



The REC in the New Era



Strategy for 2016–2020



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Executive Summary

The REC Strategy for 2016–2020 is the key document for the future development of the REC and defines the priority issues on which the organisation is to focus. It aims to consolidate and build upon achievements to date and, at the same time, opens new professional horizons for the organisation as it faces environmental challenges in Europe and beyond. The strategy is in line with the organisation's mission to assist partner countries in addressing environmental issues by involving relevant stakeholders, and its vision for 2020 as having a stronger role as a leading regional environmental organisation recognised for its independence, innovation, efficiency and effectiveness in facilitating responses to the gravest environmental challenges.

The strategy envisages the translation of political support into the following defined mandates: (1) Supporting the SEE 2020 Strategy as coordinator of the Environmental dimension; (2) Supporting the transformation of Eastern Partnership countries; (3) Supporting the implementation of EU policies and accession to EU funding opportunities; and (4) Supporting the transition to a circular and low-carbon economy. In pursuing its mission-driven activities and granted mandates, the REC will move exclusively to a results-based management system. During the period 2016–2020, the REC will work to achieve three main results: (1) Strengthened environmental governance; (2) Strengthened low-emission development, enhanced resilience to the impacts of climate change, and fostered sustainable and healthy lifestyles; and (3) Improved natural resources management. The areas of professional specialisation of the REC will be grouped according to results-based management.

According to the strategy, results-based activities will be implemented in countries that are grouped on the basis of their environmental problems, political status and funding opportunities: the EU28, focusing mainly on new EU member states; EU enlargement countries; EU Neighbouring countries; and other regions/countries. The REC will continue to have its headquarters in Szentendre, Hungary, with a strong regional presence as one of its key comparative strengths. Its country office network will be recalibrated to allow the organisation to respond in a more flexible manner to changing regional and country-specific needs.

Financial sustainability will be maintained through diversified funding via multilateral and bilateral donor relationships, by strengthening partnerships, by exploring the possibility of establishing a trust fund, as well as by participating in competitive tendering. The main target of the REC as a non-profit organisation will be to achieve a long-term zero balance in its operations. In order to optimise the use of available financial resources, the REC will undertake the necessary organisational changes, monitor all expenses, and, in particular, make every effort to reduce its overhead costs. The REC will also maintain the highest possible transparency in its financial management and in the use of obtained funds.

The REC Strategy will be implemented through annual work plans approved by the Board of Directors. Progress will be measured using a set of key performance indicators that are valid for the REC as a whole and that are based on expected project outputs. Performance will be monitored on an annual basis via the work plans and the REC's performance appraisal system.

Preface

The Strategy for 2016–2020 is the key document for the future development of the REC and defines the priority issues on which the organisation is to focus. It aims to consolidate and build upon achievements to date and, at the same time, opens new professional horizons for the organisation.

The strategy builds on the Declaration of the Signatories to the Charter of the REC on the Occasion of the 20th Anniversary of the Foundation of the REC, adopted on June 18, 2010 (the 20th Anniversary Declaration). The conclusions of the internal mid-term review of the implementation of the 2011–2015 REC Strategy are also taken into consideration. The strategy is also in line with the guidance received from, and comments made by, the Board of Directors of the REC as presented in the paper “The REC in the New Post-2015 Era”.

Background

The REC was established in 1990 by the United States of America, the Commission of the European Communities and the Government of Hungary as co-founders. The organisation was founded to assist with the transition process in Central and Eastern Europe (CEE) and to contribute to environmental democracy building and cooperative problem solving within the environmental sector. Set up through political will as a foundation and mandated as a grant-giving, mission-driven organisation, the REC has evolved during the past 25 years into a fully project-based organisation with a headquarters agreement as well as bilateral host country agreements. The REC has an impressive record in capacity building and policy dialogue with environmental stakeholders, developing and promoting tools and good practices for sustainable development and for public/stakeholder involvement, implementing ministerial mandates and contributing to international processes. The REC has a strong regional presence, the ability to work in local languages and contexts, and established networks of high-level officials and experts.

