC and the Organization for Cooperation and Security in Europe (OSCE). The Government of Finland will contribute with expert support to preparation of the strategy for management of water resources.
- The Government of Azerbaijan is committed to the improvement of the country's environment; in

addition to launching of the National Policy Dialogue on water, a comprehensive state programme aimed at improvement of the environmental situation in Azerbaijan for the period 2010–2014 is expected to be adopted in the near future.

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## Belarus

### **UNDAF Priority Areas**

1. Sustainability for social and economic development
2. Strengthening the National Health care system
3. Environmental sustainability
4. Developing national migration management in line with international standards
5. Improving the national governance system

### **UNDAF Outputs committed by the ECE**

#### ***Sustainability for social and economic development***

- Capacity to promote policies and actions supporting innovation for development is strengthened
- Improving the environment for undertaking policy actions and measures aimed at stimulating innovation activity in the country and enhancing its innovation capacity
- Strengthening the trade capacity of the government at the policy level, in partnership with the UNDP and UNCTAD
- Strengthened national capacity for border crossing facilitation in partnership with UNCTAD

#### ***Strengthening the National Health care system***

- Raised awareness among population, particularly among vulnerable groups (aged people, children, teenagers, cyclists and motorcyclists) about road safety and health system capacity strengthened on violence and injury prevention in partnership with the WHO and UNICEF

#### ***Increasing Environmental sustainability***

- Increased capacity and improved investment climate for renewable energy sources, alongside the UNDP and UNESCO
- Increased energy efficiency investments, in partnership with UNEP

### **UNDAF Key Activities**

- Innovation Performance Review
- Country Profile on the Housing Sector (Includes Land Administration Review)

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## **Key Activity**

### **INNOVATION PERFORMANCE REVIEW OF BELARUS**

**Target Group:** Policy-makers

**Objective:** The objective of this Innovation Performance Review is to provide a critical examination of the national innovation system of Belarus. A number of policy options and recommendations are offered in order to improve the functioning and enhance the innovation capabilities of stakeholders.

**Brief Description:** This document sets out the Innovation Performance Review of Belarus. There are 6 main areas of assessment, each offering analysis and key recommendations.

#### **National innovation system and innovation governance**

This chapter begins with an introduction of the basic concepts used in the Innovation Performance Review such as National Innovation System (NIS) and innovation Governance. These are used for assessing the National Innovation System in Belarus and its governance. The analytical assessments makes it possible to draw conclusions on the functioning of the NIS system in Belarus and present recommendations for possible policy measures aimed at enhancing the functioning of the NIS and the efficiency of innovation governance in Belarus.

#### **Key recommendations:**

1. The review recommends a critical assessment of the innovation policy mix in Belarus to compare its coverage with other countries and identify mismatches. This assessment should lead to a broader understanding of innovation that is not limited to technological aspects.
2. Design measures to establish and strengthen the currently missing horizontal strategic approach to address innovation policy issues.
3. Widen and broaden the range of measures to stimulate the development of the entrepreneurial sector. A fast growing small and medium-sized enterprises sector, in particular innovative, high-risk enterprises, is needed to ensure sustainable and vibrant economic growth.

#### **Framework conditions, innovation policies and instruments**

This chapter considers the institutions and conditions that support innovation and the role of the government in the innovation process. The first section describes key elements that influence the national innovation capacity. The second section describes and analyses the current state funded S&T programmes, highlighting specific features in their implementation. The third section provides an overall assessment and recommendations of these policy initiatives.

#### **Key recommendations:**

1. Learning from the positive experiences of encouraging innovation in science and technology parks as well as in special economic zones, the authorities should consider expanding some framework conditions conducive to innovation in the whole economy.
2. Public initiatives to support cooperative arrangements in pursuing innovation activities and projects, in particular, with the participation of SMEs could be strengthened through initiatives and policy instruments.

3. A more comprehensive evaluation of the outcomes of past policy initiatives and measures, and the extent to which they meet policy objectives and targets is necessary.

### Knowledge generation and innovation support institutions

This chapter provides a summary of some stylized features of knowledge generation in Belarus. This is followed by an analytical overview of selected key issues in this area, in particular regarding the role of the enterprise sector and the system of public funding of R&D. This provides a basis for drawing conclusions and formulation policy recommendations.

#### Key recommendations:

1. There is a need to shift the strategic orientation of innovation policy from the focus on ‘transfer of innovation from the R&D sector into production, ‘towards an enterprise-based innovation system’. This implies a gradual reintegration of R&D activities into the business enterprise sector.
2. Any reorganization of the R&D system should seek to create organizations with a coherent set of activities (commercial or public) that are viable in the medium term and can maintain and develop competencies in their core areas. The main direction of such reforms should be the integration of R&D activities into the business enterprise sector. A clear distinction must be made between support to innovation activities and support to investment in modernization. New instruments should recognize that risk taking is an inherent feature of the innovation process.
3. The authorities could undertake a concerted effort to harness the potential of foreign direct investment to make a significant contribution in raising the innovative potential economy and provide access to new technologies and organizational practices.



### **Industry-science linkages and collaboration in the innovation process**

The aim of this chapter is to identify and analyze the existing mechanisms for interaction between public research institutions and enterprises and to assess how effective they are in transforming R&D into new products and bringing them to market. The chapter analyses the legal provisions and institutional mechanisms concerning technology transfer. It examines the set of incentives embedded in different institutions, regulations and policies and their effects on encouraging successful collaboration. Finally, the chapter proposes recommendations to facilitate technology transfer and strengthen the links between industry and science.

#### ***Key recommendations:***

1. R&D performing organizations and inventors should be assigned clearly defined intellectual property rights associated with their own research and innovation activity.
2. Technology transfer could be facilitated by strengthening incentives for entrepreneurial behaviour within the academic and research community, supporting the formation of public private partnerships to fund R&D efforts and encourage the development of the professional services that can assist technology transfer.
3. New technology-based firms, contribute to developing the links between industry and science. Targeted measures to foster the development of these companies could facilitate their integration in the economy.

### **Financing of innovative entrepreneurs**

This chapter discusses the sources of finance for innovative activities in Belarus. It describes the financial sector in Belarus and considers various sources of finance linked to state programmes and a number of specific support structures. Finally, it presents some policy conclusions and recommendations for further development of the financing of innovation in Belarus.

#### ***Key recommendations:***

1. The authorities need to undertake policy steps to expand and diversify the system of financial support to innovation taking into account that actions in this area need to be coordinated with other initiatives to overcome existing obstacles to innovation.
2. To be effective in promoting innovation, the system of public support for innovation activities in Belarus needs to accept increased levels of risk and be more tolerant of possible failures of individual projects.
3. There is a need to reconsider and re-focus the existing instruments for public support to innovation projects in Belarus to take into account the different types of risks involved in different types of projects.

### **Innovation and international economic integration**

This chapter addresses some of the international dimensions of innovation. Special attention is paid to multilateral initiatives for economic integration, including those with Commonwealth of Independent States (CIS), the Eurasian Economic Community (EurAsEC) and the EU, integration with Russia and Kazakhstan through the recently formed Customs Union in the context of EurAsEC. It considers existing interactions with international organizations of relevance to innovation activity and innovation policy. This analysis serves as the basis for drawing a number of policy conclusions and recommendations.



**Key recommendations:**

1. The authorities should encourage the internationalization of companies engaged in knowledge-intensive activities, including measures to promote exports and facilitate access to imports, as both are channels for the diffusion of innovation.
2. The authorities should take full advantage of the potential of integration processes in the CIS to foster scientific and innovation capabilities through appropriate initiatives, including at the institutional level.
3. The authorities could consider developing an integrated and coordinated strategy for international science and technology cooperation that complement existing policies and targets different components of the national innovation system.
4. The possibilities offered by technical aid in support of scientific international cooperation should be used more extensively. In addition to the simplification of the national approval procedure and its eventual abolition, the conditions and incentives for technical cooperation could be improved.

**Key Activity****COUNTRY PROFILES ON THE HOUSING SECTOR**

**Objective:** The objective of this Country Profile is to provide a critical examination of the housing and land management situation in Belarus, covering the main characteristics of the sector and advancing some policy recommendations.

**Brief Description:** This country profile on the housing sector intends to assist the Governments to improve the performance of its housing sector and at the same time promote sustainable development. It analyses trends and policy developments and makes an overall assessment of the political, economic and social framework of the housing sector. The issues considered are land administration and spatial planning, decentralization and a more active role for the private sector. This country profile report puts forward a set of policy recommendations.

**Socio-Economic Trends and Housing Policies**

This chapter begins with an introduction, providing some general information about the overall economic development, population and employment situation in Belarus. These are used for assessing the development of housing policies throughout the country. One of the key challenges of housing policy in Belarus is the privatization of the state property and its consequences. These assessments make it possible to draw conclusions on the functioning of the housing system in Belarus and present recommendations for possible policy measures aimed at enhancing their efficiency.

**Key Recommendations:**

1. National housing policies should promote decentralization, with increased roles for local authorities and the private sector in constructing, maintaining and financing housing.
2. The division of responsibilities with respect to housing policies at the national level needs clearer definition and strengthened inter-ministerial cooperation. Overlaps of responsibilities at the highest levels and the limited decision-making powers of the local structures prevent the system from being more effective and flexible.

3. Responsibilities at the local level and the participation of civil society should be strengthened. The current ‘top down’ approach serves as a disincentive for the municipal-level whom these decisions most frequently affect.

### **Existing Housing Stock and New Construction**

This chapter considers the existing housing stock and the challenges of new housing construction. The housing sector is regulated by the State Housing Policy, the National Housing Programme, the Housing Code of Belarus and a number of other normative documents. The management and maintenance of this existing housing stock is carried out with active participation from the state, however remains strictly hierarchal. Finally this chapter provides an overview of the State Housing Policy, offering an overall assessment and recommendations for policy initiatives.

#### ***Key Recommendations:***

1. The private sector is seriously underdeveloped and underrepresented. Hence their involvement in housing and construction should be promoted, and its development should be supported.
2. Access to affordable housing should be better targeted and options should be increased. It is vital to reduce the number of needy households waiting for soft loans.
3. Energy efficiency in the housing sector should continue to be improved. The greatest challenges are posed by the mass social housing dating from the 1960’s and 1970’s, with high energy consumption.
4. Many people are in need of housing, with long waiting lists to access loans. Governments should produce alternative and more diversified financial options. State subsidies in the utilities sector should be better targeted, notably to very needy population groups.

### **Housing Finance**

This chapter provides a summary of the housing finance system in Belarus. It considers the issues of public subsidies for housing and makes a number of policy recommendations, including the necessary reform of the soft loans system and the full implementation of mortgage law.

#### ***Key Recommendations:***

1. The subsidy system of soft loans should be reformed to avoid long waiting periods for low interest credit.
2. A reform of the subsidies should be undertaken to make them immediately available, and also by allowing private banks to issue them. These actions would increase the sources of loan financing and the participation of private capital in the housing sector.
3. The development of a competitive banking sector should be supported. The liquidity of banks could be improved by opening up the banking sector more widely to foreign capital and money channels so long as this was accompanied by strong regulatory framework.
4. The mortgage law should be fully implemented. The already approved legislative framework for the mortgage market is essential for moving from housing loans to classic mortgage loans and for decreasing risk for mortgage lenders.

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## Land Administration and Spatial Planning

The aim of this chapter is to identify and analyze the existing mechanisms for legal and institutional framework for land administration. It considers Spatial planning in Belarus and one of its major challenges as to reconcile agricultural and industrial activities with environmental sustainability considerations. Rural development must be improved in order to provide economic aid to agriculture production and reduce density in cities, while providing income-generating opportunities in rural areas. Finally, it presents some policy conclusions and recommendations for further development of the land administration and spatial planning in Belarus.

### *Key Recommendations:*

1. Private land ownership should be strengthened. In order to use land resources more efficiently and to attract more private capital to develop agriculture and industry, it is essential to make the land market more accessible by increasing the transfer of land parcels to the private sector.
2. Land-related revenues should be used for infrastructure and social purposes. Transfer of land parcels to the private sector would generate income that could be used to help solve social problems – in particular to develop infrastructure and construct social housing.
3. Land administration could be improved by reforming the taxation systems, clearly defining real property rights and facilitating real property formation procedures. E-land administration would further facilitate the process.
4. While representatives from rural councils submit summaries of requirements for administrative subregions, national policy overrules local requirements in practice. Empowering local administrations to decide on local plans and their implementation would improve local quality and acceptance of planning measures.
5. An assessment of efforts to strengthen small and medium-sized towns should be planned and carried out. The expansion of these towns seeks to rebalance urban and rural populations and to redistribute the tax base.

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## Bosnia and Herzegovina

### **UNDAF Priority Areas**

1. Democratic Governance
2. Social Inclusion
3. Environment

### **UNDAF Outputs committed by the ECE**

#### ***Democratic Governance***

- Statistical agencies have the appropriate technical and organizational knowledge, skills and resources to conduct the Census 2011.
- Statistical Agencies, Public Health Institutes and relevant Ministries collect, analyze and use social and demographic data, including gender statistics and MDG indicators.
- Government at central and local level has technical knowledge & resources to incorporate ICT tools and solutions in public service delivery and increase effectiveness and efficiency of cross-sectoral services through eGovernance, including increased capacity to streamline and automate foreign trade.
- Key stakeholders throughout BiH have increased awareness on public private cooperation for rural and urban development, in accordance with EU standards and guidelines, as well as UNECE guidelines on good governance in public-private partnerships, and selected municipalities have increased capacities for designing and implementing rural and urban development projects, including partnership and networking skills.

#### ***Environment***

- Government at state, entity and cantonal levels has increased awareness and knowledge to develop and implement strategies and specific initiatives in the area of the clean development actions such as cleaner production, energy efficiency, carbon trading, etc.

### **UNDAF Key Activities**

- Environmental Performance Review

## ***Key Activity***

### **2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW**

**Objective:** This review aims to take stock of the progress made by Bosnia and Herzegovina in the management of its environment since the country was first reviewed in 2004. This second review assesses the implementation of the recommendations contained in the first review in managing the environment and addresses any upcoming environmental challenges.

**Brief Description:** This second EPR covers nine issues of importance to Bosnia and Herzegovina related to policymaking, planning and implementation, the financing of environmental policies and projects, and the integration of environmental concerns into economic sectors, in particular the sustainable management and protection of water resources, waste management, climate change, and forestry, biodiversity and protected areas.

#### **Policymaking framework for sustainable development and environmental protection**

- Since the first EPR has been the prospect of eventual EU membership and the adoption and transposition of the EU *acquis communautaire*, hence the Government has stated its commitment to putting environmental priorities high on its agenda. However, environmental management has not been a priority in the post-war economic recovery process in Bosnia and Herzegovina and environmental management throughout the country suffers from suboptimal institutional, policy and legal frameworks.
- The lack of an environmental mandate, authority and capacity at the state level and continuing opposition to any increase in power at the state level contributes too many problems, especially a lack of policy coherence between the State and the entities.
- Inter-entity cooperation has been strengthened through the Inter-Entity Steering Committee for the Environment. However, it has had limited impact in raising environmental issues to state level.

#### ***Key Recommendations:***

1. The State Ministry of Foreign Trade and Economic Relations should take the following steps to strengthen the environmental mandate, authority and capacity at the state level:
  - (a) Elevate the current Department for Environmental Protection into a new Sector.
  - (b) Expedite the adoption of the State Law on Environmental Protection and all relevant secondary legislation.
2. The Federal Ministry of Environment and Tourism and Republika Srpska's Ministry of Physical Planning, Civil Engineering and Ecology should expedite the adoption of secondary legislation and approximation of the EU environmental *acquis*. Specifically they should:
  - (a) Strengthen legal capacity within the ministries to develop and implement environmental laws and policies;
  - (b) Monitor evolving EU requirements and new EU legislation to which approximation efforts must be aligned.
3. The entities Government should:
  - (a) Assess the extent of institutional weakness of environmental institutions affecting environmental policy, regulatory functions, and funding;

### **Compliance and enforcement mechanisms**

- The State Law on Environmental Protection has still to be adopted, as has a strategy for environmental protection and sustainable development. The lack of a state environment law causes a number of problems, such as the scattering of the competencies for environmental legislation and administration over all administrative levels.
- The implementation of EIAs began in 2008 and Strategic Environmental Assessment (SEA) has been adopted in both entities but has yet to be implemented. SEA has not been implemented because neither entity has a precise procedure included in the Law on Environmental Protection, nor have they issued a decree.

### **Key Recommendations:**

1. At all levels of Government, adequate formal and informal coordination of environmental matters is essential:
  - (a) The State Ministry of Foreign Trade and Economic Relations should make a precise estimate of the staff required for environmental tasks and ensure that vacancies are properly filled.
  - (b) The main environmental authorities at entity level should provide regular education and training on the job, on a non-commercial basis, to ensure that staff who are responsible for issuing permits and for inspections, at the entity level, as well as at the cantonal and municipal levels, adapt their skills accordingly.
2. The Federal Ministry of Environment and Tourism and Administration of Inspection Services, and Republika Srpska's Ministry of Physical Planning, Civil Engineering and Ecology, and the Administration for Inspection Activities must keep each other informed about the content of permits, and the results of inspections, through an institutionalized procedure.

### **Monitoring, information, public participation and education**

- Since the first EPR improvements have been made in strengthening the air-quality monitoring network; improving water monitoring; strengthening emission reduction activities and emission monitoring of large emitters; establishing a pollutant emission cadastre; and developing Pollution and Release and Transfer Registers (PRTRs). However, there has been little progress in developing a comprehensive monitoring system.
- One of the most important gaps for air quality monitoring is the lack of organization, coordination and communication between different public institutions. Data exchange between the different public institutions is limited and as a consequence there is no centralized database.
- Since the first EPR some progress has been made in creating a public system of environmental education in Bosnia and Herzegovina. However, these elements are insufficiently linked and coordinated.

### **Key Recommendations:**

1. Based on the Memorandum of Understanding on National Environmental Information Systems, the State Ministry of Foreign Trade and Economic Relations, in cooperation with the Inter-entity Steering Committee for the Environment, the Inter-entity Commission for Water and relevant entity institutions and the DB should take steps to create an integrated monitoring system in BiH.
2. The State Ministry of Foreign Trade and Economic Relations, the Federal Ministry of Environment and Tourism, and Republika Srpska's Ministry of Physical Planning, Civil Engineering and Ecology should complete the development of specific modalities for sharing, processing and integration of environmental data, publishing indicator-based environmental assessment reports for BiH, and their circulation and uploading on the Internet to make them available to the general public.



3. The State Agency for Education, in close cooperation with the State the Ministry of Foreign Trade and Economic Relation and entities' education and environment ministries, media representatives and other stakeholders, should establish a National Commission on Education for Sustainable Development (ESD).

### **Implementation of international agreements and commitments**

- Since the first EPR the country has ratified seven environmental conventions and two protocols. However, there is still much to be done as regards practical implementation and enforcement.
- By ratifying the Kyoto Protocol in 2008, Bosnia and Herzegovina has demonstrated its interest and need for inclusion in the mechanisms, which are offered to signatories of the Protocol. However there are still a number of MEAs that have been signed but are still awaiting ratification.

### **Key Recommendations:**

1. The State Ministry of Foreign Trade and Economic Relation should:
  - (a) Strengthen the practical implementation and enforcement of the global and regional multilateral environmental agreements that have been ratified;
  - (b) Ensure the appointment of national focal points for all MEAs;
  - (c) When necessary under the MEAs, should ensure establishment of the necessary institutional setting and adoption of the relevant programmes and plans including their adequate financing.
2. As soon as appropriate capacities for implementation are available, the Government of Bosnia and Herzegovina should accede to the following conventions and protocols: The Protocol on Pollutants Release and Transfer Registers to the Aarhus Convention; the Protocol on Strategic Environmental Assessment to the Espoo Convention; and, the Protocol on Civil Liability and Compensation for Damage Caused by the Transboundary Effects of Industrial Accidents on Transboundary Waters, to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes.

### **Economic instruments and expenditure for environmental protection**

- Since the first EPR, Bosnia and Herzegovina has continued developing and defining its environmental priorities and policies, including with regard to economic instruments. Both entities have created the foundation for environmental legislation, although only a limited amount of legislation relating to environmental economic instruments is as yet operational.
- However, the growing prosperity of Bosnia and Herzegovina since the war has augmented the ability of the population to pay fees, charges and taxes for an improved environment.
- Due to the fragmented nature of the political structure in Bosnia and Herzegovina, finding statistical data on internal environmental expenditure is virtually impossible.

### **Key Recommendations:**

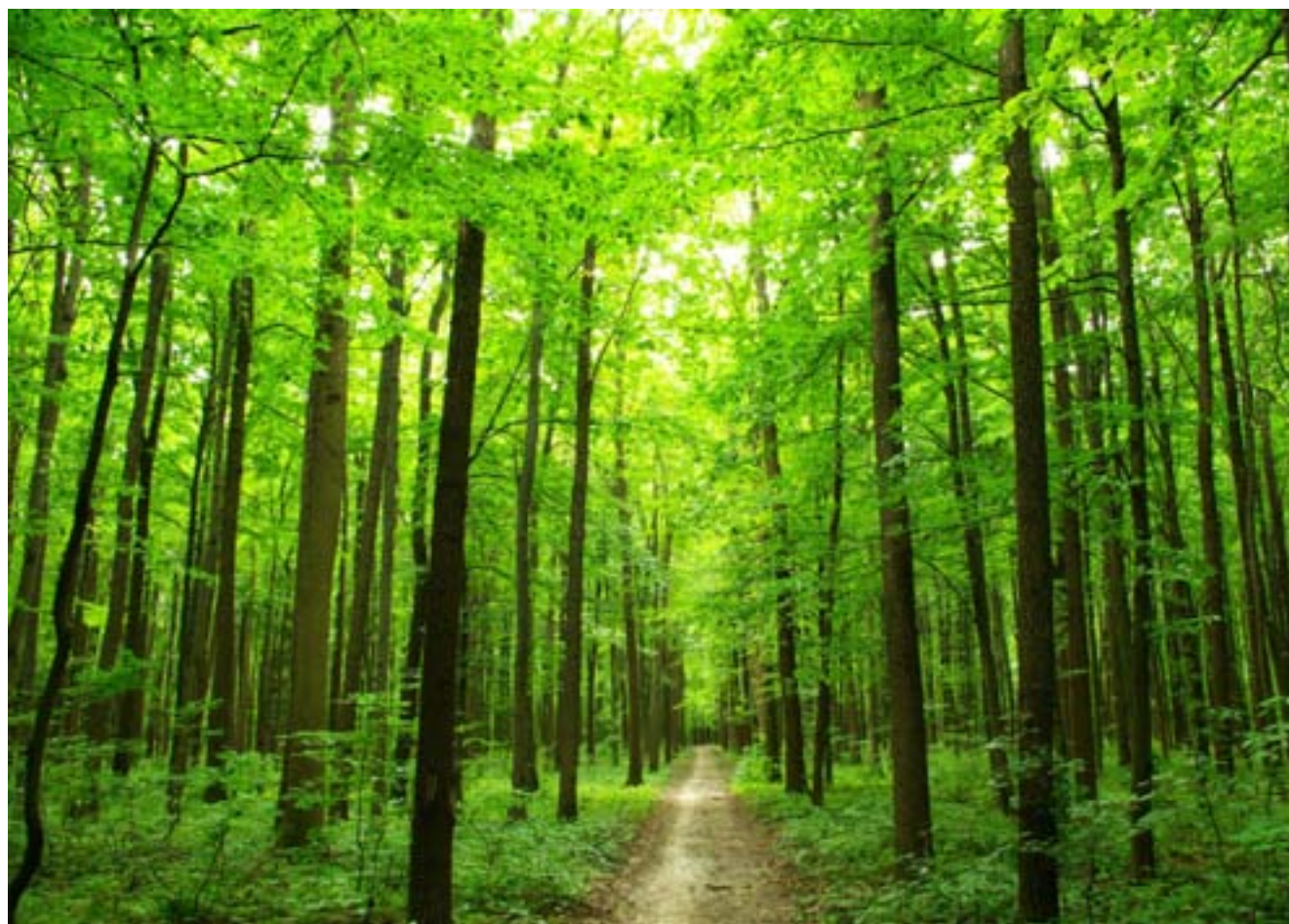
1. The entity Governments should:
  - (a) Introduce the secondary legislation which is still missing into all entity-level environmental legislation. This secondary legislation should have an unambiguous fee structure.
  - (b) Strengthen compliance with the “user and polluter pays” principles through adequate penalties and enforcement in cases of non-compliance.
  - (c) Start to collect all fees and charges instituted by the new secondary legislation (in order to ensure full-cost recovery).
2. The Council of Ministers of BiH should strengthen the role of the State Agency for Statistics in: Collection, analysis and dissemination of environmental accounting data, Conducting analysis on the efficiency of environmental taxes and fees and cost-benefit analysis of them.

