

Final Report

**EPIQ Slovakia
Environmental Policy Component**

August 27, 1999

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EPIQ Slovakia
Environmental Policy Component

By
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Preface

The EPIQ Slovakia Project benefited from the support and assistance of many people and the full list would be a very long one. However this report would be incomplete if it did not at least acknowledge some of the key people who made the project successful and enjoyable at both the professional and personal levels. In the Ministry of Environment, Mr. Ivan Zavadsky, Director General, Air, Water, Waste and Risk Assessment provided excellent day to day direction; Dr. Bozena Gasperikova, Director of Legislation directly supervised the legislative projects, the State Secretary, Ms Zdeka Tothova acted as the formal counterpart and the Minister, Professor Miklos was available whenever he was needed. Mr. Jozef Skultety, Director of International Affairs also provided advice throughout the project period

USAID Bratislava staff were fully supportive with Mr. Laslo Molnar providing day to day support, Ms. Maria Mamlouk gave the project the benefit of her broader program perspective and Ms. Paula Goddard, Mission Director providing direction and consultation. Also a word of thanks to Mr. David Lockhart, Executive Officer whose tireless knowledge of the rules and regulations and knack for finding the errors in the figures were particularly helpful especially during the close out period. From the Washington side the project greatly benefited from the knowledgeable challenging but always supportive comments and criticism of Carol Pierstdorff, the CTO and in the finest tradition of Adam Smith one sensed the unseen hand of Loren Schulze, Chief, Environment and Natural Resources Division.

The field activities were backstopped very capably by Tod Cowen of HIID and Doug Clark of IRG with the administrative support being ably provided by Debbie Green initially and Leticia Orti in the latter stages. Dr. Theo Panayotou deserves well earned credit for the overall concept and vision of environmental policy and economic advice not only for Slovakia but also for the countries of the region generally.

Finally, the project would not have been possible without the untiring professional, dedicated, enthusiastic support of my two colleagues Dr. Danka Jassikova-Thalmeinerova, and Ms. Zuska Gasperakova.

The views expressed in this document are solely those of author(s) and do not necessarily represent the views of the USAID, the host government, or the Harvard Institute for International Development.

Acronyms

This Report uses the following acronyms and abbreviations:

| | |
|--------|--|
| AINOVA | Academia Istropolitana Nova |
| C4EP | Central and Eastern Europe Environmental Economics Project |
| EMC | Environmental Management Consultant |
| EPIQ | Environmental Policy and Institutional Strengthening Indefinite Quantity Contract |
| EU | European Union |
| GMO | Genetically Modified Organisms |
| HIID | Harvard Institute for International Development |
| MoA | Ministry of Agriculture of the Slovak Republic |
| MoE | Ministry of Environment of the Slovak Republic |
| NGO | Non-Governmental Organization |
| OECD | Organization for Economic Co-operation and Development |
| SEPA | Senior Environmental Policy Advisor |
| SOW | Scope of Work |
| USAID | United States Agency for International Development |

Executive Summary

The EPIQ Slovakia project built upon the earlier USAID sponsored C4EP project. The EPIQ project has also had a number of measurable impacts which will be sustained beyond the termination of the project itself. It has strengthened the policy and legal regulatory framework in Slovakia both through substantial influence in four pieces of legislation, the Act on Access to Environmental Information, the amendment of the Slovak Environmental Fund Act, the Air Act and the Building Act. Of equal importance senior managers of the Ministry of the Environment now understand and use, on a daily basis environmental economic principles and methods. In a transitional democratic society it is also important to have independent policy advice. The project produced a feasibility study which led to the establishment of the Slovak Environmental Policy and Training Center at AINOVA, an interdisciplinary, independent, postgraduate teaching and research institution. The project fostered the development of a very strong network both within and outside government of progressive, knowledgeable individuals who will continue to collaborate on the development of future policy and legislative initiatives in Slovakia. The project also produced methodologically sound costing studies of the implications of applying the European Union Directives in Slovakia as required as part of the EU accession process.

The project has been important to Slovakia because it addressed the priority issues of the Slovak Government, namely EU accession and providing for greater public involvement in decision making. The EU accession was supported both through the costing studies which will allow the Slovak Government to develop market based, least cost approaches and the individual acts which were revised to be consistent with the EU requirements. The Access to Environmental Information Act gives formal rights to the public so that they can be actively involved in environmental decision making.

