

EXECUTIVE SUMMARY

In May 2003, the Environment Ministers of the UNECE regionⁱ adopted the Environment Strategy for the countries of Eastern Europe, Caucasus and Central Asia (EECCAⁱⁱ), and agreed to assess progress in achieving the objectives of the Strategy when they meet again in 2007. The aim of this report is to examine where things stand with regard to the seven objectives of the EECCA Environment Strategy. The intention is not to compare countries or to assess performance, but rather to take stock and establish a baseline for assessing progress for each country and the region as a whole in 2007.

The EECCA region is far from homogeneous. Countries differ in natural capital endowments, degree of urbanisation, economic structure and response capacity. In the more urbanised countries of western EECCA, pollution issues tend to be more important, while in the poorer Central Asian countries natural resources management linked to the productivity of agriculture tends to be more prominent. Each country needs to develop its own targets for the different objectives of the Strategy.

There are also important variations in per capita income within the EECCA region. In the Russian Federation it is USD 2 130, and in Tajikistan it is USD 180 (the average for OECD countries is USD 22 567). Seven of the 12 EECCA countries are IDAⁱⁱⁱ countries, and their low levels of income severely constrain their ability to pay for environmental improvement. These differences need to be borne in mind when reading this report.

At the same time, EECCA countries share common challenges, including: persistence of inefficient production structures; relatively extensive but deteriorated environmental infrastructure that is expensive to operate; unenforceable regulations; enforcement systems focused on punitive actions; a culture of top-down environmental management; limited access to international experience on environmental management outside the region; and the low priority of environmental issues on the political agenda. The political and economic transition brought a reduction of some environmental pressures, but also a budgetary crisis that affected the capacity to maintain environmental infrastructure, and induced environment agencies to focus on raising revenue rather than on changing behaviour. Also, environmental authorities still focus on enforcing laws and regulations that are often flawed, rather than on achieving well-defined targets for protecting human health and the environment.

In the near future, environmental conditions and management in EECCA countries will be influenced to different degrees by economic growth, opportunities for some countries to co-operate with “new neighbours” following EU enlargement, and the emergence of a more results-oriented international development agenda. As the transition to a market economy and democracy advances, new opportunities for making successful use of policy instruments – including economic instruments and public participation – are emerging. These trends also call for the development of new relationships with enterprises in order to improve the environmental performance of the private sector.

Although constructing a good set of headline indicators is partially hampered by the limited data available, existing sources provide sufficient background information to

provide a snapshot of the situation of EECCA countries in the key areas covered by the Strategy. To be able to adequately assess progress in achieving the objectives of the Strategy, however, more work needs to be done to ensure access to national databases tracking environmental conditions, and on developing indicators of environmental management that focus on “responses” or actions taken.

The overall picture that this study shows is grim: the challenges are daunting, the means are limited and many of the approaches that are being followed are ineffective. Yet, this should not detract from the valiant efforts that the EECCA countries have made – and are still making – to improve environmental conditions and policies. The high level of technical skill and the commitment of many professionals and citizens are reasons for optimism. The key task is to harness these skills and energies more effectively in order to resolve pressing environmental problems.

Taking Stock across Objectives

The seven objectives of the EECCA Environment Strategy cover both environmental outcome areas (risk to human health, natural resources management) and environmental policy response areas: environmental legislation, policies and institutions; policy integration; environmental expenditures; public participation and education; and transboundary co-operation. This report is structured around those seven objectives, which aim to improve the following:

Environmental Laws, Policies and Institutions. Across the region, legislation is extensive but largely inconsistent and unenforceable. Environmental policies are neither effective nor efficient in stimulating significant environmental improvements, and policy instruments still present serious shortcomings. Although a broad range of environmental management instruments is being used, the current policy packages are not aimed at achieving specific targets and are not streamlined. Environmental Impact Assessment is still not close to international best practice. Permitting, where it exists, is fragmented. Economic instruments are used to raise revenue rather than change behaviour. Assurance of compliance with environmental regulations focuses on the quantity of enforcement actions taken rather than on achieving environmental targets. Weak, and weakening, institutions are not able, and do not have the incentives or the means, to achieve environmental objectives. They suffer from weak authority, out-dated management and decision-making practices, scarcity of resources, high turnover of professionals and frequent restructuring. Environment ministries generally see themselves as “enforcers” of environmental protection regulations, rather than as “managers” of environmental resources for the benefit of society.

Impact on Human Health. A significant burden of environmental disease persists in the region. Unaffordable water infrastructure systems are crumbling, urban air pollution is on the increase due to rapid motorisation, and waste and chemicals management is largely deficient.

- *Urban air pollution.* Fine particulate matter and lead are the main pollutants, and transport is responsible for up to 70% of emissions. Emission levels of fine particulate matter are not being monitored at present, but leaded gasoline has been phased out in six EECCA countries.
- *Water supply and sanitation.* Outbreaks of water-related diseases are increasing. In many EECCA countries, over one-third of the population is drinking water that does not meet hygiene standards and less than 30% of the population in rural areas is served by networks. Prices of drinking water are increasing, but often cover less

than 60% of operation and maintenance costs. Also, governance arrangements remain complex and inconsistent, even though they frequently change.