### **Climate change and environment**

- Bosnia and Herzegovina ratified the United Nations Framework Convention on Climate Change (UNFCCC) in December 2000 and the Kyoto Protocol in April 2008. However there is no special legislation on climate change in force in Bosnia and Herzegovina either at the state or entity levels.
- Several projects relevant to climate change adaptation and mitigation are being undertaken with the support of international donors. However, at present, there is no official strategy or policy document in Bosnia and Herzegovina dealing explicitly with climate change issues.
- Greenhouse gas (GHG) emissions in Bosnia and Herzegovina are estimated to grow by almost 30 per cent between 2005 and 2030, driven by the increase in CO<sub>2</sub> emissions.

### **Key Recommendations:**

1. The State Government of BiH, in cooperation with the Governments of entities and Brčko District, should:
  - (a) Establish mechanisms and administrative structures for regular development of emissions inventories and emissions projection's in accordance with international methodologies and for reporting.
  - (b) Speed up preparation of the second National Communication under UNFCCC.
  - (c) Finalize legal and institutional preparations for implementation of CDM projects.



2. The State Government of BiH, in cooperation with the Governments of the entities and Brčko District, should:
  - (a) Develop a national climate change mitigation strategy and related action plan.
  - (b) Develop, within the framework of subregional activities, a national climate change adaptation strategy and related action plan.
3. The State Government of BiH, as well as the Governments of the entities, should continue in their efforts to develop and/or update and implement energy strategies and strategic plans with the aim of improving energy efficiency in both production and consumption, supporting energy saving in the public sector, supporting the wider introduction of renewable energy, while respecting air and water protection and nature conservation.

### **Sustainable management of water resources**

- Bosnia and Herzegovina is rich in water resources but the water management sector has problems to address. The lack of adequate infrastructure has resulted in the pollution of water resources and deterioration in the quality of drinking water.
- Since the first EPR legislation has been implemented at the entity level, in line with EU directives. Both entities' water laws address the majority of water management issues and are 65 per cent compliant with EU regulations. Barriers to compliance remain, including the lack of an effective national regulatory and legislative framework, and the complex administrative system.
- Efforts on flood protection have been made by both entities since the first EPR, in terms of legal documents, strategies, programmes and plans. However, no significant investment in new flood control facilities has been made in the past 15 years.

### **Key Recommendations:**

1. The Government of Bosnia and Herzegovina should streamline existing state level authority over water-related issues so that there is one water resources management department in MoFTER.
  - (a) The Federation's Government should streamline existing entity-level authority over water-related issues so that there is one water resources management department in the Federal Ministry of Agriculture, Water Management and Forestry.
  - (b) Republika Srpska's Government should streamline existing entity-level authority over water-related issues so that there is one water resources management department in the Republika Srpska's Ministry of Agriculture, Forestry, and Water Resources.
  - (c) At the commune level, concentrate all water-related issues in one ministry with clearly defined responsibilities.
2. The Government of Bosnia and Herzegovina should develop a state level water law, taking into account the existing entity water laws and clearly identifying and allocating responsibilities in terms of shared water resources and countrywide water management issues. The Federal Government should also develop a national water management strategy and action plans which concretize the corresponding work at the national level.
  - (a) The Governments of the Federation and the Republika Srpska should accelerate the implementation of existing sub-laws and standards and harmonize the existing secondary legislation, including guidelines and standards.

### **Waste management**

- Progress has been made in the area of waste management since the last EPR in 2003. The construction of regional sanitary landfills has started and efforts have been made to remove the accumulated hazardous/chemical waste.

- A start has also been made by both entities in closing down illegal dump sites. Countrywide, in Bosnia and Herzegovina 10–15 per cent of illegal dumpsites have recently been closed, although there are estimates of 1,100 dumpsites still in use.
- A limited number of initiatives for the separation of waste have been initiated in Bosnia and Herzegovina. However more public awareness is necessary on the importance of recycling.

**Key Recommendations:**

1. The entity Governments and municipalities should accelerate the construction of regional sanitary landfills and the establishment of financially, socially and environmentally sound municipal waste management systems, and close open dumpsites which are currently being used.
  - (a) The entity and cantonal governments should make further efforts to close illegal/uncontrolled dumpsites whose locations are threatening health and the environment.
2. The Federal Ministry of the Environment and Tourism, Republika Srpska's Ministry of Physical Planning, Civil Engineering and Ecology, the Brčko District Government and the cantonal authorities, in collaboration with various partners, should raise public understanding and awareness of sustainable waste management to facilitate further progress on the development of regional landfills, prohibition of illegal dumping of waste, separation of waste, and minimizing the generation of waste in households. They must make efforts to distribute information widely on waste generation and management, relevant policy documents, and the development and establishment of legislation.
3. The Federal Ministry of the Environment and Tourism, the Republika Srpska's Ministry of Physical Planning, Civil Engineering and Ecology and the Brčko District Government should scale up and promote materials and energy recovery from waste through separate collections, reuse and recycling, and foster business development based on waste.

**Forestry, biodiversity and protected areas**

- Bosnia and Herzegovina has made significant progress in the areas of forest management and biodiversity since the first EPR, especially in terms of developing the necessary legal frameworks and strategic and programmatic documents. However, a number of gaps still exist in terms of effective implementation of existing plans and capacity-building and current capabilities and funding are dispersed.

**Key Recommendations:**

1. The Ministry of Foreign Trade and Economic Relation of Bosnia and Herzegovina, the Federal Ministry of Environment and Tourism, Republika Srpska's Ministry of Physical Planning, Civil Engineering and Ecology and the Logistics Unit of Brčko District should promote the adoption of the draft national biodiversity strategy and action plan.
  - (a) Once adopted, the relevant governmental bodies at the state, entity and intra-entity levels should ensure that regulations and institutional mechanisms for implementation of the strategy are in place, including through the establishment of a formal process for intersectoral and inter-entity coordination, and the integration of relevant provisions in other sectoral strategies and planning documentation.
  - (b) The Council of Ministers should identify a body that will be responsible for coordination of data collection, data exchange, information flows, and monitoring, as they relate to full and effective implementation of the strategy.



## Georgia

### **UNDAF Priority Areas**

1. Poverty Reduction
2. Democratic Development
3. Disaster Risk Reduction

### **UNDAF Outcomes committed by the ECE**

#### ***Poverty Reduction***

- Inclusive development and poverty alleviation promoted through International, national and local economic policies, including in the area of trade and investment.
- Vulnerable populations enjoy greater access to decent work opportunities and working conditions.
- Vulnerable groups enjoy improved access to quality health, education, legal aid, justice and other essential social services.

#### ***Democratic Development***

- Institutions develop policies based on reliable data and clear, fair and participatory processes.

### **UNDAF Key Activities**

- Environmental Performance Review
- Country Profile on the Housing Sector
- National Policy Dialogue on Integrated Water Resource Management

## Key Activity

### 2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW

**Objective:** The first Environmental Performance Review (EPR) of Georgia was carried out in 2003. This second review intends to measure the progress made by Georgia in managing its environment since the first EPR, and in addressing upcoming environmental challenges.

**Brief Description:** This second EPR covers nine issues of importance to Georgia related to policymaking, planning and implementation, the financing of environmental policies and projects, and the integration of environmental concerns into economic sectors, in particular the sustainable management and protection of water resources, waste management and forestry, biodiversity and protected areas.

#### **Policymaking framework for environmental protection and sustainable development**

- In the aftermath of the Rose Revolution of November 2003, major political changes have come about in Georgia. In 2008, the Government began drafting an environmental code. This proposed environmental code is expected to introduce market-oriented mechanisms, international standards and good practices on environmental protection and management. However MEPNR will face the challenge of convincing the Government of the necessity of adopting an environmental code, since environmental protection and sustainable development are not a high priority.
- In 2005 the Government established a Governmental Commission on Sustainable Development. However, the Commission has never been convened and is not operational. Moreover, the composition of the Commission has to be renewed due to several changes since 2005 in the Cabinet of Ministers and this has not yet taken place. Due to that inertia, the development of a national strategy on sustainable development has never started.

#### **Key Recommendations:**

1. The Ministry of Environment Protection and Natural Resources, in further developing the Environmental Code, should:
  - (a) Ensure that the Code includes adequate provisions for public participation in accordance with national and international obligations.
  - (b) Ensure that broad support for the draft Environmental Code is being established during its drafting phase, through engaging civil society and involving other ministries as well as members of the Cabinet of Ministers in order to increase the possibility of its adoption and subsequent implementation.
  - (c) Continue to work on parallel tracks to ensure that existing gaps in sectoral environmental legislation are adequately addressed.
2. The Government, under the leadership of the Prime Minister and the direction of the National Commission on Sustainable Development, should, as a matter of urgency:
  - (a) Develop and adopt a national sustainable development strategy, taking into consideration international good practices and making use of opportunities for public participation in the strategy formulation.
  - (b) Ensure the strategy's effective implementation through the development of the necessary instruments at national level and the allocation of adequate financial resources.



### Compliance and enforcement mechanisms

- The legislative framework regarding the assessment tools – environmental impact assessments (EIAs) and ecological expertises (EEs) - has been developed substantially since Georgia's first EPR, and progress has been made in terms of greater transparency in decision-making. However owing to new legalities the full application of EIAs and EEs is limited to certain activities.
- National legislation has still to define mechanisms such as strategic environmental assessment. Strategic documents from various economic sectors are developed without taking into account many environmental considerations, that gap in Georgia's legislation poses a major threat to the country's environment.
- Different types of environmental licensing and permit procedures were merged into a single legislative act: the 2005 Law on Licences and Permits. However enterprise self-monitoring is still not regulated, but the Law on Licences and Permits stipulates selective inspections.

### Key Recommendations:

1. The Ministry of Environment Protection and Natural Resources should develop the necessary legal provisions in order to introduce the strategic environmental assessment into the national legislation as soon as possible and should submit the draft legislation to the Government and the Parliament for adoption.
2. The Ministry of Environment Protection and Natural Resources should:
  - (a) Differentiate environmental permitting approaches and procedures used for large industry and small and medium-sized enterprises.
  - (b) Introduce a system for activities not subject to integrated permits to regulate air emissions, wastewater discharges and waste releases and water abstractions.
  - (c) Formulate permit conditions more precisely, with a possibility of reviewing them whenever significant changes are introduced into processes, production volumes or regulatory requirements.

### Information, public participation and education

- Since its first EPR, Georgia has made progress in setting up an appropriate monitoring system, harmonizing environmental norms and standards with international ones, providing access to environmental information to the public and promoting public participation in environmental decision-making. Much still needs to be done by the Government to make environmental monitoring an effective tool.
- From 2003 to 2006, annual national reports on the state of the environment were submitted to the President, but never published.
- Public participation on environmental decision-making is lagging behind. Recent changes in legislation reduced the issuance of licences for natural resource use to simple administrative proceedings, depriving the public of an opportunity to access information and participate in decision-making.

### Key Recommendations:

1. The Ministry of Environmental Protection and Natural Resources should develop proposals, with relevant budgets and time schedules, for submission to the Government for approval:
  - (a) To enlarge the ambient environmental monitoring networks to meet the requirements of existing monitoring regulations.
  - (b) To increase the number of parameters measured, in particular, PM<sub>2.5</sub> and PM<sub>10</sub>, VOCs, PAH and POPs in ambient air and biological parameters at all water monitoring posts.

- (c) To switch, step by step, to automatic measurement, and improve data quality control and storage procedures.
  - (d) To establish an environmental database at the National Environment Agency that is easy for use and accessible to the public.
2. In drafting a revised presidential decree on the rules for the preparation of state-of-the-environment reports, the Ministry of Environment Protection and Natural Resources should follow the UNECE Guidelines for the Preparation of Indicator-Based Environment Assessment Reports and ensure that the reports are reader friendly and accessible to the public. In between the publications of the report, MEPNR should publish topical environmental reports including reports on environmental pollution.

### Implementation of international agreements and commitments

- Georgia has rethought its approach to the timing of accession to various international instruments and now conducts analyses of the changes needed to ensure compliance before acceding to various instruments. Yet much remains to be done to strengthen implementation and improve the country's ability to better absorb and utilize external assistance and investment.
- Georgia is currently a party to 16 multilateral environmental agreements (MEA) and 3 protocols, having ratified 4 MEAs since its first EPR. Although progress has been achieved in MEA implementation, much remains to be done, mostly due to data scattered between different institutions.

### Key Recommendations:

1. The Government should:
  - (a) Strengthen active participation in international fora to improve environmental management and meet its international obligations and commitments.



- (b) Comply with its reporting obligations to the United Nations Commission on Sustainable Development.
2. The Ministry of Environment Protection and Natural Resources should elaborate a transparent mechanism and designate a lead unit to improve project coordination and enhance the Ministry's ability to fully utilize past experience when designing new projects suitable for external funding.

### **Economic instruments and expenditures for environmental protection**

- Since 2004, the main focus of the Government agenda has been on liberalizing and deregulating economic activity. The potential scope for more stringent environmental policy has been curtailed. One possible reason for this appears to be concern about international competitiveness. The pollution tax and the tax on the use of natural resources were also abolished.
- Low priority has been accorded by the Government to environmental protection. There is a need, to better recognize the importance of environmental protection for the national economy and society and to reflect the associated increased resource needs in medium-term budget planning.

### **Key Recommendations:**

1. The Ministry of Environment Protection, in cooperation with the Ministry of Economic Development, the Ministry of Finance and other relevant ministries should:
  - (a) Review the existing command-and-control approach to pollution abatement and control.
  - (b) Review the existing system of fines to create adequate incentives that deter emitters from producing too many emissions, assuming appropriate monitoring and enforcement of environmental standards.
  - (c) Develop a policy paper on the feasibility of the introduction of pollution taxes for major pollutants, as a basis for the creation of stringent incentives for more environmentally friendly behaviour.
2. The Government should give greater priority to environmental spending within the medium-term expenditure framework.
  - (a) In this context, the Ministry of Environment Protection and Natural Resources, in cooperation with other competent Government spending units, should define medium-term priorities and objectives for environmental policy across major sectors of the economy and prepare estimates of associated costs and major benefits that would feed into the preparation of medium-term Government expenditure plans.
  - (b) The Government should create incentives designed to mobilize adequate private sector resources for environmental protection by strict application of the "polluter pays" and "user pays" principles;

### **Sustainable management of water resources and protection of the Black Sea**

- Since the first EPR some improvements in the water supply and sanitation sectors are visible however shortcomings still exist. Waterborne diseases still occur and the sanitation situation is a problem. The level of river pollution is high overall and varies depending on the amount of untreated wastewater discharges and concentration of pollutants.
- The situation concerning wastewater is unsatisfactory. Only 70 per cent of the urban population is connected to the sewerage system existing in about 40 towns. In rural areas, the connection rate is much lower.
- As far as the institutional framework is concerned, responsibility for water issues is spread among various institutions. The legal and institutional changes of the past few years have made the water resource management system unclear. A strategy on integrated water resource management has never been developed.

**Key Recommendations:**

1. The Ministry for Regional Development and Infrastructure should promote the adoption of the policy paper for the development of water supply and sanitation sectors and thereafter speed up the development of the required action plan, which will include measures, priorities starting with the hot spots, time tables and estimated financial requirements and resources.
2. The Ministry for Environment Protection and Natural Resources should:
  - (a) Ensure that the new Water Law framework reflects the protection and sustainable management of all water resources (including groundwater and the territorial Black Sea) by introducing principles of water basin management based on the current institutional framework.
  - (b) Develop a Georgian national action plan (NAP) for the protection of the Black Sea based on the principles of the regional Strategic Action Plan for the Environmental Protection and Rehabilitation of the Black Sea, by taking into consideration hot spots, required measures for improvements, a timetable and the financing funds as well as measures for water supply and sanitation.
  - (c) Develop a strategy and action plan for further modernizing and upgrading the monitoring network in line with international guidelines and best practices to assess progress in achieving environmental policy targets.

**Waste management**

- Since the first EPR waste management has not yet undergone urgently needed reform. The current situation is dramatic and waste management requires urgent attention from decision makers.
- Many municipal dumpsites are set up on the fringes of watercourses or in riverbeds, in bushes or along railways. Recycling facilities are very limited and composting is only done by some farmers for their own use.
- The country has inherited problems with orphan radioactive sources. The main origins of these sources are military and civil, although there are also some cases of illegal trade. The temporary absence of regulatory controls has contributed to the extent of the problem.

**Key Recommendations:**

1. When developing the new waste framework law and related legislation, the Ministry of Environment Protection and Natural Resources should:
  - (a) Take into consideration existing waste legislation, and identify and clearly state sub-law regulations needed for the effective implementation of the legal framework.
  - (b) Include a clear classification of hazardous waste and requirements for each industrial site to report on hazardous waste by type of waste.
  - (c) Include the obligation of transferring hazardous waste to licensed operators once the market will allow it.
  - (d) Ensure that appropriate regulations aimed at enabling and strengthening law enforcement activities of the Inspectorate of Environmental Protection are formulated and put forward for adoption.
2. The Ministry of Environment Protection and Natural Resources should urgently elaborate a national waste management plan.
  - (a) The Government should provide municipalities with technical assistance and training on technology and management skills for adequate solid waste management.
  - (b) The Government should help municipalities to modernize their household waste management practices.

### **Risk management of natural and technological/anthropogenic hazards**

- The legislative base for addressing disaster risk management is in place, but its implementation shows certain shortcomings. These include inefficient functioning of the national coordination mechanism and scattering of institutional efforts among various Government agencies, and insufficient public awareness.
- Existing data on disaster response and recovery is unreliable and scattered. Georgian scientists are forced to rely on obsolete analogue equipment, lack funds and have inadequate Government support. At present, risk assessment has been given lower priority compared to disaster response and recovery.

#### **Key Recommendations:**

1. The Government should develop and adopt a national strategy on disaster risk management (DRM) complemented by a relevant national action plan taking into account disaster risk reduction and climate change adaptation measures, in compliance with national commitments and international instruments recognized by Georgia, especially the Hyogo Framework for Action (HFA).
2. The Government should identify hot spots in urban areas and strengthen monitoring, forecasting and early warning of natural and technological disasters in compliance with international requirements. The Ministry of Environment Protection and Natural Resources should establish an analytical centre with adequate capacity to create and maintain a database of geological, seismological and meteorological data that is easy to use and accessible to the public.

### **Forestry, biodiversity and protected areas**

- In April 2007, a major change of policy occurred in the forestry sector, leading to a fast-track divestiture of most forest management responsibilities from the Government to the private sector and municipalities. Four long-term forest licences were immediately auctioned. Since that time, commercial logging has been based on forest-use licences.
- Since the first EPR, the number of protected areas has increased, they more than doubled and their total territory increased by 75 per cent. The protected areas system adequately represents the full diversity of ecosystems with protected high conservation value sites, but the system has many weaknesses.
- Although numerous efforts have been made in the past to develop the framework on forestry, biodiversity and protected areas, there have been delays due to a lag in development and adoption of key sectoral policy documents.

#### **Key Recommendations:**

1. The Government should adopt the draft national protected areas system development strategy and action plan and ensure their implementation and financing.
2. The Government should strengthen the institutional capacity of the Forestry Department. Its staff, especially forest guards, should be adequately equipped and provided with regular training.

### **Key Activity**

#### **COUNTRY PROFILES ON THE HOUSING SECTOR**

**Objective:** The objective of this Country Profile is to provide a critical examination of the housing situation in Georgia, covering the main characteristics of the sector and advancing some policy recommendations.

**Brief Description:** The Country Profile of the Housing Sector of Georgia provides a detailed analysis



of the housing situation in the country. It analyses trends and policy developments and makes an overall assessment of the political, economic and social framework of the housing sector. The study makes practical recommendations to the Government of Georgia on how to improve the country's housing policies.

### **Socio-Economic Conditions and Housing Policy Framework**

This chapter provides an introduction to the socio-economic conditions in Georgia and its housing policy framework. Georgia's economy suffered severely with the collapse of the Soviet Union, and the situation further worsened with the armed conflicts following independence in 1991. Economic growth only started to accelerate again after 2000. The privatization of the housing stock started in 1992, and by 2004 almost 95 per cent of the housing stock was privatized. The transfer of houses or flats practically for free to citizens, however, was carried out without an overall vision of urban planning. A number of policy recommendations are offered to improve the housing policy framework.

#### ***Key Recommendations:***

1. It should be recognized that the development of the housing sector could considerably contribute to economic growth, employment and poverty reduction. Hence greater political priority should be attached to the housing sector
2. A national housing strategy should be elaborated. Although housing stock is considered as privately owned, the Government retains the overall policy responsibility for this sector of the economy. The development and implementation of the housing strategy should therefore be led by the Ministry responsible for housing policies, the current Ministry of Economic Development, and should involve other Ministries.
3. Housing policies should be implemented by involving international donors and NGOs.

### **Institutional Framework**

This chapter considers the public sector institutions, the private sector and the civil society. At national level, the Department of Urbanization and Construction of the Ministry of Economic Development (MED) is responsible for housing and urban planning. The system of local government is currently being restructured in an attempt to strengthen self-government. The corresponding Organic Law on Local Self-Government (2005) allows for the development of more viable structures and budgets. It is essential that responsibilities of local self-government units are accompanied by the necessary financial and human resources. Key recommendations are provided in order to strengthen the housing policy at a national level and improve the functioning of the local government.