The REC’s legal status is based on its Charter with 32 signatories to date, and on the International Agreement that entered into force in 2012.

Mission

The mission of the REC is to assist partner countries in addressing environmental issues by involving relevant stakeholders.

Vision

In 2020 the REC has a stronger role as a leading regional environmental organisation known for its accountability, independence, innovation, efficiency and effectiveness in facilitating responses to environmental challenges in Europe and beyond.



Mandates

The REC actively participates in key global, regional and local processes and contributes to environmental and sustainability solutions within and beyond its country office network, transferring transitional knowledge and experience to countries and regions. To be able to perform its mission-driven work, the REC needs continued political will translated into the following mandates:

Supporting the SEE 2020 Strategy

The REC is keen to explore opportunities to gain/regain a clear political mandate to coordinate activities for the implementation of the SEE 2020 Strategy under the Environment dimension. The REC would join other similarly mandated organisations working in SEE (for example the South-east Europe Transport Observatory and the Energy Community) and contribute its unique added value to the process.

Under the SEE 2020 Strategy of the Regional Cooperation Council (RCC), the mandate of the REC as the coordinator of the Environment dimension may be to develop and implement new activities supported by the EU IPA II Multi-country Instrument. Additional mandates under different secretariats hosted by the REC, such as the Themis Network for natural resources management and the combating of environmental crime, as well as the Regional Desk Office for the SEE region under the Environment and Security Initiative (ENVSEC), may likewise be extended.

Supporting the transformation of Eastern Partnership countries

The REC will build on its experience and proven success in supporting the democratisation process and strengthening local and participatory governance in countries that are in transition from centrally planned economies to democratic societies and free market economies. Support will be offered through flagship projects, for example through the promotion of local environmental and energy action plans (LEAPs) and the enhancement of civic engagement in municipalities in Eastern Partnership countries such as Ukraine.

Supporting the implementation of EU policies

The REC needs commitment from its founders, especially the European Commission as well as major donors and partners, to support the implementation of respective EU policies (on water, waste, the urban environment, biodiversity and sustainable transport) in the CEE and SEE regions and to facilitate partner countries' participation in the respective financial instruments of the EU.

Supporting the transition to a circular and low-carbon economy

The added value of the REC for stakeholders in the CEE region will be in its support for the transition to a circular and low-carbon economy. This includes enhancing the region's climate change mitigation and adaptation capacities and providing assistance with the planning and implementation of the transition. It also involves promoting the sustainable management of natural resources. The REC's assistance will focus on developing pro-

grammes that promote resource efficiency and sustainable production and consumption through the creation of “closed circles” of production. Within a low-carbon economy in particular the transition will target a shift to the use of renewable energy sources, improved energy efficiency and the deployment of innovative technologies, coupled with the development of climate change mitigation policies.

Promoting and facilitating the implementation of the Post-2015 Development Agenda

For the 2015–2030 period, the development agenda is being built around the Sustainable Development Goals, as adopted by the 2014 UN General Assembly and subsequently endorsed by the UN Secretary General. The activities of the REC have always been in line with internationally agreed development priorities. The REC has a strong track record in many fields of the programme now being shaped and stands ready to assist in its implementation in its countries of operation, at different levels of governance, according to the priorities of the signatories of the REC and in cooperation with respective international organisations and bodies. More specifically, the REC can offer its expertise in capacity building, multi-stakeholder dialogue and action at local level.

Main Results

In pursuing its mission-driven activities and granted mandates, the REC will move to a results-based management system. During the 2016–2020 period the REC will work to achieve the following results:

- Result 1: Strengthened environmental governance
- Result 2: Strengthened low-emission development, enhanced resilience to the impacts of climate change, and fostered sustainable and healthy lifestyles
- Result 3: Improved natural resources management

The expected outcomes and impacts, in line with the results-based management approach, are listed below.

