
PROMOTING VOLUNTARY COMPLIANCE: ENVIRONMENTAL AUDITING, OUTREACH, AND INCENTIVE PROGRAMS

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GOALS

The session addressed the following issues:

- What is the role of compliance promotion in an enforcement program? What is its role in countries that do not have a developed enforcement program?
- What is success for such programs? What should the goals of such programs be?
- How can the government leverage other resources to achieve compliance goals?
- How might enforcement policies be designed to promote compliance as well as deter violations?

1 INTRODUCTION

More than 45 participants from over 35 countries discussed in four separate workshops, the role of compliance promotion programs as part of an overall approach to ensuring environmental protection. Participants represented countries with a broad range of existing programs, from extensive regulatory and enforcement systems to little or no environmental laws and regulations.

2 PAPERS

Five excellent papers were prepared on compliance promotion programs in a variety of settings. The first paper, *The Compliance Incentive Experience in Santa Rosa, California*, authored by J.W. Garn, M.L. Grimsrud, and D.C. Paige, of Santa Rosa, California, United States described a recently initiated program to promote voluntary compliance through coordinated market incentives, technical assistance and educational programs. The program focused on auto service shops, which were a significant source of water and air pollution for the Municipality. Auto service shops that achieve full compliance based on a multimedia inspection are offered to voluntarily receive a specially designed seal (sticker or decal). The public was encouraged to do business with shops displaying the seal through a well organized outreach campaign that included television advertisements. Materials were produced to assist the industry in achieving compliance, including handouts with "Best Management Practices," pollution prevention techniques and sources for waste recycling. Additionally, the five local agencies that monitor and enforce environmental requirements at service stations joined forces to produce a consolidated inspection checklist, thereby allowing any one agency to perform a complete, multi-media inspection, referring serious violations, as necessary to the appropriate agency for follow-up enforcement.

The second paper, *Promoting Voluntary Compliance: Environmental Auditing, Outreach and Incentive Programme*, was authored by H.M. Kajura of Uganda. The paper describes a comprehensive outreach program plan that has been developed as part of the National Environmental Action Plan by the Ministry of Natural Resources over the last two years. Development of the Plan involved a grass roots effort; and the plan calls for a grass roots outreach program. Rural farmers will be taught about the environmental impacts of their agricultural practices. Environmental education will be provided in primary schools. Macroeconomic measures will be used to encourage voluntary

compliance both through direct government expenditure and influencing private behavior. Overall, the strategy heavily involves the citizenry of Uganda in the efforts to preserve the environment.

The third paper by John Hall of Texas, United States, entitled, *Promoting Voluntary Compliance: Environmental Auditing, Outreach, and Incentive Programs* describes the voluntary program that has been implemented in Texas called Clean Texas 2000. The goals of the program are to reduce hazardous waste and toxic releases by 50 percent by the year 2000, to reduce solid waste going to landfills by 50 percent by the year 2000, and to educate the public to take personal responsibility for the environment. Components of the program are targeted at different groups including industry, cities and the public. Another aspect of the program includes awards given by the Governor recognizing outstanding environmental projects and accomplishments. Finally, the program includes efforts within the government to streamline permitting and institute a comprehensive set of technical assistance programs.

The fourth paper, *Promoting Voluntary Compliance: A Valuable Supplement to Environmental Enforcement* was authored by Michael Stahl of the U.S. Environmental Protection Agency. The paper provides several examples of the use of voluntary compliance program in the United States at the federal, state, and local level. It also discusses two new developments at U.S. EPA—a reorganization of the enforcement function designed to focus on compliance problems on a regulated sector basis and the creation of an Environmental Leadership Program to promote and recognize voluntary corporate efforts.

The fifth paper, *Voluntary Environmental Initiatives and Environmental Policy: Environmental Management Systems, Auditing, and Enforcement*, authored by Nadine Kennedy and Adam Greene discusses: (1) voluntary industry programs initiated by the International Chamber of Commerce; (2) the United States Council for International Business' partnership with the Mexican Confederation of Chambers of Industry and finally; (3) efforts to harmonize and standardize voluntary environmental management systems, environmental auditing and environmental reporting. Efforts in this latter category include the European Union Environmental Management and Audit Scheme and the International Standardization Organization's project to produce voluntary environmental management standards.

