

ANNEX II

Actions taken on selected recommendations from the 2001 OECD review

Recommendations	Actions taken
Policy-making environment	
1. Pursue efforts towards revising and implementing environmental legislation, taking account of Iceland's EEA membership.	As envisaged under the European Economic Area (EEA) agreement, Iceland's legal environmental framework on air pollution, waste management, drinking water, chemicals and climate change is largely in line with the body of EU law. The new legislation established more ambitious objectives; in some cases it is stricter than that of the EU. Iceland is late in adopting the requirements of the EU directives on floods and marine environment, and was granted an extended time frame to implement the Water Framework Directive. Even though not required by the EEA agreement, biodiversity legislation is partly in line with EU law (Chapter 2).
2. Strengthen environmental licensing and enforcement, e.g. by strengthening government inspection and environmental management by companies, and by ensuring that inspection fees cover inspection costs.	Environmental permitting procedures were reformed to reduce the regulatory burden while ensuring environmental protection, e.g. extended permit validity, quality manual and co-ordination mechanisms, such as monthly meetings among permit writers. A 2012 regulation established closer links between permitting and environmental impact assessment. Iceland strengthened and streamlined the inspection regime, and set up a system to track inspection records. Inspections fees were adjusted to better reflect the costs of inspections. An Inspection Quality Manual, based on provisions of the EU Recommendation for Minimum Criteria for Environmental Inspections, sets out procedures to help inspectors gather information prior to and during routine inspections (Chapter 2).
3. Define quantified environmental policy objectives.	Welfare for the Future: Iceland's National Strategy for Sustainable Development 2002-20 sets forth specific policy objectives under 17 themes. Each measure is accompanied by a set of indicators intended to monitor progress. Quantified environmental policy objectives are set in issue-specific policy documents (on waste, air, climate and water) and operationalized through environmental regulations (see recommendations 1 and 16) (Chapter 2).
4. Stimulate environmental management initiatives by industry.	The environment ministry and environment agency have encouraged the use of "green accounting" and ISO 14001 certification by industry. For some product categories, all brands being sold in the Icelandic market already have received the relevant environmental certification (Chapter 2).
5. Assure timely implementation of the physical planning functions of municipalities.	Most large municipalities have adopted land-use plans. An ongoing reform of the country's administrative structure aims to gradually reduce the number of municipalities (Chapter 2).
6. Adopt, as soon as possible, comprehensive waste management legislation.	The 2003 Act on Waste Management and subsequent amendments strengthened requirements for safe, effective waste management by incorporating EU rules on landfilling, treatment and disposal of hazardous and mining waste, and collection and treatment of specific waste streams (e.g. end-of-life vehicles, electrical and electronic equipment, batteries) (Chapter 2).
7. Extend producer responsibility to packaging waste, end-of-life vehicles and old tyres.	Since the adoption of the 2002 Act on Recycling, the proportion of waste under producer responsibility has expanded (packaging waste, end-of-life vehicles and used tyres). All manufacturers and importers of the products subject to the recycling act have to pay fees to the Recycling Fund (see recommendation 21) (Chapters 2 and 3).
8. Complete licensing of all landfills and incinerators as soon as possible, charge for landfill waste disposal and continue to develop modern municipal waste treatment.	All landfills and incinerators are now licensed and certified according to the EU waste management requirements. Three waste incineration plants have been closed since 2010 due to above-standard emissions. A charge for landfill waste disposal is applied at all waste deposit stations (Chapters 2 and 3).