The project was supportive of US policy generally by allowing the Slovak Government to meet the EU requirements and by facilitating democratisation. The open provision of information promotes a level playing field for US firms and individuals to access environmental business opportunities in Slovak. On a more informal basis ongoing relationships have been created between senior Slovak managers and their US counterparts which will provide a foundation for future cooperative initiatives to the mutual benefit of both countries.

Introduction

It is useful to see the activities of the EPIQ Slovakia Environmental Policy Project as a bridge between previous policy initiatives funded by USAID including C4EP and the longer term legacy of sustainable changes in Slovak environmental policy and structures which support these policies. The EPIQ workplan was specifically designed to emphasise the transition from the support, which can be provided through foreign technical assistance to the continuing Slovak development of responsible, progressive, environmental and economically viable environmental policy.

The transition was supported by a number of facilitating factors including the full support and participation of senior Slovak government officials, a USAID timeframe, resource level and co-operative management system and extremely effective and professional local staff who developed positive relationships with both local counterparts and international consultants. This transition has been accomplished in a number of ways. First, the project leaves behind, by way of example, a number of completed pieces of implemented legislation and standards including an Environmental Information Law and standards for environmental liability. As in the case of most project activities these had been initiated under the previous C4EP co-operative agreement and were finalised under the EPIQ contract. In a similar fashion the institution and capacity building lessons of the earlier project were used as a basis for the EPIQ strategy. One of the factors in achieving long term sustainability of project activities in Slovakia is the ability to tie specific activities to a longer Slovak priority agenda item. As all countries in transition, Slovakia is anxious to take its place in international associations and decision making bodies.

The number one international priority organisation is the European Union. Based on a prior activity directed toward the OECD, the EPIQ project was able to support substantial progress in the environmental component of the EU accession process. In a democratic society the policy making process involves substantial dialogue between the government and those affected by the policy decisions. The EPIQ project was able to provide both a positive concrete example of such co-operation as well as being instrumental in the establishment of a new non-governmental policy centre in the academic community that will provide a focal point for future policy dialogue.

1. History of Cooperation

The accompanying chart (table 1) summarises the situation for each of the 6 major activities at the conclusion of the project on August 31,1999. For each activity both the specific deliverable and the longer term legacy are described. The deliverable is the same as that specified in the workplan while the legacy provide an analysis of the longer term relationship of the activity to the continuing development of progressive environmental policies in Slovakia. The final column provides an analysis of the impact of the activity and its relationship to the USAID strategic objectives.

Of the six activities every specific deliverable was met with two exceptions. In the case of the Access to Information Law the project team was to develop recommendations for revision to the implementation activities based upon initial experience. However, the analysis revealed that the system was functioning well with both Ministry staff and outsiders understanding and using the system effectively therefore there was no need to suggest revisions. The second area of deviance from the workplan came in the area of the Clean Air Act. In this case the deliverable included the development of an administrative system for the tradable permits provision in the Act. The Director however decided that he would prefer to have consultation and advice on identifying the costs of meeting the EU air pollution requirements in Slovakia. Specifically he asked the consulting team to help design a World Bank costing study instead of the tradable permit system. Since the request was a higher priority to the Ministry than the planned activity and, at the same time was consistent with the objectives of the EPIQ project it was decided to substitute advice on development of the World Bank costing study for the tradable permit system design. The design assistance for the trading system was to be provided by full-time EPIQ staff therefore no change in allocation or resource levels was necessary.

While the chart summarises the EPIQ program in a condensed fashion, it may be useful to review each activity in more detail in this text. The chart is divided into three categories corresponding to the three major goals of the program, legislation, international linkages and capacity building.

