

# Environmental Tools:

## Environmental Leadership Agreements

### **What are environmental leadership agreements?**

This tool is essentially a designated cooperative agreement between government and regulated entities that can provide a variety of government incentives in exchange for commitments by entities to superior environmental performance. This commitment can be achieved in undertaking activities that are not regulated such as conservation programs and/or performance that exceeds current regulatory requirements. This policy tool is continually being adopted as governments around the world expand governance to include new and innovative environmental tools.

To enter into an environmental leadership agreement, firms are normally required to qualify, continually report and verify their performance against a set of criteria. Having qualification-based participation criteria is intended to reserve a program agreement to high performing entities. In most circumstances, a firm wishing to participate in a leadership agreement must demonstrate a strong long-term track record in environmental performance. A firm's longstanding good environmental track record encourages the development of a certain level of trust between parties, thus improving the likelihood of success in the program.

### **Where are they used?**

#### [EnviroVista - Alberta Environment](#)

In June 2005, Alberta Environment officially launched its new environmental leadership program, EnviroVista. As an alternative to the normal regulatory approvals for facilities regulated by Alberta Environment, facilities that have demonstrated leadership in environmental performance can participate in this cooperative agreement to reduce administrative and regulatory burdens and increase operational flexibility. This program recognizes facilities that have a minimum of five years of exemplary emissions performance, a comprehensive, publicly accessible, audited environmental management system, and have gone five years without any enforcement activity under Alberta's *Water Act* and *Environmental Protection and Enhancement Act (EPEA)*. Fourteen industrial and municipal facilities in Alberta have been recognized as EnviroVista Leaders, as of June 2006.

Alberta Environment has added a Champion Tier to EnviroVista. The EnviroVista Champion Tier looks beyond pollution control to other environmental initiatives, such as pollution prevention, product stewardship, greater disclosure, community participation, site remediation, and public nuisance items. To enter the Champion level, a facility will work with public stakeholders and Alberta Environment to incorporate an environmental performance plan into a Stewardship Agreement. This required Stewardship Agreement ensures the environmental performance commitments agreed upon by the EnviroVista Champion facility and its stakeholders are fulfilled.

The EnviroVista Champion level provides the same recognition as the Leader level and further encourages environmental performance by providing access to a broader suite of benefits and incentives, including a streamlined EPEA approval.

### Ontario's Environmental Leaders Program

In 2004, the Ontario Ministry of the Environment launched its Ontario's Environmental Leaders Program. This program is designed to encourage participants to go beyond compliance and encourage Ontario's industrial environmental leaders to commit to reductions of priority substances above and beyond what is required by law. In return, participants are eligible for a range of incentives from the Ministry, including increased efficiency in permitting, public recognition, and an opportunity to forge a specialized relationship with the Ministry, while improving environmental performance.

Similar to Alberta's EnviroVista Program, participating facilities must have an environmental management system, a good standing environmental compliance record, and complete an emissions inventory. Participants then cooperatively work with the Ministry to develop a mitigation plan for three to five priority substances. Additionally, participants must publicly report on their progress in environmental performance and commit to a communications and outreach plan.

### **Tool Performance**

#### **Pros**

- Can provide administrative and financial relief for both government and governed industries in comparison to traditional command and control regulations.
- Gives flexibility to industrial firms to employ internal expertise and capacity to customize their environmental performance and goals.
- Can encourage continuous improvement.
- If appropriate incentives are in place, a firm may be induced to continually adopt the best environmental practices, and associated pollution control and prevention technologies that exceed regulatory standards.

#### **Cons**

- Often face credibility issues, unless a verifiable and trusted auditing system is in place. This can be potentially costly.
- Government may not provide the needed incentive (financial or otherwise) for firms to participate in a cooperative management agreement.
- Relies heavily on the voluntary will of a firm to be good environmental stewards, as cooperative management agreements often lack strong regulatory backing and fiscal incentives.
- Often fail to result in substantial environmental gains.
- If not properly designed, can result in unexpected approval and inspection costs.
- Programs typically focus on top environmental performers and can fail to govern entities that have poorer environmental track records, and thus may not manage and incent the worst polluters to change behavior.

### **Special Considerations**

Effective cooperative management agreements have a definitive regulatory backstop and include a certain level of legal liability upon participants for failing to uphold agreed-upon standards.

