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STRATEGY 2006-2010

OF

THE REGIONAL ENVIRONMENTAL CENTER
FOR CENTRAL AND EASTERN EUROPE
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EXECUTIVE SUMMARY

Central and Eastern Europe has changed since 2000. Eight countries have joined the EU, two have signed the EU treaty and became acceding countries, several gained or are about to gain candidate country status, and several others are striving to advance the EU approximation process. EU values and standards are guiding policy development for all governments in the region.

Implementing its Strategy, between 2000-2005 the REC provided high-quality, innovative, demand-driven services to stakeholders, aiming at the highest benefit for the European and global environment and implementing sustainable development in practice. The REC also provided a gateway for dialogue, networking and cooperation among stakeholders and partners on global, European, national and local levels. This work is to continue in order to maintain the high level services for the REC beneficiaries as well as to strengthen multi-stakeholder international environmental cooperation.

Over the next five years REC services and products must assist the implementation of sustainability policies and facilitate the enforcement of environmental regulations, keeping in mind specific conditions and needs of each beneficiary. Taking into account the changing needs and circumstances of its beneficiary region, the mission of the REC is interpreted in the light of its vision for 2010.

By 2010, the REC will be a stronger international organisation contributing to solving environmental problems in its beneficiary area and beyond in cooperation with relevant international and regional organisations. Activities of the REC will combine capacity building and facilitation with applied research and innovation. The REC will be a key specialist in developing, implementing and promoting policy and tools for sustainable development, in enabling stakeholder development and partnerships, in the sustainable management and use of natural resources, in the integration of environmental concerns into sectoral policies, and in the drafting, negotiation and implementation of international agreements. Co-operation between neighbouring countries in the field of environment and development will increase, facilitated, inter alia, by the transfer of REC experience among those countries.

The REC is ready to share its experiences with other regions in transition that could benefit from international multi-stakeholder co-operation. Based on the Kiev Ministerial Declaration the REC is ready to provide assistance to the new RECs in the Eastern Europe Caucasus and Central Asia countries, by sharing lessons learned from the REC’s 15 years of experience in the region. Promotion and enhancement of this cooperation shall be further sought.

The REC will also continue building strategic partnerships with other International Organisations in order to achieve amplification through complementing efforts, and allocating best available expertise to match problems and needs in an internationally co-ordinated manner. A new development in this respect is the REC involvement in the activities of topic centers on wastes, and biodiversity issues to the European Environment Agency. The REC will continue to attribute great importance to an intensive communication with United Nations Development Programme, United Nations Environment Programme, United Nations Economic Commission for Europe, World Health Organization, Organisation for Security and Co-operation in Europe, International Commission for the Protection of the Danube River, the Danube and Black Sea Commissions, the Southeast European Cooperative Initiative, Danube and Black Sea Task Force, European Environmental Bureau, EcoForum, World Wide Fund for Nature, International Union for Nature Conservation, European Partners for Environment, Bellagio Forum and other partners when working on global, regional and local issues.

The REC will adapt itself institutionally to those challenges posed by the changing contexts of its operating environment and will further improve its flexibility, efficiency and self-sustainability. Its organisational development, structure and leadership will be capable of meeting evolving needs and ensuring a necessary balance between the requirements of the REC’s position as an international organisation and the need for financial viability in a very competitive environment.
PREFACE

The present document represents the strategic guidance that signatory governments — together with the Board of Directors and the General Assembly — gave the REC for the period of 2006-2010. The strategy was discussed and endorsed at the 15th anniversary of the foundation of the REC in June 2005.

The strategy is not a comprehensive work plan: Rather, it defines the priority issues the REC is to focus on in the next five years.

Readers familiar with the history and development of the REC will notice that its Strategy 2006-2010 envisages a continuation of the donor community assistance provided to Central and Eastern Europe through REC programmes. It builds on the Joint Conclusions of Ministers of Environment from the 10th Anniversary of the REC, follows up directions given in the paper REC after 2004, continues the work done under Strategy 2000-2005, and duly reflects the strategic review and organisational restructuring undertaken in 2003-2004.

The document was drafted under the continuous guidance by the REC Board of Directors, benefiting from discussions at the General Assembly 2004 and the comments and suggestions of Senior Officials of the Signatories.

It is our hope that the Strategy for 2006-2010 will allow to take a fresh look at the opportunities we believe the REC offers: partnerships centred on environmental issues that ultimately serve peace, social justice and the preservation of our region’s natural and cultural heritage.
MISSION

“The Regional Environmental Center for Central and Eastern Europe (REC) is an independent, non-partisan, non-advocacy, not-for-profit, international organisation.

“The mission of the REC for the future remains to assist in solving environmental problems in Central and Eastern Europe through the promotion of cooperation among non-governmental organisations, governments, businesses and other environmental stakeholders, the free exchange of information and public participation in environmental decision making.”