Result 1: Strengthened environmental governance

The following outcomes and impacts are expected:

- **Environmental law reform** and increased institutional capacities through targeted legal assistance, workshops and regional exchanges of experience. Better environmental governance and the better implementation and enforcement of EU environmental legislation and multilateral environmental agreements based on the REC’s expertise in networking, institutional development and other governance tools.
- **Participatory governance** put into practice in the field of environment and sustainable development by supporting public access to information, public participation in decision making and access to justice. Targeted support provided for the participation of other stakeholders in environmental decision making, including vulnerable groups,

human rights organisations, minorities and educational institutions. The knowledge, skills, capacities, infrastructure and viability of civil society improved in order to make it a vital partner in transition and development. Best practices in participatory governance and public participation identified, exchanged and integrated into the water, waste, energy, transport, nature protection, climate change, agriculture, and sustainable consumption and production sectors.

- The UNECE Strategy for **Education for Sustainable Development (ESD)** implemented in Europe and beyond. Based on the results achieved during the implementation of the Green Pack educational kit in CEE, Eastern Europe, Caucasus and Central Asia (EECCA) and worldwide, the REC intends to strengthen sub-regional cooperation and encourage a multi-stakeholder approach to ESD. Awareness raised among pupils and teachers about environment and development issues. The educational system reformed through the integration of sustainable development concepts and ideas into broader educational reforms and, as a result, awareness raised among society as a whole. A shift achieved from awareness to personal and group activity to restore the environment in the context of the sustainable development concept. Investments made in human resources and capacity building in terms of education, teacher training and public awareness raising.
- **Improved environmental planning** and its integration in all sectors. Improved environmental management. Pilot, small-scale priority environmental investments provided. Assistance given to further develop the capacities of local institutions in SEE and beyond for sustainability planning and management. These activities will be in line with the decentralisation and regionalisation requirements stipulated in the EU approximation process for SEE and other countries.
- A targeted **capacity-building programme** delivered to high-level senior leaders in the fields of politics, public service, business, NGOs and the media, and, at the same time, partnerships forged between these groups and academia. Advanced training offered to young environmental leaders on organisational development and project management skills.

Result 2: Strengthened low-emission development, enhanced resilience to the impacts of climate change, and fostered sustainable and healthy lifestyles

The following outcomes and impacts are expected:

- Support given to the international process under the United Nations Framework Convention on Climate Change (UNFCCC) by implementing the mandate of regional focal point for Article 6 of the UNFCCC and promoting climate awareness among decision makers.
- A response made to the challenges of climate change by promoting **energy efficiency, the increased use of renewable energy resources and the reduction of greenhouse gas emissions** and by facilitating strategies for the transition towards a low-emission society. Practical tools and assessments provided to enable the transition to a **low-energy building sector**.
- The resilience of societies to the impacts of **climate change** enhanced, large-scale climate impact and vulnerability assessment practice promoted, and assistance provided in the preparation of adaptation strategies and the integration of adaptation aspects into sectoral policies, especially in the agriculture, water management, forestry and health sectors.

- Improved **strategic environmental investment planning** and preparation achieved and climate concerns better integrated into EU funds, regional policy instruments and development programmes as well as the instruments of international financial institutions. European regions supported to shift towards low-carbon and climate-friendly economies.
- Support given to the WHO Europe/UNECE **Environment and Health Process** in the implementation of the Parma Declaration, in the preparation of the sixth ministerial conference and in the implementation of its outcomes. Support given to the implementation of the EU Environment and Health Strategy, with the needs of CEE, SEE and EECCA countries covered. A contribution made to achieving a safe environment, improved outdoor and indoor air quality and improved water quality; to addressing climate change impacts: to the more efficient use of energy; to fostering healthy lifestyles, especially in living and working environments; and to reducing the impacts of chemicals on the environment and health.
- Innovative technology development and know-how transfer achieved through a variety of mechanisms with an accent on **smart cities and mobility**. Damage to the environment and public health limited by fostering healthier lifestyles, safer and smarter mobility, and social inclusion. High-quality information services and products delivered in relation to sustainable urban mobility. Innovative energy production, storage and supply solutions developed that cut energy costs, increase energy security and reduce greenhouse gas emissions.