#### ***Key Recommendations:***

1. The capacity of the Ministry responsible for housing should be strengthened. They should be provided with a clear mandate and increased staffing with adequate expertise and clear responsibilities to have an impact on the housing sector and its policies.
2. The cooperation between different Ministries and stakeholders in the field of urban development, housing, and construction, under the lead of the MED, should be intensified. Establishing a Working Group to develop the housing strategy could ensure better coordination.
3. Responsibilities of local authorities related to housing should be clearly defined.
4. Tailored training activities for local employees should be scheduled. The sessions or workshops should particularly provide knowledge and good practices on, and based on, existing pilot projects.



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### **Existing Housing Situation, New Construction, Urban Planning and Utilities**

Firstly this chapter provides an analysis of the existing housing stock in Georgia as many parts are in need of repair and reconstruction due to natural deterioration, the 2002 earthquake and general lack of maintenance. Secondly it looks at the maintenance and management of buildings after privatization. New homeowners had no experience or resources to fulfil the responsibilities and obligations of maintenance, leading to severe deterioration. Thirdly, it considers the activity of the construction sector. This industry suffers from a lack of adequate legislative framework and the absence of principles for construction norms and a qualified workforce. Finally, it reflects the incoherent legislation for urban planning and the unreliable supply of gas and electricity.

#### ***Key Recommendations:***

1. Priority should be assigned to the reconstruction, renovation and management of the already existing housing stock rather than to new housing construction.
2. Housing maintenance schemes should be designed and launched.
3. Principles for national construction norms should be adopted. It is recommended that the engineers, together with their professional associations and academic institutions elaborate the most suitable normative system – including the certification of construction materials – according to the national requirements.
4. Adequate urban planning documentation should be developed. Currently, there is no sufficient awareness of the necessity of urban plans as effective instruments for land management by state and local governments to control urban development and preserve historical areas.

### **Affordable Housing for Vulnerable Households**

This chapter examines the issue of affordable housing, which for vulnerable households is generally not addressed by the Government. However, there is a focus on the accommodation of internally displaced persons (IDPs). In 2006, a Government Commission on the Development of the National Strategy on IDPs was established, led by the Ministry of Refugees and Accommodation. The Strategy has been approved, but does not deal with housing issues as it was initially planned. However, it is foreseen that it will include housing issues in the resulting action plan, which might provide a starting point for the formulation of an overall housing policy for all vulnerable population groups. A number of policy recommendations are offered to provide solutions for vulnerable households.

#### ***Key Recommendations:***

1. Housing policy should define instruments for the provision of affordable housing to all socially vulnerable households.
2. A housing needs assessment should be initiated. The needs assessment should primarily focus on housing conditions for households under the extreme poverty line.
3. Incentives for the private sector to increase the supply of low cost housing should be developed. The private sector should be encouraged through adequate mechanisms and incentives to increase the provision of low-cost housing, either alone or through public-private partnerships.

### **Financial Framework**

This final chapter evaluates public and private investment at a national and local level. Public investment practically ceased after the collapse of the Soviet Union. On the local level, where the main responsibilities for the implementation of housing policies are located, financial and human resources are very limited and often only sufficient for performing basic administrative duties. Within the new system of local self-government,

local governments will have the ownership of land within their boundaries transferred to them. The law does not foresee, however, that revenues from land sale are ring-fenced for housing purposes. Secondly it considers the present mortgage and banking market. Affordability of mortgage loans is limited as real interest rates are relatively high and a minimum salary of around US\$ 400 is required to apply for a mortgage loan. Long-term refinancing facilities for banks are also very limited, thus constraining the ability for long-term lending. Finally some key recommendations are presented to overcome these challenges.

**Key Recommendations:**

1. Financial means for housing projects on the municipal level should be increased. These could be funded by own revenues of local self-government units as foreseen in the corresponding budget law.
2. Legislation for the effective management of state-owned land should be drafted.
3. Investment in housing should be encouraged. Systematic investment promotion through the simplification of administrative procedures, the creation of a favourable investment climate, the reduction of entry barriers and appropriate incentives like differentiated tax rates and tax exemptions should be carried out.
4. The development of a market-driven banking sector should be supported. In particular, the development of (local) long-term refinancing facilities for banks should be promoted.

**Key Activity**

**NATIONAL POLICY DIALOGUE ON INTEGRATED WATER RESOURCES MANAGEMENT**

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWRM in countries of Eastern Europe, the Caucasus and Central Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- The UNECE-led NPD/IWRM began in Georgia in September 2010 with meetings of the UNECE Water Convention Secretariat with the Ministry of Environmental Protection and Natural Resources and other stakeholders.
- The kick-off meeting of the European Union (EU) Water Initiative National Policy Dialogue on Integrated Water Resource Management took place in March 2011 in Tbilisi, Georgia.
- The meeting was organized at the time of ongoing reforms in Georgia aimed at the liberalization of the economy and restructuring the environmental sector.
- The start of the National Policy Dialogue on integrated water resources management (IWRM) as an instrument for the intersectoral dialogue on water management is therefore crucial; it allows

establishing contacts and cooperation between the agencies and ministries sharing responsibilities for water in Georgia. An important task under the National Policy Dialogue on IWRM is evaluation of the existing water policies and their revision to ensure they reflect better the changing institutional context of water management in Georgia.

- The National Policy Dialogue on IWRM in Georgia focuses on four major topics: establishment of the legal framework for water management based on the IWRM principles; IWRM financing; setting up the targets for implementation of the United Nations Economic Commission for Europe (UNECE)/ World Health Organization (WHO) Protocol on Water and Health to the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention); and transboundary water cooperation activities in particular, preparing a transboundary water agreement with neighbouring Azerbaijan and supporting the accession of Georgia to the UNECE Water Convention
- In addition to the EC grant, the NPD/IWRM in Georgia is supported by the Government of Finland and the OSCE.

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## Kazakhstan

### **UNDAF Priority Areas**

1. Economic and Social Well-Being For All
2. Environmental Sustainability
3. Effective Governance

### **UNDAF Outputs committed by the ECE**

#### ***Economic and Social Well-Being for All***

- Policies and legislation are in place for provision of quality social services, with special emphasis on target vulnerable groups
- Competitiveness of local industries in the non-oil sector improved thus enabling them to benefit from access to international markets
- Policy makers employ evidence-based data for shaping social policy

#### ***Environmental Sustainability***

- Systematic and sustainable follow-up systems and statistics will be developed for monitoring the environmental situation in Kazakhstan
- Central and local actors acquire tools and methodologies for ecosystem-based assessment and management of biodiversity conservation and access to sustainable water services
- The Government and energy consumers are better equipped with knowledge, policies and pilot cases on renewable energy market regulations, and energy efficiency measures in sectors with high CO2 emission level

#### ***Effective Governance***

- National legislation and law-enforcement instruments brought in line with international standards
- The Action Plan of the Gender Equality Strategy reaches a greater number of beneficiaries and is fully implemented
- Information professionals, including media, have increased capacity to fulfil their mandates for improved access to information, dialogue and collaboration in policy-making
- Central government bodies expand their capacity, including the promotion of regional cooperation.
- Border and customs authorities exercise enhanced capacities for improved control and surveillance

### **UNDAF Key Activities**

- Environmental Performance Review
- Global Assessment of the National Statistical System



### **Key Activity**

#### **2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW**

**Objective:** The first Environmental Performance Review (EPR) of Kazakhstan was carried out in 2000. The objective of the second review aims to measure the progress made by Kazakhstan in managing its environment since the first EPR, and in addressing upcoming environmental challenges.

**Brief Description:** This document sets out the Environmental Review of Kazakhstan. There are 9 main areas of assessment, each offering analysis and policy recommendations.

#### **Polycymaking framework for environment protection and sustainable development**

- Since the first EPR in 2000 Kazakhstan is making sustainable development a priority, the *Concept of Transition to Sustainable Development for the period 2007–2024 (CTSD)* is aiming at achieving the balance between economic, social and environmental goals without endangering the international competitiveness of the economy. However too much emphasis is being put on economic growth, while social and environmental dimensions are not being addressed.

#### **Key Recommendations:**

1. In order to achieve balance the Government, through the National Council for Sustainable Development should:
  - (a) Increase the coordinating role of the Ministry of the Environmental Protection in improving cooperation between competent ministries to ensure adequate integration of environmental and social issues in sectoral policies and strategies.



- (b) Give the MEP responsibility for analyzing the draft sectoral policies and strategies on their compliance with sustainable development principles.
- (c) Increase partnerships and transparency in the development and implementation of sustainable development programmes at the national and local levels.

### **Compliance and enforcement**

- Since the first EPR of Kazakhstan, the Government has launched important regulatory and institutional reforms, e.g. the Environmental Code introduced the notion of integrated permitting based on best available techniques and a differentiated approach toward regulation of large and small enterprises; the status of inspection and enforcement bodies was elevated, and training and better facilities were provided. Kazakh authorities broadened the use of integrated inspection, improved the design of enterprise monitoring, increased the level of sanctions and promoted social disapproval of violations.
- Despite these positive changes, many problems remain unsolved. Institutions continue to suffer from low capacity. Regulatory requirements are not clear and realistic. The “check and punish” strategy of compliance assurance is largely intact and related work methods have improved only marginally. The probability of discovering and responding to non-compliance in a timely manner has remained low and the system of civil, administrative and criminal enforcement is still oriented towards imposing sanctions rather than improving compliance behaviour.

### **Key Recommendations:**

1. The Ministry of Environmental Protection should further strengthen the institutional capacity for compliance assurance. They should do this by: Linking budget planning to activity planning, and provide budgets that are commensurate with the scope of regulation and inspection, create conditions that would retain staff and motivate their high performance.
2. In order to promote a better functioning of institutions involved in the whole cycle of environmental regulation, the MEP should:
  - (a) Review the compliance and enforcement indicators throughout the entire regulatory cycle and keep a selection of the most relevant of these indicators.
  - (b) Standardize and normalize enforcement and compliance data.
  - (c) Build more comprehensive, accurate, and user-friendly data management systems and create a public database containing permitting and inspection data.
  - (d) Disclose activity reports produced by all agencies involved in environmental regulation and compliance assurance.

### **Information, public participation and education**

- Environmental monitoring has improved since the first EPR. After a decline in the 1990s, it recovered in such areas as air quality, water and radiation monitoring, with more monitoring stations and points. However, gaps in monitoring coverage and monitoring reliability remain. There are no monitoring activities in the Aral Sea area. Current monitoring networks are unable to link pollution levels with emission patterns and thus identify activities that violate emission norms and/or environmental quality standards under normal operating conditions.
- Since 2000, Kazakhstan has made significant progress in improving public access to environmental information and involving the public in environmental decision-making. However, the public is often involved on an ad hoc basis, this is unsystematic and there is no transparent and clear framework.

**Key Recommendations:**

1. The Ministry of Environmental Protection should review the environmental monitoring programme run by Kazhydromet to identify gaps, weaknesses and inconsistencies and to develop a strategy with an action plan for further modernization and upgrading the monitoring networks in line with international guidelines and best practices.
2. The MEP should review the current information dissemination procedures of Kazhydromet to make data and information on ambient environment freely available to all information users, including all governmental bodies at all levels, business and industry, and the general public. Restrictions, if any, should not go beyond those referred to in the Aarhus Convention, to which Kazakhstan is a Party.
3. The Ministry of Education and Science, in cooperation with the MEP and other relevant Ministries responsible for certain areas of professional, should establish an interdepartmental coordination mechanism on ESD. This mechanism should include experts in preschool, grade school, vocational and higher school education as well as non-formal and informal education, and representatives of other stakeholders, including NGOs and the mass media, to help promote and facilitate the implementation at the national level of the UNECE Strategy for ESD.

**Implementation of international agreements and commitments**

- Kazakhstan is a party to 24 multilateral environmental agreements, 12 of these have been ratified since the first EPR. However, the implementation of these international environmental agreements should be more efficient. Capacity and allocated resources are often inadequate for effective implementation. The country has been slow to ratify the protocols that make those MEAs operational, e.g. the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the protocols to the UNECE environmental conventions.

**Key Recommendations:**

1. The Ministry of Environmental Protection should undertake analysis of existing drawbacks in the implementation of MEAs ratified by the country and of the importance of MEAs not yet ratified. Particular emphasis should be put on protocols to those conventions to which Kazakhstan is a party.
2. The Government should speed up the process of ratification of the Kyoto Protocol, to attract more funds for financing investments in clean energy technologies, which would at the same time improve energy efficiency.

**Economic instruments for environmental protection**

- The system of pollution charges in Kazakhstan is complex and administratively onerous. A huge number of air and water pollutants are subject to payment of emission charges. The calculation of charges lacks transparency. There are no specific pollution charges for individual major pollutants, only for an aggregate of air or water emissions. The lack of focus on major polluters and pollutants makes it impossible to more or less reliably gauge the relation between pollution charges and marginal pollution reduction costs. The system is clearly not designed to achieve specific environmental objectives.
- Environmental protection expenditures represented 1.2 to 1.3 per cent of GDP in the period 2001–2006, with roughly half spent on investments. Very little is allocated to waste management. The rapid economic growth since 2000 has led to strong growth in fiscal revenues and substantial increases in government expenditures. Meanwhile, environmental protection is not given sufficient priority in government budget plans.

**Key Recommendations:**

1. The MEP should review the existing system of pollution charges with a view to:
  - (a) Limiting payment of pollution charges to major pollutants and polluters.
  - (b) Gradually raising pollution charges to levels that provide adequate incentives for adopting cleaner production methods.
  - (c) Improving the “policy mix” between incentives from economic instruments and regulations by benchmarking ELVs on sector-specific BAT.
  - (d) Developing, in consultations with industry and other major stakeholders, targets for reducing emissions of major air and water pollutants.
2. The MEP, in cooperation with regional and local authorities and other stakeholders needs to improve the overall management of municipal and industrial waste. This should involve, inter alia:
  - (a) The development of a national waste management system and the associated specialized legislation with regard to the monitoring, treatment, disposal and recycling of waste.
  - (b) Streamlining of the existing system of payments for waste production and disposal by: establishing user charges for industrial and municipal waste services at levels that create effective incentives for waste reduction.

**Energy and the environment**

- Although improved since the first EPR, Kazakhstan’s energy intensity remains among the highest in the world. The country’s rapid economic growth has resulted in a strong increase in energy demand. Domestic energy production, mostly from the burning of indigenous coal, was not accompanied by the introduction of cleaner and more efficient technologies.
- Environmental legislation is gradually being improved. The 2007 Environmental Code provides for incentives to promote the implementation of environmental protection measures in the energy sector. Even so, strategies and legislation need to find concrete application through appropriate means of implementation.

**Key Recommendations:**

1. The Ministry of Environmental Protection should set more stringent environmental requirements on power plants, with a view to reducing pollutant emissions and improving monitoring and control equipment.
2. With a view to move towards a more sustainable production and use of energy the Government should:
  - (a) Adopt the draft Concept on the efficient use of energy and the development of alternative energy sources in the context of sustainable development until 2024, and develop appropriate legislative instruments, such as tradable renewable energy certificates, to meet its targets.
  - (b) Urgently elaborate and implement effective energy efficiency and energy-saving measures and programmes in power and heat production, transmission, distribution and consumption.
  - (c) Create an environment conducive to the operation of energy services companies.

**Management of mineral resources and the environment**

- Since the first EPR in 2000 the intensity of environmental problems in the regions where oil and gas are produced has continued to increase. The extraction of new deposits both onshore and offshore and the construction of pipelines, roads, railways and oil and gas refineries have been associated with increasing pollution and long-term impact on water, air, soil, fauna and flora.
- Mining does not follow sustainability principles. Coal mines produce considerable methane emissions. While methane can result in mine explosions causing death and injuries, methane recuperation is a way

to improve safety, decrease environmental pollution and bring in revenues. Kazakhstan does not have a specific strategy for integrating sustainable issues into mineral sector policies, nor is there a mine health and safety law in place.

**Key Recommendations:**

1. The current legal and regulatory basis for the sustainable management of mineral resources should be improved and strengthened, in particular the oil and gas regulations. Special attention should be paid to the introduction of effective mechanisms for implementation and enforcement, specifically economic mechanisms.
2. The introduction of new technology to improve environmental performance in mining should be encouraged by all possible means. Financing support for the establishment of cleaner production centres in each of the principal mining regions of the country should be considered.

**Sustainable management of water resources**

- Since the first EPR, new laws and strategies have given way to a modernized water policy in aiding development towards an integrated management of water resources in the vast territory of Kazakhstan.
- However, due to weak political impetus, the reform and strengthening of administration in the water sector has not really gotten under way since the first EPR. One of the major causes is the lack of coherence and coordination between water-resource management functions over different administrative bodies.
- With a drastic under-investment in its maintenance of drinking-water supply and wastewater collection networks and water treatment facilities since the 1990s, Kazakhstan is depleting the legacy of the infrastructure inherited from the Soviet era and postponing much-needed modernization.

**Key Recommendations:**

1. The Government should entrust the National Council on Sustainable Development with high-level decision making and coordination on main issues regarding the protection and use of water resources.
2. The Government should establish an appropriate structure with sufficiently high status focused on integrated water management planning and responsible for ensuring the coordination of actions in the water sector. This could be done by reorganization of the Committee on Water Resources of the Ministry of Agriculture so that it has the authority to develop and implement national policy on the use and protection of water resources.
3. The Government should introduce governance mechanisms for water services companies (Vodokanals) to restore efficient investment in water supply and water sanitation facilities.

**Key Activity**

**GLOBAL ASSESSMENT REPORT ON THE STATISTICAL SYSTEM OF KAZAKHSTAN**

**Objective:** This assessment aims to describe and analyse the present situation in the Agency of the Republic of Kazakhstan on Statistics (ARKS) and in the Statistical System of Kazakhstan as a whole, as well as their plans for improvement of capacity to provide, in a sustainable way, timely, accurate, authoritative and relevant information to users.

**Brief Description:** This report contains assessments and recommendations about the legal and institutional framework of the National Statistical System, the organisational structure and functioning of the State Statistics, the National Statistical Office, the Statistical Infrastructure, and finally the organisation of primary data collection and registers.

### **Legal Setting**

This chapter begins with an introduction to Kazak Law. The present Law of the Republic of Kazakhstan on State Statistics dates from 1997, with amendments and revisions introduced in 2001, 2002 and 2004. The Law addresses the whole system of State Statistics - however, without using the term system - and mentions several, but not all United Nations Fundamental Principles of Official Statistics. The law has many provisions that are perfectly in line with good practices of basic statistical legislation in the UNECE region however there are also important gaps which are focused on throughout this chapter. A number of policy recommendations are offered in order to fill these gaps in the legal system.

### **Key Recommendations:**

1. The detailed analysis of the present Law on State Statistics in Kazakhstan, provided in this Global Assessment, shows that, after the present revision in view of the next population census being finalised, a more systematic revision of whole Statistical Law is strongly recommended.
2. The experience from most other countries underlines the importance of having authoritative personalities representing different categories of stakeholders as members of an advisory body having the function to guarantee the existence of a forum for interactive communication on development issues of and in order to have a strong advisory role, assisting and advising the top management of the Agency of the Republic of Kazakhstan on Statistics (ARKS).
3. Protection of confidentiality is recommended to be enforced both in future legislation on official statistics as well as in the institutional settings of the different bodies producing and disseminating official statistics.
4. In the Statistical legislation, the coordinative role and obligations of the coordinative role of the ARKS should be strengthened. A body for discussing and implementing coordination issues between the 15 different bodies producing official statistics should be established.

### **National Statistical System**

This chapter provides a detailed description of Kazakhstan's National Statistical System. The Agency of the Republic of Kazakhstan on Statistics (ARKS) is, according to the Law on State Statistics of 1997, an authorized body that formulates and implements public policy in the field of statistics. It develops and implements programs of improvement of official statistics. The country's ongoing Statistical Programming activities are also considered. A Strategic Plan for the ARKS is being set up for the period 2008-2015. The Outline document for this Strategic Plan aims at strengthening the role of registers as important information sources of statistical production. This chapter also explores Kazakhstan's Dissemination Policy; one of the declared goals of the ARKS to improve dissemination and accessibility of its statistical information to the mass media and the general public and thus guarantee equal access to statistical information for all users. Finally the need for developing liaisons with research institutions, universities and business communities is emphasized. A number of key recommendations are presented in order to enhance the functioning of the National Statistical System.

### **Key Recommendations:**

1. A change in the staff composition of the ARKS is recommended to take place in the next few years in



order to achieve efficiency gains, modernize the ways of information collection and introduce more activities for the dissemination of statistical information also to other regional stakeholders than solely the public administration.

2. A Marketing and Dissemination Strategy should be developed and a number of courses and seminars should be arranged for department directors, unit heads and selected staff members; in order to involve middle management and staff more to understand the importance of relations to users of statistics and to participate in building up these relations.
3. The development of a user-friendly service database for - at least the most used - aggregated statistical information through the web site of ARKS could help to increase the range and number of users and also improve the user-friendliness of the ARKS information.
4. The ARKS has today very limited and mainly occasional relations with universities, research institutions and the business community. There is a need to develop closer liaison with research institutions and universities, and the simple need for guest teachers and trainers in fulfilling the need to train existing and future ARKS staff.
5. The statistical legislation does not guarantee accessibility for the producers of official statistics, or even explicitly for the Agency of Statistics - to have access to administrative data sources or registers. It would be in the interest of the whole Kazakh public administration that the structures and operating practices of most of the administrative registers would be developed to ensure a better cooperation with the ARKS and other producers of official statistics.

### **The National Statistical Office**

Firstly, this chapter outlines the structure of the National Statistical Office; the mission of the Agency of Statistics is to provide national and international users with a high quality, cost-efficient and objective statistical service. This includes responsibility for the development of concepts, definitions and classifications to be used by all other Kazakh public agencies that play a role in official statistics. Secondly, it describes the planning, programming and quality of monitoring systems. There is a clear need for a systematic monitoring of quality, as the trust of users in the statistical materials, provided by the Agency for the moment is quite low and as many potential users are not making use of official statistical information materials at all. Thirdly, this chapter states the necessity for prioritising staff training, language skills and recruitment. The lack of hardware equipment and processing systems in the regional offices are also addressed. Finally, a number of assessments are carried out and some policy recommendations are presented.

### **Key Recommendations:**

1. It is necessary to develop broad training activities for staff members both on awareness and methods to encounter and solve quality problems in a systematic way.
2. English language education should still more strongly be enforced by supportive activities of the ARKS and other producers of official statistics. This is necessary in order to enable the staff to benefit from the large volume of available materials on statistical methodologies and developments.
3. The ARKS should host and organize international trainings and workshops, especially in relation to the practical training needs of neighbouring Central Asian countries. International statistical institutions should coordinate with the ARKS and develop a plan for assisting the ARKS in realizing these plans.