Recommendations	Actions taken
9. Further implement mechanisms to encourage better interministerial co-ordination and co-operation related to sustainable development.	The Welfare for the Future strategy was developed through a broad consultation process, involving government agencies, stakeholders and civil society. Its implementation is overseen by an interministerial co-ordination committee, led by the environment ministry. At the working level, ministries and agencies dealing with environment-related matters hold regular meetings on topics of mutual interest (e.g. steering committees on climate change, waste electrical and electronic equipment; co-ordination group on preventing industrial accidents). Each committee involves government agencies, municipalities and businesses (Chapter 2).
10. Encourage private companies to improve environmental management standards, and implement "Environment Policy in Government Operations".	Ongoing reform of environmental permitting aims to promote better environmental management and internal quality controls in enterprises (see recommendation 2). Efforts have been made to promote green accounting and the application of ISO 14001 standards by industry (see recommendation 4). Iceland adopted the Government Policy for Ecological Procurement (2009) and the Policy on Green Procurement and Green Government (2013) (Chapter 3).
11. Improve public access to environmental information by publishing periodic state of the environment reports, environmental data and indicators showing the progress made towards goals and targets.	The city of Reykjavik has presented a report on its environmental performance since 2002. Since 2005, the Environment Agency of Iceland has published an extensive set of indicators to show progress in implementation of the Welfare for the Future strategy. The agency and Statistics Iceland publish detailed annual reports with environmental statistics and indicators. Detailed information on environmental quality is also provided at local level through municipal state of the environment reporting and, increasingly, in real time (Chapter 2).
12. Regularly carry out national surveys of public environmental awareness, and build consensus about environmental policies and their implementation.	Stakeholders, including NGOs, can extensively review, and comment on, policy proposals, both in writing and by appearing before parliamentary committees. The development of major government policy papers (e.g. Welfare for the Future, National Plan on Managing Waste, Climate Change Action Plan) involved extensive public consultations. Every other year, the environment ministry calls a two-day Environmental Congress open to NGOs, academics, members of the Parliament and city councils, and any other interested parties. The survey to assess public awareness of the Nordic Swan certification is the only example of surveying public environmental awareness (Chapter 2).
13. Develop the use of environmental information and economic instruments to provide appropriate signals to consumers.	Real time information is available to the public regarding air quality in urban areas. The environment agency's website provides information on "green lifestyle". A number of new environmentally related taxes, fees and charges were introduced or redesigned to provide environmental incentives (see recommendations 17 and 21).
14. Adopt a new national plan for sustainable development, with economic, environmental, social and regional dimensions, a long-term perspective and appropriate objectives and targets, based on extensive consultation.	In 2002, Iceland approved its national strategy for sustainable development 2002-20 (Welfare for the Future). The implementation of Welfare for the Future is subject to systematic reviews (in 2005, 2009, planned 2014) by the Environmental Assembly, a multi-stakeholder dialogue forum (see recommendations 3 and 11).
15. Adopt a national spatial plan on land use, co-ordinated with the sustainable development plan.	The 2010 Planning Act mandated the environment minister to present a comprehensive national land-use planning policy to the Parliament within two years of the following parliamentary elections (which took place in April 2013). A special guiding regulation for the content, presentation, consultation and procedures regarding a comprehensive land-use policy was issued in 2011 (Chapter 2).
16. Implement the newly transposed EU directives and collect necessary environmental data to meet international commitments.	The legal environmental framework on air pollution, waste management, drinking water, chemicals and climate change is largely in line with the body of EU law (see recommendation 1). Iceland has actively participated in the European Environment Information and Observation Network (Eionet) to improve data standardisation and collection (Chapter 2). The monitoring system was expanded. It includes monitoring of contaminants in marine biota and seafood products, as required by the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR) and Arctic Monitoring and Assessment Programme (AMAP), as well as monitoring of air pollution in urban areas, as required by EU air quality legislation. Work is ongoing to improve monitoring of heavy metals, polycyclic aromatic hydrocarbons, and volcanos.
Towards green growth	
17. Increase the use of economic instruments in pollution prevention and control and in nature conservation.	A number of new environmentally related taxes, fees and charges were introduced, including an excise tax on diesel and a carbon tax on fossil fuels. Several taxes were redesigned to provide environmental incentives, such as the vehicle tax based on CO ₂ emission levels. Iceland adhered to the EU Emissions Trading System for greenhouse gases (GHGs). The coverage of deposit-refund systems was extended (Chapter 3).
18. Continue investing in wastewater infrastructure.	A wastewater action programme was in force over five years to the end of 2008. A 20% matching fund was provided by the state to stimulate municipal investment in wastewater installations and sewage treatment facilities.