| POLICY COMPONENT | | | | | |
|---|--|---|---|--|---|
| Substantive Area | Major Activity/ Current Situation | Deliverables | Comments | Sustainability | Impact and SO analysis |
| 1. LEGISLATION | | | | | |
| 1.1 Act On Public Access to Environmental Information | Act adopted in December 1998 | Recommended Revisions | No major recommendation. Analysis forwarded to responsible Ministry officials. | Since February the system is in place, staffed and used by the public. | Citizens and NGO's are now participating more fully in environmental decision making (1.6, IR 5) |
| 1.2 AIR ACT, Tradeable Permits/ Inflation related changes/new limits | Act adopted in December 1998 | Market oriented instruments incorporated into the new Law. Permit trading administrative system. | Ministry decided to delay permit trading system and asked for assistance in development costing study of EU Air requirements. | The World Bank is proceeding with EU air costing study based, in part upon EPIQ team recommendations. This will build upon the EU costing work of EPIQ. | Industry will now make more cost effective pollution control decisions(1.6, IR 3a) under the new legislation (1.6 IR 1) |
| 3.1.3 Environmental Liability | | Consolidated Report, Methodology for Management of Contaminated Areas | Report completed, drafted legislation related to contaminated areas in MoE, methodology to be used by District Offices | Contents of the report now being used as basis of Slovak legislation i.e. soils, transport | There will be a consistent approach in all government legislation (1.6, IR 1) |
| 3.1.4 European Union Costing | Waste sub-report | Waste Sector report Waste sector analysis | Reports Filed. Over 30 Senior Ministry Officials consultants and NGO's representatives attended waste sector costing workshop | EPIQ approach being used as the bench mark for ongoing EU costing initiatives of the Ministry. Ministry staff understands the methodology (model) used for waste sector and will update it and apply to other areas. | The Slovak Government and its partners will be able to better predict the cost and therefore more adequately prepare the financing EU legislation (1.6, IR 2) |
| | Economic Analysis | Aggregate Economic Analysis | | | |

| POLICY COMPONENT (Continued) | | | | | |
|--|---|---|---|--|---|
| Substantive Area | Major Activity/ Current Situation | Deliverables | Comments | Sustainability | Impacts and SO analysis |
| 2.0 INTERNATIONAL LINKAGES | | | | | |
| 3.1.5 Genetically Modified Organisms | Review and identification of EU requirements | Background issues Paper | Completed | Ministry is using the background paper to prepare the legal principles ; the first step in the legislative process | The legal basis for the introduction of genetically modified organisms will be established (1.6 IR 10) |
| 2.1 Canadian Project | Workshop on Control, Compliance and Enforcement | Implementation of more effective management approaches in the Ministry | Project provided advice to Ministry and Project Manager | Project will continue beyond EPIQ | The management practices of the Ministry will be improved. (1.6, IR 4) |
| 3.0 CAPACITY BUILDING | | | | | |
| 3.1 Academia Istropolitana Nova | | Study for Policy Institute | Policy Institute established | Initial discussions with clients have been held and longer term projects are likely | Slovakia has independent environmental policy and training capacity (1.6, IR 4) |
| | | | | - | |

2. Detailed Activity Descriptions

This section provides information with respect to each of the activities in the EPIQ Slovakia workplan.

2.1 Legislation

There were two major legislation activities in the workplan involving implementation activities relating to the Act on Access to Environmental Legislation and the Air Act. There were also additional activities e.g. environmental liability, and genetically Modified Organisms, which will lead to new legislation or be incorporated into future legislative amendments.

The Access to Environmental Information Act was carefully planned to take advantage of the experiences in other countries and adapt them to the Slovak situation. Foreign experts were engaged to provide ideas and monitor progress. The review process within the country was extensive, and for the first time the NGO community was given equal status to government ministries in the review process. The NGO community also produced a user guide, in parallel to the official instructions. However, given that this was the first freedom of information act in Slovakia and possibly in Central and Eastern Europe the EPIQ project was asked to monitor the initial months of operation and recommend changes in the administration of the act as necessary.

A separate office in the Ministry was established to provide the information to the public in February 1999. During the first six months more than 500 citizens visited the office and requested information. During this period the public requests were broken down as follows: 60% related to the state of elements (air, water etc) of the environment; 25% related to decision making and the other 15% related to environmental information, data basis special events and other areas. Based upon this level of activity and the fact that other data suggested that the number of requests is increasing over time it was decided that the system is working well and no fundamental recommendations for improvement would be made. However, discussions with ministry staff and reviewing the comments of people seeking information revealed one problem with implementation and several positive suggestions for improvement. The cost recovery provision in the legislation has yet not been implemented. There is a provision for cost recovery based upon modest user charges as is common in other countries. This is an area that needs to be addressed in the coming months. Also a number of other suggestions for improvement identified in the review process have been forwarded to the responsible the newly appointed Director for her consideration. These include: 1) providing access via the internet, perhaps through a link to the existing Ministry web page, 2) allowing for materials to be borrowed or bought depending upon the circumstances so users could take them away and use them at their leisure, 3) more publicity with respect to the availability of information so more people could take advantage

It is clear that the Ministry and the public are committed to using the provisions of the legislation and that provides the guarantee for the long-term sustainability of the access to information policy initiative

2.2 Environmental Liability

The Slovak Ministry is the major environmental policy and regulatory organisation within the Slovak Government. In addition to the legislation which it administers directly it also must set the environmental standards which must be met generally in the country, often through the legislation and other implementation mechanisms of other government ministries.

