

Editorial

Looking beyond Paris



Issue 38

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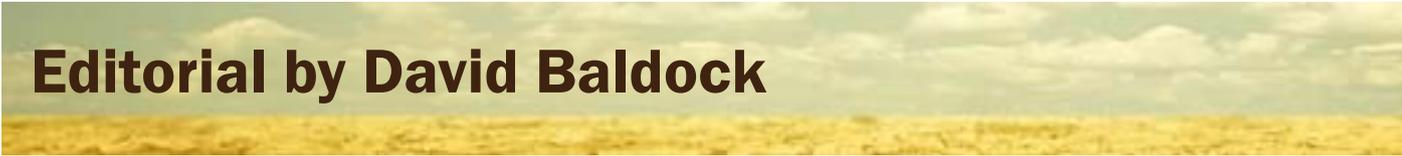
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Editorial by David Baldock

Measured against the backdrop of melting ice sheets, persistent and widespread poverty and the projected extinctions of many species, expectations from set piece global conferences may be rather low. Prudently low perhaps. Nonetheless, the combination of the crucial Climate Change Conference in Paris in December and the UN general assembly in September, where new Sustainable Development Goals (SDGs) will be agreed provides the chance of a turning point. There is a valuable opportunity to re-assess our thinking as well as to secure essential multilateral agreements.

In Europe for example we need to appreciate that climate mitigation and adaptation are as much development issues as they are scientific or environmental ones. This applies domestically as well as on a global scale. Many of the debates about the EU's own climate policies over the last year have reflected tensions between different economic development pathways and the associated political priorities. Questions of finance, economic opportunity, innovation, industrial and employment policy and burden sharing between countries have all been prominent. Not surprisingly changes in embedded energy, transport and industrial systems have proved far more than a technical adjustment. Some ambitions, such as increased climate aid for the developing world and

the control of environmentally perverse subsidies, including fossil fuels, have been at risk of fading from the agenda. Europe, in other words, is a rehearsal, a microcosm, a case study for issues that need to be addressed globally. Europe's experience of what works, and, critically, what doesn't, can help to provide lessons for how the SDGs should be implemented.

In the next six months the EU has a substantive role in contributing to agreement on an ambitious but credible set of SDGs and more stretching climate targets than appear to be on the table at the moment. Beyond those agreements, if they are reached, there is a more fundamental opportunity to refresh and re-visit Europe's own approach to sustainability. In short, to respond to the SDGs properly will demand a fresh start.

The SDGs should, of course, help reinvigorate thinking about the development pathway of the poorer economies, and the EU's contribution to that – including meeting the commitment to deliver 0.7% of gross national income as aid, where collectively we still fall far short. But beyond the traditional development agenda, it provides an opportunity to think more coherently about the EU economy's broader global impact. For example, the measures we put in place to halt the loss of biodiversity need to address not just the EU's own environment, but our broader consumption, production, and

land use impacts globally. There is an impressive spectrum of new ideas and issues to be tackled from overhaul of the global financial system to re-framing energy policy around a spatially diffuse network of renewables to curbing food waste and bringing health, environmental and agricultural policies together.

In some areas there is certainly movement. For example a new language is emerging around the bioeconomy, the circular economy, and the low carbon economy. However, much more work is required to establish what these mean in practice, how they mesh together and the steps required engendering the scale of change that Paris and the SDGs imply.

Like many others, the Institute hopes to make a contribution to this new agenda and the more intensive global challenges to be addressed in European policy. Our [Green Economy programme](#) comes on stream this month, combining an international with a European focus and a range from climate to biodiversity. Do see the website for details.

Environmental fiscal reform – what, why and how?



Recent IEEP studies explore environmental fiscal reforms, their revenue generating potential and how obstacles to further progress can be overcome.

Environmental fiscal reform (EFR) refers to tax and pricing instruments as well as subsidy reforms that can raise revenues while furthering environmental and other goals. Such measures have recently attracted growing attention. This has been driven by various factors including the push for fiscal consolidation in some countries (such as Ireland, Italy, Portugal) and the steep decline in oil prices (which has helped cushion the impact of fossil fuel subsidy reforms in countries such as India and Indonesia). IEEP has a long track record of research and expertise in this area.

A recent report by Eunomia, Aarhus University and IEEP identifies the potential for environmental tax reform in 14 Member States.

The study sets out suggestions to reform Member States' energy, transport, pollution and resource taxes in line with good practices in Europe. It estimates that these reforms could generate additional revenues of EUR 38 billion in 2017 and EUR 111 billion in 2025. Furthermore, the suggested reforms are estimated to bring indirect benefits including reduced environmental impacts with benefits ranging from 0.02% of GDP in Denmark, the Netherlands and the UK to 0.81% of GDP in Latvia in 2025. The study seeks to stimulate discussion and analysis at the national level on the potential for EFR and support the further greening of the European Semester process which provides a regular mechanism to monitor Member States' progress on various issues and recommends improvements in this regard.