Recommendations	Actions taken
19. Apply the user pays principle in pricing for wastewater services to households and industry, e.g. through volumetric pricing.	Charging for wastewater services is a part of the annual real estate tax in all municipalities. It is not considered practical to apply volumetric pricing (Chapter 3).
20. Translate national sustainable development commitments into integrated policies and programmes in key economic sectors (e.g. fisheries, agriculture, energy, transport and tourism), with targets and timetables.	This has been done in the implementation of Iceland's commitments for the reduction of GHG emissions. Also, the Parliamentary report on strengthening the green economy contains many proposals with indications of the various ministries responsible for follow-up (Chapter 3).
21. Review the environmental effects of the tax system, integrate environmental concerns in fiscal policies and expand the use of economic instruments for environmental management.	No analysis has been done as regards environmental effects of the tax system. Economic instruments for environmental management are being used in the transport sector and other parts of the economy, including waste management (e.g. deposits on beverage containers for recycling, deposit on end-of-life vehicles, and processing charges on batteries, tyres and hazardous waste) (see recommendation 17) (Chapter 3).
22. Further increase public and private environmental expenditure so as to expand environmental infrastructure, implement national laws and translate international commitments into reality.	Budget appropriations to the environment ministry increased significantly over the decade, but part of the increase was due to structural reforms and transfers of agencies and programmes between ministries (Chapter 3).
23. Undertake further analysis of the economic, social and environmental implications of the ITQ system in the light of the latest evidence and experience.	Total catches measured in tonnes decreased significantly over the assessment period, while the economic rents of the sector increased. Taxation of the sector increased. A new task force has been charged with revising the tax structure (Chapter 3).
24. Fully incorporate small vessels into the ITQ system.	A separate coastal fisheries management system has been introduced, where small boat owners are subject to certain input and output restrictions.
25. Increase official development assistance, to reach the OECD-DAC average.	Official development assistance increased to a level well beyond the OECD-DAC average in 2008. The share of gross national income devoted to aid was cut in half in the aftermath of the economic crisis. It increased slightly from 2011 to 2012 (Chapter 3).
Energy and environment	
26. Develop and implement a meaningful programme of measures, in consultation with all stakeholders, to reduce GHG emissions from transport and fisheries, while seeking international support for the greater use of industrial processes based on clean and renewable energy sources.	Several measures to reduce GHG emissions from transport were introduced, including environmental requirements in vehicle public procurement; investment plan to expand the public transport network in the capital region; revision of the vehicle tax, now based on CO ₂ emission levels; use of biogas from landfills for transport and favourable taxation of methane vehicles; VAT exemption for electric and hydrogen-powered vehicles (Chapters 3 and 4). Iceland imposed a carbon tax on fuel used to power fishing vessels. There was substantial renewal of the fishing fleet, with more fuel-efficient vessels. The government promoted the development of energy-saving fishing devices. Harbours have been gradually equipped with land-based renewable electricity. The Maritime Administration and other agencies have been working on pilot projects aimed at developing biofuels to power ships (Chapter 4).
Tourism and environment	
27. Extend protected areas significantly as regards wilderness and landscape protection (e.g. in the central highlands and coastal areas); prepare and implement management plans in all national parks, and extend Red Lists to cover all relevant species in Iceland.	The coverage of Iceland by natural protected areas expanded from 10% to 20% during the decade to 2012. Management plans are in place for three national parks, including the largest, Vatnajökull National Park, established in 2010 (Chapters 1 and 5). The Icelandic Institute of Natural History published lists of endangered plants and birds. The list of threatened vascular plants was reviewed in 2007. Red List data for lichens, mosses, algae and birds have not yet been reviewed (Chapter 1).
28. Increase ranger staff and funding for nature conservation, e.g. by applying the user pays principle to the tourism sector, inter alia, through fees and levies on visitors to protected areas.	The number of permanent rangers nearly doubled between 2006 and 2012. Their work is supported by temporary seasonal volunteers. In 2011 Iceland introduced an accommodation tax; 40% of the revenue is earmarked for the environment agency to support environmental protection measures, and 60% for the Tourist Site Protection Fund to develop, maintain and protect popular attractions (Chapter 5).
29. Diversify farm income by promoting agro-tourism and farm forestry.	The growth in agro-tourism is supported by the Farmers Union and the Icelandic Tourist Board. Farm forestry developed considerably over the decade, supported by five regional schemes.

Recommendations	Actions taken
30. Develop policy to protect Ramsar sites and natural parks of outstanding interest, with a view to maintaining the integrity of the Icelandic wilderness.	Three Ramsar sites were approved over the decade (Þjórsárver, Mývatn, Grunnafjörð). Applications for three additional sites are pending (Andakill/Hvanneyri, Guðlaugstungur, Eyjabakkar).
31. Complete the national report on biodiversity.	National reports on biodiversity were issued as part of the preparation of the Nature Conservation Strategy for 2004-08 and its update for 2009-13.
32. Continue to implement the new legal framework and regional plan for the central highlands and increase the responsibility of local stakeholders in land reclamation by clarifying communal and individual land ownership and user rights in the highlands.	The Planning Act was adopted in 2010, on the basis of the analysis conducted by the Highlands Committee. The act mandated the environment minister to present a comprehensive national land-use planning policy (see recommendation 15) (Chapter 2).
33. Streamline soil conservation policy objectives by defining quantitative targets for sustainable land use, soil reclamation and vegetation cover.	Qualitative objectives were presented in the Soil Plan 2008-14. Only the reforestation/afforestation objective has been quantified so far (5% of land area), but with no time limit.

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