
**SUMMARY OF WORKSHOP: BUDGETING AND FINANCING
ENVIRONMENTAL COMPLIANCE AND ENFORCEMENT PROGRAMS**

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GOALS

Discussions were designed to address the following issues:

- The minimum human and capital resource needs for starting an environmental compliance and enforcement program: can it be defined, if so, what they are. How those needs change over time to that of a mature program.
- On what basis officials responsible for environmental compliance and enforcement programs have made a successful case for funding those programs.
- How officials have ensured an effective balance in funding program elements needed to support:
 - Personnel versus equipment.
 - Technical versus level support.
 - Field personnel versus policy and management support.
 - Inspection and related compliance monitoring activities designed to detect violations versus legal and other program personnel to respond to and follow up on violations detected.
- What creative financing schemes countries and NGOs have developed.
- Financing schemes designed to also provide incentives for compliance and how well have these worked.
- Cost cutting measures program officials have developed when faced with budget cuts to maintain program integrity and how well they have worked, including:
 - Use of third party inspectors or purchase of laboratory support.
 - Use of self-certifications and monitoring.
 - Automation in enforcement.
 - Strategic targeting schemes.

1 INTRODUCTION

The session of approximately 23 participants opened with a discussion on the type of budgeting process each participant employed in their respective location. The overwhelming majority of those present were from emerging programs who relied upon

outside sources of funding for the environmental enforcement program at the current stage of their development. The discussion centered on maximizing the use of the donor program, while funding a self-sustaining program for the future.

2 PAPERS

No papers were presented for this discussion.

3 DISCUSSION ISSUES

3.1 Securing Donor Funding from Out of the Country Areas

The issue of sustaining funding in developing nations, or developed nations undergoing financial difficulties was a salient one, given the present work market conditions. The need to continue donor aid from developed countries and organizations such as the World Bank is critical for a base program. In addition to the World Bank, specific mention was USAID and UNEP funding.

3.2 Other Country Funding of Environmental Programs and the Role of NGOs

The role of NGOs and the need to work cooperatively with them to secure public support and attention to environmental issues was acknowledged as critical to environmental program success. It was also acknowledged that the NGO assistance may come in the form of legal actions against the government environmental agency. A NGO action in India brought attention to shortcomings in environmental law protecting natural resources was highlighted as a force for positive change. The result was a modification of the law and renewed support for the environmental agency to enforce it.

The NGO reinforced the need to secure donor aid to initiate activities until a proven record could generate support and funding from other sources. In most situations a need for base level funding is essential to maintain the organization. The World Bank Environmental Institution Development Fund was cited as a good model for building capacity.

3.3 Financing Scheme

Ireland has developed a permitting and audit program in which the regulated entity pays a fee for the issuing agency to review the environmental management system (EMS) on a regular basis. Several other examples were offered of country financing schemes including:

- Penalties from NGO action retained in a designated trust fund.
- Reduced taxes on air, waste, and water treatment technology.
- Natural resource usage fees.
- Prescribed set-aside from timber harvest from an environmental agency.
- Fees on imports such as tires, batteries, etc.
- National fee schedule for government services, permits, inspections and consultations.

3.4 Efficient Use of the Funds

Ensuring limited resources are used efficiently is important. Specific mention was made of two actions to ensure program efficiency:

- Training and capacity building.
- Use of monitoring and assessment tools.

3.5 Priority Setting Considerations for Maximum Efficiency for Use of Funds

The limited general revenues allocated to environmental programs, and within that allocation to enforcement and compliance programs place a heavy burden on the programs to show immediate results. Given the time frame between legal actions and the resulting deterrent effect or environmental improvement, the need to be strategic in selecting actions is paramount. Common elements of this strategy include: 1) initially selecting projects that have a high potential for early success, 2) targeting efforts regionally to focus both public input and expert information, 3) maximize the use of relatively inexpensive expert information from outside sources or other governments such as GIS or satellite imagery, 4) flexibility to adjust the scope of the project to meet budget and completion targets. During discussions, the following approaches were identified by participants:

- Obtaining full input from stakeholders.
- Collecting expert information (use of GIS satellite imagery).
- Built in mechanisms for periodic review and adjustment.
- Select projects that have high potential for early success.
- Set priority for each region to obtain a public buy in.

4 CONCLUSION

Building effective environmental programs requires a solid core funding mechanism to succeed. Innovative financing schemes along with clear priority setting mechanism are essential to the success of the program. The principle that the polluter pays is an accepted basis for developing a sustainable funding mechanism for funding environmental programs. However, in difficult financial times, these sources of revenue for environmental programs diminish along with the rest of the economy. Even designated revenue streams such as permit fees can be diverted to non-environmental programs.

