

Compliance – who cares?

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- Is there a compliance problem?
- What exactly is the problem?
 - Legal powers, market surveillance, staff expertise, etc.
- How large is the problem?
 - energy/greenhouse



Conclusions

- We don't know answers to many of these important questions!
- Why not?
 - Very little published data
 - Too few assessments made by programs (and made publicly available)
 - Some snapshots but nothing systematic and consistent across countries/regions
 - Even when we know compliance rates, doesn't = lost energy savings



How good are we at ensuring compliance?

- CLASP Survey
 - Survey of S&L programs in G20 countries (+Tunisia & Chile)
 - total of 30 programmes spanning 14 countries
 - Comparable with surveys of EU Member States – Fraunhofer & ATLETE
 - Designed to assess the strengths and weaknesses of the compliance infrastructure and capacity in Governments



Deterrence theory

“Deterrence theory...maintains that there must be:

- a credible likelihood of detecting violations;***
- swift, certain, and appropriate sanctions upon detection;***
- and a perception among the regulated firms that these detection and sanction elements are present”***



Scope of CLASP Survey

Country	ISO Abbreviations	MEPS	Mandatory Labelling	Voluntary Labelling
Argentina	AR	✓	✓	
Australia	AU	✓	✓	
Canada	CA	✓	✓	✓
Chile	CL		✓	
China	CN	✓	✓	
Germany	DE	✓	✓	
India	IN		✓	✓
Italy	IT	✓	✓	
Japan	JP	✓ (1)		✓
Mexico	MX	✓	✓	
South Korea	KR	✓	✓	✓
Tunisia	TN	✓	✓	
United Kingdom	UK	✓	✓	✓
USA	US		✓	✓



Framework

- Most programs appear to have adequate legal basis
 - need to ensure that definitions remain relevant to current markets
- Most programs also have appropriate MV&E processes
 - although some enforcement procedures appear unwieldy
- All respondents were able to clearly identify the entity or entities responsible for MV&E
- MV&E may be the responsibility of separate organizations
 - may be justified to avoid the potential for conflicts of interest
 - issues of co-ordination that need addressing



Resources

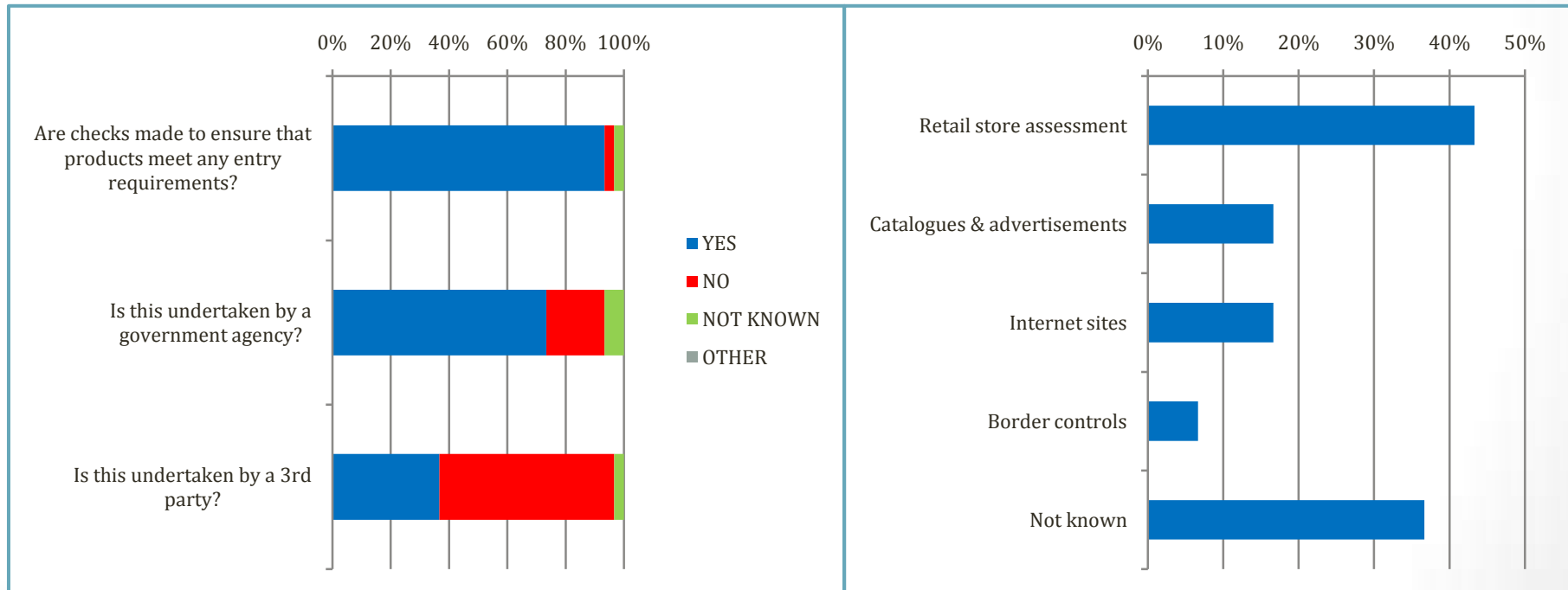
Country	AU	CA	JP	IN	MX	KR	UK
Program	M&L	M&L	TR & VL	ML & VL	M&L	M&L, VL	M&L
USD (000's)	950	500-750	2,180	n.a.	184	642	600-1500
Person/yr	n.a.	0.2	10	>4	n.a.	5.3	n.a.