The ministry had previously conducted a review of the policies and practices in other countries and asked EPIQ for support in taking this base of experience and transferring it into a form, which could be legally implemented in Slovakia. There were two specific objectives to the initiative. The first was to identify the most appropriate methodologies for soil and groundwater pollution and risk assessment and to develop these methods in sufficient detail to be included in Slovak legislation. The second was to develop an approach to the identification and registration of contaminated sites.

The final report for the study was filed with the Ministry and accepted in early August. The sustainability is ensured by the fact that methodology on Identification and Management of Contaminated Sites will be distributed to District and regional Offices to provide officials with the guideline for dealing with contaminated areas. Also, the developed register on contaminated areas and registration forms will serve as tools for collecting of information on contaminated areas.

2.3 Genetically Modified Organisms

The issue of genetically modified organisms has received substantial worldwide publicity since this study was initiated. Prior to this initiative there had been no official analysis of the issue. The issue also must be addressed as part of the EU accession process. This background paper as envisaged in the workplan was produced and accepted in June. On the basis of the information in the paper the Ministry is proceeding to the next step, the preparation of the principles of legislation which is the next step in the legislative process. The fact the paper was acted upon quickly with the Ministry's own resources, and now is proceeding within the formal legislative development process means that it highly likely that the resulting legislation will be the legacy of this activity.

The support of EPIQ Slovakia was highly appreciated by the responsible MoE officials, because it allows the Ministry to meet the 2001 deadline set by the EU for adoption of GMO legislation.

2.4 EU Costing Study

Cost will be a major issue in the EU accession process not only for Slovakia but also for all potential new members. At the moment there is no generally accepted methodology for estimating these costs due to a number of factors. Some of these factors relate to the uncertainties created by the negotiating process itself while others are generated by the fact that not only is there no standard methodology; the use of alternative methodologies can result in widely differing results. General attempts to resolve this issue including adding costing components to other studies and convening a conference of experts to develop methodology have failed to provide either useful cost information or even a generally applicable agreed upon methodology.

The objective of this activity was twofold. First, to produce as accurate directive based costing data in a couple of areas as time and data constraints would allow and secondly to develop an approach that would provide the basis for continuing examination of costing issues by Ministry officials.

The legacy from this activity is threefold. First there is the data from two sectors, water and waste, secondly there is a computer model, which can be updated and used on a continuing basis. Finally, as the result of a very successful closing seminar with Slovak officials there is a better appreciation of the importance of the EU costing issue generally.

2.5 Capacity Building

Perhaps the most important aspect of a technical assistance program is its ability to create ongoing capacity for progressive change. This occurs both formally through activities described in the previous section, for example and in informal ways through the ongoing activities of individuals and institutions which have come in contact with the project, and as a result of that contact have changed their outlook, philosophy or the way that they carry out their day-to-day activities. Over the course of the USAID program in Slovakia the informal impact has been great because of the leadership shown by senior staff with respect to the importance of involving Slovak staff in every facet of project development and administration.

Within the EPIQ project itself the fact that both Slovak staff had not one but several employment opportunities is additional evidence that the market values highly the “capacity” that project personnel take with them as a result of the project experience.

The informal needs to be supplemented by more formal means in order to ensure longer-term sustainability. In addition to the ongoing policy advice the project identified the following deliverables. Four courses (environmental policy, global environmental issues-water resources, environmental economics, and introduction to environmental legislation) were delivered in the AINOVA environmental policy program.

Also the EPIQ project acted as the co-ordinating secretariat for a two year Canadian Government initiative to improve the management practices of the Ministry. Even during the initial stages of this project it was possible to observe positive improvements in the way in which the Ministry does business, for example closer co-operation between the Inspection Service and the permit issuing authorities to the mutual benefit of both. The final deliverable was an initial feasibility analysis of a policy research organisation with the capability to conduct independent environmental policy research. The findings of the feasibility study were quite positive and as a result of those findings the Slovak Environmental Policy and Training Center has been established at AINOVA. The centre involves a number of the consultants and advisors to both EPIQ and its predecessor C4EP. At the time of project close out the Center staff were in serious discussions with one international foundation with respect to grant support as well as a bilateral donor with respect to a two to three year consulting assignment.