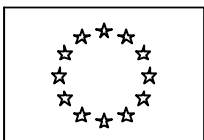


Task Force for Implementation of the
Regional Environmental Reconstruction Programme
for South Eastern Europe
(REReP Task Force)

Third meeting
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Bosnia and Herzegovina

Review of the REReP mechanism



EUROPEAN COMMISSION
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Review of the REReP mechanism

A discussion document adopted on the Task Force meeting on 7th September

1. INTRODUCTION

The idea of a Regional Environmental Reconstruction Programme (REReP) first came to prominence at the informal meeting of EU environment ministers in Helsinki in July 1999. This meeting gave the first political push that launched the programme into the international arena. REReP developed rapidly, gaining widespread support culminating in its endorsement by both the Stability Pact for South Eastern Europe and the SEE environment ministers. The programme was included in the Quick Start package where it raised significant financial support from the donor community. It was always recognised that the programme would evolve, developing to meet changing circumstances. Two years into its existence the programme is now at the point where a first examination should be made.

This note is intended to examine the state of health of the programme and when necessary make recommendations for change. It is presented to the Task Force for Implementation of the REReP to stimulate discussion and a number of recommendations are made for consideration.

2. THE FIRST TWO YEARS

Initial efforts were aimed at elaborating the programme and ensuring its political support. In the frenetic activity of the early days it was important to establish the REReP as the vehicle through which environmental actions could be focused and clear the institutional confusion over who did what. The grant-based REReP specifically targeted the necessary reforms to ensure long-term environmentally sustainable development. Environmental infrastructure projects (e.g. water sector) were handled separately by the IFI's being dealt with through loan-based assistance. These two initiatives although separate, were complimentary.

The political exclusion of the Federal Republic of Yugoslavia meant that the geographic coverage remained incomplete for much of this initial phase. FRY activities were not included in the initial package although the structure of the programme allowed for their inclusion when conditions allowed. The change in the government of FRY meant that the country was incorporated into the programme in November 2000.

In order to kick-start the programme a package of project proposals was rapidly compiled and presented to the Regional Financing Conference in March 2000. This resulted in a number of pledges being made for REReP under the Quick Start Package. The aim of the Quick Start approach was to generate momentum for the activities related to the Stability Pact and act as a catalyst for the mobilisation of extra funding. It can be said that this has been successfully achieved. With this initial phase now finished attention must now turn to the future. There is a clear need to review the direction to be taken by REReP in the light of the current situation and rationalise the mechanism to meet present realities.

3. REVIEW

3.1. The political framework

Albania, Bosnia-Herzegovina, Croatia, the former Yugoslav Republic of Macedonia (fYROM) and the Federal Republic of Yugoslavia (FRY) are now part of the Stabilisation and Association Process (SAP) that constitutes the European Union's key policy for the region. This process was launched in summer 1999 in the immediate aftermath of the Kosovo conflict. It forms the European Union's contribution to the Stability Pact for South Eastern Europe that was launched at around the same time. The Stabilisation and Association Agreements (SAAs) are a cornerstone of the SAP. These agreements are a formal contractual relationship between the EU and each of the countries of South Eastern Europe and place an obligation on them for regional co-operation as a pre-requisite for further integration.

Negotiations for the first two SAAs have been completed with FYROM (the agreement has been signed) and Croatia (the agreement has been initialled). Environment is specifically identified as an area for co-operation in each SAA and a list of fields for co-operation is given in each agreement. These fields are closely linked to the environmental part of the body of EU law known as the *acquis communautaire*. The list of environmental fields is similar in content and scope to that contained in the Europe Agreements that were signed in the 1990s with the Central and East European Countries prior to them becoming candidates to the European Union. These SAA agreements will now be used to assist the integration of the countries into EU structures. The SAAs also contain firm obligations to co-operate regionally with neighbouring countries.

Community assistance in support of the SAP is provided through the European Community's CARDS (Community Assistance for Reconstruction, Democratisation and Stabilisation) financial instrument. Future community assistance for the region through the CARDS regulation will be in support of the SAP.

The REReP has to now develop to play a role in assisting the SEE countries to meet the regional obligations of their respective SAAs and needs to be firmly embedded into this evolving international framework for its future to be secure. The REReP must now develop into a vehicle to assist the countries of South Eastern Europe in their long-term goal of integration into the structures of the European Union.