- 50% programs can say how much is spent on compliance per annum
 - *In these, the amounts vary*
 - *Few have defined budget allocations and forward plans for MV&E activities*
- Fewer programs gave staff numbers. MV&E often forms part of staff's functions
 - *Need to ensure activities are coordinated and recorded; and clear lines of responsibility established*



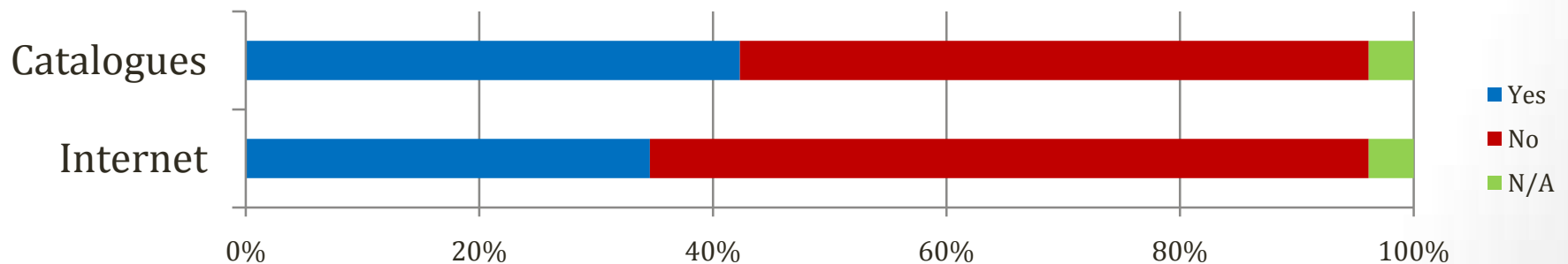
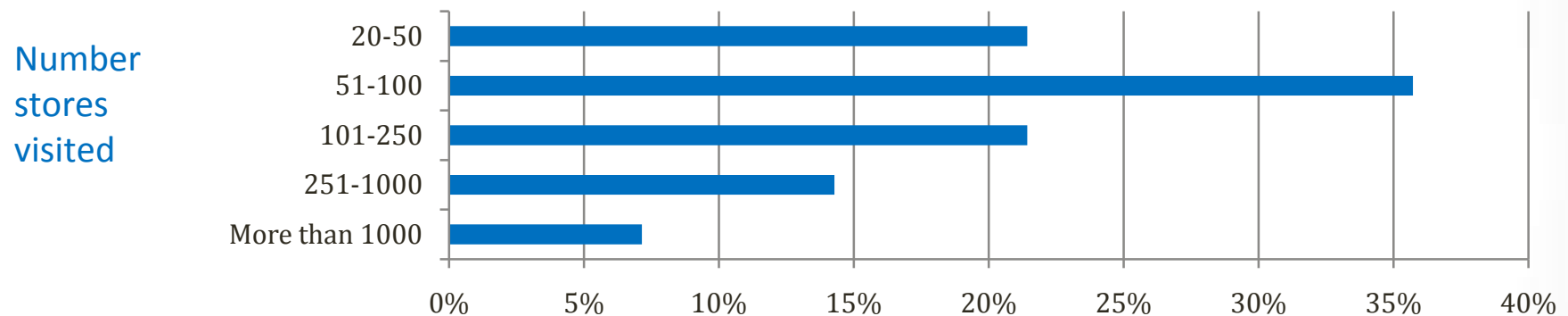
Market Surveillance Activities