“The REC will continue, inter alia, to:

• follow the development of global environmental problems;
• regularly assess strategic environmental needs in Central and Eastern Europe and serve as a resource in identifying solutions;
• promote public participation in environmental decision making;
• promote cooperation for improving the environment between governments, academic, non-governmental organisations, and members of the business community;
• gather and distribute environmental data on the countries of the region as well as pertaining to the region as a whole;
• offer opportunities for mutual exchange of experiences for interested countries, organisations and individuals;
• offer in-kind as well as financial support to promote the solution of certain environmental issues; and
• award fellowships and organise educational, training and scientific programmes in the field of environmental protection, management, as well as nature conservation in the region.”

(Chart of the REC, II.2.1-2.2.)

Taking into account the changing needs and circumstances of its beneficiary region, the mission of the REC has to be interpreted in the light of the vision below.

VISION

By 2010, the REC will be a stronger international organisation working on solving environmental problems in its beneficiary area and beyond in cooperation with relevant international and regional organisations. Activities of the REC will combine capacity building and facilitation with applied research and innovation. The REC will be a key specialist in developing, implementing and promoting policy and tools for sustainable development, in enabling stakeholder development and partnerships, in sustainable management and use of natural resources, in integration of environmental concerns into sectoral policies, and drafting, negotiation and implementation of international agreements.

By 2010 more than half of the current REC beneficiary countries will have joined the EU and many others will be preparing for accession. The REC will continue to adapt its activities in a demand-driven process, reflecting the enlargement of the EU, and the changes of the environment in this area. The services and products that the REC will deliver based on these countries’ needs will serve the implementation of the Acquis Communautaire and will contribute to the capacity of the new member states to fulfil their roles in EU environmental policy development.

The REC will continue to be a key player and contributor to European and global environment and sustainable development processes and will maintain relevant and high quality expertise and capacity to implement international mandates and secretariat support.

The REC will adapt itself institutionally to those challenges posed by the changing contexts of its operating environment and will further improve its flexibility, efficiency and self-sustainability. Its organisational development, structure and leadership will be capable of meeting evolving needs and ensuring a necessary balance between the requirements of the REC’s position as an international organisation and the need for financial viability in a very competitive environment.
BACKGROUND

The Regional Environmental Center for Central and Eastern Europe (REC) was established in 1990 by the United States, the European Commission and Hungary. By 2005, the charter of the REC — its legal basis — has been signed by the governments of 28 countries and the European Commission. Aside from political backing and guidance given the REC, most Signatories voluntarily provide financial or in-kind support to the operations as well, in accordance with their political and economic conditions.

The REC has its head office in Szentendre, Hungary. Country offices, field offices and project offices operate in 16 countries in the region of CEE/SEE/Turkey: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Poland, Romania, State Union of Serbia and Montenegro, Slovakia, Slovenia and Turkey.

During this period of political and economic transition the REC contributed — in line with its mission — to policy development, capacity building, information exchange, facilitation of dialogue and networking. The REC became a vehicle for the granting and provision of other support to the environmental civil society.

During the past 15 years, the REC has proven to be not only a viable, speedy and transparent mechanism for donor beneficiary interaction for environmental betterment, but also a testing ground for addressing global, regional, national and local environmental challenges. The organisation’s flexible, innovative expert team has always been ready to work with, assist and enable the stakeholders in order to jointly achieve set objectives ranging from global environmental policy contributions to local initiatives.

REC PARTNERS

This work could not have been so successfully accomplished without the political guidance, support and financial commitment of the REC’s partners, whose flags are indicated in the chart above, including: Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Japan, Latvia, Lithuania,

1 Signatory to the REC Charter are: Albania, Austria, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, Estonia, European Commission, Finland, Germany, Hungary, Italy, Japan, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Malta, the Netherlands, Norway, Poland, Romania, State Union of Serbia and Montenegro, Slovakia, Slovenia, Switzerland, Turkey and the US.
Malta, the former Yugoslav Republic of Macedonia, the Netherlands, New Zealand, Norway, Poland, Romania, State Union of Serbia and Montenegro, Slovakia, Slovenia, Sweden, Switzerland, Turkey, the United Kingdom, the United States, the European Commission, as well as other UN organisations, inter-governmental and private institutions.

Currently the REC carries out some 300 projects a year with turnover of approximately EUR 12 million. So far, most funding (more than 90 percent) has come from the Signatories. In the beginning, this funding was mainly untied but from 1995 the Signatories gradually shifted funding onto a project basis, with untied funds concluding in 2000. Over the period 2000-2005, the REC achieved financial sustainability based on project funding.

The REC currently operates two special funds: the Japan Special Fund (from 1993) and the Italian Trust Fund (from 2001). These special funds support projects in line with the REC mission, existing as independent financial units under the supervision of the executive director.