### **Statistical Infrastructure**

This final chapter presents the Statistical Infrastructure of Kazakhstan. It provides an overview of the different classifications within the statistical infrastructure; the ARKS have, in principle, used international classifications i.e. classifications of the United Nations for a number of years. However, in recent times many classifications of the European Statistical System (EU) have also been introduced into the framework of TACIS cooperation.



In the ARKS, the speed and the professionalism in implementing international classifications seems to be well organized. It is, however, not clear how widely the international classifications are used in all parts of the Statistical System. The ARKS's Statistical Register of Enterprises is the primary source of frames for all economic surveys. Established in the 1990's, this high quality register covers all registered legal entities and individual entrepreneurs and contains data on the main characteristics of the units (legal status, type of unit, economic activity, ownership, economic sector, economic data, including number of employees). However, there are some deficiencies that need to be tackled. Lastly a number of statistical groups and their methods of data collection are examined. This provides a basis for drawing conclusions and formulation of policy recommendations.

**Key Recommendations:**

1. The ARKS should set up a classification server for making the use of the classifications easier in the production process. It should include the present classifications, the former classifications, transition keys, links between the classifications and links to other administrations that shall help to support a nation-wide harmonisation of classifications.
2. International standards clearly recommend refraining from updating administrative registers with data from statistical information collections, based on an assurance of confidentiality issues. Therefore, Micro data information on individuals or household relations, e.g. micro data collection results of the Census should not be directly used for updating the administrative Register of Physical Persons by authorities outside the Statistical Agency.
3. The Labour Force Survey should cover all forms of employment, including the employment in the non-observed sectors of the economy.
4. It is not clear, whether the recent Agricultural Census results are used as a basis for developing sampling methods for the production of agricultural statistics. If this is not the case, it is highly recommended to develop a sampling frame for agricultural surveys and to develop ways to have this frame updated. This would largely bring efficiency into the way of producing agricultural statistics.

## ***Kyrgyzstan***

### **UNDAF Priority Areas**

1. Peace and Cohesion, Effective Democratic Governance and Human Rights
2. Social Inclusion and Equity
3. Inclusive and Sustainable Job-Rich Growth for Poverty Reduction

### **UNDAF Outcomes Committed by the ECE**

#### ***Inclusive and Sustainable Job-Rich Growth for Poverty Reduction***

- By the end of 2016, population, Especially vulnerable groups, benefit from inclusive growth leading to decent and productive employment and improved access to productive natural resources, markets, services and
- By end of 2016 sustainable management of energy, environment and natural resources practices operationalized

### **UNDAF Key Activities**

- Environmental Performance Review
- Country Profile on the Housing Sector (Includes Land Administration Review)
- Global Assessment of the National Statistical System
- National Policy Dialogue on Integrated Water Resource Management

## ***Key Activity***

### **2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW**

**Objective:** The objective of this Environmental Performance Review (EPR) is to measure the progress made by Kyrgyzstan in managing its environment since the first EPR in 2000, and to address the upcoming environmental challenges.

**Brief Description:** This document sets out the Environmental Review of Kyrgyzstan. There are 8 main areas of assessment, each offering analysis and key recommendations.

#### **Policymaking framework for environmental protection and sustainable development**

- Significant progress has been made since the first EPR in terms of developing the legal and policymaking frameworks for environmental protection. Most notably with the two key policy documents; the Country Development Strategy for 2001-2010 and the Ecological Security Concept for 2007-2020.
- A number of key institutional changes have occurred since the first review; in particular the status of the national environmental authority has been downgraded from a ministry to the State Agency of Environmental Protection and Forestry.
- The downgrading of environmental authorities has had important implications because performing key functions often requires the appropriate status to initiate and facilitate inter-ministerial and intersectoral cooperation.



**Key Recommendations:**

1. Providing sufficient state funding for environmental protection measures remains a key challenge. The government must ensure that the approved programmes and plans for environmental protection and sustainable development are financed and directly linked to the system of budgetary financing.
2. The Government must establish effective and practical mechanisms for cooperation and to clarify environmental protection and sustainable development competencies at the interregional, regional and local levels.

**Compliance and enforcement methods**

- The analysis in the first EPR showed that while the most important environmental laws had already been adopted, their implementation was very weak. In the second EPR, enforcement of the environmental legislation is still hampered by the lowly political status of the national environmental authority.
- Functions of permitting and control are concentrated under the same department within SAEPF. This is not in accordance with the internationally recognized good practice of splitting these two functions.
- The effectiveness of the compliance mechanism is weak, partly because the capacities of both inspection staff and laboratories under SAEPF are also weak.
- Sanctions against environmental violators are not yet efficient enough to modify violator's behaviour.

**Key recommendations:**

1. The State Agency of Environmental Protection and Forestry, in cooperation with concerned sectoral ministries and the State Committee on Statistics and in dialogue with business and industry, should develop an appropriate system of environmental monitoring and reporting by enterprises, using as a basis the UNECE Guidelines for Strengthening Environmental Monitoring and Reporting by Enterprises.
2. To improve the efficiency in the environmental protection enforcement and compliance system:
  - (a) The Government should increase the level of the environmental fines.
  - (b) Enforcement authorities should define sector-specific frequencies of inspection and a methodology to follow to adjust facility-specific frequencies of environmental risk rather than having inspections is fixed once a year for all sites. Inspections without prior notice should also be made possible.
  - (c) The State Agency of Environmental Protection and Forestry should introduce and conduct internal auditing practices for the services involved in inspection and control.

**Information, public participation and education**

- Since 2000 Kyrgyzstan has expanded its environment monitoring network but due to lack of available resources and the difficult economic situation, gaps still remain.
- Progress has been made in producing assessments of the state of the environment but the country has still not produced full-fledged assessments based on internationally agreed indicators.
- SAEPF has strengthened civil society involvement but due to the absence of detailed procedures there is no effective framework for efficient public information and participation.
- Environmental education is now taught at all levels from preschool to university with the creation of an interdepartmental expert council. However most of these bodies and measures have not been made operational due to continuous reorganization within the governmental institutions.

**Key Recommendations:**

1. The Government should accelerate the review of the situation with regard to environmental monitoring

- in the country, to develop a strategy with an action plan for necessary modernization and upgrading of the monitoring networks in line with international guidelines and best practices.
2. The State Agency of Environmental Protection and Forestry, together with the State Committee on Statistics, should develop proposals for adoption by the Government to strengthen environmental reporting in the country. These proposals should address legal requirements and operational procedures for regular environmental reporting by the principal polluting enterprises to the environmental and statistical authorities.
  3. The Ministry of Education and Science, in cooperation with the State Agency of Environmental Protection and Forestry and other stakeholders, including NGOs and the mass media, should establish, without delay, the composition of the Coordinating Council on ESD to help promote and facilitate the implementation at the national level of the UNECE Strategy for ESD at the earliest appropriate level of schooling as well as in non-formal and informal education.

### **International agreements and commitments**

- Since the first EPR significant progress has been achieved in terms of international cooperation. Kyrgyzstan has joined seven international conventions and three protocols, and takes part in a number of bilateral and regional agreements.
- Clear priorities and objectives regarding MEAs have not yet been adequately defined. As a result, the many ministries and agencies involved in environmental protection do not share a common understanding of problems or of how to effectively coordinate their actions.
- Regional cooperation to address transboundary problems has improved, positive steps have been taken to strengthen bilateral and regional cooperation on the use and protection of transboundary waters, but there is much room for further progress.
- Work on the implementation of UNECE multilateral environment agreements is progressing; preparatory work has begun to ratify the Protocol on Water and Health to the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention).

### **Key Recommendations:**

1. To improve the implementation of MEAs and to optimize international assistance, the Government should bolster its participation in coordination efforts of donors and international organizations, local institutions, NGOs and the private sector.
2. The Government should prioritize the MEAs that still need to be ratified and establish action plans for the accession procedure, including the drafting of implementing laws.
3. Recognizing the importance of the sustainable use, sharing and protection of water resources in the region, the Government should:
  - (a) Strengthen its participation in the regional cooperation on the sustainable management of transboundary water resources and in negotiations of future agreements on shared water use.
  - (b) Establish a national strategy for joint action with the neighbouring states, to ensure the sustainable use and protection of these waters.

### **Economic instruments and expenditures for environmental protection**

- The state does not devote sufficient regular budget resources to environment protection. This prevents the successful implementation of environmental protection and sustainable development strategies and plans. Attracting assistance and investments serving environmental objectives is of paramount importance for Kyrgyzstan.
- The core economic instrument for financing environmental spending is pollution charges. It is necessary



to ensure that the system of pollution charges does not target an excessively large number of substances and that it creates incentives for polluters to change their behaviour.

**Key Recommendations:**

1. Recognizing the importance of the sustainable use, sharing and protection of water resources in the region, the Government should:
  - (a) Strengthen its participation in the regional cooperation on the sustainable management of transboundary water resources and in negotiations of future agreements on shared water use.
  - (b) Establish a national strategy for joint action with the neighbouring states, to ensure the sustainable use and protection of these waters.
2. The State Agency of Environment Protection and Forestry, together with the Ministry of Finance, the National Agency on Local Self-Governance Bodies, the Ministry of Industry, Energy and Fuel Resources and the Ministry of Labour and Social Protection should gradually eliminate price distortions in the provision of public services with environmental impact, through a reinforcement of payment discipline and increases of tariffs to reflect full costs.
3. The State Agency of Environment Protection and Forestry and the Ministry of Finance should align expenditure by environmental funds more closely with well-defined environmental priorities as well as enhance project planning and project-selection criteria, monitoring and assessment mechanisms.

**Sustainable management and protection of water resources**

- Since the first EPR Kyrgyzstan has still not been successful in its efforts to develop a consistent national water strategy. The management of water resources is crucial to Central Asia.
- The quality of water resources is still under threat due to the pressures of past pollution and current economic activities. The tailing dams at closed uranium mining and processing sites as well as radioactive waste present grave risks to environmental safety.
- Integrated water resource management is gradually being introduced but the proper management of water resources is complicated by the lack of reliable data on their quality and quantity.

**Key Recommendations:**

1. The Government should entrust the National Water Council to develop as soon as possible and implement a comprehensive and coherent national strategy for the integrated management of water resources. The strategy should be elaborated in cooperation with all relevant national, regional and local authorities as well as NGOs.
2. The Government should take immediate actions, together with international donors and affected neighbouring countries, to reduce the threat that high-risk uranium impoundments pose to human health and the environment, including water bodies.
3. In order to ensure a sustainable management of national water resources and to attract foreign investment funds in water infrastructure, the National Water Council should work towards:
  - (a) Establishing an effective national water resources monitoring system in line with the provisions in the Water Code.
  - (b) Developing a detailed plan for renewing the monitoring networks for water quality and quantity and laboratory capacity, and for increasing the frequency and coverage of samplings.

**Land Management and Protection**

- Land degradation due to water erosion, desertification, salinization and water logging poses a very

serious threat in Kyrgyzstan; hence sustainable land management is one of the Governments main priorities.

- Problems have arisen with regard to pasture use and pasture conservation since land privatization took place.
- Spatial planning is not used adequately in Kyrgyzstan nor has there been any land monitoring since 1990. Making it impossible to assess changes, estimate their dynamics in due time, elaborate measures for land prevention and remediation, and provide control of effectiveness of measures undertaken.

**Key Recommendations:**

1. The Government, the Ministry of Agriculture, Water Management and Processing Industry, the State Agency of Environmental Protection and Forestry, the State Agency of Registration of Immovable Property Rights and local authorities should act in concert to implement the 2000 National Action Programme to Combat Desertification and the 2006 National Framework Programme on Land Management, by carrying out specific pilot projects as a first step, making amendments to these programmes, as necessary. Furthermore, they should ensure that pilot steps further concretize into large scale projects or programmes.
2. The Government, the State Agency of Registration of Immovable Property Rights and the State Agency on Architecture and Construction should develop a national framework on spatial planning, including a law, a strategy, an action plan, and corresponding budgets. Responsibilities of national, regional and local authorities vis-à-vis spatial planning should be clearly defined, and adequate resources allocated.
3. The State Agency of Registration of Immovable Property Rights, the Ministry of Agriculture, Water Management and Processing Industry and the State Agency of Environmental Protection and Forestry should take the necessary measures to establish and develop land monitoring that corresponds to national priorities and needs and meets criteria and approaches defined for regional cooperation under the Central Asian Countries Initiative for Land Management and the 10-year Strategic Plan and Framework to Enhance the Implementation of the United Nations Convention to Combat Desertification.

**Biodiversity conservation and sustainable management of natural resources**

- Attention must be paid to the sustainable management and protection of forests. Kyrgyzstan has produced a widely accepted forest-related policy and a strategic document on the *National Forest Programme* but they lack a framework policy and strategy on the sustainable use of biological resources.
- Protected areas have almost doubled since 2000; however there is need to move even more state-owned forested lands and hunting areas to a protection regime.
- Monitoring activities are carried out in a fragmented manner in some protected areas and hunting management areas; the national biodiversity monitoring system must be improved.

**Key Recommendations:**

1. SAEPF should elaborate a national strategy and action plan for biodiversity, including protected areas. It should address in particular: Varied objectives and needs of individual protected areas; Enlargement and establishment of new protected areas; Subordination aspects at the national, regional and local levels; Increased internal capacity-building; Stable financing of protected areas.
2. SAEPF should strengthen the legal base for threatened species conservation. De-listing, down listing and recovery planning for listed species should be addressed by Red List regulations.
3. SAEPF should elaborate and implement a national biodiversity monitoring scheme with internationally recommended and nationally adopted indicators, data gathering and processing systems and participatory tools.

## ***Key Activity***

### **COUNTRY PROFILES ON THE HOUSING SECTOR**

**Objective:** The study provides in-depth analysis and policy recommendations, it focuses on specific challenges or achievements within the housing sector that are of particular concern to Kyrgyzstan. These issues are housing maintenance and management, land administration and spatial planning, and decentralization.

**Brief Description:** The Country Profile of the Housing Sector of Kyrgyzstan provides a detailed analysis of the housing and land management situation in the country. It is based on data obtained during a UNECE research mission to Kyrgyzstan. The study makes practical recommendations to the Government of Kyrgyzstan on how to improve the country's housing and land policies.

### **Institutional Framework**

Since independence, the Government of Kyrgyzstan has implemented agricultural land reform and the privatization of state property. These reforms and developments have triggered changes and redefined the roles of institutions responsible for housing and land administration, which will be described in detail in this chapter at national regional and local levels. This provides a basis for drawing conclusions and formulation policy recommendations.

### ***Key Recommendations:***

1. A special Government body to formulate and oversee the overall institutional framework for the development of the housing sector should be designated.
2. Decision-making in housing and land management should be based on the principle of subsidiary or the delegation of power to the regional/local governments and communities/residents. Capacity-building should also be provided so that lower levels of government play a more strategic role in their territories.
3. The Urban Planning Institute should be better integrated with the State Agency on Architecture and Construction so that the Institute can both act as a planning division of that Agency and continue as an expert team on a self sustained budget.
4. At the local level, decisions on housing and land management are made on the basis of cooperation between local state administrators and Government bodies. However a coordinating body to develop and implement an integrated institutional framework for sustainable land management should be established.
5. Support for research, education and training in the field of land management, housing, housing finance and spatial planning should be provided.

### **Land administration and land management**

This chapter looks at the changes Kyrgyzstan has undergone in bringing in new market elements such as land privatization, market supporting legislation, land registration and cadastre, and the formation of the LRF. Despite these successes, further progress in the establishment of effective and sustainable land management systems is inhibited by the fragmented character of the land reforms. A number of recommendations are proposed to facilitate effective land management.

### ***Key Recommendations:***

1. There is a need for a national strategic spatial development framework to be formulated to facilitate

- sustainable land management. The framework should establish links between land and housing programmes and be used as a key spatial instrument to implement the Country Development Strategy.
2. The development of a nationally unified land registration database should be promoted and made more accessible.
  3. Municipal land should become one of the main sources of income generation for rural and urban municipalities according to the principle of self-government. Such land must be inventoried and registered and there should be a plan developed for its use.
  4. Land allocation should support the long-term goal of sustainable land management, and prioritise agriculture land conservation and an increase in the density of the built environment.

### **Housing conditions and new housing contracts**

This chapter provides an analyses of the legal and policy framework, housing stock and housing provisions along with the management and maintenance of the housing division. Housing maintenance is defined as a key priority in the 2007 *National Programme on Housing Construction in Kyrgyzstan for 2008*. It also refers to the importance of refurbishment and urban renewal in order to bring forward land and new housing within the city boundaries. It specifies the significance of new housing construction, necessary to meet the increasing demands of the population. Finally it provides an analysis of the existing housing market.

#### **Key Recommendations:**

1. Decision making in housing remains fragmented. Matters related to housing are divided between different authorities at national and local levels. A number of laws and housing programmes have been adopted to promote a market relationship in the housing sector but these legal and policy initiatives remain disconnected and address only specific problems. It is necessary to develop a comprehensive and coherent national housing strategy to overcome the fragmented character of existing housing initiatives.
2. Since 2000 a more strategic approach to housing has been developed through the adoption of long-term housing programmes, but there is a lack of mechanisms to ensure their effective implementation. A compulsory homeowners' association should be established.
3. Since 1991, the population has grown faster than the housing stock, which cannot meet the demands of the growing population. The housing sector primarily meets the needs of upper- and upper- middle income residents through housing ownership, while shortages persist for the rest of the population. Housing policy should promote the supply of different housing tenures in order to meet the demands of different income groups.
4. The internal migration from southern Kyrgyzstan to cities led to the development of informal and semi-formal settlements in Bishkek and Osh; some of them have been regularized but the issues of eviction and the provision of adequate infrastructure remain to be addressed. Hence, a strategy for informal settlements should be developed

### **Financial Framework**

This chapter considers the demand for housing and the lack of mechanisms available to facilitate the construction of affordable housing, including the availability of housing finance, which has resulted in a small increase in the housing stock in the recent past. It analyses local housing finance programmes, provides a description of the banking system in Kyrgyzstan and a need for the improvement of mortgage legislation. These provide a basis for drawing conclusions and formulation policy recommendations.

**Key Recommendations:**

1. Over the last few years, private investments in housing production have made up 98% of the total and public investments have practically ceased. Financial means for housing projects at the municipal level should be increase.
2. Options to stimulate the involvement of the private sector and citizens in affordable housing should be explored and implemented.

The banking system is not ready to provide affordable loans for housing construction and mortgages for the majority of the population. Mortgages are only affordable for a small number of high income people hence legislation on mortgages needs to be improved.

**Key Activity****GLOBAL ASSESSMENT: NATIONAL SYSTEM OF OFFICIAL STATISTICS OF THE KYRGYZ REPUBLIC**

**Objective:** The objectives of the Global Assessment (GA) of the National System of Official Statistics of the Kyrgyz Republic is to evaluate the legal and institutional framework of the statistical system, the technical and organisational capacity to produce statistical information in an efficient and effective manner, and the compliance of statistical output with international and European standards, norms and recommendations.

**Brief Description:** This report contains assessments and recommendations about the legal and institutional framework of the National Statistical System, the organisational structure and functioning of the State Statistics, the organisation of primary data collection and registers, and the broad compliance of statistical output with international and European standards.

**Legal and Institutional Framework**

This chapter begins with an introduction on the background of the Kyrgyz Republic's law on State Statistics (LSS). The LSS was adopted by Parliament and subsequently signed by the President of the Republic on 2 February 2007. The stated purpose is to provide the legal basis for a uniform policy in the area of official statistics. An analysis of this laws standard uses and implementation methods are examined; elements not addressed in the LSS are studied and an overall assessment of its present form is provided. Secondly information on census-related legislation and other legislation affecting statistics is offered. In conclusion this chapter analyses the data security and statistical confidentiality, and advises new mandates for accurate data collection.

**Key Recommendations:**

1. Revising the Law on State Statistics (LSS) in order to bring the scope and the institutional framework of official statistics fully in line with the UN Fundamental Principles of Official Statistics and the European Statistics Code of Practice. Other primary legislation (laws on the Population and Housing Census and Agricultural Census) and secondary legislation (Presidential decrees) should be modified accordingly.
2. Incorporating in the annual and multi-annual statistical programmes all producers of statistics that fall within the boundary of official statistics according to the new LSS.
3. Making the State Council of Statistics operational as the top advisory body of the national statistical system, in which the main users from within and outside the government shall be represented.



## National Statistical System

This chapter gives a brief description and assessment of Kyrgyzstan's national statistical system. It examines Article 14 of the LSS request to the NSC to develop, "jointly with the central authorities and other concerned bodies" an "annual programme of statistical works." Like the annual programme, the multi-year programme is very comprehensive, but covers only the NSC in the wider sense. These assessments lay the foundation for a number of policy recommendations.

### *Key Recommendations:*

1. Reviewing the organisation structure and the division of labour between the NSC, territorial and subordinated bodies in order to improve the coherence, efficiency and effectiveness of the State Statistics:
  - (a) The regional statistical bodies at "oblast" level are becoming obsolete mid-layers and could be gradually suppressed.
  - (b) The functions of the Training Centre and the Institute of Statistical Research are to some extent redundant with those of the NSC and could be integrated into the central apparatus.
  - (c) In the medium-term, a full integration of the Main Computing Centre activities into the NSC would avoid duplication of tasks and lead to positive synergy effects.
  - (d) IT and communication infrastructure should be further developed along with the modernisation of the business architecture of the State Statistics.

## National Statistics Committee

This chapter considers the National Statistics Committee and its subordinate bodies. The first section describes key elements that influence the resource management staff and methods to improve their performance. The second section describes and analyses the processes of monitoring and management of quality. The final section draws on the Law on State Statistics (LSS) definitions of the main principles of presenting and publishing data, in particular the dissemination of statistical information on main economic, social, demographic, environmental effects and processes occurring in the Kyrgyz Republic. It provides an overall assessment and recommendations of these policy initiatives.

### *Key Recommendations:*

1. Qualified, experienced and motivated staff members are a prerequisite for the production of high-quality, timely and international comparable statistics. Therefore a comprehensive human resources and training policy must be developed for the NSC:
  - (a) Staff mobility should be promoted, especially among junior statisticians.
  - (b) Existing training programmes should be complemented with non-technical courses such as project management, quality management and communication skills.
  - (c) Professional staff members should improve their knowledge of English in order to be able to participate actively in international meetings and benefit from the large volume of available materials on statistical methodologies.
2. Currently, internal monitoring within the State Statistics is done via basic hierarchy channels and a comprehensive quality management system with a defined quality policy, strategic goals, organisational measures and staff training has still to be implemented. It is necessary to develop a comprehensive quality policy for official statistics and establishing a Quality department within the NSC in charge of the quality monitoring and management of statistical processes and products.
3. Long-term development activities, renewal of IT and communication infrastructure, and ad-hoc surveys are mainly financed by international donors. This situation is not sustainable since statistical capacity building is dependent mainly from external sources that are unpredictable in the long-run and could be

discontinued without notice. It is necessary to consider the possibility to increase the state budget for official statistics.