- Most programs undertake some market surveillance
- But few have readily available records on the extent of MV&E surveillance and verification activities



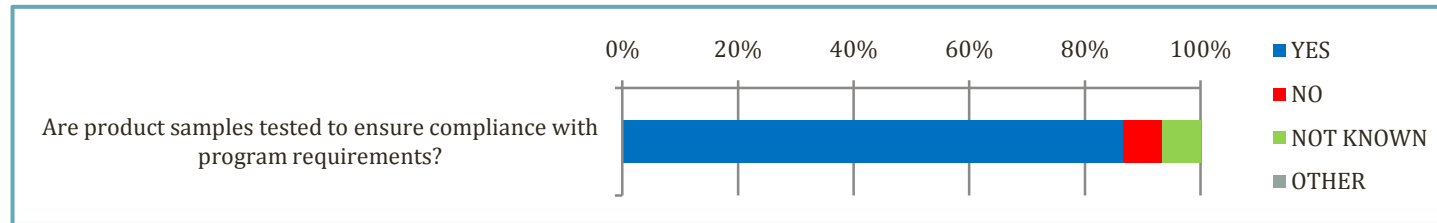
Market Surveillance in EU

- Large variation in the number of stores monitored
- Online selling- a major new challenge



Verification Testing

- 80% programs undertake product testing



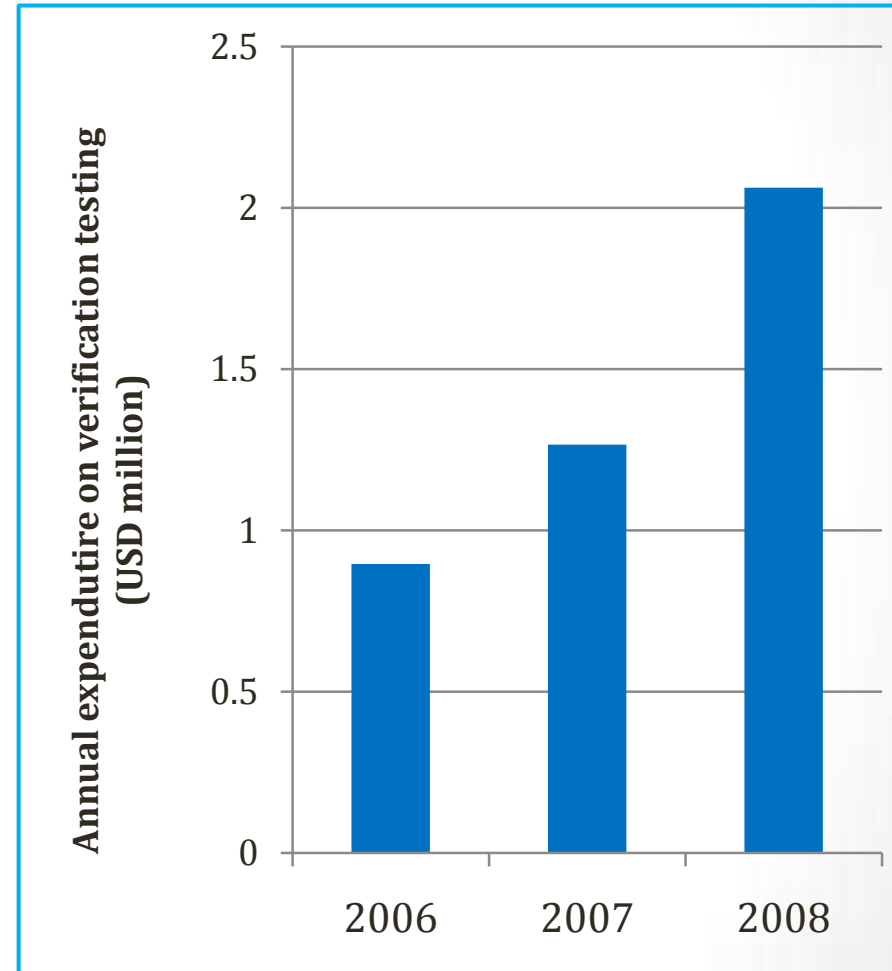
- 50% could give figures on numbers tested