In the past five years, the REC has operated exclusively on earmarked funding while it was obvious that for a proactive execution of REC mandates a basic level of untied funding would have been necessary. In particular there is a need for untied funds to ensure continuation of the REC’s publicly free, mission-led activities, such as the REC’s library and information services, publications (e.g. Green Horizon, key directories and web-based materials etc.)
POLITICAL CONTEXT

Looking back at the period of 2000-2005, one of Europe’s major achievements was the enlargement of the European Union with the Treaty of Athens, signed on April 16, 2003. This marked the culmination in legal terms of successful accession negotiations concluded in Copenhagen in December 2002, with 10 countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) joining the EU on May 1, 2004. However, also very significant in political terms, as shown by the very prompt endorsement of the principle of accession by future member states, was that nearly all have formalised their commitment through referenda, giving the seal of popular approval to their accession.

In encompassing 10 new member states, EU enlargement has further strengthened the unity of the European continent. The historical and political arguments in favour of this enlargement are compelling: it enhances peace, prosperity, stability and security, while also producing substantial economic benefits. For new members, the post-accession challenge has been to abandon the role of follower and to become active contributors to EU policy development and international cooperation.

At the Thessaloniki Summit in June 2003, the EU sent a strong message indicating its commitment to the Western Balkans as a long-term investment in peace, stability, democracy and economic development. The EU once again emphasised the prospects of membership; the Union pledged full support to endeavours of South Eastern European nations by enriching the SAP with support structures inspired by enlargement work with accession countries.

Concurrently, the countries of the region have begun to move along the path to eventual EU membership. In June 2004, Croatia became a candidate country and its Stabilisation and Association Agreement entered into force on February 1, 2005. In March 2004, the former Yugoslav Republic of Macedonia applied for EU membership, with its SAA entering into force on April 1, 2004. The negotiations for an SAA with Albania began on January 31, 2003.

The European Commission conducted a Feasibility Study for Bosnia and Herzegovina, identifying 16 priority reform areas. Significant progress in these areas would allow the Commission to recommend the opening of negotiations on an SAA to the Council. A similar feasibility study has been undertaken for State Union of Serbia and Montenegro, which participates in the SAP through the Enhanced Permanent Dialogue.

In 2004, the European Commission declared that Turkey has sufficiently fulfilled the Copenhagen political criteria and suggested opening accession negotiations subject to certain conditions. Turkey is now looking forward to further intensive approximation, adaptation and development.

While pursuing the targets of the Lisbon Strategy and the European Union Sustainable Development Strategy, which are to make Europe one of the most dynamically developing regions of the world, the important need to address all challenges together, whether they are concerning economical issues, social issues or environmental issues, remains the overarching goal of all REC activities.
BUILDING ON THE IMPLEMENTATION OF REC STRATEGY 2000-2005

The established global and regional international processes provide the necessary political framework for identifying common priority needs and measures to address them. The REC has been continuously contributing to this work, both in the preparatory phase and in implementation of ministerial declarations and other outcome documents.

Throughout the past 15 years, the REC has been stringing sustainable development as a red thread through all its programme development in support of the implementation of Agenda 21 and the conventions of UNCED (Rio 1992), the fundamental agreements quoted again and again in e.g. the UN Millennium Development Goals (2000) or the documents of the UN WSSD (Johannesburg 2002).

The REC has been actively involved in Europe’s political processes, the Environment for Europe, and Environment and Health, among others. The REC was one of the contributors to the Kiev Ministerial Conference “Environment for Europe” in 2003. Specific input and activities followed the mission of the REC, the 1998 Aarhus Ministerial Conference and the 1995 Sofia Ministerial Declaration.

In line with the Strategy of 2000-2005, the REC provided high-quality, innovative, demand-driven services to stakeholders, aiming at the highest benefit for the European and global environment and implementing sustainable development in practice. The REC also provided a gateway for dialogue, networking and cooperation among stakeholders and partners on global, European, national and local levels. This work must continue in order to maintain the heights attained by the REC in servicing its beneficiaries as well as in strengthening its role in international environmental cooperation.
**Beneficiary Area: Sub-Regional Needs and Priorities**

Central and Eastern Europe has changed significantly since 2000. Eight countries have joined the EU, two have signed the EU treaty and become acceding countries, several gained or are about to gain candidate country status, and several others are striving to advance the EU approximation process. EU values and standards are the overarching goal for all nations in the region. Over the next five years, therefore, REC services and products must focus on the implementation of the Acquis Communautaire, keeping in mind specific conditions and needs of each beneficiary. Based on varied statuses of the countries within the EU accession process, assistance is implemented following different mechanisms. The scope and means to implement classical regional activities covering all CEE countries no longer exist. Thus, the assistance provided by the REC must be based on sub-regional priorities. Allowing for this development, the REC Board of Directors and General Assembly have identified four strategic groups within REC beneficiary countries with regard to their special environmental problems, differing political statuses and funding opportunities.

