



European Union Network for the  
Implementation and Enforcement  
of Environmental Law

## Practical Guide - Financial Provision: Protecting the Environment and the Public Purse



In 2014, the European Network of the Heads of Environment Protection Agencies (EPA Network), recognised that the cost of dealing with environmental liabilities arising from industrial operations too often fell to the public purse as a result of the failure of financial provisions. An IMPEL project was set up to identify what forms of financial provision are most likely to deliver secure and sufficient cover which is available to the regulator when needed.

The project aims were the generation of a better understanding of the availability and suitability of financial tools. This should result in improved protection of the environment and the public purse, whilst ensuring compliance with the polluter pays principle, and encouraging operator investment in pollution prevention.

A guide has been produced by a team of experienced practitioners and academics covering the relevant law, insurance and technical fields, under the European Network for the Implementation and Enforcement of Environmental Law (IMPEL), with the support of the European Commission. It has been peer reviewed by a wider project team and by the IMPEL Cross Cutting Expert Group. The team also wish to acknowledge the valuable input received from:

- the European Commission's Environmental Liability Directive National Experts Group
- environment ministries and environment protection agencies across Europe; and
- the Alberta Energy Regulator.

### TARGET GROUP

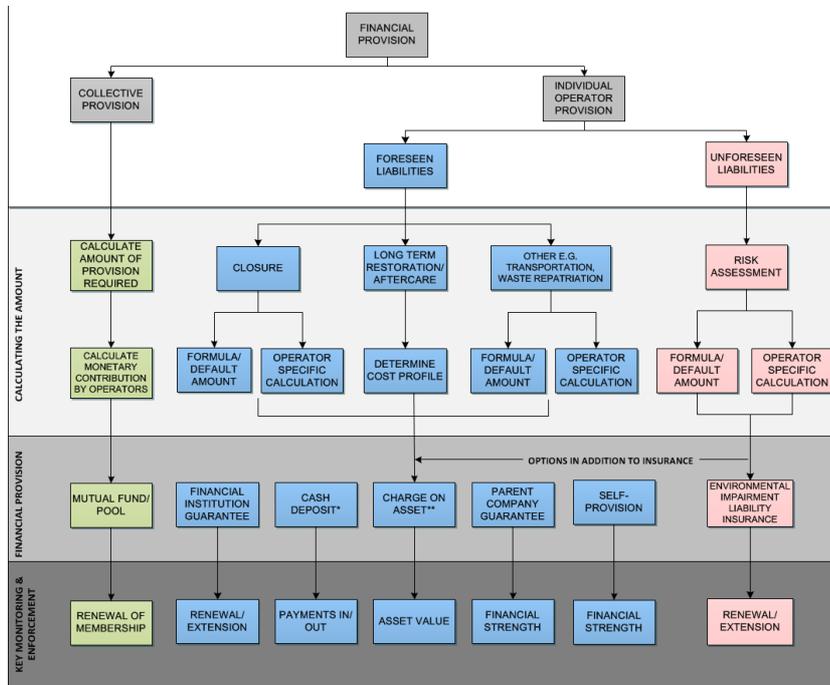
- Environmental Regulators
- Operators

### EU LEGISLATION

- [Industrial Emissions Directive](#)
- [Seveso III Directive](#)
- [Mining Waste Directive](#)
- [Environmental Liability Directive](#)
- [Landfill Directive](#)
- [Transfrontier Shipment of Waste](#)
- [HVLf Recommendation](#)

### PUBLICATION DATE

2017



\*A COMBINATION OF FINANCIAL PROVISIONS MAY BE REQUIRED WHERE A CASH DEPOSIT IS ALLOWED TO BUILD UP OVER TIME UNTIL THE VALUE OF THE DEPOSIT IS SUFFICIENT TO MEET THE LIABILITY.  
 \*\*A COMBINATION OF FINANCIAL PROVISIONS MAY BE REQUIRED WHERE A CHARGE ON ASSET IS USED DUE TO ITS ILLIQUIDITY.

LINKS

- [Financial Provision Project](#)
- [Financial Provisions Guide](#)

KEY WORDS

This practical guide is intended as a reference document for regulators. It does not prescribe what a regulator should do. Instead, it aims to provide information to assist regulators in making better decisions about financial provision for environmental obligations and liabilities. In this way, it should contribute to improved protection of the environment and the public purse, promote compliance with the polluter pays principle and encourage operator investment in pollution prevention.

The guide identifies issues to consider in the decision-making process when assessing financial provision, and assists regulators and other users in finding successful solutions. It also highlights the importance of ongoing maintenance and monitoring of financial provision to ensure successful delivery of that financial provision when required and provides examples of usage and guidance internationally. The three main parts of the guide provide:

- 1) information on the calculation of the amount of financial provision including links to available tools and template;
- 2) a detailed breakdown of the key advantages and disadvantages of each financial provision, together with recommended checks for financial provision in general and for each financial provision; and
- 3) examples of usage and guidance internationally.