4. A modern communication and marketing strategy must be developed by:
  - (a) Establishing a communication and marketing department within the NSC with the objective to gather under one umbrella all activities related to publication, dissemination, marketing and other interactions with users.
  - (b) Making public on the website of the NSC a regularly updated advance calendar of all releases of official statistics, including publication of revised data, and ensuring for all, simultaneous access to released statistical information.
  - (c) Making statistics more attractive and interesting for users by complementing tables with short explanatory comments and visual presentations (graphs, charts and maps).
  - (d) Improving communication with the media, drafting effective press releases and organising press conferences when key indicators are published.

### Primary Data Sources and Registers

This chapter discusses the social, economic and agricultural statistics of Kyrgyzstan. The National Statistics Committee from the Kyrgyz Republic (NSC) collects primary data for statistical purposes from all types of sources. In accordance with article 12 of the Law on State Statistics (LSS), the NSC is entitled to receive and use administrative data for the update of statistical registers and the processing of statistical information. At present, roughly 20 % of the statistical information processed by the NSC is based on administrative sources. However the NSC is gradually switching from exhaustive statistical reporting system to sample surveys. So far, these efforts have benefited to the household sector and the agriculture. An assessment of the methods of data collection and quality of information provided by each group are presented, offering key recommendations on how to improve these procedures.



**Key Recommendations:**

1. Ensuring, through the ongoing process of developing an administrative population register that the needs for demographic statistics and annual estimates of population size are taken into account.
2. Considering the opportunity to complement the Integrated Household Survey with regular ad-hoc sample surveys on health, social protection, labour migration and informal employment.
3. The agriculture statistical register was not updated with the information of the 1st agricultural census in 2002. As for economic statistics, a good agricultural register is the cornerstone for good agricultural statistics. Setting-up and maintaining a statistical register of economic units in agriculture, forestry and fishing based on the results of regular censuses of economic units involved in these activities.

**Statistical Domains**

The aim of this chapter is to identify and analyze the different components of social and demographic statistics, providing an assessment and recommendations for each vital area. It describes the different aspects of macroeconomic statistics, business statistics and examines the elements of multi-domain statistics in the context of energy, water, transport and tourism. This provides a basis for drawing conclusions and formulation of policy recommendations.

**Key Recommendations:**

1. The published population estimates includes, in the resident population, individuals who had been living abroad for more than twelve months whereas they should be excluded according to the United Nations definition. Harmonizing the definition of the resident population in Kyrgyzstan with the United Nations concept of the place of usual residence.
2. Developing a realistic strategic plan, with objectives and deadlines, for the implementation of the 2008 System of National Accounts (2008 SNA) and the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).
3. The Consumer Price Index (CPI), Producer Price Index (PPI) and other short-term economic indicators are published by the NSC compared to the preceding month, to December of the previous year, to the same month of previous year, or to the same period (cumulative) of previous year. However, in order to meet user needs, it should be considered to make long, fixed base time series of the CPI and other sub-annual indicators available.

**Key Activity**

**NATIONAL POLICY DIALOGUE ON INTEGRATED WATER RESOURCES MANAGEMENT**

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWWR in countries of Eastern Europe, the Caucasus and Central

Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- The fourth Steering Committee meeting of the European Union (EU) Water Initiative National Policy Dialogue (NPD) on integrated water resource management (IWRM) in Kyrgyzstan took place on 18 May 2011 in Bishkek, Kyrgyzstan. The meeting was organized by the State Committee on Water Economy and Land Reclamation of the Kyrgyz Republic and the UNECE.
- The National Water Policy Dialogue in Kyrgyz Republic started in 2008 and focused on setting-up a River Basin Council for the Chu basin and developing an action plan to achieve sustainable water management, safe drinking water supply and adequate sanitation in accordance to the Protocol on Water and Health. Dialogue outcomes feature two policy packages, including a regulation for the establishment of a river basin council for the Chu river basin and an action plan to achieve the water-related Millennium Development Goals through the implementation of the Protocol on Water and Health.
- In 2010, the NPD process was interrupted by the political changes. Radical changes in the government and in the institutional structure for water management have taken place since and the renewal of NPD activities responded to the need to support continued water sector reform as well as the inter-agency dialogue and intersectoral cooperation.
- The most recent National Water Policy Dialogue meeting focused on institutional aspects of IWRM, water legislation, the use of economic instruments in a planned OECD project in the Issyk Kul basin as well as the application of the UNECE/WHO Euro Protocol on Water and Health. The meeting was also used for exchange of information and coordination of donor-funded activities.
- The NPD Steering Committee meeting was organized with the financial support of the Government of Finland, the European Commission and UNECE. Representatives of the Organisation for Economic Cooperation and Development (OECD) – a strategic partner in the EUWI, as well as the European Commission, Government of Finland, the European Bank for Reconstruction and Development (EBRD), the United Nations Development Programme (UNPD) and other international organizations and donors, attended the meeting.

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## *The former Yugoslav Republic of Macedonia*

### **UNDAF Priority Areas**

1. Social Inclusion
2. Local Governance and Territorial Development
3. Environmental Protection

### **UNDAF Outputs committed by the ECE**

#### *Local governance and territorial development*

- Innovative arrangements for efficient and quality service provision, including use of information technologies designed and implemented by promoting public-private partnerships, outsourcing and inter-municipal cooperation.
- Successful Implementation of the Second phase of the Single Window Project.

### **UNDAF Key Activities**

- Environmental Performance Review





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## Serbia

### **UNDAF Priority Areas**

1. Good Governance
2. Sustainable development and social inclusion enhanced
3. Increased regional stability and cooperation

### **UNDAF Outputs committed by the ECE**

#### ***Sustainable development and social inclusion enhanced***

- ECE had committed itself to delivering agency output “Strengthened national capacity for setting and using road safety targets to reduce traffic accidents and casualties”
- “Increased awareness of key stakeholders on public-private partnerships and improved capacities of public administrators on designing and implementing PPP projects” in partnership with UNWTO, and UNDP.

#### ***Increased regional stability and cooperation***

- ECE committed itself to delivering agency output “Increase national capacity for regional trade integration, facilitation and liberalization development”
- ECE committed itself to delivering agency output “Institutional capacities of product certification and market surveillance authorities are strengthened”

### **UNDAF Key Activities**

- Environmental Performance Review
- Country Profile on the Housing Sector (Includes Land Administration Review)

## Key Activity

### 2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW

**Objective:** The first Environmental Performance Review (EPR) of Yugoslavia carried out in 2002 included the review of Serbia as a constituent component of the country. In 2003, the Federation of Yugoslavia was restructured into a looser federation, the State Union of Serbia and Montenegro. The second EPR of Serbia was carried out in 2006 after Serbia gained its sovereignty. This second review intends to measure the progress made by Serbia in managing its environment since the 2002 EPR, as well as in addressing upcoming environmental challenges.

**Brief Description:** This is the second EPR of Serbia published by the UNECE. The report takes stock of the progress made by Serbia in the management of its environment since the country was first reviewed in 2002, when the country was part of Yugoslavia. While looking closely at the implementation of the recommendations of the first review, the report also covers seven issues of importance to Serbia concerning policymaking, planning and implementation, the financing of environmental policies and projects, and the integration of environmental concerns into economic sectors, and the promotion of sustainable development. Issues receiving special attention during the review included compliance and enforcement mechanisms, economic instruments and environmental funds, and the integration of environmental concerns in energy and in water management.

#### Legal and decision-making framework

- Since the first EPR in 2002, the institutional framework for environmental protection has changed significantly in Serbia. A number of laws have been adopted, such as the Law on Environmental Protection, the Law on Environmental Impact Assessment (EIA), and the Law on Strategic Environmental Assessment (SEA). The mechanisms to put this legislation and these policies into action are lacking.
- The reinstatement in 2007 of the Ministry for Environmental Protection reflects a stronger will for protecting the environment. Moreover, other institutions have been strengthened with the improved capacity of the central environmental authorities, as evidenced by the establishment of a National Council for Sustainable Development in 2003 and the creation of an Environmental Protection Agency (EPA) in 2004. Both new institutions, however, now need to be endowed with more power and sufficient staff.
- Integration of environmental policy with economic and other sectoral policies is in an early stage in Serbia. Policymaking is still dominated by the planning of operations within sectors. Very few sectoral ministries have a specific structure in place to cooperate with the Ministry of Environmental Protection (MEP), and there are many political and institutional obstacles to this needed cooperation.

#### Key Recommendations:

1. In order to ensure the implementation of the legislation, the Ministry for Environmental Protection should:
  - (a) Continue to harmonize the legal framework with the European Union (EU) Directives and strive to remove existing inconsistencies and further improve its effective implementation.
  - (b) Strengthen the existing unit responsible for environmental legislation, economic instruments and administrative supervision affairs with an adequate number of professional staff.
2. In order to improve the enforcement of environmental legislation and rules, the Ministry of Environmental Protection should:
  - (a) Continue strengthening enforcement tools and the capacity of environmental inspection bodies at all levels (republic, province and local).

- (b) Promote training programmes for environmental law enforcement, particularly on new legislation and permitting procedures.
- (c) Develop, together with the Ministry of Justice, training programmes for judges, state prosecutors and police, to strengthen their capacities in the field of environmental enforcement.
- (d) Collect and make publicly available data on concluded administrative, civil and criminal lawsuits concerning the environment.

### **Information, public participation and education**

- In 2003 the Environment Protection Agency (EPA) was created however monitoring is still shared among several institutions, and as a result, responsibilities overlap between institutions and communication among them is unsatisfactory. Scattered environmental information often goes unreported and data are not harmonized.
- National environmental statistics are weak. Current statistical research is either based on outdated questionnaires or unavailable. Cooperation with European statistical institutions is lacking on environment. Reporting on the state of the environment is still at a low level, as the quality of environmental information is questionable.
- Access to information and public participation in environmental decision-making has much improved. The 2006 Constitution and a number of new laws which entered into force in 2004–2005 stipulate that the administration is obligated to disclose information and citizens the right to be informed about the state of the environment and to participate in the decision-making process.

### **Key Recommendations:**

1. Based on the requirements of the European Environmental Agency (EEA) and European Environment Information and Observation Network (EIONET), the Ministry of Environmental Protection, through its Environment Protection Agency (EPA), should establish an effective and solid network of topic-related reference institutions which would regularly transmit environment-related information to the EPA, which would serve as a national focal point.
2. The Government should: (a) Consolidate the regulatory framework by adopting by-laws on environmental information systems, including on content and procedures of monitoring, reporting systems, and polluter registers; and review environmental monitoring programmes, harmonize them with international requirements, and ensure their full implementation; (b) The Ministry of Environmental Protection should enforce self-monitoring of polluters and reporting procedures, and ensure that this information and data are reported to the EPA, and further, to the public.
3. The Ministry of Environmental Protection through its Environment Protection Agency should, with the support of the Government, should improve the quality of the state of the environment reporting and disclosure to the public by (a) Clearly specifying the coverage of the State of the Environment Reports, in particular by including a section on driving forces and pressures for environmental change, and reconsidering the periodicity of the State of the Environment reports; (b) Improving ways of reporting on the state of environment that will more timely follow the political agenda, for instance publishing topic oriented reports and short briefings on emerging issues.

### **Implementation of international agreements and commitments**

- Except for the conventions which were ratified by succession and the Danube River Protection Convention, ratified in 2003, due to the country's political instability Serbia has not yet ratified the conventions recommended by the 2002 EPR. The MEP is currently working towards the ratification of several conventions, and has introduced by-law which will make their implementation possible.



- Serbia is working to approximate the EU *acquis communautaire*. This goal has been a major factor in the modernization of the environmental legislation in recent years, Approximation of water legislation, however, is still lagging behind. The environment and the water administrations are not capable of coping with the EU concepts and tasks, and need assistance from abroad.
- International assistance on environmental matters is scarce. Often projects are pursued only as long as foreign assistance is available, and do not progress after this assistance ceases.

**Key Recommendations:**

1. The National Assembly should speed up the ratification procedure of the agreements, which the Government has adopted as precedence.
  - (a) The Government should proceed with the ratification of agreements for which all the necessary preparatory work is under way.
  - (b) In order to ensure the implementation of multilateral environmental agreements (MEAs) for which they have been designated as focal points and competent authorities, the Ministry of Environmental Protection, in cooperation with other relevant ministries and governmental bodies, should elaborate action plans for the implementation of MEAs, build sufficient national capacity, and continue striving to attract international assistance.

**Economic instruments for environmental protection**

- Economic instruments for environmental protection have improved little since the 2002 Review. Tariffs are still significantly subsidized in the public sector. Currently, the “polluter pays” principle is applied to industry, but only to a limited extent, as there is no political will to put constraints on the newly privatized industrial sector.

- The challenge for the authorities is to find a balanced combination of regulatory and economic instruments for reducing environmental pressures and to achieve a decoupling of pollution from the economic growth process. There is no discriminating tax between leaded and unleaded petrol, nor any plan to phase out leaded petrol. This tax system serves mainly for raising revenues, not for changing behaviour.

### **Key Recommendations:**

1. The Ministry of Environmental Protection, in cooperation with major stakeholders, should:
  - (a) Conduct a thorough review of existing major traditional regulatory and economic instruments for environmental protection, with a view to establishing their current environmental and economic impact.
  - (b) Explore the scope for complementary use of economic instruments and traditional regulations for reducing pollution.
  - (c) Raise pollution charges and regulatory standards in a gradual and predictable fashion, with enterprises receiving sufficient advance notice to be able to reduce adjustment costs and develop efficient approaches for complying with more stringent standards and policies.
2. The Government should:
  - (a) Develop an action plan for the complete elimination of leaded petrol as well as the progressive reduction of sulphur content in petrol and diesel fuel to current EU requirements of 50 ppm, and announce a target date for achieving these goals as soon as possible.
  - (b) Introduce effective fiscal incentives which promote unleaded petrol and low-sulphur petrol and diesel.
  - (c) Design other measures to reduce pollution related to urban transport, such as strict mandatory technical inspections of vehicles (with a focus on exhaust emissions and noise pollution) and temporary fiscal incentives encouraging buyers to purchase new cars and scrap old ones.
3. The Government should:
  - (a) Initiate a reform of the tariff system in the water sector by gradually raising tariffs to a level that corresponds to full cost recovery for utility services while using targeted subsidies to address affordability problems.
  - (b) Strengthen enforcement measures to improve bill collection rates on water services.
  - (c) Apply water pollution charges on the overall quantity of wastewater discharged and the pollution, not just on pollution above specified limits.

### **Environmental expenditures and their financing**

- In 2006, environmental expenditures amounted to 0.2% of the GDP, a figure which reflects public-sector environmental expenditures only, as information from industrial sector is lacking. Spending on environmental protection has been insufficient to date.
- There is no published information on the allocation of current environmental expenditures to the main environmental sectors. It is estimated that municipalities' environmental investment expenditures have on average accounted for a mere 1 per cent of their total environmental expenditures in recent years, the rest being spent on operation and maintenance of old infrastructure.
- Often, funds are not spent on the most pressing environmental priorities. A main feature of the water sector policy is the current system of highly compartmentalized earmarking of revenues from the various water charges.

### **Key Recommendations:**

1. The Government should establish a coherent and comprehensive information and reporting system for



environmental protection expenditures and revenues covering the public sector, the business sector and private households, using as a general framework the European System for the Collection of Economic Information on the Environment (SERIEE) developed by the Organisation for Economic Co-operation and Development/Eurostat and the associated Classification of Environmental Protection Activities and Expenditures (CEPA).

2. The Ministry of Agriculture, Forestry and Water Management, in cooperation with the Ministry of Environmental Protection, should reconsider the current system of earmarking water revenues, and optimize their allocation according to national priorities in the water sector.

### **Water management for sustainable development**

- Water quality has declined in all streams over the territory, due in part to a worsening of the upstream water entering the country. There has been a lack of investment in water infrastructure since the early 1990s and the low water tariffs do not encourage citizens to reduce water use.
- International cooperation at regional level has been the key for progress in the management of water since the 2002 EPR. The ratification of the Danube River Protection Convention in 2003 has triggered two major initiatives, one for managing flood risk and the other for transposing the EU Water Framework Directive as well as directives on nitrates and urban wastewater.
- The competent but understaffed Directorate on Water in charge of water management and protection is under the responsibility of the Ministry of Agriculture, Forestry and Water Management (MAFWM). The current organization of the institutions does not match what is required in the EU Water Framework Directive, which Serbia has decided to follow.

### **Key Recommendations:**

1. The Government should provide more scope for municipalities and public water companies for financing enhancements in water infrastructure.
2. To ensure good ecological quality of Serbian watercourses, the Ministry of Agriculture, Forestry and Water Management, in cooperation with the Ministry of Environmental Protection, should: (a) Develop an action plan for the construction of wastewater treatment plants compatible with the EU relevant directives and allocate corresponding funds in the budget; (b) Request the World Bank to reintroduce nutrient reduction from industrial facilities in the Nutrient Reduction Programme for the Danube River.

### **Energy and environment**

- Production and use of energy is not efficient in Serbia. Electricity and heating production is mostly based on obsolete technology and on the use of lignite and brown coal. Distribution losses are important and the use of energy at residential and industrial locations is not efficient.
- Since the 2002 EPR, the legislation, strategies and institutions in the energy sector have been thoroughly overhauled. Both an energy law and an energy strategy have entered into force, in 2004 and 2005 respectively.
- Energy prices have significantly increased for electricity and heat since 2000. However, they are still below the cost recovery level and low for the region. Household energy consumption remains very high and electricity and heating expenditures are above the regional average. A block tariff system has been introduced for reducing households' electricity consumption while protecting vulnerable users. But the lack of individual metering systems prevents the application of consumption-linked incentives for heat bills.
- The Law on ratification of the Kyoto Protocol is awaiting parliamentary approval.

**Key Recommendations:**

1. To reduce the impact of energy production and consumption on the environment, the Government should:
  - (a) Ensure fuel switching from the utilization of electricity for space heating to the use of natural gas or connection to district heating systems.
  - (b) Increase energy efficiency to reduce electricity and heat demand.
  - (c) Significantly increase the share of renewable energy sources in primary energy production by 2015.
2. The Government, in cooperation with the relevant ministries and agencies, should:
  - (a) Establish an energy efficiency fund as soon as possible for financing measures to improve energy efficiency in industry and households. The fund should be fed with a tax on electricity consumption by industrial customers, and be supplemented by international funding and other funding sources. Companies implementing an energy audit and energy-saving measures could be exempted from this tax.
  - (b) Introduce energy consumption standards for the construction of new buildings and the renovation of existing buildings.
  - (c) Introduce a funding programme to promote insulation measures for residential and public buildings (e.g. soft loans and tax rebates) and to connect flats and buildings to district heating or to the gas grid.

**Key Activity****COUNTRY PROFILES ON THE HOUSING SECTOR**

**Objective:** The objective of this Country Profile is to provide a critical examination of the housing situation in Serbia, covering the main characteristics of the sector and advancing some policy recommendations.

**Brief Description:** The Country Profile on the Housing Sector of Serbia provides a detailed analysis of the housing situation in the country. It analyses trends and policy developments and makes an overall assessment of the political, economic and social framework of the housing sector. The study makes practical recommendations to the Government of Serbia on how to improve the country's housing policies.

**Existing Housing Stock**

This chapter considers the existing housing stock in Serbia, focusing on housing conditions. Despite the apparent availability of housing, its distribution is not adequate to meet housing needs. There are many dwellings with more than three occupants per room. Although new construction has improved access to basic amenities, the provision of piped water and sewer should be a priority for the housing policy as 18% of rural housing remains without piped water indoors. Management and maintenance of multifamily housing also appears to be a problem. This performance is an obligation of the owner's association who have been slow in organizing themselves as legal entities. The housing stock as a whole suffers from insufficient investment in maintenance and depreciation on value. New housing construction has declined; most of the housing is built by the private sector. This has resulted in a large number of informal settlements varying in terms of standard. A number of policy recommendations are offered to overcome these problems with the existing housing stock.

**Key Recommendations:**

1. A main priority must be to prevent further decay and inefficient use of the existing housing stock. A comprehensive approach to address these problems requires the following major initiatives:

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- (a) Action plans and timescale for modernization of housing and infrastructure.
  - (b) Pilot programmes, including loan and grant arrangements for priority areas.
  - (c) Preparation of simple, practical guidelines on energy efficiency measures.
2. Measures for the legislation of informal housing should be taken in the preparation of the new generation of master plans supplemented with financial packages including residents' contribution to the cost of infrastructure and essential services.
  3. Central government is advised to develop, in cooperation with representatives from municipalities, a social housing programme, which defines the objectives of the government and main mechanisms to address these objectives.
    - (a) The programme should focus on the poorest and most vulnerable households living in substandard and/or unsafe housing conditions, particularly refugees, IDPs and Roma.
    - (b) The programme should address housing finance, cost recovery and subsidy schemes, housing standards, eligibility criteria of beneficiaries, municipal activities and tasks of non-profit organizations and private developers.

### **Institutional Framework**

This chapter describes the institutional framework of Serbia, considering private and public sector institutions. Improving the efficiency and transparency of the public sector is a high priority. A decade of politicization and centralization, combined with economic collapse and outflow of educated and skilled people has left public institutions in disarray. The intention of the government is to move away from the role of provider in housing towards an 'enabling' approach. However this will require the development of new skills and methods. The Settlement and Integration of Refugees Programme (SIRP) have catalyzed a number of institutional reforms; they play a key role in developing the Municipal Housing Agencies, which provide experience valuable for extending the provision of social housing. There are also many construction companies in Serbia with the capacity and expertise to undertake housing projects, including large firms currently building apartment blocks. The end of this chapter provides key policy recommendations in order to continue with this progress.

### **Key recommendations:**

1. Structures and mechanisms should be put in place to ensure effective and long term coordination and development of housing policy, particularly with regard to the establishment of the National Housing Fund and adequate staffing levels within the Ministry of Capital Investment.
2. Municipalities should ensure that they have sufficient funding and staff to:
  - (a) Develop local housing policies, including stakeholder consultation.
  - (b) Provide effective and efficient management of housing.
  - (c) Monitor the work of local housing organizations and manage the process of legalizing informal housing.
3. A regulatory regime should be established to ensure adequate standards of provision by non-profit housing organizations and to encourage continuous improvement to their service. This system could build on the experience of housing co-operatives. Non-profit housing organization should be eligible

for capital and/or revenue subsidies, subject to meeting regulatory requirements and providing housing for vulnerable people.

### **The legal framework for Housing**

This chapter considers the many imperfections in the housing legislation and offers a number of policy recommendations to work towards its improvement. The period since approval of the *Housing Law 1992*, when public provision of housing was replaced by market provision of housing, has witnessed the deregulation and disintegration of state responsibility. With respect to maintenance and management, there is an absence of a comprehensive *Law on Condominiums* clearly setting out the obligations of co-owners and the mechanism for fulfilling those obligations. The implementation of an effective system for the registration of land and immovable property is necessary for the creation of a legal framework for property rights and the development of a real estate market and mortgage financing.