**Turkey**

In terms of the diversity of challenges and opportunities, the largest, most complex candidate country will remain Turkey, where the REC has been operational since April 2004. A great deal of hard work is required from this nation to bring its environmental legislation and practices up to EU standards. Hence, Turkey requires the development of an integrated approach for all major stakeholders to render pre-accession support when EU membership negotiations begin. Although the financial burden of compliance will be allotted over several years during and following negotiations, the process will reflect a very significant increase in the financial implications of environmental protection in Turkey.
However, aside from the EU-Turkey bilateral financial cooperation framework, which is programmed annually with a limited environmental component, no additional financial mechanisms developed in order to facilitate the process of accession to the EU currently exist. Loans provided by international financial institutions represent an additional source of support.

Turkey is in the process of identifying its own priority needs supporting accession efforts and specific activities within these needs. Sustainability and replicability are key issues in attaining optimum results in institutional capacity building. The REC can provide this support by building on its experience, both regionally and nationally. In the accession process, there are common needs for society in general and for each stakeholder group’s specific needs. The REC will therefore concentrate both on horizontal issues and on stakeholders’ specific needs, focusing on central and local governments, civil society and the business community.

Until now, most efforts have focused on increasing capacity of governmental institutions and NGOs. The REC will work not only with the government and NGOs, but also with the business community as an integral component of the multistakeholder approach. Highly needed to meet the requirements of the EU accession process, particularly in the business community, is the support of initiatives to build in-house capacities and the increase in awareness of different sectors to take action. One of the major challenges for the Turkish business community will be the cost of EU environmental Acquis compliance. The REC aims to play a major role in supporting this process.

The REC has the capacity to facilitate the EU accession process by bringing its knowledge and expertise from 15 years of service in the CEE region together with the best practices from the new EU member states. In order to support the EU accession process and the improvement of the environment in Turkey, the assistance of the REC would be needed for:

- strengthening the institutional capacity for dealing with legal, technical and financial issues related to the EU approximation process;
- preparing stakeholders to use EU funds by familiarising them with current financial mechanisms developed for other accession countries and new EU member states;
- supporting the Ministry of Environment and Forestry in preparation for EU negotiations;
- providing a neutral platform for dialogue between environmental stakeholders, thereby promoting awareness of the challenges and opportunities of the EU accession process and enabling multistakeholder dialogue and cooperation;
- providing training for the business community based on the new EU member states’ experiences; and
- supporting civil society development, focusing on environmental NGOs and stakeholders such as youth and journalists;
- implementation of the most important multilateral global and regional environmental agreements, etc

South Eastern Europe

In South Eastern Europe, SAP provides a strong impetus for environmental harmonisation. The Regional Environmental Reconstruction Programme for South Eastern Europe (REReP) will remain a major vehicle for assistance in institutional strengthening and civil society building. An important additional dimension of environmental cooperation in the SEE is the need to continue with confidence building through joint work toward achieving common environmental objectives. The cross-border cooperation initiatives have a special role in this respect and the REC will continue supporting cross-border exchanges. Participating countries will also strongly benefit from the exchange of experience and the emerging donor role of the new EU member states.

At the Thessaloniki Summit in June 2003, the EU sent a strong message of commitment to the Western Balkans as a long-term investment in peace, stability, democracy and economic development. Once again, the EU emphasised the prospect of EU membership and pledged full support to South
Eastern European nations’ endeavours by enriching the SAP with support structures inspired by enlargement work with the accession countries. At the same time, countries of the region, aware that there is much hard work ahead and that their European future lies primarily in their own hands, have committed themselves to intensifying the pace of necessary reforms.

Regional cooperation is an essential element of the SAP, and the capacity and readiness of an individual Western Balkan country to fully and constructively engage in regional cooperation is a key indicator of its ability to cope with European obligations and to eventually join the European Union. The Thessaloniki Agenda set down a number of areas in which regional cooperation should continue to be developed.

The SAP was enriched with elements that had been developed in the EU accession process. Annual reports now assess the political and economic situation, monitor the implementation of reforms, and observe the development of cooperation within the region. The European partnerships adopted in 2004 set the reform agenda for the countries of the region, indicating priority areas in which concrete steps need to be taken, including within the context of regional cooperation.

There is growing diversification among the countries in the region. Croatia became a candidate country and its SAA was put into effect. The former Yugoslav Republic of Macedonia applied for EU membership and its SAA came into force. Albania, Bosnia and Herzegovina, and State Union of Serbia and Montenegro are actively preparing for negotiations on SAAs. Major challenges for these countries are the transposition of the EU Acquis into national legislation and the development of secondary legislation. Due to limited human and financial resources, serious difficulties exist. The capacity of the government administrations, especially at local levels, needs to be strengthened, and all countries require continuous assistance for civil society development.