3 DISCUSSION ISSUES

3.1 Role of compliance promotion

Conference participants agreed that programs to promote compliance are important but are not a complete substitute for enforcement. Countries with developed environmental enforcement programs see compliance promotion as an important adjunct, particularly when directed at parties against whom traditional enforcement may be less practical due to their number or limited capability for learning about and implementing environmental controls (e.g., farmers, small businesses). Countries without enforcement programs believe outreach is an important first step towards improving environmental problems. Promoting voluntary actions is also seen as a good interim measure pending passage of new laws or regulations (although again, not a substitute for regulatory and enforcement and control systems).

3.2 What is success?

The goals of a compliance promotion program will vary depending on its target. Programs geared to farmers or small business may focus on bringing them into compliance or using best management practices. Programs aimed at larger industry often are designed to go beyond compliance. These programs seek to get businesses to institute pollution prevention, do self auditing, expend resources to educate the public or its customers, or take other measures not legally mandated. When targeted at sectors not yet subject to regulatory control, programs are aimed at

getting their targets to voluntarily undertake measures, change practices, or use substitute materials to improve the environment.

3.3 How can the government leverage other resources to achieve compliance goals?

This question elicited the greatest amount of discussion in the workshops. There was universal support for the notion that a well informed citizenry can be a tremendous asset in providing incentives to industry to comply. Participants provided examples of results achieved by consumers seeking "green" products that went far beyond what traditional enforcement could achieve. On the other side of the equation, countries with a disinterested public or a public that views environmental improvement as contrary to economic goals, felt that they were at a significant disadvantage with respect to instituting successful voluntary compliance programs. Dean Paige felt that a concerned, environmentally aware public was key to the success of the Santa Rosa program. John Hall felt that public image was a significant incentive for large companies to participate in programs that go beyond compliance.

There was also uniform support for the idea that it is essential for governments to promote environmental education, particularly for children in primary school. This was a critical element of the Uganda Plan. Educating children provides both short- and long-term benefits — since children influence parents' buying and consumption behavior today and will be the buying public of the future.

Public disclosure requirements were viewed as an important avenue towards a well informed public. The media was also seen as a very important part of the public education process. Especially useful were joint ventures with the media to produce efforts like educational radio programs and public service announcements.

Seals, logos or decals, such as the ones used in the Santa Rosa and Texas programs, were seen as a valuable source of information for consumers seeking to patronize green businesses and thus a strong incentive for industry. Logos are also used in Germany, however, their use has raised legal questions over government interference in the free market.

Award programs for companies with good environmental practices have also proven successful in creating compliance competition. Indonesia runs such a program to recognize good environmental achievements by industry and local government.

Last, but certainly not least, is the important role NGO's play in building public interest and concern in the environment.

3.4 How can enforcement policies promote compliance?

Auditing was discussed as an important tool for achieving compliance. Mexico relies heavily on environmental audits, conducted by the government, to evaluate environmental conditions at a plant or factory in a broader context than just an inspection can achieve, looking into management systems and overall environmental performance. Audits are now generally paid for by the industries that request them. If the audit reveals problems, an agreement is drawn up outlining solutions.

Many countries encourage self auditing by the regulated community. In the Netherlands, self monitoring and internal control systems are promoted to help deal with the growing workload associated with the increasing number of businesses coming under regulation. This system, called ECO-Control, establishes goals and timetables for compliance under an industry/government covenant which eventually become enforceable through permits and other requirements if industry does not achieve these goals voluntarily.

Some countries have policies on when they will require disclosure of voluntary audit reports. The U.S. has a published policy with respect to how and when it will seek and use self audits in an enforcement action. Under Canada's policy, government inspectors do not ask to see internal audits unless a violation has occurred and the audit covers it or the information is not available from other sources. Under Canadian law, once the government shows that an illegal act was committed, the burden of proof shifts to the company to prove that they were diligent. As a result, private attorneys

are advising their clients to do environmental audits and keep well informed of new environmental requirements.

Both the United States and Canada may also include requirements for environmental auditing as part of settlements of, or sentences for enforcement cases. In the U.S., enforcement settlements can introduce requirements for environmental management, compliance and pollution prevention audits for companies with patterns of violation suggesting environmental management problems or where the same problems are likely at other facilities owned or operated by the violators. There are also policies on prosecutorial discretion in criminal cases for companies with effective environmental management systems. In Canada, their criminal justice system is empowered to require firms to self-audit or improve their environmental management systems as part of judicial sentencing.

4 CONCLUSIONS

Compliance promotion programs are a critical part of a complete environmental strategy. They are most successful when coupled with a strong compliance monitoring and enforcement program. The public is our best ally in encouraging good compliance by industry. Government should nurture and encourage public interest and concern over the environment.