#### **Key Recommendations:**

1. The housing law should be amended to make the right to privatize inapplicable to newly constructed social housing occupied on a tenancy basis. Provisions should be developed to account for adequate supervision of private renting, including contracts, tenant-landlord relations and tenant protection. If applicable, the development of a separate Landlord/Tenant Act should be considered.
2. Budgetary legislation may be amended to enable municipal governments to manage housing responsibilities. This may be done by defining and increasing the percentage of central government tax revenue received by the municipal government. In addition, incentives for improvement of the municipal financial management system can be created by establishing clear debt limits for municipal authority borrowing and municipal credit rating.
3. A law on mortgages is recommended where the creditor is able to foreclose without problems: it should include provisions stating clearly the grounds upon which the creditor may initiate action, and a building under construction may be the subject of a mortgage. In Serbia, as in other countries in transition, it is recommended to introduce, at least as an alternative to a regular “accessory” mortgage, a “non-accessory” pledge on land as a flexible instrument to secure credits.

### **Financial Framework**

Mortgage lending is beginning to emerge in Serbia, with initial offerings mainly by foreign banks. However the absence of mortgage law and other important legal provisions related to land registration, foreclosure and bankruptcy is a major constraint for the development of housing finance. Furthermore, banks don't have access to long-term resources for mortgage lending. Housing costs have increased in Serbia. Owners and public sector tenants spend 10% of their income on housing, while in the private rental sector the share is as high as 27%. A new policy instrument—a state insurance of mortgage credits provided by the *National Corporation for Insurance of Housing Credits (NKOSK)* - has been launched. However this form of state support is poorly targeted, as given the prices in the housing market, less than 10% of households can qualify for a mortgage. Key recommendations are formed in order to strengthen the financial framework at a national and local level.

#### **Key Recommendations:**

1. In order to promote a functioning primary market, one must ensure transparency of the market, low transaction costs and a reliable legal environment.
2. Financial institutions need to develop options for access to long-term capital for mortgage financing. A covered bond system, which is a common instrument in Europe, might be appropriate. This system allows capital to be raised with an interest rate close to government bonds. Besides long-term funding

for banks, covered bonds are an important instrument in the development of a capital market. European law foresees privileges for covered bonds as investment instrument for institutional investors due to their security, based on legal provisions.

### **Social Housing**

Social housing activities of the Government of Serbia have roots in integration programmes for refugees and IDPs. The Commissariat for Refugees and UNHCR together with other partners, such as Swiss Disaster Relief and the Norwegian Refugee Council, provided resettlement assistance for more than 2,400 households. The implementation of the *National Strategy for Resolving the Problems of Refugees and IDPs* has been slow due to inadequate funding. International and local assistance has focused exclusively on the occupants of collective centres, while other refugees and IDPs living in private, temporary and often-inadequate accommodation have been excluded. The lack of financial transparency and fiscal discipline in the housing sector reflects the rudimentary nature of housing policy in Serbia and needs to be reconsidered. Finally a number of policy recommendations are offered to provide solutions for vulnerable households.

#### ***Key Recommendations:***

1. Given the economic difficulties and fiscal constraints, the subsidy system in Serbia has to be targeted to groups in need of state support. These groups should be able to solve their housing problems through transparent means-tested subsidies.
2. Implementation of housing programmes, including the distribution of housing assistance funds and decisions on guarantees based on government directives, should be done by a specialized institution (e.g. NKOSK). There should be only one institution in charge of the implementation of housing programmes. It is therefore recommended that the envisioned National Housing Fund be unified with NKOSK.



## **Tajikistan**

### **UNDAF Priority areas**

1. Poverty Reduction and Governance
2. Food and Nutrition Security
3. Clean Water, Sustainable Environment, and Energy
4. Quality Basic Services

### **UNDAF Outputs committed by the ECE**

#### ***Clean Water, Sustainable Environment, and Energy***

- National organs of International Fund for Saving the Aral Sea (IFAS) and Interstate Commission for Water Coordination of Central Asia (ICWC) support the implementation of a comprehensive regional programme to modernize the legal basis and strengthen the institutional framework for regional water resource management
- Key central government institutions receive comprehensive capacity development in good governance and management and administration, resulting in progress in public administration reform
- Security is enhanced through introducing Integrated Border Management along the Tajik-Afghan border and other neighbouring state borders while safeguarding the rights of those persons requiring international protection

### **UNDAF Key Activities**

- Environmental Performance Review
- Country Profile on the Housing Sector (Includes Land Administration Review)
- National Policy Dialogue on Integrated Water Resource Management

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## **Key Activity**

### **NATIONAL POLICY ON INTEGRATED WATER RESOURCES MANAGEMENT**

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWRM in countries of Eastern Europe, the Caucasus and Central Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- Preparatory missions by the UNECE Secretariat took place in March and June 2010. A presentation on the EUWI NPDs was made at the High-level International Conference on the midterm comprehensive review of the implementation of the International Decade for Action “Water for Life, 2005-2015” (Dushanbe, 8-10 June 2010). The First Steering Committee meeting took place in March 2011.
- The main focus of the National Policy Dialogue is the development of the Government of Tajikistan Water Sector Strategy based on IWRM principles, including the river basin management approach. Transboundary water cooperation with neighbouring Kyrgyzstan, as well as Afghanistan (management of the Upper-Amu Darya Basin), is another important issue on the National Policy Dialogue agenda.
- Radical reforms in the agricultural and water sectors are ongoing in Tajikistan. It is expected that as an outcome of the ambitious Water Sector Reform, water management in Tajikistan will be transferred from administrative units to river basin authorities, which should be created during 2011–2013. Further on, a long-term IWRM strategy is planned to be developed.
- To oversee development of the Tajikistan Water Sector Strategy, the long-term IWRM policy and their implementation, the Government of Tajikistan has established an inter-ministerial National Policy Dialogue on IWRM Steering Committee consisting of high-level officials representing 20 ministries and agencies. The National Policy Dialogue on IWRM activities in Tajikistan are supported by the EU through the EU Water Initiative, the UNECE and the Danish Ministry of Foreign Affairs.

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## Turkmenistan

### **UNDAF Priority Areas**

1. Strengthening Democratization and Rule of Law
2. Strengthening Human Development to Achieve the MDGs
3. Improving Sustainable Development and Inclusive Growth
4. Promoting Peace and Security

### **UNDAF Outputs Committed by the ECE**

#### ***Strengthening Democratization and Rule of Law***

- National, regional and local levels of governance formulate institutional frameworks, improve legislation and enhance technical capacities to manage more effective delivery of public services.

#### ***Improving Sustainable Development and Inclusive Growth***

- National stakeholders competently participate in global and regional agreements on trade, intellectual property and investment
- National authorities better plan, manage and monitor the environment sector, using an enhanced monitoring system and internationally aligned legislative basis that will enable mainstreaming environmental issues in national priorities
- National stakeholders and local communities apply best practices on sustainable land and forest resources management, taking into account the global climate change context
- National authorities develop and launch integrated water resource management at national and local levels

#### ***Promoting Peace and Security***

- Application of national border management reflects international standards of knowledge, coordination, cooperation and technical capacity, including state-of-the-art technological upgrades
- National authorities practise strengthened cooperation and employ improved procedures with neighbouring countries with regard to legal cross-border trade, including bilateral transit transportation

### **UNDAF Key Activities**

- National Policy Dialogue on Integrated Water Resource Management
- Training seminar on trade and transport security and facilitation for Turkmenistan  
*Ashgabat, Turkmenistan, 3-6 May 2010*

## Key Activity

### NATIONAL POLICY ON INTEGRATED WATER RESOURCES MANAGEMENT

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

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- A first meeting of the Steering Committee of the NPD/IWRM (National Policy Dialogue on Integrated Water Resource Management), took place in Ashgabat, Turkmenistan, on 2-3 April 2010. It was co-organized by the Turkmen Ministries of Water Economy and of Nature Protection and the UNECE. Representatives of 22 ministries and agencies, as well as donors and international organizations, participated in the meeting. The meeting was one of many events in the framework of the annual national festival “A Drop of Water – A Piece of Gold”, recognizing of the high value of water resources.



- Water is a key issue for the social and economic sectors of Turkmenistan. The country is now ready to embark on a road to improve its water management, also inspired by IWRM principles. This contributes to a more rational use of natural resources, especially for irrigation purposes. UNECE supports the Government of Turkmenistan to apply international standards and practices to water management. The NPD/IWRM is an instrument of the EU Water Initiative, which was launched to involve all relevant stakeholders into a discussion, aimed at developing the most appropriate policies for the water sector.
- During the Steering Committee, it was proposed to establish an expert group to analyze how national legislation fits in with the requirements of the Convention on Transboundary Watercourses and International Lakes. The Water Convention was adopted by UNECE member states in 1992 and it provides a framework for transboundary water cooperation. The expert group would assist Turkmenistan to adopt the standards of the convention in national legislation, including the concept of IWRM as well as transboundary aspects. The meeting further discussed capacity building and other activities that would support the accession to and implementation of the Water Convention.
- The organization of the meeting was supported by funds from the Norwegian Ministry of Foreign Affairs and the German Society for International Cooperation (GIZ).



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## Ukraine

### **UNDAF Priority Areas**

1. Sustained Economic Growth and Poverty Reduction
2. Social Development
3. Governance
4. Environment and Climate Change

### **UNDAF Outcomes committees by the ECE**

#### ***Sustained Economic Growth and Poverty Reduction***

- New economic and climate resilient opportunities created particularly in the small and medium business sector as a result of improved entrepreneurial skills, promotion of women's entrepreneurship, reintegration of migrants and better utilization of Ukraine's scientific and innovation potential

#### ***Social Development***

- More people adopt healthy and safe behaviour

#### ***Under Governance***

- System of strategic planning improved as a result of the introduction of MDG-based strategic governance
- More effective and accountable public institutions respond to the needs of all persons within the jurisdiction of Ukraine, especially the most vulnerable
- Government facilitates the participation of women in public, economic and political life

#### ***Environment and Climate Change***

- Government of Ukraine adopts policy frameworks and mechanisms to ensure reversal of environmental degradation, climate change mitigation and adaptation, prevention and response to natural and man-made disasters (alongside UNIDO, UNEP, UNDP, UNESCO)

### **UNDAF Key Activities**

- Environmental Performance Review
- National Policy Dialogue on Integrated Water Resource Management

## Key Activity

### 2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW

**Objective:** This second Environmental Performance Review (EPR) of Ukraine was carried out seven years after the first Review in 1999. It intends to measure the progress made by the country in managing its environment since then, and in addressing upcoming environmental challenges.

**Brief Description:** This report takes stock of the progress made by Ukraine in the management of its environment since the country was first reviewed in 1999. While looking closely at the implementation of the recommendations of the first review, the report also covers 10 issues of importance to Ukraine concerning policymaking, planning and implementation; the financing of environmental policies and projects; and the integration of environmental concerns into economic sectors and the promotion of sustainable development. Issues receiving special attention during the review included compliance and enforcement mechanisms; economic instruments and environmental funds; and environmental management in energy, industry and transport activities and in land management.

#### **The legal and policymaking framework and sectoral integration mechanisms**

- Since its first Environmental Performance Review in 1999, Ukraine's economy has improved remarkably, with a strong increase in GDP every year. The economy has also undergone multiple structural reforms, which, however, have resulted in a loss of clear direction in many sectors, including environmental management.
- Since independence, environmental legislation in Ukraine has undergone profound changes. Environmental legislation is now comprehensive, with about 200 laws and by-laws; however it is also complex and sometimes inconsistent.
- Since the first EPR, a number of steps have been taken to build and strengthen the institutional system for environmental management in Ukraine. However, fragmentation and an unclear division of responsibilities between agencies responsible for environmental protection and their subnational structures have led to overlaps.

#### **Key Recommendations:**

1. The Ministry of Environmental Protection should strengthen its legal department and, in cooperation with the Ministry of Justice and the State Committee on Entrepreneurship, improve its legal expertise in order to accelerate the approximation to the EU legislation, possibly using modern assessment tools such as regulatory impact analysis (RIA).
2. The Ministry of Environmental Protection should prepare proposals to the Cabinet of Ministers to clarify the distribution of responsibilities and accountability in the environment administration between the national, oblast and local levels, and should identify ways to make the system more integrated and to appropriately delegate powers.

#### **Compliance and enforcement mechanisms**

- The sharing of responsibility between national, regional and local inspection bodies is unclear. Priorities for inspections are not defined. Self-monitoring by enterprises is not properly carried out and related data are not closely analysed. In Ukraine, the inspection duties are split among several inspection services, causing conflict overlaps in responsibilities.
- Furthermore findings from inspections end up in statistical databases and are not followed up with in-depth analysis and appropriate actions. Although the transparency of administrative mechanisms has

improved, the dialogue between the environmental authorities and the regulated community is below reasonable standards.

**Key Recommendations:**

(a) The Ministry of Environmental Protection should review the organization of the inspection services and the related legal framework with the objective of increasing the effectiveness and efficiency of the inspection services and making sure responsibilities are clear and do not overlap. Based on the results of this analysis, the structure of the state inspection bodies for environmental protection should be streamlined. (b) The Ministry of Environmental Protection should provide regular training on a non-commercial basis to ensure that inspection staff adjusts their skills in particular at territorial level.

**Information, public participation and education**

- Since the first EPR in 1999, Ukraine has made some progress in observing its environment. It has enhanced its surface water quality observation network and has installed more transboundary water-monitoring stations. Nevertheless, the current monitoring networks are insufficient to meet the requirements of the country's national legislation and international obligations.
- The State Committee of Statistics has updated existing forms of environmental statistics data collection and introduced new forms. Some institutions in Ukraine have expanded their environmental databases and improved environmental information management and reporting. However, each monitoring institution continues to use its own software and databases. There is poor exchange of environmental data.
- Ukraine has made huge progress in environmental education. Reforms of primary and secondary schools were accompanied by the introduction of new environmental education programmes and standards.



**Key Recommendations:**

1. The Cabinet of Ministers should accelerate the adoption of the State Programme of Natural Environment Monitoring. The Ministry of Environmental Protection should reinvigorate the Interdepartmental Commission on Environmental Monitoring to serve as a driving force in: (a) Monitoring the implementation of the State Programme of Natural Environment Monitoring; (b) Ensuring the harmonization of monitoring formats, measurement and analytical methods, and data quality control and storage procedures used by different government bodies; and (c) Coordinating existing monitoring networks and their extension, particularly those for background, transboundary (air and water) and marine environment monitoring.
2. The Cabinet of Ministers should designate or establish a lead environmental monitoring and information institution to assist the Ministry of Environmental Protection in:
  - (a) Developing a national electronic database of data communicated by operators of leading environmental monitoring and observation networks according to agreed indicator sets;
  - (b) Maintaining national registers of state monitoring stations and analytical laboratories;
  - (c) Developing environmental assessments using geographic information systems (GIS) and other modern techniques;
  - (d) Publishing the national state of the environment report and other assessment reports, based on modern indicators, for use in policy- and decision-making and public information; Training experts in monitoring and information management.

**Implementation of international agreements and commitments**

- Since the first EPR, Ukraine has devoted considerable efforts to developing cooperation with a number of international organizations.
- Ukraine has failed to report to data on many of the conventions it has agreed to; in spite of this problem it is considering joining other multilateral environmental agreements, among them the Basel Protocol on Liability and Compensation for Damage Resulting from Transboundary Movements of Hazardous Wastes and Their Disposal. Ukraine should consider actions to better fulfil the provisions of those international agreements to which it is already a party.
- Ukraine ratified the Kyoto Protocol in 2004, under which it could benefit from its unused carbon dioxide quotas by trading them and from the introduction of cleaner technology through joint implementation mechanisms. Thus far, however, Ukraine has been slow to set up the necessary infrastructure and procedures to put the Kyoto mechanisms into practice.

**Key Recommendations:**

1. The Ministry of Environmental Protection, in order to respect Ukraine's commitments under relevant multilateral environmental agreements, should:
  - (a) Establish effective legal and institutional mechanisms, where they do not exist, for implementation of multilateral environmental agreements;
  - (b) Make every effort to collect and submit to the secretariats of international conventions and protocols the due related reporting as fully as possible and in due time;
  - (c) Notify Romania on the Danube-Black Sea shipping channel in accordance with the Espoo Convention and implement the recommendations of the inquiry commission established under the Espoo Convention as appropriate;
  - (d) Strengthen sub-regional cooperation and multilateral and bilateral agreements with the neighbouring countries with the objective of conducting environmental impact assessments in

- transboundary context, taking into account the lessons learned from the case of the Danube-Black Sea shipping channel;
- (e) Whenever possible, prioritize actions aimed at fulfilling provisions of those international agreements that Ukraine is a party to.
2. The Cabinet of Ministers and the Ministry of Environmental Protection should ensure implementation of the National Plan on approaches for the implementation of the provisions of the Kyoto Protocol to the UN Framework Convention on Climate Change by:
    - (a) Clarifying the functions of the different bodies involved in implementing the Kyoto Protocol and improving their coordination;
    - (b) Ensuring that there is an officially designated national body responsible for reviewing, adopting and tracking joint implementation projects to reduce the country's greenhouse gas emissions and serving as a Joint Implementation Secretariat;
    - (c) Setting up a clear, simple and transparent framework for the development, approval, endorsement, registering and monitoring of joint implementation projects, including national criteria for the evaluation of such projects;
    - (d) Establishing a framework for advising national enterprises on the preparation of joint implementation projects and helping them obtain endorsement and approval letters.

### **Economic instruments and environmental funds**

- Since the first review, there has been little progress in the development of economic instruments as incentives for environmental protection. The taxes on natural make the bulk of the environmental revenues and represented an average 1.1 per cent of GDP over the period 1998–2004. Nevertheless, the system of environment-related taxes and pollution charges is still too complicated and the charge levels too low to act as a sufficient incentive for complying with regulatory targets.
- There are more than 10,000 environmental funds in Ukraine, over which the revenues from pollution charges are scattered, making the fund expenditures difficult to prioritize, rationalize and streamline within the scope of often unclear environmental priorities. The number of environmental funds needs to be reduced, their expenditures aligned with environmental priorities, and their managerial structures improved to follow international best practices.

### **Key Recommendations:**

1. The Ministry of Environmental Protection, in cooperation with the Ministry of Finance and State Tax Administration, should review the system of pollution charges, aiming at its simplification and possible introduction of automatic indexation mechanisms for rates. In particular, they should assess the appropriate level of rates for selected pollutants to achieve specific environmental objectives and enhance the incentive role of charges.
2. The Ministry of Environmental Protection, in collaboration with the Ministry of Finance, should rationalize the system of environmental funds, drastically reducing their number and establishing a list of priority environmental actions for medium-term financing, including drafting of the necessary changes in the legal framework. These modifications should include the consideration of the few remaining funds as separate legal entities while applying good and transparent management rule.

### **Expenditures for environmental protection**

- Since the first EPR, Ukraine's expenditures for environmental protection have increased. However, it is difficult to identify on what issues the money is actually spent, because the methodology for data collection, reporting and accounting for environmental expenditures is neither unified nor easy to trace.



- Total expenditures for environmental protection is inaccurately estimated because of the existing methodology for data collection and reporting, there are no clear priorities for public and private investors regarding what Ukraine should focus its environmental spending on.

**Key Recommendations:**

1. The Ministry of Environmental Protection should identify and set priorities for environmental expenditures in collaboration with the Ministry of Finance, the Ministry of Economy and other relevant stakeholders (public authorities, business and environmental NGOs in particular) in line with updated goals and targets for environmental protection.
2. The State Committee on Statistics should implement the statistical reporting system for environmental expenditure that it has developed together with the Ministry of Environmental Protection. The Cabinet of Ministers should update and approve the list of activities that are to be considered as environmental activities in line with the Eurostat European System for the Collection of Economic Data on the Environment (SERIEE).

**Environmental management in the energy sector**

- Key problems of Ukraine's energy sector are the overly high energy intensity and the ageing technology associated with energy production. However, the most pressing energy-related priority in Ukraine is to improve energy efficiency. Currently there are no economic measures for promoting energy saving or increasing energy efficiency, which are carried out through state regulation.
- Economic measures are being introduced to promote energy efficiency. Nevertheless, economic incentives for promoting environmental compliance and energy saving are weak and do not send a strong enough signal to induce customers to modify their behaviour.
- Energy issues should become one of the priorities of the Ministry of Environmental Protection.

**Key Recommendations:**

1. The Ministry of Economy, in collaboration with the Ministry of Finance, the Ministry of Fuel and Energy and the National Agency for Efficient Use of Energy Resources, should develop a policy of energy pricing that reflects the actual cost and signals to both companies and households that higher energy prices are unavoidable. A credible schedule should be devised for gradually increasing prices and reducing cross-subsidization. The Cabinet of Ministers should ensure implementation of energy saving programmes and foster a national information campaign to raise the awareness of the public and business sector regarding the importance and benefits of energy saving.
2. The Cabinet of Ministers should introduce an energy tariff reform so that prices paid by end users reflect long run marginal costs. Social measures should be worked out to mitigate the effects of the price increase on those who cannot afford it.

**Environmental management in the industrial sector**

- Despite improvements since the first EPR, Ukraine still faces considerable barriers in developing its industry in a sustainable way. Progress on crucial structural reforms remains slow, and many industrial sectors, such as coal mining, is in poor shape. Progress in the implementation of strategies and programmes regarding industrial development has also been slow.
- The release of methane in coal mines and its subsequent ignition should be addressed, since these are the main factor in Ukraine's high rate of mine accidents and fatalities. This fatality rate can be reduced through adequate measures such as, improved ventilation systems and the enforcement of safety regulations.

- There is significant potential to improve environmental indicators in industry by replacing obsolete technology with cleaner technology and best available techniques (BAT), which are connected with the gradual introduction of the IPPC Directive in Ukraine.

**Key Recommendations:**

1. The Ministry of Industrial Policy, the Ministry of Coal, and the Ministry of Fuel and Energy, together with the Ministry of Economy and the Ministry of Environmental Protection, should establish clear policy objectives for sustainable development of the industrial sector and include them in the forthcoming national sustainable development strategy. This should be along the lines of the EU IPPC Directive and serve as a basis for industrial subsectors' planning.
2. The Ministry of Coal, with the cooperation of appropriate other ministries, should:
  - (a) Urgently develop and implement a national mine safety programme in order to reduce accident risks and improve safety at coal mines;
  - (b) Take concrete actions to further implement the coal sector restructuring programme, including the compilation of an inventory of specific mines to be closed and these mines' related environmental, social and economic impacts.
3. The Ministry of Industrial Policy and the Ministry of Environmental Protection should promote the adoption of the draft Strategy to Introduce Cleaner Production in Ukraine. Within the framework of introducing cleaner production, the Government should promote cleaner technologies and best available techniques (BAT), including by establishment of appropriate institutional structure.

**Environmental management in transport**

- The growing environmental pressures from the transport sector have not yet caught sufficient attention of the authorities. There is no national strategy for transport; this is reflected in the very poor related statistical data available.
- As their standard of living improves, Ukraine's inhabitants will increasingly purchase private vehicles. This will result in higher road transport volumes and mileage, eventually leading to increases in energy consumption, carbon dioxide emissions, and air and noise pollution.
- Better knowledge of the environmental impacts of transport and an improved sense of political responsibility are prerequisites for raising awareness of environmental problems and winning acceptance of mandatory improvements in the transport sector.