The assistance of the REC in South Eastern Europe would be needed for:

- integration of environmental considerations into the process of economic reform to promote stability and long-term sustainable development, particularly in sectors with significant impact on the environment and human health (e.g. industry, transport, agriculture);
- transposition and implementation of the Acquis Communautaire;
- institutional strengthening and policy reform;
- capacity building for efficiently addressing the problems of environmental hotspots and environmental infrastructure in general;
- environmental civil society building;
- promotion of cross-border cooperation and joint management of shared natural resources; and
- development and implementation of “soft measures” promoting sustainable development: such as education on sustainable development, development and implementation of energy efficiency measures;
- implementation of the most important multilateral global and regional environmental agreements, etc.

**Bulgaria and Romania**

Both countries are expected to join the EU in the beginning of 2007, with preparations for EU membership at a very advanced stage; both have successfully implemented environmental policy reform in parallel with improvement to environmental legislation and institutional capacity. Bulgaria and Romania have impressive achievements in multistakeholder dialogue and cooperation, access to information, and public participation in decision making, including environmental advocacy. Both countries are largely using new EU member states’ proven practices and experience.

Major challenges in the years ahead include the enforcement of and compliance with the Acquis Communautaire. Institutional strengthening also has to continue, especially on local levels. Both countries must significantly improve their capacity in preparation for and implementation of environmental infrastructure investments. In the use of pre-accession funds, serious deficiencies are to be addressed.
The participation of Bulgaria and Romania in the Regional Environmental Reconstruction Programme for South Eastern Europe was very beneficial in terms of sharing expertise and know-how on the best ways of approximation to EU standards and norms. Opportunities must be explored for the continuation of this cooperation.

In Bulgaria and Romania, the REC is in the process of strengthening its offices to better respond to changing needs. The assistance of the REC would be needed for:

- implementation and enforcement of EU Acquis on national, regional and local levels;
- more efficient use of pre-accession funds;
- capacity building of regional and local authorities, particularly in relation to integration of environmental issues into the decision-making process (environmental assessment), and building partnership between different stakeholders;
- enhancing communication between stakeholders on nature conservation and assisting local inhabitants in the development of economic activities that do not contradict conservation requirements, particularly in areas of the Natura 2000 network;
- development and implementation of “soft measures” promoting sustainable development: such as education on sustainable development, development and implementation of energy efficiency measures, etc.
- international cooperation and information exchange on common issues and sharing experience with non-EU countries.

New Member States

In these countries the EU environmental Acquis is transposed into national legislations and the major effort during the next five years will be to enforce them. EU Structural Funds and Cohesion Funds will aid greatly in accelerating this process. Local and regional authorities, who still require support in capacity building, will carry the main burden of the implementation of environmental requirements in new member states. Consequently, the demand for services supporting local and regional authorities typically grows after accession, and the REC will be in an excellent position to respond to these diverse needs.

The implementation of the EU Sustainable Development Strategy, 6th Environmental Action Programme, and all other important documents and EU council decisions will require a variety of institutional, legislative, policy and investment measures. These can be implemented successfully only through multistakeholder involvement and cooperation. In this context, the REC’s role as facilitator of stakeholder dialogue and partnership can be exploited to its maximum.

Solving environmental problems will continue to require transboundary cooperation within the enlarged EU. Additionally, more effort will be necessary for said cooperation between neighbouring EU countries, and here existing REC experience with those countries will be invaluable.

Before joining the EU, new member states implemented impressive policy and legislative reform combined with institutional strengthening. Many good practices in environmental governance and civil society building are emerging and can be used in the wider EU policy debate in the future. The REC has a special role to play in transferring these lessons to the countries of South Eastern Europe and Eastern Europe, the Caucasus and Central Asia. Additionally, the REC has the ability to support the contributions of new member states to EU policy development.

The number and capacity of organisations dealing with environment and sustainable development in Europe is relatively limited compared to the role the EU has been playing in driving the global policy agenda in recent years. The REC is already part of global and European networks of environmental think tanks and has developed significant expertise in addressing environmental problems. In cooperation with the Commission and other institutions (such as EEA in Copenhagen), the REC can provide useful input into specific new EU policy initiatives.
Therefore, in the new EU member states, dependent on the specific circumstances the REC can offer contribution for:

- implementation and enforcement of EU Acquis on national, regional and local levels, keeping environment in a high position on the national agenda;
- integration of the environment and sustainability concept into programming and implementing Structural Funds and Cohesion Funds;
- capacity building of regional and local authorities, particularly in relation to integration of environmental issues into the decision-making process (environmental assessment), and building partnerships between different stakeholders;
- enhancement of communication between stakeholders on nature conservation and assisting local inhabitants in the development of economic activities not contradicting with conservation requirements, particularly in areas of the Natura 2000 network;
- development and implementation of “soft measures” promoting sustainable development: such as education on sustainable development, development and implementation of energy efficiency measures, etc.
- international cooperation and information exchange on common issues and sharing experience with non-EU countries.