Result 3: Improved natural resources management

The following outcomes and impacts are expected:

- Sound **environmental management** promoted and practices adopted for **sustainable resources management, sustainable consumption and production, green public procurement, energy efficiency and waste reduction**. Support given to the development of national resource efficiency strategies with the aim of promoting the successful implementation of the Roadmap to a Resource Efficient Europe. Countries assisted to unlock the potential of the “circular economy” package of the EU.
- **Increased attention given to water-related issues** by embracing a broad selection of stakeholder interests and concerns. This work will contribute to integrated water resources management, including the management of shared resources, to adaptation to climate change, and to the achievement of the goals and targets for drinking water supply and sanitation.
- Key stakeholders supported at local, national and EU level to enable them to implement legislation on the **protection of biodiversity** and its integration into planning and economic decision making. Support provided for the designation, protection and management of areas of natural value, including transboundary natural resources and Natura 2000 sites. Special attention given to activities that support payments for ecosystem services for the conservation of natural resources and the development of rural areas to bring benefits to both people and nature, as part of a larger commitment to preserving and enhancing our natural capital as a necessary condition for smarter, more sustainable and more inclusive growth. This work includes projects on sustainable branding and capacity building for local stakeholders in the field of sustainable agriculture and tourism.

Expertise of the REC: Overview

The REC's expertise has developed in the course of its 25 years of service in the CEE region. As the demand for support is changing in parallel with environmental priorities and the available funding, the REC has developed new skills and knowledge while accumulating and building upon experience and best practices. This process is ongoing and the organisation's expertise will evolve during the period of strategy implementation. Both the REC's international niche and its recognition have grown since the organisation was founded.

The current areas in which the REC offers professional specialisation (grouped according to results-based management) are:

Result 1: Strengthened environmental governance:

- Local and Participatory Governance
- Law Development, Enforcement and Compliance
- Education for Sustainable Development

Result 2: Strengthened low-emission development, enhanced resilience to the impacts of climate change, and fostered sustainable and healthy lifestyles:

- Climate Change and Clean Energy
- Health and Environment
- Smart Cities and Mobility

Result 3: Improved natural resources management:

- Environmental Management and Financing
- Water Management
- Biodiversity

Countries of Operation

The following strategic groups of countries within the geographic scope of the REC have been identified based on their environmental problems, political status and funding opportunities:

- The EU28, focusing mainly on the new EU member states
- EU Enlargement countries
- EU Neighbouring countries
- Other regions/countries

These groups must respond to common environmental challenges such as climate change, and at the same time must address their own specific problems. In parallel with activities that address common needs, the REC will therefore work on country-specific environmental priorities.

Activities should continue to focus on the implementation and enforcement of the *acquis communautaire*. At the same time, priority should be given to global environmental problems such as climate change and the environmental consequences of the globalisation process. While focusing on the European region, the REC will still have the opportunity to exchange experiences, lessons learned and environmental best practices with other areas in the world. Establishing “green bridges” between stakeholders, groups of countries, regions and continents will remain one of the key activities of the organisation. In addition to the REC’s own system of continuous monitoring of developments in its countries of operation, and in keeping with its practice to date, the REC will use, as far as possible, the available environmental data. This approach enables the better focusing of activities and positive impacts on the environment at a lower cost.

Organisational Development

The REC has its head office in Szentendre, Hungary. Its regional presence and country office network is a key comparative strength but needs to be recalibrated to allow the organisation to respond in a more flexible manner to changing regional and country-specific needs. An analysis of the functions and purposes of the REC’s presence in different contexts will provide a systematic and coherent overview that will help to determine the required REC presence in 2016 and beyond.