3.2. Aims and objectives

With the political landscape now very different from that when REReP was initially conceived, it now needs to evolve to reflect the need for a structured approach within this new international framework. REReP has the advantage of having been initially well structured with a well-reasoned underlying logic and therefore fits easily within the SAP approach. What is now needed is a clear statement of the aims and objectives of the programme that makes the link to these wider driving forces and explains with clarity the goal of assistance. The aims of the REReP could be briefly re-stated as:

- *To foster regional environmental co-operation in South Eastern Europe and create the conditions for sustainable development.*
- *To support the countries of the region in meeting their obligations on regional co-operation within the Stabilisation and Association Process.*
- *To enable effective co-ordination of international assistance and initiatives on environmental issues in order to compliment the Stabilisation and Association process.*

To clearly indicate the direction the programme is taking its objectives must be more specific. They need to be short, but clear on what should be the result of the various assistance programmes. The objectives of the REReP could be grouped as:

- *Creation of functioning environmental institutions and the development of a sound, effectively enforced environmental legal and policy framework that is approximating with that of the European Union.*

- *Strengthened civil society, in which the public has access to environmental information, participates in environmental decision-making and environmental awareness is enhanced.*
- *Measurably reduced levels of environmental pollution with the corresponding health benefits that will follow.*
- *Minimising environmental pressures arising from economic recovery.*

In addition the first steps to peace and stability in the region can be taken through genuine environmental regional cooperation. Therefore an additional objective should be:

- *Genuine environmental regional cooperation on cross border issues that meets the obligations of the Stabilisation and Association Process.*

3.3. Structure

The REReP was created to encourage the necessary reforms to ensure that reconstruction of the region would be environmentally sustainable. It also presented the opportunity to encourage regional co-operation on a politically neutral issue as well as the opportunity to enable co-ordination of the various bilateral programmes. The REReP is an initiative structured on five principle elements:

- Institution building
- Support to environmental civil society
- Emergency assistance for combating war damage
- Support to existing environmental regional co-operation mechanisms and cross border projects
- Local and National Environmental Priorities

Within these priority themes a number of projects are undertaken. Starting from scratch an initial list of projects was presented for funding at the conference of March 2000. A number have been taken up, a number remain without donor support. The reasons for this will be addressed later in this note. Alongside this list there are now lists of associated donor projects and additional projects seeking funds.

Whilst the five principle elements remain valid there is scope for simplification. With the passage of time the measures that would have been taken in the immediate aftermath under emergency assistance are being picked up through the national programmes that also address the local and national environmental priorities. It would therefore seem desirable to merge the two elements "combating war damage" and "local and national environmental priorities" into a single element. To ensure consistency with the newly stated objectives and given that these projects ultimately aim to reduce environmental risks to health, they could be grouped under the single heading "Reducing environmental health threats "

Thus the revised programme would therefore assume four priority elements:

- Institution building
- Support to environmental civil society
- Support to environmental regional co-operation mechanisms and cross border projects
- Reducing environmental health threats and loss of biodiversity.

Participation within REReP is open to the countries of South Eastern Europe, the international donor community including the International Financial Institutions (IFIs), international institutions and the environmental NGO community of the region. The secretariat role should remain with the Regional Environment Centre for Central and Eastern Europe (REC).

3.4. Project Lists

The first group of project proposals under the REReP were endorsed at the meeting of SEE Environment Ministers and presented for finance under the Stability Pact Quick Start Package. At the first SEE financing conference held in Brussels in March 2000 the REReP was presented as a complete package and a number of pledges were made. Later bilateral contacts were needed before donors would agree to finance the individual projects, a process that was complicated by the lack of detailed proposals given the speed at which initial selections had been required. Subsequently a number of additional proposals have been presented and associated bilateral environmental projects listed to develop a complete overview of activity in the field. All of this has led to a confused situation with a high number of project lists, namely:

1. A list of quick start projects some of which are funded, some are not. Some have detailed proposals - some do not.
2. A list of associated bilateral projects (not in the QS package) that are ongoing and tackle the regional issues addressed by REReP.
3. A list of projects without project fiche (descriptions) or fiche without detailed project proposals.
4. A list of new concept projects or detailed proposals seeking finance.

Whilst this situation has arisen through the natural evolution of the programme it now clearly needs to be rationalised and presented in a more coherent fashion.

The Quick Start exercise was a 'one off' and continuing finance will be provided largely from the usual budgets for technical assistance. Therefore the projects should be reorganised into two simple lists.

1. Projects for which there is a firm donor commitment.

The criteria for inclusion on this first list need to be simplified and should be:

Any project that is regional in nature fits under one of the 4 priority components and has received the firm financial commitment of a donor should be automatically included in this first REReP list.

2. Projects awaiting donor interest.

Any project with a project fiche and a detailed project description that is regional in nature and fits under one of the 4 priority components could be included in this second list.

3.5. Project Selection

The subject of project selection and endorsement in REReP should be streamlined in the light of experience. The manner in which new projects are dealt with in the REReP meetings needs to be revised in the light of experience and guidelines are needed on how projects should be dealt with in REReP.

The initial project selection was made from the 'Quick Start' list endorsed by the environment ministers in Skopje in March 2000. The lessons of this initial phase can now be drawn.

The political support of the ministers for the REReP programme was of huge significance in signalling the ownership of the process and securing its place in the Stability Pact. Actual selection of individual projects by donors was influenced by other factors and their presence on the Quick Start list from Skopje was of less importance. Apart from the fact that a project needed to fit within the priority environmental themes of the REReP the factors that influenced its ultimate acceptance:

Was the project proposal well developed?