**European and Global Processes**

In its 15 years of work, the REC has proven to be a successful tool of international environmental cooperation, operating at a more practical level than classic international organisations. Because of this, sister RECs have been established in the EECCA and ideas for using this model have also arisen in other parts of the world. With focus having shifted to implementation and governance after Johannesburg, the REC can provide useful experience and expertise to the global community in order to disseminate the CEE region’s success with transition to other regions.

More specifically, the REC will continue supporting its beneficiaries in implementing decisions made at the WSSD 2002 and in achieving the Millennium Development Goals (e.g. integrate the principles of sustainable development into country policies and programmes, and reversing losses of environmental resources). The REC will also continue to be a major contributor to the international Environment for Europe and Environment and Health processes, including the ministerial conferences planned for 2007 and 2009 respectively. The REC will implement priority activities supporting relevant ministerial agreements within these processes, including the Aarhus Convention and other legally binding documents; SEA; integration of environmental concerns into energy, transport and agricultural policies; environmental financing; sub-regional initiatives for South Eastern Europe to implement the UNECE Strategy for education for sustainable development; and NGO and business involvement. The REC will also contribute to the preparatory process for the next milestone events within these processes through background documents and draft texts for the outcome documents.

In the period of 2006-2010, the REC is ready to continue providing secretariat services to REReP and the parallel development of ECENA, which covers the acceding, candidate and SEE countries. In addition, the REC wishes to continue contributing to the REEEP, MEDREP and the Sava Commission. The provision of secretariat support includes coordination of activities, facilitation of information exchange, experience and proven practices as well as provision of assistance to address specific problems and needs. A Renewable Energy, Energy Efficiency Training and Demonstration Centre is being established in Szentendre, Hungary.

Addressing Climate Change issues is of growing importance for the REC. With the Kyoto Protocol entering into force and as EU climate policy develops, obligations and opportunities for the governments and business entities will increase and become complicated. The REC will continue its efforts in policy development and capacity building to these stakeholders to achieve compliance with the UNFCCC and the Kyoto Protocol.
**Strategic Goals**

Provide services and products to beneficiaries matching their evolving needs. In particular, assist in:

- Strengthening institutions for sustainable development
- Capacity building of stakeholders and assisting partnerships
- Sustainable management and use of natural resources
- Integration of environmental concerns into the relevant sectors (such as energy, transport, etc.)

In recent years, the REC has developed high-quality, innovative, demand-driven services to stakeholders and has provided a neutral platform for dialogue, networking and cooperation among stakeholders and partners. The challenge for the next five years is to keep the achieved specialisation of the REC. In parallel, the REC seeks to permanently monitor the demand for services of the beneficiaries so that its activities continue to have the highest benefit for the European and global environment while promoting sustainable development practices.

**Main Directions of Work**

When developing products and services for its beneficiaries, the REC will build on its knowledge and expertise developed during its 15 years of service to CEE countries. The topic area system introduced in 2004 provides an opportunity for effectively utilising the intellectual potential and experience of the whole organisation. It will contribute to issue resolution, stakeholder involvement and further development of existing tools and methods.

The REC will also make full use of the network of country offices, the ability to work in local languages, the established networks of high officials and experts, and its capability to provide a neutral platform for exchanging ideas and experience. When addressing environmental challenges, the REC will be using a sub-regional approach tailored to the specific context and development of the respective region.

The main directions of work of the REC identified for the years 2006-2010 are as follows:

1. **Strengthening institutions for sustainable development**

In the coming five years, the REC will continue contributing to the improvement of the European environment by providing input into global, pan-European, EU, regional (CEE, SEE), national and sub-national environmental policies and by facilitating their development and implementation.

More specifically, the REC will assist central, regional and local governments in the development and implementation of national strategies for sustainable development and local environmental action programmes. The work on the development, implementation and promotion of tools for sustainable development will be further strengthened; it will cover environmental assessment of strategies, plans, programmes and projects, economic instruments and environmental funds. The REC will continue building the capacity of central and local governments in dealing with existing problems in environmental infrastructure investment. The support for drafting of national environmental legislation will be based on the Acquis Communautaire and relevant international agreements.

The capacity of the environmental inspectorates under ECENA will be further strengthened. REReP will remain a vehicle for approximation to the EU standards. The activities will be based on the progress achieved in the SAP, and the recommendations and decisions made at the REReP Task Force and ECENA plenary meetings.
2. Capacity building of stakeholders and assisting partnerships

The REC will contribute to the capacity building of environmental stakeholders, thus enabling the development of partnerships and contributing to civil society building. Access to environmental information, its efficient use, and environmental justice and advocacy enable environmental stakeholders to successfully succeed in their roles in protecting the environment.

A variety of activities will support environmental management in small and medium-sized enterprises, industrial safety and corporate social responsibility. NGO development and networking is encouraged through grant schemes and diverse forms of dialogue and cooperation.

Special effort will be made to continue environmental education activities by contributing to the implementation of the UNECE strategy for education for sustainable development and by developing education tools such as the Green Pack.