**Key Recommendations:**

1. The State Committee of Statistics, in cooperation with the Ministry of Transport and Communications and the Ministry of Environmental Protection, should gather, manage and publish all information on transport and its environmental impacts, following internationally recognized statistical systems and indicators.
2. The Ministry of Environmental Protection, together with the Ministry of Transport and Communications, should:
  - (a) Carry out an analysis of the environmental impacts of the transport sector;
  - (b) Based on the results of this analysis, elaborate strategic concepts for developing sustainable transport and solving related environmental problems. All data, definitions and concepts should be made publicly available and discussed with the stakeholders.

## Key Activity

### NATIONAL POLICY ON INTEGRATED WATER RESOURCES MANAGEMENT

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWRM in countries of Eastern Europe, the Caucasus and Central Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- In Ukraine, the dialogue process started in late 2007. A first policy package, approved by the Steering Committee in 2008, was a plan to achieve sustainable water management, safe drinking water and adequate sanitation under the Protocol on Water and Health. The plan was implemented in 2009-2010 with financial support from Norway and contributions from Israel. The NPD/IWRM also focused on strengthening legal and institutional framework for water management with the view to tackle the challenges of climate change. Policies for sustainable flood management, based on the EU Flood Directive 2007/EC were elaborated.
- Two policy packages were elaborated within the NPD/IWRM, namely a draft implementation plan based on the relevant UNECE Guidance on water and adaptation to climate change and a preliminary evidence base of climate change impacts on water resources in the Dniester basin. These policy packages



have facilitated the development of a pilot project on “reducing vulnerability to extreme floods and climate change in the Dniester basin”, which is now being implemented under the framework of the ENVSEC initiative by UNECE, OSCE and UNEP. The final Steering Committee meeting under the EC grant was organized in November 2010.

- In 2011, the NPD/IWRM in Ukraine is funded by the IWAC. Activities will include pilot projects on economic instruments in water management, transboundary water cooperation with the Republic of Moldova and Romania on the Prut and Siret river basins and the organization of the fifth SC meeting. These activities will be implemented under the EU Danube Strategy in close coordination with the International Commission on the Protection of the Danube (ICPDR).

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## Uzbekistan

### **UNDAF Priority Areas**

1. Economic Well-being
2. Social Services
3. Environment
4. Governance

### **UNDAF Outputs committed by the ECE**

#### ***Economic Well-being***

- Capacity of the central and local authorities enhanced to develop and implement economic and social security policies aimed at welfare improvement of vulnerable groups
- Government capacity at national and local levels strengthened to improve macroeconomic forecasting and innovation, as well as formulation and implementation of inclusive development policies and facilitation of trade and investment
- National capacities strengthened to collect, analyze and use statistical data, including data disaggregated by gender, for better monitoring and evaluation of progress towards achievement of the MDGs

#### ***Environment***

- Concrete interventions on sustainable use of energy (including renewable), soil, water and biodiversity resources, complemented with environment education/ training component, including support of innovative development in applied research

### **UNDAF Key Activities**

- Environmental Performance Review
- National Policy Dialogue on Integrated Water Resource Management



## Key Activity

### 2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW

**Objective:** The first Environmental Performance Review (EPR) of Uzbekistan was carried out in 2001. This second review intends to measure the progress made by Uzbekistan in managing its environment since the first EPR, and in addressing upcoming environmental challenges.

**Brief Description:** This document sets out the Environmental Review of Kazakhstan. There are 9 main areas of assessment, each offering analysis and policy recommendations.

#### **Policymaking framework for sustainable development and environmental protection**

- Since the first EPR in 2001, Uzbekistan has moved through significant periods of economic development and privatization. Economic growth results have been impressive, and since 2002, gross domestic product (GDP) has more than doubled. Although the poverty gap has been reduced to some extent, much more needs to be done, particularly in rural areas.
- The 1997 NSDS is intended to function as an overarching framework for all other strategic and legal documents in Uzbekistan. In the 12 years since its adoption, it has not been reviewed or revised; neither does it contain a set of indicators to measure progress towards implementation.
- Since 2001, Uzbekistan has been developing new and amended environment-related laws. Although the regulatory framework is also being developed, it is not unusual for the regulations required for implementation to lag behind the enactment of the law. An environmental code would help to consolidate environmental legislation.

#### **Key Recommendations:**

1. The Cabinet of Ministers, with the involvement of relevant ministries and agencies, should: (a) Carry out a peer review of the 1997 National Sustainable Development Strategy and amend it with indicators of, and procedures for, monitoring implementation; (b) Review and renew the key documents that constitute the policy and legal framework in order to maintain their accordance with the National Sustainable Development Strategy.
2. The State Committee for Nature Protection and relevant ministries and agencies should consider preparing a draft environmental code that will establish the overriding principles of the law and set the full regulatory framework for implementation.

#### **Compliance and enforcement mechanisms**

- The principal attitudes and approaches to environmental compliance and enforcement, as well as the package of environmental policy instruments used in Uzbekistan, have not significantly changed since the first EPR of the country.
- Certain amendments to the environmental laws were introduced with the aim of reducing the administrative burden of the business community by limiting the power of environmental enforcement authorities to suspend or cease activities, except in certain cases.
- The list of facilities subject to EIA and their division into four categories are not compatible with similar lists of projects subject to EIA under the European Union Directive on the assessment of the effects of certain public and private projects on the environment or the Convention on Environmental Impact Assessment in a Transboundary Context. Public hearings as part of the EIA procedure have been referred to the discretionary power of the SEE authority and the developer.

**Key Recommendations:**

1. The State Committee for Nature Protection should review the efficiency and effectiveness of the current use of administrative sanctions for environmental offences and consider possibilities to strengthen them in cases of repeated or systemic violations of environmental legislation.
2. In order to harmonize the instruments of environmental impact assessment and public participation with the relevant UNECE instruments, the Cabinet of Ministers should: (a) Speed up the process of ratification of the Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention), the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) and the Kiev Protocol on Pollutant Release and Transfer Registers of the Aarhus Convention; (b) Establish a detailed legal and regulatory framework to ensure the full implementation of these instruments.

**Monitoring, information, public participation and education**

- The monitoring networks have not been enlarged, and in some areas have even been reduced since 2001. There is a need to strengthen environmental monitoring to make it an effective information and policy tool, to promote public and to introduce the sustainable development principle into education and training at various levels.
- The system of standards remains comprehensive, but overambitious. An excessively large number of regulated pollutants impose unrealistic monitoring and enforcement requirements on the public authorities.
- Important environmental issues are not properly covered by statistical data collection.
- The State Committee for Nature Protection (SCNP) has been actively disseminating environmental information to raise public awareness. However, other authorities involved in environmental matters do so poorly therefore many Uzbek citizens are not sufficiently informed about environmental issues of concern.

**Key Recommendations:**

1. The State Committee for Nature Protection, in coordination with other government bodies and with the assistance of the inter-agency coordination council on environmental monitoring, should: (a) Enlarge the environmental monitoring networks in an optimal way to meet the requirements of monitoring regulations. (b) Increase the number of parameters measured, in particular PM2.5, PM10, volatile organic compounds, polyaromatic hydrocarbons and persistent organic pollutants in ambient air, and additional biological parameters in water.
2. The State Committee for Nature Protection and the Ministry of Justice, in cooperation with the representatives of civil society, should continue their work to introduce mechanisms and requirements of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) in the national legislation and regulations to make them clear, transparent and consistent.

**Implementation of international agreements and commitments**

- Uzbekistan is a party to 24 multilateral environmental agreements (MEAs). Among and within executing agencies, the focal points for particular multilateral environmental agreements are not clearly identified.
- Although Uzbekistan is positioning itself as a significant regional player, the country is a party to only one of five UNECE conventions. Owing to the transboundary nature of the conventions, there is uncertainty at the government level as to what accession would entail in practice.

- Located downstream in the Aral Sea internal drainage basin, Uzbekistan depends on transboundary waters from upstream countries. The scarcity of freshwater is the greatest environmental problem. This situation calls for a new approach to the regulation of water management between sovereign states.

**Key Recommendations:**

1. The State Committee for Nature Protection, in cooperation with agencies involved in international environmental matters, should develop a coordinating mechanism for designating focal points in order to facilitate coordination and information exchange.
2. The responsible ministries should further comply with the substantive elements as incorporated in the Convention on Long-range Transboundary Air Pollution and the Convention on the Transboundary Effects of Industrial Accidents.
3. The Cabinet of Ministers should accede to the Framework Convention on Environmental Protection for Sustainable Development in Central Asia so as to foster regional cooperation, especially on environmental matters.

**Economic instruments and expenditures for environmental protection**

- Since the first EPR the pollution charges regime has been tightened and the resources available to the system of environmental funds have increased. There has been a shift towards “green taxation”, increasing the rates of taxes on natural resources while reducing profit tax rates.



- No new financial instruments have been introduced since the last EPR. While reforms have moved towards tightening the regime of exemptions and privileges a number of users have benefited from special treatment regarding compensation payments for environmental pollution and waste disposal.
- The system of environmental funds has proven its role as a reliable source of funding for environmental purposes. However, an increased emphasis on transparency, methodological work and improved policy analysis would improve the National Fund's effectiveness.

**Key Recommendations:**

1. The State Committee for Nature Protection, the Ministry of Finance and the Ministry of Economy should:
  - (a) Define a mechanism to review the rates of payments for environmental pollution.
  - (b) Simplify the system of pollution charges, focusing on a reduced number of pollutants and determining rates to create stronger incentives for changes in behaviour.
2. The State Committee for Nature Protection, together with the Ministry of Finance and the Ministry of Economy, should quantify the privileges and exemptions given to budgetary organizations and enterprises and assess their effectiveness, in order to facilitate decision-making.
3. The State Committee for Nature Protection and the Cabinet of Ministers should increase the transparency and effectiveness of the activities of the governing councils of environmental funds by:
  - (a) Improving decision-making rules for the adoption of decisions in the governing councils.
  - (b) Improving the methodology for selecting projects for funding and evaluating their effectiveness and making this information publicly available.
  - (c) Publishing annual reports on the activities of funds which provide details on financial performance and show the impact on the achievement of policy targets.

**Sustainable management and protection of water resources**

- There is a huge disparity between the amount of water resources that are generated and the total amount of water resources used in the country. Irrigation consumes 90 per cent of the total volume of water used. There are huge losses of water in the agricultural sector due to the degraded irrigation infrastructure and the application of obsolete irrigation techniques. The current quality of the country's water resources remains unsatisfactory, resulting in the increase in morbidity rate.
- Although the in-stream disposal of public utility wastewater has been decreasing in recent years, the purification rate is not sufficiently high. The low operating efficiency of wastewater treatment plants results in an increased concentration of pollutants in surface water streams and depression reservoirs.

**Key Recommendations:**

1. The Ministry of Agriculture and Water Management, together with the basin administrations of irrigation systems and water user associations, should implement water-saving measures for irrigation, including: Minimizing infiltration via unlined irrigation canals and ditches; Implementing modern water efficient irrigation techniques.
2. The Agency Uzkommunkhizmat and the local authorities should improve the efficiency of wastewater treatment. The Cabinet of Ministers should develop a national strategy and a long-term programme in order to identify the aims, priorities and financial resources for the water supply and wastewater treatment infrastructure, and the Agency Uzkommunkhizmat and the local authorities should implement this strategy.

### **Land management and protection**

- Agriculture is one of the key and most vulnerable sectors of Uzbekistan's economy, contributing to GDP by 30.7 per cent in 2007, it accounts for 80 per cent of the entire food consumption in Uzbekistan. In 2007, 64.1 per cent of the total population lived in rural areas. Almost 88 per cent of the population lived under the threat of desertification, a figure likely to increase as a result of climate change. Sustainable development in the agricultural sector is a high priority for preventing migration from the rural areas, easing social frictions and maintaining social stability.
- Land management faces problems such as soil salinity, soil erosion and the contamination of soil by harmful substances. Despite the stabilization after the more negative trend in the 1990s, the overall degree of land degradation in irrigated areas is high, with about 55 per cent suffering from degradation and reduced fertility levels in some form.

#### **Key Recommendations:**

1. The Ministry of Agriculture and Water Management should consider promoting the use of agricultural conservation tools for saving water and protecting soil on irrigated croplands, which could be supported with training and demonstration projects.
2. The Ministry of Agriculture and Water Management, in cooperation with the State Committee on Land Resources, Geodesy, Cartography and State Cadastre and the Centre of Hydrometeorological Service (Uzhydromet), should address rain-fed and irrigated land in policy documents on climate change adaptation.

### **Energy and the environment**

- In 2000, Uzbekistan's energy intensity (primary energy consumption per unit of GDP) was about 4 times higher than the energy intensity of China. To reinforce its action as regards energy efficiency, in 2002 the Cabinet of Ministers adopted the Programme on Energy Efficiency until 2010. However, despite the great potential of renewable energy, especially solar energy, there is no plan to develop renewable energy sources.
- Uzbekistan anticipates increasing the share of coal from 5 to 10 per cent in the next five years, which would lead to a large increase in emissions. However, although this objective for 2010 was mentioned in the first EPR, it has not been realized.

#### **Key Recommendations:**

1. Uzbekenergo, in cooperation with the Agency Uzkommunkhizmat and the State Committee for Nature Protection, should consider the possibility and feasibility of establishing a state agency on energy efficiency and renewable energy based on international experience in these areas.
2. The Government should: (a) Develop and adopt a package of measures consisting of three core components, namely guarantees for the long-term purchase of energy produced from renewable sources, subsidies for their purchase tariffs and tax credits; (b) Seek international assistance to develop renewable energies.

### **Climate change and the environment**

- Uzbekistan participates in the Clean Development Mechanism (CDM). At the time of review, it was the only Central Asian country with six projects, all on nitrous oxide (N<sub>2</sub>O) reductions. Projects focusing on carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>) reduction were not selected. N<sub>2</sub>O emissions account for only approximately 5 per cent of total emissions in the country, whereas the majority of emissions come from CO<sub>2</sub> and CH<sub>4</sub>.



- Uzbekistan is implementing a major change in its energy policy, reverting back to the use of brown coal in energy generation. Significant steps have been taken in order to adjust energy policy to the new realities imposed by climate change, including tariff-based and non-tariff-based measure
- Melting glaciers and snow reserves, the drying up of the Aral Sea and indications of high water losses through evaporation, outdated irrigation practices and infrastructure underline the close links between climate change, water security and development in Central Asia, especially in Uzbekistan. It is imperative to accelerate the adoption and implementation of measures to reduce the wasteful use of water and energy.

**Key Recommendations:**

1. Each sector of the economy should draw up and adopt an energy conservation programme and integrate it into its long-term strategy and policy. These requirements should be introduced in the Law on the Rational Use of Energy and the forthcoming national energy conservation programme. Additional technical energy saving measures should be adopted and implemented in the most energy-intensive sectors.

**Key Activity**

**NATIONAL POLICY ON INTEGRATED WATER RESOURCES MANAGEMENT**

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWRM in countries of Eastern Europe, the Caucasus and Central Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- A joint OECD/EAP Task Force and UNECE mission to Uzbekistan was undertaken in April 2010 with a view to explore the interest of the Government of Uzbekistan to cooperate in the framework of the EUWI. The Ministry of Health of Uzbekistan expressed an interest in NPD activities on water sanitation issues related to the Protocol on Water and Health. The State Committee for Nature Protection and Uzcommunhizmat (Agency for Water Utilities Management) were also interested in cooperating.
- The Ministry of Agriculture and Water Sector did not express, however, interest in implementation of the NPD/IWRM. Therefore, the NPD/IWRM is implemented in 2011-2012 in cooperation with the Ministry of Health, the WHO office in Uzbekistan and other relevant organizations. It focuses on issues related to the UNECE/WHO-Euro Protocol on Water and Health. The NPD/IWRM in Uzbekistan is funded by the Government of Switzerland.



## ***B. ONE UN***

### ***Albania***

#### **Priority Areas**

1. Governance and Rule of Law
2. Economy and Environment
3. Regional and Local Development
4. Inclusive Social Policy

#### **Outputs committed by the ECE**

##### ***Governance and Rule of Law***

- State institution and non-Government institutions have the capacity to manage the demand, supply and use of disaggregated data for policy-making, service delivery and reporting

##### ***Economy and Environment***

- State and non-state institutions have the capacity to empower associations for consumer protection
- Governmental trade control agencies and the business community enabled to simplify, harmonize, and automate trade information gathering and customs operations through the Single Window
- The National Government has legal and regulatory mechanisms ready for implementation and ensures compliance with Multilateral Environment Agreements and the Rio Principles
- National government and state institutions have the capacity to promote energy efficiency and make informed decisions on the use of green house gas free energy resources, including the analysis of climate change risks

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## Republic of Moldova

### **Priority Areas**

1. Social Inclusion and Human Development
2. Environment, Climate Change and Disaster Risk Management

### **Outcomes committed by the ECE**

#### ***Social Inclusion and Human Development***

- A major objective of the Republic of Moldova is to eradicate poverty. In the national context, poverty and the lack of access to quality education, quality healthcare services and decent public services improved access to employment and economic opportunities along with regional development are considered as priorities and are reflected in Moldova 2020, national sectoral strategies, national programmes, national MDG targets on poverty, education, health, gender equality, international and regional treaties and related commitments, and various EU-Moldova documents.

#### ***Environment, Climate Change and Disaster Risk Management***

- Create adequate legal and institutional framework for environment protection and sustainable use of natural resources; (2) Reduce environmental degradation and negative impacts of economic activities on the environment, natural resources and human health; (3) Improve access to information, environmental education and awareness/behaviour.
- (1) Put in place an institutional-functional framework to coordinate the responses to disasters; (2) To take measures aimed at reducing disasters risks; (3) Conduct information and awareness raising campaigns about protection against disasters.
- Integrate principles of sustainable development into country policies and programs and reduce degradation of natural resources. Increase forested area from 10.3 percent in 2002 to 12.1 percent in 2010 and 13.2 percent in 2015; (2) Increase the share of protected areas to preserve biological diversity from 1.96 percent in 2002 to 4.65 percent in 2010 and 4.65 percent in 2015; (3) Increase the share of people with permanent access to safe water sources from 38.5 percent in 2002 up to 59 percent in 2010 and 65 percent in 2015.

### **Key Activities**

- Environmental Performance Review
- National Policy Dialogue on Integrated Water Resource Management
- Road Map for Mainstreaming Ageing in the Republic of Moldova

### ***Key Activity***

#### **2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW**

**Objective:** This second Environmental Performance Review (EPR) of the Republic of Moldova was carried out seven years after the first Review in 1998. It intends to measure the progress made by the country in managing its environment since then, and in addressing upcoming environmental challenges.

**Brief Description:** The report takes stock of the progress made by the Republic of Moldova in the management of its environment since the first review. It covers eight issues of importance to the Republic of Moldova, concerning policy-making, planning and implementation; the financing of environmental policies and projects; and the integration of environmental concerns in economic sectors and promotion of sustainable development.

#### **Legal and policy-making framework**

- The environment management system has acquired real strengths since the first review. The policy base was developed extensively by the introduction of a number of new environmental laws, strategies, programmes and plans.
- However the legal basis is slow to develop and is still media specific. After an active period of enacting legislation, not much has happened since the first EPR, although a number of recent policy concepts and action plans have called for new or adjusted environmental legislation.
- The elaboration of a legislation based on EU environmental acquis would help the country to fulfil its wish to move towards EU practices.
- There is a need for the development of new competencies in the environmental authorities and their bodies through training and retraining. Training therefore should be a key component of any improvement strategy.

#### ***Key Recommendations:***

1. Following the 2005 EU-Moldova Action Plan, the Government should acknowledge environmental protection of natural resources as a national priority. For this purpose, it should strengthen the capacity of the environmental authorities and their bodies at national, territorial and local level, so that they are able to perform their functions and adequately respond to environmental priorities expressed in the policy papers. To facilitate the convergence to the EU environmental legislation, a new legal EU harmonization department should be established.
2. The Government should strengthen the Ministry of Ecology and Natural Resources to ensure that it fulfils main functions such as implementing international environmental commitments and collecting, managing and disseminating environmental information including the annual State of the Environment Report and other reports.



### **Compliance and enforcement mechanisms**

- Environmental permitting is still based on single-media regulation that makes compliance difficult, places a heavy administrative burden on environmental agencies and the regulated community, and hampers public participation.
- The Republic of Moldova has made progress in terms of greater transparency in environmental assessment. However, more emphasis must be put on the use of environmental assessment instruments, i.e., Environmental Impact Assessment (EIA), State Ecological Expertise (SEE) and Public Ecological Expertise (PEE), especially for those projects with significant environmental impact.
- The State Environment Inspectorate (SEI) possesses a variety of enforcement tools, but it cannot impose sanctions directly. Penalties and fines for administrative violations go through a court procedure, which often results in negligible penalties for the violator.

### **Key Recommendations:**

1. The Ministry of Ecology and Natural Resources should in the short term: Draft legislation and necessary by-laws to introduce an integrated permitting system for installations having significant impact on the environment, following the approach of the EU IPPC Directive as a benchmark; Ensure that self-monitoring requirements for enterprises are included in the permits; and Institute a simplified permitting scheme for other installations.
2. The Ministry of Ecology and Natural Resources should improve the use of the three existing environmental assessment instruments (SEE, EIA and PEE) by linking them closer to the principles to



EU EIA Directive and to other compliance assurance mechanisms and increasing public involvement in environmental assessment decisions.

3. The Government should propose and submit for legislative approval important changes in the application of sanctions against environmental violators by: Allowing administrative imposition of fines; Increasing the level of fines and indexing them to inflation; Making managers responsible for infringements;

### **Information, public participation and education**

- Environmental monitoring has improved since the first EPR; however there is no comprehensive nationwide monitoring programme and the integrated environmental monitoring system is not operational.
- Environmental information has improved unevenly, modern information technologies have not been introduced into all sectors and information is not easily accessible to decision-makers and the public.
- There is a comprehensive and well-thought-out system in pre-school, primary and secondary schools, and higher education. However there are no permanent environmental training courses for public officials and there is almost no environmental education for adults.

### **Key Recommendations:**

1. The Ministry of Ecology and Natural Resources, jointly with the Ministry of Health and Social Protection and in cooperation with the Department of Standardization and Metrology, should review the national monitoring parameters and environmental quality standards:
  - (a) To limit substantially the number of regulated parameters by making the remaining ones consistent with international standards and guidelines;
  - (b) To introduce additional parameters and standards monitoring that are required by multilateral environmental agreements and EU environmental directives, and to set time schedules for phasing in those new parameters and standards that could not be introduced immediately;
  - (c) To focus on a core set of parameters and standards when planning the upgrading of monitoring stations, equipment and devices, and analytical laboratories including relevant staff retraining.
2. The Ministry of Ecology and Natural Resources, in cooperation with the National Bureau of Statistics, the Agency for Forestry “Moldsilva”, the State Water Concern “Apele Moldovei”, the Agency for Geology “AGeoM”, should re-assess the effectiveness of their environmental reporting policies to ensure the publication and uploading onto the Internet of environmental information collected by these institutions, and to make them publicly accessible through Internet, free of charge on a regular basis and in a user-friendly form.
3. The Ministry of Education, Youth and Sports, in cooperation with the Ministry of Ecology and Natural Resources and other stakeholders concerned, including NGOs and the mass media, should consider the establishment of a council on education for sustainable development. This body should help promote and facilitate the implementation, at the national level, of the UNECE Strategy for Education for Sustainable Development, paying particular attention to non-formal and informal education of adults (including education on citizen rights) and to the training of policy-makers and judges.