The REC continues to be an active contributor to major environmental processes and initiatives at EU, European and global levels. The organisation pays continuous attention to the creation and evolution of its strategic partnerships with international organisations, institutions and bodies, in order to best match the available expertise to problems and needs in an internationally coordinated manner and to achieve the targeted main results set out in this strategy.

In the next five years, the REC will continue to implement a consistent and efficient human resources strategy, aimed at attracting and retaining a pool of highly qualified experts. The REC welcomes young experts, within the framework of its internship programme, and offers possibilities for professional growth. The REC also takes advantage of the know-how of several hundreds of local and international environmental experts on a contractual basis. Human resources management will support the achievement of the targeted main results of the organisation, also adapting the structure, if necessary, through appropriate management measures. The REC will also continue to improve, as far as possible, the efficiency of its administrative and management mechanisms.

The REC takes gender and diversity aspects systematically into account in its organisational development by promoting gender equality and fostering the diversity of its staff as an essential part of its organisational culture, management and outputs.

The REC fosters the environmental sustainability of its operations through green office measures, communication, work flow and commuting.

Funding

Having in mind that the REC has been transformed into a 100 percent project-financed organisation, the current structure of the REC can be viable only if accompanied by long-term political instruments and mandates and/or core funding. The funding environment in the region of the REC is significantly and constantly changing. Financial sustainability will be maintained through diversified funding via multilateral and bilateral donor relationships, by further mobilising and increasing financial resources from the competitive market, by strengthening partnerships, as well as exploring possibilities for establishing a trust fund. The main target of the REC as a non-profit organisation will be to achieve a long-term zero balance in its operations.

In the period 2016–2020 the following options will be explored to enhance the REC's financial resources base and secure its financial sustainability:

- developing framework programmes for each assigned mandate;
- holding bilateral and multilateral negotiations with donors on the developed framework programmes and translating them into contracts for project implementation;
- undergoing the pillar assessments and requesting to be entrusted with the implementation of the EU budget under indirect management;
- taking the necessary steps to include the REC in the list of international organisations eligible for Official Development Assistance;
- conducting joint programming and fundraising within established partnerships;
- participating in competitive tendering; and
- exploring the possibilities for establishing a trust fund.

In order to optimise the use of the available financial resources the REC will carry out the necessary organisational changes, monitor all expenses and, in particular, make every effort to reduce overhead costs. The REC will also maintain the greatest possible transparency in its financial management and in the use of obtained funds in order to underline the consistency of results with donors' expectations.

Implementing the Strategy

The REC Strategy is traditionally implemented through annual work plans approved by the Board of Directors. Harmonisation has been achieved in recent years between the implementation of the work plans and the performance appraisal process of REC units and staff. The goals, results and indicators approved in the work plans are translated into specific goals and targets for units, teams and staff members. This is the best and most efficient way of measuring the performance of the organisation against its strategy.

Progress achieved towards the results outlined above will be measured through a set of key performance indicators valid for the whole of the REC. These are based on expected project outputs. Performance will be monitored on an annual basis via the REC's work plans and performance appraisal system.

In the period 2016–2020 the REC will continue upgrading its performance appraisal methodology, policy and practice. The performance appraisal system is considered to be one of the main tools for ensuring the efficient and transparent operation of the organisation.

Risk analysis

Political support is key to enabling the REC’s mission-driven activities. Lack of continued political will is a significant risk. The REC will mitigate this risk by permanent bilateral/multilateral discussions with signatories and donor countries.

Political support needs to be translated into mandates that will empower the REC to efficiently achieve its envisaged results. A lack of given mandates might slow down or endanger the achievement of results. This risk will be mitigated by lobbying among key players and by justifying the REC’s comparative advantage.

Lack of necessary funding represents a significant risk. This risk will be mitigated by diversified funding via multilateral and bilateral donor relationships, as well as by the organisation’s participation in competitive tendering.