The implementation of the Children’s Environment and Health Action Plan, adopted June 2004 in Budapest will be supported with a variety of capacity-building measures for government institutions and schools.

The REC will support the implementation of the Aarhus Convention by developing national strategies, building implementation capacity, and applying agreed international mechanisms to support the implementation of commitments and progress-monitoring measures.

3. Sustainable management and use of natural resources

Special attention will be paid to the management of shared natural resources and rural development with respect to biodiversity and cultural heritage. Proven practices for access to information and public participation in decision making will be used to ensure multistakeholder dialogue and cooperation.

Priority issues will be the management of water and wastes, including the compliance and enforcement of the Acquis Communautaire in this field. The work implemented within the waste topic centre of the EEA provides guidance and focus and will be fully taken into account.

The REC will implement the agreed work within the Interim Sava Commission, contributing to the exchange of information and experience, and to multistakeholder dialogue and cooperation within this international initiative.

All these activities are at the core of sustainable development. Due to their complex nature — one of the most difficult for successful implementation — special knowledge and skills are required. The environment and security topics provide an additional dimension to this work by addressing environmental challenges and risks affecting more than one country.

4. Integration of environmental concerns into the relevant sectors (such as energy, transport, etc.)

The REC has an outstanding record of building the capacity of environmental stakeholders, bringing them together to discuss and solve priority environmental problems. These efforts need to continue and also expand towards horizontal integration of environmental policies, primary preconditions for achieving sustainable development.

The REC will continue promoting and supporting the capacity building of local authorities and practitioners for addressing the complex problems linked to achieving sustainable urban transport. The REC will also contribute to the UNEP Partnership for Clean Fuels and Vehicles through exchange of information and experience, and transfer of proven practices involving all interested parties.
The REC will assist its beneficiaries in reforming their policies and institutions to comply with the Framework Convention on Climate Change and the Kyoto Protocol. A special component on climate change could be introduced in capacity-building and awareness-raising activities for environmental stakeholders. As regional secretariat for CEE of the Renewable Energy and Energy Efficiency Partnership, the REC will contribute to the efforts made developing the policy and regulatory framework in order to identify the best instruments for promoting renewable energy, including innovative financing mechanisms, communication and awareness raising. The REC will also participate and contribute to the Mediterranean Renewable Energy Partnership by providing information, building capacities for partners, providing neutral ground for discussions, as well as establishing and operating a training and demonstration centre in Szentendre.
ORGANISATIONAL DEVELOPMENT

In the next five years, it will be vital for the REC to maintain the organisation’s independent character through its successful model of governance. With the specialisation of the REC’s country and field office network, it will be important to increase the synergies within the organisation. Another important aspect to be considered in future work is the even balance between specialisation and further development of the traditional fields of expertise, and the need to acquire new expertise.

As an international, mission-driven organisation, the REC must adapt to the continuously changing context of its operations while maintaining its financial viability, which requires organisational development that preserves its comparative advantages and efficient operations. Special attention is paid to maintaining the innovative spirit, flexibility and quick response to the changing demand for services. Monitoring the beneficiaries’ evolving needs is a major tool for adapting services and products to address new challenges and for positioning the REC for the future.

In order to make the organisation fit the changing context of its operations, a restructuring process was begun in 2003. The management was restructured along the lines of geographical areas of operation and a matrix structure was introduced in the organisation. Project management and fundraising procedures were revised and streamlined. In the coming period, the above changes must be strengthened and anchored in the organisational culture.

As a major element of the new matrix structure, topic areas were introduced in 2004. Topic areas are to become a tool to better organise and manage existing expertise and knowledge within the REC’s organisational units. REC experts based in different countries manage the topic areas. This development is a direct result of continuous efforts over recent years to strengthen the synergies within the organisation, to build on accumulated experience and knowledge, while fully utilizing the available in-house expertise. The 2005 work plan of the REC reflects these organisational changes.

The REC’s most important resources are human resources. Beside its approximately 200 employees working in 16 countries within the region, the REC takes advantage of the know-how of several hundreds of local and international environmental experts on a contractual basis. In the next five years, the REC must continue implementing a consistent and efficient HR strategy aiming to attract and retain a pool of highly qualified experts in key topic areas. The project management and fundraising skills of the REC staff are also crucial for the organisation. A new performance appraisal system was recently implemented; this is envisaged to be a full review of the career development and internal capacity building system. In order to maintain and increase its flexibility, the REC must strengthen its relationship with external experts that can be contracted on an as-needed basis. As an employer and contractor, the REC has to compete for the best on the market; to succeed in this competition, the REC needs to work on creating and maintaining the image of a prestigious organisation. The compensation package is one important element of this image.

To get the expected output from human resources, it is also important to provide good working conditions in terms of office space, office equipment and communication tools. Although financial constraints in this area constitute a severe limitation, the REC will continue to provide working conditions that meet European standards.