### **International agreements and commitments**

- There has been huge progress made in international cooperation. Moldova has ratified most environmental agreements of regional and global importance and is implementing them by preparing national contributions and adjusting existing or drafting new national policies on various environmental subjects.

- However implementation of the ratified agreements and commitments remains rather weak and poorly coordinated. International support is often donor-driven and does not always address the real needs of the country.

### ***Key Recommendations:***

1. In order to improve implementation of the ratified international agreements, the Ministry of Ecology and Natural Resources should:
  - (a) Establish clear mandates to the Working Groups for agreement implementation, coordinate their work and report about their results to the Government;
  - (b) Strengthen synergies between relevant Working Groups and avoid duplications of activities developed under the agreements;
  - (c) Seek resources necessary to fulfil obligations under these agreements by all means including organizing donors' meetings.
2. The Ministry of Ecology and Natural Resources should analyze the results of implementation of environmental bilateral and multilateral agreements and other forms of bilateral and multilateral cooperation. Based on this analysis, it should identify the priorities for cooperation and concentrate its resources on them. It should integrate this analysis into its annual report on cooperation with international organizations to the Ministry of Foreign Affairs and European Integration.

### **Economic instruments and environmental funds**

- The effectiveness of market-based instruments used in the country has improved considerably since the first EPR. Excise tax on imported fuel and cars, introduced in 1996, and the new 2003 tax on environmentally harmful products form an essential part of environmental fund revenues. However, numerous tax exemptions diminish the solid revenue performance of these environmentally related taxes.
- While significant advances towards cost-reflective pricing has taken place Further reforms in existing market-based instruments are needed for a more comprehensive and efficient reduction of pollution discharges and decoupling of environmental pressures from economic growth.

### ***Key Recommendations:***

1. The Ministry of Finance in cooperation with the Ministry of Economy and Trade, and the Ministry of Ecology and Natural Resources, should assure the realization of the Republic of Moldova's Millennium Development Goals objectives pertaining to sustainable development. The environment should be made a priority area in both the Government's medium-term budget framework and related annual budgets to assure financing of the key environmental actions specified in the national Economic Growth and Poverty Reduction Strategy Paper.
2. The Ministry of Finance and the Ministry of Ecology and Natural Resources should increase the "ad quantum" excise tax rates on petrol and diesel while differentiating them according to environmental characteristics with the objective to significantly increase the price of diesel versus petrol to reflect its environmental impact. At the same time, they should phase out the "ad valorem" excises on imported fuel.

### **Expenditures for environmental protection**

- Since the first Environmental Performance Review the Republic of Moldova has improved the situation with expenditures for environmental protection. While the country has developed many new policy documents for environmental improvement, but they often do not contain clear measurable targets and

do not indicate the necessary financial resources to achieve their objectives.

- Revenue has increased and environmental expenditure has developed in parallel. However, revenue and expenditure remain low in absolute and per capita terms, as well as in terms of share of GDP. With a very limited contribution of financial resources from abroad (less than ten per cent), state funding still predominates and environmental funds have become the main source of funding since 2000.

### ***Key Recommendations:***

1. The Ministry of Ecology and Natural Resources should identify the priority environmental issues among the already approved national strategies, programmes and action plans. These issues should be consistent with the relevant priorities of the 2004-2006 Economic Growth and Poverty Reduction Strategy Paper, the EECCA Environmental Partnership Strategy and the EU-Moldova Action. The Ministry should set clear measurable targets with related actions for their realization and provide justification of necessary financial resources. The Ministry, in cooperation with other relevant ministries and other governmental agencies, should identify sources of financing that may include the state budget, the National Environmental Fund and external funding by development partners.
2. The National Bureau of Statistics, in cooperation with the Ministry of Ecology and Natural Resources and other relevant governmental agencies, should review the current system and methodology of defining and accounting for environmentally related expenditures in the context of best international practices. The improved accountability might serve as a basis for the Ministry to solicit the Government to increase the level of state environmental funding.

### **Environmental management in agriculture and forestry**

- Agriculture exerts a high amount of pressure on the environment and is damaging to all environmental media. Agricultural production is still a dominant economic activity, but it is not very profitable. However, in spite of tight financial resources, efforts are being made to minimize negative environmental effects.
- Water quality, pasture and ecosystems are still strained. Pasture that is now owned by municipalities is overgrazed; and the quality of drinking water is poor. Ecosystems have been degraded and dismantled by intensive agricultural activities, and their continuity should be re-established.
- The Forest must be better protected. The country is working to increase forest acreage, which currently covers only 11 per cent of land. This would improve land and soil protection, prevent diffuse pollution and protect biodiversity. There is a need for a better-balanced share of responsibilities between the authorities that manage forest resources, a concern still not addressed since the first review.

### ***Key Recommendations:***

1. The Ministry of Agriculture and Food Industry in cooperation with the Ministry of Ecology and Natural Resources should, as a priority, develop a programme for implementing Guidelines for Good Agricultural Practices that should be used as a key instrument to guide policy development and extension services in the agricultural sector. Advising farmers on how to counteract erosion efficiently and effectively should be one of the central components of this implementation programme.
2. The Government should delegate the lead role to the Ministry of Ecology and Natural Resources for, in coordination with the Ministry of Agriculture and Food Industry, the Agency for Forestry “Moldsilva”, the State Water Concern “Apele Moldovei” and the Agency for Land Relations and Cadastre with the active involvement of farmers, NGOs, and municipal and district authorities, elaborating all ongoing and planned land management and afforestation programmes. These efforts should in particular focus

on achieving the following important objectives: Improvement of the management and protection of pasture; Establishment of water protection zones according to the existing laws and regulations; and Establishment of the National Ecological Network of Moldova.

3. The Government should make a proposal to amend the Forest Code in order to give to the Ministry of Ecology and Natural Resources the authority to approve the forestry management plans, transferring to it the structure responsible for developing them. It should improve the supervision of forest exploitation and should be authorized to impose higher fines. Capacity building and its staffing should be adjusted adequately.

### **Environmental management in industrial activities**

- Data on industrial pollution is inefficient. Information about the environmental impact of industry is very limited and does not allow for the setting of targets for emissions reduction or for the identification of priorities and measures to achieve these targets.
- Sectoral environmental policies are not well implemented. Implementation of environmental policies in industry needs to be improved regarding their priorities and targets, their monitoring and the weak coordination between responsible ministries. The lack of appropriate economic incentives and financing mechanisms has compromised expected improvements.
- Environmental standards should be streamlined, many inherited from the Soviet past are too numerous and are unrealistic. Pollution charges have no incentive effect and are applied to too many emission standards. These should be revised.

### **Key Recommendations:**

1. The Ministry of Ecology and Natural Resources in cooperation with the Ministry of Industry and Infrastructure and other relevant stakeholders should develop an integrated system of indicators for monitoring the environmental impact of industries. This system should enable the establishment of targets that would be used for setting priorities for environmental impact mitigation in industrial development strategies.
2. The Ministry of Economy and Trade should coordinate relevant institutions more effectively, monitor the implementation of sectoral programmes, and ensure that environmental issues are integrated effectively into these programmes.

### **Key Activity**

#### **NATIONAL POLICY DIALOGUE ON INTEGRATED WATER RESOURCES MANAGEMENT**

**Objective:** The main objective of the National Policy Dialogue is the development of a governmental strategy for management of water resources based on the principles outlined in the European Union (EU) Water Framework Directive and the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health, as well as other United Nations and EU instruments.

**Brief Description:** The National Policy Dialogue on water is the main operational instrument of the EU Water Initiative (EUWI), an international partnership that aims to contribute to the achievement of the water-related Millennium Development Goals and targets set at the WSSD for water supply and sanitation, within an integrated approach to water resources management. UNECE is the EUWI strategic partner responsible for coordination of National Policy Dialogues on IWMR in countries of Eastern Europe, the Caucasus and Central

Asia. Implementation of the EUWI National Policy Dialogues on IWRM is supported in 2010–2012 by the European Commission and the Governments of Finland, Denmark and Switzerland.

- The NPD/IWRM started in 2006. The dialogue has led to three policy packages adopted in 2009-2010, including a Governmental Order on wastewater discharges from municipal sources (2009), a Draft Order of the Agency Apele Moldovei on the establishment of river basin management authorities and river basin councils (2009), and an Action Plan to achieve the water-related Millennium Development Goals under the Protocol on Water and Health.
- In 2009-2010 with financial assistance from the Government of Switzerland under an agreement between the Swiss Agency for Development and Cooperation (SDC) and UNECE, the Dialogue focused on the setting up of targets and target dates on water and health in accordance with the Protocol. It resulted in a Government Decision on the targets under the Protocol that was adopted on 20 October 2010.
- The main focus of the NPD in the future would be the monitoring of implementation of the established targets under the Protocol on Water and Health. Discussions on possible funding from the Swiss Development Cooperation are ongoing. This work will be done in close coordination with the OECD within its NPD/WSS. The International Water Assessment Centre (IWAC) would be ready to also support NPD activities on transboundary water cooperation with Ukraine in the Prut River. These activities would be implemented under the EU Danube Strategy in close coordination with the Danube ICPDR Commission.



## Montenegro

### **Priority Areas**

1. Social Inclusion
2. Democratic Governance
3. Sustainable economic development and environmental protection

### **Outputs committed by the ECE**

#### ***Sustainable economic development and environmental protection***

- ECE committed itself to energy efficiency market formation, environmental indicators and energy efficiency in housing
- ECE committed itself to country specific PPPs projects.

### **Key Activities**

- Environmental Performance Review
- Country Profile on the Housing Sector (Includes Land Administration Review)
- National Action Plan of Montenegro for Energy Efficiency in the Residential Sector

## Key Activity

### 2<sup>ND</sup> ENVIRONMENTAL PERFORMANCE REVIEW

**Objective:** The first Environmental Performance Review (EPR) of Yugoslavia carried out in 2002 included the review of Montenegro, as at that time it was a constituent part of the country. In 2003 the Federation of Yugoslavia was restructured into, the State Union of Serbia and Montenegro. The second EPR of Montenegro was carried out in 2006 after the country gained its sovereignty. This second review intends to measure the progress made by Montenegro both in managing its environment since the 2002 EPR, and in addressing the coming environmental challenges.

**Brief Description:** The report takes stock of the progress made by Montenegro in the management of its environment since the first review. While looking closely at the implementation of the recommendations of the first review, the report also covers seven issues of importance to Montenegro concerning policymaking, planning and implementation, the financing of environmental policies and projects, and the integration of environmental concerns into economic sectors and the promotion of sustainable development. Issues receiving special attention during the review included compliance and enforcement mechanisms, economic instruments and environmental funds, and environmental management in energy and in tourism.

#### **The decision-making framework and its implementation**

- Since the first EPR Montenegro has made significant progress in the harmonization of its legislation towards EU environmental legislation. Sophisticated laws were passed in 2005 on: integrated pollution prevention and control (IPPC); strategic environmental impact assessment (SEA); environmental impact assessment (EIA). However the lack of implementation of laws is of concern.
- The ongoing harmonization of the Montenegrin environmental legislation with the *acquis communautaire* has been a key challenge since the first environmental performance review. Moreover, environmental priorities drawn up by the Government are not clearly set out and examples of action taken to implement these strategies are still scarce.
- Environmental law enforcement remains a weakness, mostly because of a lack of staff capacities, financial resources and technical means. There is a fragmented system of permitting, scattered inspection responsibilities, and inefficient inspection practices.

#### **Key Recommendations:**

1. The Government should harmonize sectoral strategies and action plans with the priorities and goals of the National Strategy for Sustainable Development. The Government and the ministries concerned should reconcile the content of the strategic documents, and coordinate their implementation.
2. The Ministry of Tourism and Environment should start implementing on a pilot basis the recently adopted legislation on strategic environmental impact assessment (SEA), environmental impact assessment (EIA), integrated pollution prevention and control (IPPC) and waste management.
3. The Government should strengthen significantly the capacity of the bodies responsible for enforcement to ensure effective enforcement of legal requirements, in particular by:
  - (a) Increasing the number of inspectors;
  - (b) Promoting capacity-building programmes for inspection bodies in environmental law enforcement, particularly for new legislation, including permitting procedures and public participation;

- (c) Establishing a polluter register, as requested by the legislation, and using it to streamline the environmental inspection activities;
- (d) Increasing the cooperation of environmental law enforcement authorities with the police;
- (e) Initiating training programmes for judges, state prosecutors and police, to strengthen their capacities in the field of environmental law enforcement.

### **Information, public participation and education**

- Since the first EPR in 2002, Montenegro has made progress in the monitoring of its environment. It has enhanced its air and water quality observation network and has established new and has re-equipped some existing air and water monitoring stations. However, both current monitoring networks and information management procedures are insufficient to meet the requirements of the country's national legislation and international obligations.
- Since 2002, environmental discipline has been incorporated at all levels of education from primary school to university. However, informal education is broadly underdeveloped with at present only a few institutional awareness campaigns in the coastal zone against waste dumping. NGOs are not being active enough on this issue.
- A number of new laws have strengthened the role of the public in environmental decision-making. An example of influence on decision-making has been the dam construction project on the Tara River, located in a protected area, a proposal that was withdrawn under public pressure in 2005. However further progress is needed on setting out procedures for public involvement.

### **Key Recommendations:**

1. The Ministry of Tourism and Environment, in cooperation with relevant stakeholders, should complete the reform of the environmental integrated monitoring and information system. The Ministry should take the leading role in its implementation as well as responsibility for mobilizing the internal and external resources needed. The Ministry of Tourism and Environment should, in particular:
  - (a) Harmonize the environmental monitoring programme and reporting system with European Environment Agency standards;
  - (b) Clarify the responsibilities of the respective monitoring institutions for the implementation of the different parts of the integrated monitoring programme;
  - (c) Clarify the procedures and standards for providing, processing and disseminating information.
2. To strengthen the environmental non-governmental organization (NGO) sector further and to improve public participation in environmental decision-making, the Government, in cooperation with NGOs, should:
  - (a) Review the NGO legislation on tax exemptions;
  - (b) Complete preparatory procedures to accede to the Convention on Access to Information, Public Participation in Decision-making, and Access to Justice in Environmental Matters (Aarhus Convention);
  - (c) Further improve regulations on public access to environmental information and participation in environmental decision-making, in particular in EIA and permitting procedures, and the development of environmental policies, plans and programmes;
  - (d) Initiate the revision and approval of policies and clarify procedures of cooperation between government agencies and NGOs.

### Implementation of international agreements and commitments

- Since its independence, Montenegro has maintained a strategic objective to integrate with the European Union. This long-term objective must be reached through the harmonization of its legislation, with 145 documents in the area of environmental protection. The country is benefiting from assistance from the EU; although in many cases, because the country is not clearly defining its priorities, the projects are donor-driven.
- Montenegro is actively preparing the legislative basis needed for implementing the MEAs and for integrating with the EU. But the implementation step will be problematic because the structure and capacity of the Ministry is not well suited for the effective implementation of the MEAs and technical assistance projects.

#### **Key Recommendations:**

1. The Government should strengthen the institutional capacity of the Ministry of Tourism and Environment for international environmental cooperation, to meet the requirements linked to the further development of multilateral environmental agreements and their implementation, as well as the European Union (EU) accession process (including the establishment of a project implementation unit).
2. Concerning multilateral environmental agreements (MEAs):
  - (a) The Government should: Proceed with the ratification of MEAs for which all the necessary preparatory work has been done; and ii. Designate relevant government bodies as focal points and competent authorities for the MEAs, and create adequate conditions to ensure their implementation. These government bodies should continue attracting international assistance for this purpose, with the ultimate objective being to build sufficient national capacity for their implementation.
  - (b) The Ministry of Tourism and Environment should, in cooperation with relevant international organizations and financing institutions, develop national implementation plans (or similar documents) for MEAs that are signed and ratified according to their provisions.

### Economic instruments

- The use of economic instruments for environmental objectives is still underdeveloped. There are no comprehensive statistics on the revenues from environmental taxes and charges. There are not adequate incentives to improve behaviours towards an increased care of the environment. In short, sanctions are neither credible nor effective.
- A more stringent and intensive use of combined economic and regulatory instruments is urgently needed in many sectors. Transport-related air pollution is a huge concern, charges on waste, water and wastewater are too low to curb waste generation and reduce water consumption. Cleaner technology in industry and energy sectors is not promoted, nor are there any economic incentives to boost the introduction of best available techniques (BAT).

#### **Key Recommendations:**

1. The Government needs to ensure a more stringent application of environmental policy instruments in line with the polluter- and user-pays principles in order to create adequate incentives for changing behaviour towards the environment. In this context, it should base the determination of specific policy measures on an intensive dialogue with major stakeholders, with the aims of:
  - (a) Reviewing the effectiveness of existing economic instruments for environmental protection in achieving well-defined and realistic environmental objectives;
  - (b) Determining policies that achieve major environmental benefits in a cost-effective way;

- (c) Achieving the gradual elimination of environmentally harmful subsidies, taking into account the need to ensure social affordability and provide for support in the event of compelling competitiveness concerns in well-defined and limited cases.
  - (d) Abolishing taxes currently earmarked for environmental financing, but which have no obvious environmental impact, such as the investment tax on business projects requiring an environmental impact assessment, which should be replaced by an appropriate administrative fee.
2. The Government should enforce more stringent environmental standards within the framework of well-defined emission targets for major pollutants. The associated incentives for firms to increase investments in pollution abatement and control equipment should be supported by adequate fiscal policy measures to stimulate investment in best available techniques.

### **Environmental expenditures and their financing**

- There is a need to establish clear priorities for public sector environmental spending programmes and to ensure their cost-effectiveness. Total expenditures corresponding to only 0.2 per cent of GDP are insufficient and illustrate the need for environmental protection to be moved up the Government's priority list.
- There is no reporting system for environmental protection expenditure and revenue. There is a need for a coherent and comprehensive information and reporting system for this, and for revenues relating to the environment covering the public sector, business sector and private households.

### **Key Recommendations:**

1. The Government and the municipalities should significantly increase budget resources for the financing of environmental protection measures. The Government and municipalities should integrate medium-term environmental investment plans with the annual and multi-annual budget processes on the basis of





prioritized, results-oriented programmes. Funds should be allocated according to clear and transparent criteria, and if possible, should involve a cost-benefit analysis of proposed major projects.

2. The Government should establish a coherent and comprehensive information and reporting system for environmental protection expenditures and revenues covering the public sector, business sector and private households. As a general framework for this, it should use the European System for the Collection of Economic Information on the Environment (SERIEE) developed by the Organisation of Economic Co-operation and Development/Eurostat and the associated Classification of Environmental Protection Activities and Expenditures (CEPA).

### **Tourism and environment**

- The increasing dynamism of Montenegro's economic sector is leading to uncontrolled development. In the coastal zone pressures on the landscape continue to increase, mostly due to the lack of land use planning. Uncontrolled and illegal building is taking place along the beaches; the mountain region nature is under threat. Tourist infrastructure needs to be developed there, but projects for several large ski areas are not complying with sustainable tourism principles.
- Protected areas are also under threat from tourism pressure. In principle, national parks are suitable places for sustainable tourism. In Montenegro, management plans for the four national parks and other protected assets have been mooted, but never realized.
- A series of recommendations for the development of sustainable tourism were addressed to Montenegro in the first Environmental Performance Review (EPR) in 2002, but have not been implemented.

### **Key Recommendations:**

1. The Government should enforce the Law on Environmental Impact Assessment and the Law on Strategic Environmental Assessment (OG RM No. 80/2005) as soon as possible, in order to control the environmentally-sound development and rehabilitation of infrastructure, particularly in tourist areas.
2. The Ministry of Tourism and Environment with relevant stakeholders should further implement management plans for all protected areas.
3. The Ministry for Economic Development, in cooperation with all relevant stakeholders at the national and municipal levels should take effective measures to urgently stop uncontrolled and illegal constructions to preserve the tourism potential and nature values.

### **Energy and environment**

- Seventy-five per cent of electricity produced in Montenegro is renewable, and is generated from large hydropower plants. The remaining power is produced by burning lignite in a single power plant that has no pollution abatement technology. There is a need for a strategy on renewable energy with proposals for a mix of various technologies adapted to local circumstances.
- Energy efficiency is low; just two big industrial plants consume half of the total available electricity, the rest being consumed by domestic heating and appliances. Huge losses are incurred. An *Energy Efficiency Strategy* was adopted in 2005, but no action on it has been taken so far. There is untapped potential to save energy in the residential and business sectors.

### **Key Recommendations:**

1. The Government should strive to improve energy efficiency, in particular through:
  - (a) Phasing out subsidization of electricity prices to private households and large enterprises;
  - (b) Increasing investments required to reduce losses in the electricity transmission and distribution systems;

- (c) Improving the collection of electricity bills and introducing special support measures for those who cannot afford to pay full price;
  - (d) Designing and implementing appropriate incentives for reducing electricity consumption in residential buildings.
2. The Ministry for Economic Development and the Ministry of Tourism and Environment should ensure the development of renewable energy sources (hydropower, solar and wind power, and biomass) in accordance with the goals of the National Strategy for Sustainable Development (NSDS). Various scenarios should be developed and discussed in forums with a high level of public participation. Targets for renewable energy sources should be adopted by the Government within the framework of the general energy policy, NSDS and relevant spatial plans.
- (a) The Government should encourage the Electric Power Company of Montenegro (EPCG) and private domestic and foreign investors, and seek foreign assistance, to support the implementation of renewable energy projects.



## ***C. United Nations Development Cooperation Strategy***

### ***Turkey***

#### **Priority Areas**

1. Democratic and Environmental Governance
2. Disparity reduction, social inclusion and Basic Public Services
3. Poverty and Employment

#### **Outcomes committed by the ECE**

##### ***Democratic and Environmental Governance***

- Strengthening policy formulation and implementation capacity for the protection of the environment and cultural heritage in line with sustainable development principles taking into consideration climate change and disaster management
- Increased provision of inclusive and responsive public as well as community-based services to strengthen equitable access to knowledge, information and quality basic services (education, health, nutrition, water and sanitation, and human safety)

#### **Key Activities**

- EU-funded Twinning Project between Italy and Turkey –“Modernization of the Turkish Administration – NCTS Component”  
*Istanbul, 11-12 February 2010*
- UNCT retreat on the UN Development Cooperation Strategy on Turkey  
*Ankara, Turkey, 11-12 February 2010*