Country	AU	CN	IN	JP	MX	KR				UK		US
Program	M&L	M&L	L&VL	TR	M&L	M	ML	VL	M	ML	VL	VL
2006	58	54	0	0	91	180	84	160	0	13	75	36
2007	113	73	7	0	132	228	88	135	100	18	0	11
2008	88	124	n/a	24	108	142	93	82	0	300	82	n/a



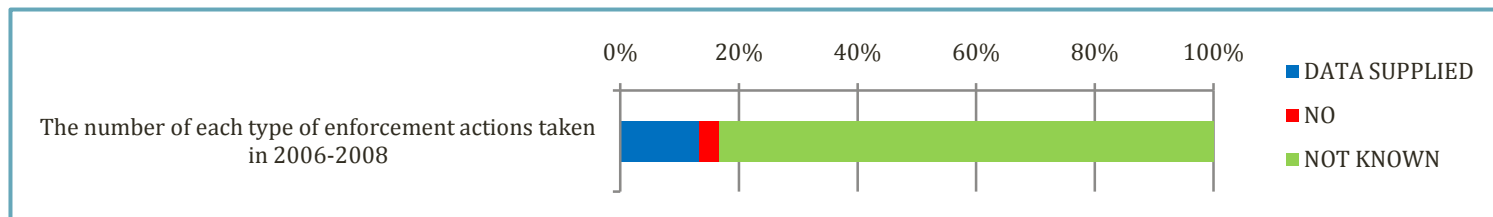
Expenditure on off-the-shelf testing

- Only 35% programs able to provide expenditure information
- Expenditure on testing increasing
- Large variation in testing costs
 - *different product types*
 - *varied national cost structures*

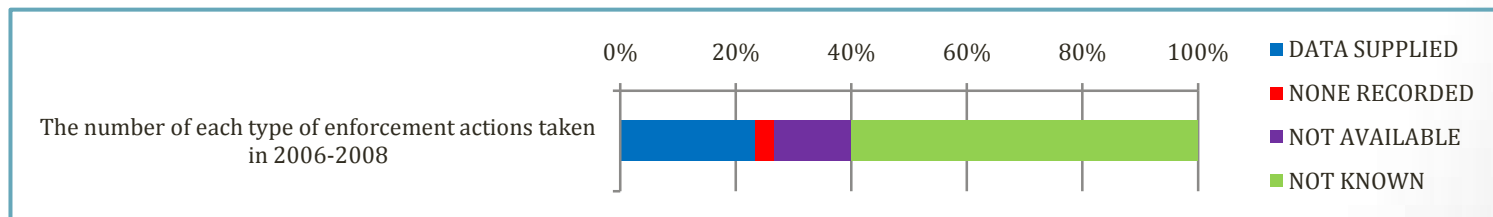


Enforcement Activities

- Very few were able to provide figures for enforcement actions
 - Labelling and similar offences found in market surveillance