The REC has the status of an international organisation and is recognised as such by many governments, yet the legal status of some REC country offices does not reflect this. In the coming period, the REC will continue work on setting up proper legal status in all countries in which it operates.
FUNDING

REC project funding comes through grants and service contracts from various governments, international organisations and businesses. Grants have been the traditional funding mechanisms for the REC, but it is now evident that grant scheme conditions (i.e. eligibility of the organisation, co-financing requirements, limitations on the eligibility of overheads) tend to be more and more difficult for REC-like organisations. Service contracts, a key element to REC operations, provide only a smaller part of funding. In most cases today, service contracts are subject to open tenders wherein the REC has to compete with strong international consultant companies.

In the next five years, the REC will continue to rely on project funding though foreseeing a gradual increase in the ratio of service contracts and a decrease in grants. Reliance on project funding can prove viable in the long term only if the rates charged cover the full cost of services, including overhead. In term of services, the REC is positioned among international organisations while, in terms of prices, it is positioned between local and international organisations. The REC is highly volatile to the rapidly changing reality of the enlarged European labour market conditions.

Nevertheless, relying exclusively on earmarked funding will not enable a smooth and proactive execution of the REC mandates. Thus, the REC must find further flexible funding sources to complement the earmarked funding. The following opportunities should be further explored in the coming years:

- special funds within the REC;
- a closer relationship with financial institutions;
- more funding from sectors other than governments;
- untied donations; and
- endowment funds.

One of the main challenges of existing solely on project funding is uneven workload distribution, leading to periods of idle capacity and high transaction costs for all involved parties. It is vital for the REC to work on medium- and long-term programmes in which budgets and broad scope of work would be agreed upon with donors on a multi-annual basis; measurement of the work’s scope would be done annually or even more frequently. Both the Japan Special Fund and Italian Trust Fund serve as good examples of such arrangements; during the next five years, similar bi- or multilateral financial mechanisms will be developed.

Developing a closer relationship with financial institutions (following the Joint Statement of the Prime Ministers of Japan and Hungary in 2004), a regional programme with Japan Bank for International Cooperation (JBIC) is foreseen as another new method for cooperation and programming in specific areas for the medium and long term.

The REC’s funding is already well diversified between different country donors, but funding sources will be sought in other sectors, particularly in the form of corporate donors and private foundations. The encouraging relationship between the REC and Toyota Foundation (Toyota Motor Corp.) is one of the first in this field that could serve as an example for other such developments.

Another way to improve the REC’s financial viability is through untied donations. These could come from the public sector, as in the case of the Czech government’s pledge to provide a financial contribution to the REC for an initial period of three years, or from the corporate world. We intend to further pursue this road in the hopes that others may want to follow with a voluntary contribution or something similar to a membership fee; the ultimate goal would be an endowment fund. Early stages of discussions with potential interested partners have been expanded, thereby assisting in the continuation of the REC’s non-project supported mission-driven services, such as the information clearinghouse service for all stakeholders, including a library, website, free publications, etc.
ABBREVIATIONS

Aarhus Convention  Convention on Access to Information, Public Participation in Decision-
                  making and Access to Justice in Environmental Matters
CARDS                 Community Assistance for Reconstruction, Development and Stabilisation
CEE                   Central and Eastern Europe
DABLAS                Danube and Black Sea Task Force
EAP Task Force        Task Force for Implementation of the Environmental Action Programme for
                      Central and Eastern Europe
EEA                   European Environmental Agency
EEB                   European Environmental Bureau
EEHC                  European Environment and Health Committee
ECENA                 Environmental Compliance and Enforcement Network for Accession
EECCA                 Eastern Europe, the Caucasus and Central Asia
EPE                   Environmental Programme for Europe
GHG                   Greenhouse Gases
ICPDR                 International Commission for the Protection of the Danube River
IUCN                  International Union for the Conservation of Nature
JI                    Joint Implementation Mechanism
MEDREP                Mediterranean Renewable Energy Programme
OSCE                  Organization for Security and Co-operation in Europe
PRTR Protocol         Protocol on Pollutant Release and Transfer Registers
REEEP                 Renewable Energy and Energy Efficiency Partnership
REReP                 Regional Environmental Reconstruction Programme for South Eastern Europe
SAP                   Stabilisation and Association Process
SEA Protocol          Protocol on Strategic Environmental Assessment to the Espoo Convention on
                      Environmental Impact Assessment
SEA                   Strategic Environmental Assessment
SECI                  Southeast European Cooperative Initiative
SEE                   South Eastern Europe
UNECE                 United Nations Economic Commission for Europe
UNCED                 United Nations Conference on Environment and Development (Earth Summit,
                      Rio, 1992)
UNDP                  United Nations Development Programme
UNEP                  United Nations Environment Programme
UNFCCC                United Nations Framework Convention on Climate Change
WHO                   World Health Organization
WSSD                  World Summit on Sustainable Development (Johannesburg, 2002)
WWF                   World Wide Fund for Nature