- *Waste and chemicals.* Plans and programmes for solid waste management have been formulated, but the regulatory framework is not well-developed, municipalities cannot afford the required investments, and there are obstacles to inter-municipal co-operation. In some countries of the region, there is a legacy of soil contaminated by heavy metals and stockpiles of pesticides and hazardous toxic waste.

Natural Resources Management. Some EECCA countries are making progress in laying down the building blocks of integrated water resources management. Capacity for biodiversity management, on the other hand, has been greatly reduced.

- *Integrated water resources management (IWRM).* Water quality, including salinisation, is a real concern. Trends are mixed for water abstraction, but it remains at very high levels. In the region, IWRM is still in its infancy, with only two countries having developed IWRM plans. Reported wastewater treatment, however, is generally relatively high – 60% of wastewater is collected, of which 80% is treated. The regional seas are subjected to serious environmental pressures in the form of reduced freshwater in-flows; heavy pollution from agriculture, urban and oil industry sources; unsustainable fishing; and the presence of alien species. Co-operation remains difficult in the Aral and Caspian Seas.
- *Biodiversity management.* The EECCA region is home to ecosystems of global importance, including the Caucasus region, the Black Sea wetlands complex and the Central Asian mountains. Biodiversity conservation efforts are being hampered in protected areas by an unfinished transition from an enforcement approach to a stakeholder involvement approach, and outside these areas by insufficient integration of biodiversity concerns into natural resources management. Moreover, financial support for biodiversity management has declined and collapsed in many cases.

Environmental Policy Integration. Environmental ministries were among the first to initiate sectoral integration, but it is still at an early stage and addressed in a fragmented way. The economic crisis resulting from the transition reduced the pressures of key sectors (energy, transport, agriculture) on the environment, but policies have not been reformed to integrate environmental considerations. Limited organisational and administrative resources, weak traditions of inter-ministerial co-ordination, and the relative weakness of environment ministries have limited the scope for integration.

- *Energy and transport.* Slow policy reforms in this sector have resulted in persistently high energy use per unit of GDP. Energy and fuel prices remain low. Energy efficiency strategies have been formulated, but with over-reliance on foreign finance. On the other hand, leaded gasoline is being phased out in the region, and technical and age restrictions on car imports have been enacted.
- *Agriculture and forestry.* Agri-environmental policy development is still at an early stage, but some progress is being made thanks to international projects. Alongside non-forestry pressures, forests are being affected by over-cutting, illegal logging and fires related to logging activities.

Mobilisation and Allocation of Financial Resources. A financing gap for achieving environmental objectives co-exists with a significant effort to mobilise financial resources on the part of some EECCA countries. This effort is largely focused on operating and

maintaining the water sector, rather than on making new investments. Existing public resources could achieve better results. Public funds are spent without clear programmatic frameworks and spread over too many programmes that fail to be implemented, including those that could be implemented without government funding. The environmental policy framework does not provide sufficient incentives for private investments in environmental protection, even though enterprises in some EECCA countries could do more in this respect. Donor support has increased, but remains below that allocated to other regions. Moreover, this support is not always efficient, co-ordinated or responsive to the real needs of the region.

Information Management, Education and Public Participation. Information management does not satisfy policy and operational needs. Levels of public awareness and participation are low. Environmental education is receiving some attention.

- *Information management.* Environmental information systems do not correspond with policy and operational needs. Monitoring is not demand driven, and capacity has suffered a drastic decline in the Caucasus and Central Asia. Weak institutional co-ordination has resulted in duplication, incompatible data collection and fee-based data exchange. Half of the EECCA countries regularly publish State of the Environment Reports, but of mixed quality and with limited use of policy-linked indicators.
- *Public participation in decision-making.* There is a low level of public environmental awareness, partly as a result of the economic situation. The Aarhus Convention^{iv} has been ratified in most EECCA countries and several countries are developing mechanisms for public participation, but many governments are still reluctant to allow for such participation.
- *Environmental education* and, more broadly, education for sustainable development, have gained greater visibility, but further efforts are needed to integrate them into curricula at all levels. The legal and normative basis for this has been established, but much conceptual work remains to be done and resources are still insufficient.

Transboundary Issues. International conventions are routinely signed, but implementation continues to lag. Progress in transboundary water resources co-operation has been notable, although competition issues between upstream and downstream countries have not yet been resolved in many cases.

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- i The member states of the United Nations Economic Commission for Europe include the countries of Europe, but also countries in North America (Canada and United States), Central Asia (Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan) and Western Asia (Israel).
- ii The 12 EECCA countries are: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.
- iii International Development Association. As part of the World Bank Group, IDA provides concessional loans to low-income countries.
- iv The official name of the Aarhus Convention is 'UNECE Convention on Access to Information, Public Participation in Decision Making and Access to Justice in Environmental Matters'.