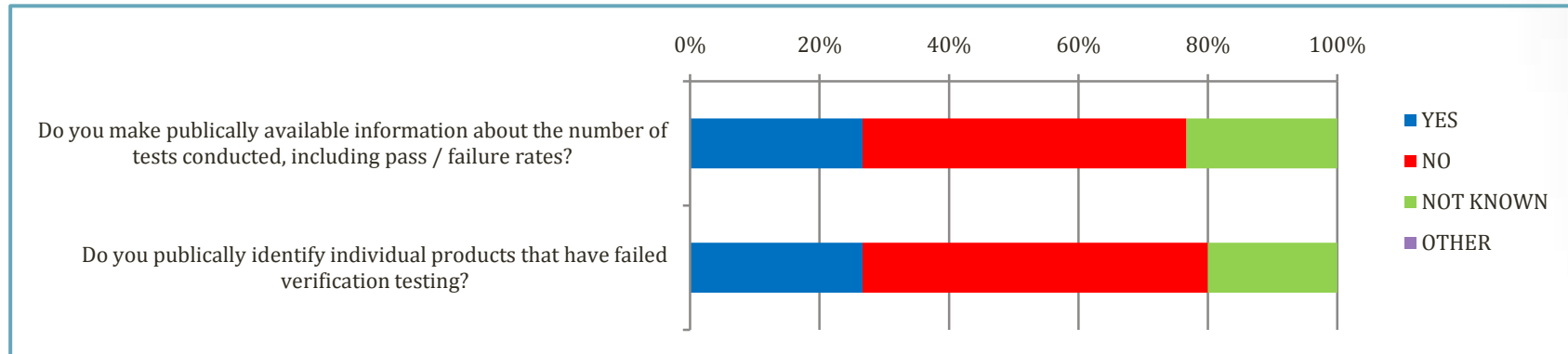


- Performance verification tests

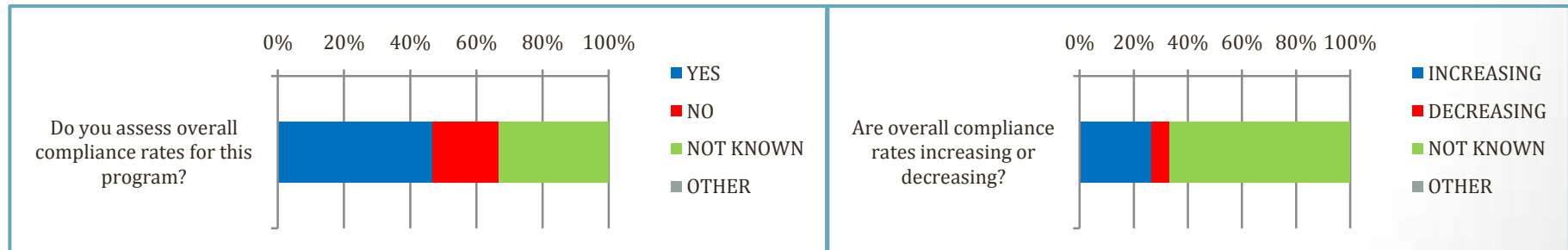


Public disclosure

- Public disclosure



- Compliance assessment



Summary of conclusions

- Findings very consistent with EU studies
- Programs are aware they need to address compliance
- The basic structures are usually in place
- A few programs have a well developed and systematic approach to MVE
- Significant number of programs appear to lack planning, implementation, record keeping and reporting
 - Although several are revising compliance regimes
- Considerable variation in MV&E structures used
 - Opportunities to transfer experiences and approaches between programs
- But, no common language! Different terminology used – impairs dialogue and understanding



What can be done?

- MV&E regimes need sustained investment to plan, establish processes and upskill staff
- Most programs need to plan their approach to MV&E better, and more resources to organise and implement MV&E
- At the same time, there are major opportunities to do compliance smarter!
- Dialogue with participating industry often reveals better ways to integrate MV&E.
- Programs are always changing – lots of opportunities to do things better!



Thank you

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What are we talking about?

- All S&L programs have ‘rules’
 - Mandatory and voluntary programs
 - Contained in legislation or administrative guidelines
- “Compliance” means adherence to these sets of rules
- Obligations may apply to different stakeholders
 - suppliers, importers, retailers, wholesalers, on-line suppliers, etc
- The rules adopted by different programs vary according to many factors:
 - Existing legislation, political ambition, national governance issues, resources (in-house and external), stakeholder attitudes, etc
- But all programs have processes & systems to check compliance – the “*compliance regime*”



In most markets.....

“20% of the regulated population will automatically comply with any regulation

5% will attempt to evade it

and the remaining 75% will comply as long as they think that the 5% will be caught and punished.”



“Deterrence theory.....maintains that there must be a credible likelihood of detecting violations, swift, certain, and appropriate sanctions upon detection; and a perception among the regulated firms that these detection and sanction elements are present”