Many on the quick start list were not financed for this reason. Poorly developed projects were not taken up but the lack of beneficiary capacity to develop projects and the rapidity with which donors expected them to be provided exacerbated this problem.

- Did the project coincide with the interest of the donors?
The ultimate decision to finance depended on the priorities of the donor assistance programmes. Different donors had different priorities.
- Was the project regional?
In reality many of the 'regional' projects were developed nationally and had little or no component of regional co-operation. The initial emphasis in REReP had been on precisely this element and unlike other areas of Stability Pact activity this programme had been relatively successful in securing regional support. This was a reason why many projects were not taken up; they were not regionally developed.

For the future there is a need to clarify how projects will be handled within REReP. It needs to be clearly understood that as with the Stability Pact, REReP does not have resources to finance projects. Finance comes from the donor assistance programmes.

The definition of 'regional' projects is evolving in the framework of the Stability Pact and projects fall into one of two categories:

- Projects that are national but address transboundary threats and issues, or are best practices that can serve as models for the region.
- Projects that are truly regional and involve cooperation between more than one beneficiary states.

Those environmental projects falling into the first category will be financed through the various bilateral donor programmes and finance will need to be secured through these mechanisms. Whilst the REReP network can be used to advertise such projects to the donor community the REReP will not duplicate the existing mechanisms and these projects do not need to be discussed in detail at the REReP meetings. They would however be recorded on the REReP list if finance has been agreed and they fit clearly within the four priority elements of the programme (institution building, support to civil society, regional mechanisms/cross border projects and reducing health threats).

Projects falling into the second category could be discussed through REReP as the support of numerous participants would be needed for their success. The NGO steering committee has an important role in defining the real needs and priorities of the NGO community. Their support will be significant in securing donor finance for civil society projects and ensuring balance during discussions in the Task Force meetings. The support of REReP can provide 'added value' to this type of regional project when seeking to secure finance through existing mechanisms.

Regional projects need to be developed under the ownership of the countries of the region with clear involvement and commitment of the countries themselves. As agreed in Cavtat the REReP Secretariat should only be involved in implementation when requested by the lead countries.

3.6. Meetings

The structure of meetings has been deliberately kept to the necessary minimum to retain the focus of the programme, minimise bureaucracy and avoid the proliferation of Secretariat costs. The main point of focus is the Task Force meeting at which all of the participants are present and consensus steers the programme. This is supplemented by the NGO Steering Committee and the informal donor co-ordination network. Additional ad-hoc meetings are arranged as necessary (e.g. to discuss cooperation on particular projects). For the moment it is not recommended to change this structure although it may be necessary in the future to organise a steering bureau as is the case in the EAP Task Force. The focus of the Task Force meetings however should evolve to meet the current circumstances (and continue to do so in the future).

The agenda of initial meetings dwelt heavily on the analysis of project lists and securing finance for projects on these lists. It will always be the role of this meeting to monitor progress and seek to secure additional funding. However, given the size of the meeting, the level of representation of SEE countries and the time available it is no longer appropriate to address each individual project on the list. The attention of the meeting needs to shift towards discussion of the substantive issues that require resolution and progress monitoring of the programme as a whole. Therefore the following recommendations are made for future meetings:

- Whilst the project lists should be distributed at the meeting the discussion should be limited to particular problems or progress with major programmes (i.e. the UNEP Balkan Task Force clean-up in FRY). At the November meeting of the Task Force, the Secretariat presented funding statistics for the overall programme and a template for progress monitoring. The future of REReP will depend on its ongoing success and there will be a need for further development and refinement of such statistics as the programme evolves.
- The SEE countries should be requested to make progress reports on the reforms to government institutions and civil society that the REReP seeks to promote. This will provide the evidence that assistance is effective and support efforts to solicit further financing of the programme.
- Discussions should be held on particular issues of common interest and REReP should serve as the forum for overall co-ordination, not just of assistance projects but strategies approaches.
- In order to facilitate the integration of environmental considerations into other sectors there will be a need for greater involvement of the IFIs.
- The REReP Task Force meetings should respond to the needs and demands of the evolving Stabilisation and Association Process and Stability Pact for South Eastern Europe. They should particularly focus on progress in approximation to EU environmental norms and standards.

4. CONCLUSIONS

The REReP has had a successful start although it has encountered its share of problems. There are a number of improvements and modifications that can be made to both the programme and the mechanisms that serve it. These have been outlined in this note. In the light of the discussions at the 3rd meeting of the REReP Task Force for Implementation in Sarajevo a short, concise summary of the programme should be produced to reflect the changes that are agreed. This will then serve as an explanatory report on the REReP to be distributed as appropriate, to interested parties.

5. RECOMMENDATIONS

The Task Force for implementation has discussed the ideas put forward in this note, and agreed with the recommendations contained within the text on:

- Aims;
- Objectives;
- Structure,
- Project lists
- Meetings of the Task Force.