IEEP also recently completed a paper on overcoming obstacles to environmental fiscal reform which was commissioned by

the Fiscal Instruments Research Committee of the Green Growth Knowledge Platform (GGKP). The paper was presented at the Third Annual GGKP Conference in Venice in January and will be presented at the Annual Conference of the European Association of Environmental and Resource Economists (EAERE) in Helsinki in June. It argues that while concerns about the economic and social impacts of EFR are important and merit attention, they should not be used as an excuse to avoid or halt such reforms as they can be addressed through careful design and implementation of the process.

For more information contact:
Sirini Withana or **Patrick ten Brink**

Tracking biodiversity related expenditure in the EU budget



An IEEP-led study explores how best to track biodiversity related expenditure under the 2014-2020 EU budget.

The European Commission is in the process of developing a methodology to track biodiversity related expenditure in the EU budget, similar to the one developed for climate related expenditure tracking (see previous [IEEP study](#)).

Tracking of biodiversity related expenditure is an important element of monitoring the EU's own expenditure and is also needed to fulfill the Union's international commitments. The UN Convention on Biological Diversity (CBD) requires the parties to the Convention to report on domestic and international biodiversity related financing flows.

IEEP in collaboration with ICF International is currently

finalising a study which seeks to support the Commission in considering how the previously proposed tracking methodology could be further elaborated and refined over the period of the 2014-2020 Multiannual Financial Framework (MFF). For the first time, the study proposes a common definition for EU biodiversity expenditure, as well as a typology of expenditure categories that have biodiversity as a primary or significant objective.

While some expenditure types contributing to biodiversity conservation both on land and at sea are easy to recognise, the study also identifies certain types of expenditure for which the tracking exercise can be challenging. For instance, in many cases expenditure delivers benefits for both biodiversity conservation and sustainable use of ecosystems and their resources, such as in the area of sustainable fisheries. In these cases it is

not always straightforward to define whether biodiversity conservation should be considered as a primary objective of the expenditure or not. Moreover, the study also concludes that the tracking methodology needs to be adaptable to different levels and stages of the EU budget cycle, moving from estimated and planned contributions to capturing real expenditure.

In addition to the main approach and methodology, a separate guidance document is being developed which provides detailed advice on the tracking methodology for particular EU funds. The purpose of this guidance is to support the various Commission services in their efforts to track financial contributions to biodiversity conservation across the EU funds.

For more information contact: **Marianne Kettunen** or **Andrea Illes**

Energy efficiency, climate change and energy security – synergies or rhetoric?



Targeted use of financial instruments to support energy efficiency is one of the key actions in the roadmap for the Energy Union. Recent work analysing Member State support schemes, and Investment in improving the energy performance of buildings under Cohesion Policy, reveals some of the challenges behind this policy area.

IEEP, with Danish consultancy Ramboll, is currently evaluating the contribution of the 2007-2013 Cohesion Policy programmes to energy efficiency in public and residential buildings. The work involves a detailed analysis of European Regional Development Fund (ERDF) and Cohesion Fund Operational Programmes, reinforced by a review of national spending in support of energy efficiency.

Information available in the public domain shows that most

Member States already provide a range of national schemes (mainly as grants) to support energy efficiency in buildings, while some more ambitious countries rely on regulatory approaches.

Policy statements on energy efficiency at EU and national level reference a wide range of benefits, related to climate change, energy security, cost savings, fuel poverty, job creation, and macroeconomic stimulus, but this does not necessarily seem to lead to the development of targeted instruments with a clear rationale and well-defined objectives.

There also remains a gulf between Member States' consensus on the importance of energy efficiency and their willingness to accept clear targets for what they should achieve. These preliminary insights provide an interesting starting point for the ongoing detailed evaluation, due to be published in September 2015. There are some big challenges

ahead for the overall EU2030 climate and energy package in terms of implementing the goals on energy efficiency. For example, Member States with real ambition on energy efficiency must have freedom to set more demanding targets nationally. However, unless targets are defined for all Member States, extra effort in some countries might simply make it easier for others to 'free ride' on the benefits. Furthermore, clarity on how much energy efficiency measures are expected to reduce energy demand is essential to avoid over-programming of energy investment, with the wider environmental costs that could bring.

Alongside the dedicated work on financing for energy efficiency, IEEP will continue to seek solutions to these wider policy challenges in the future.

For more information contact:
Martin Nesbit

Environmental management on farmland – paying for results



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How can agri-environment schemes be developed to focus payments on achieving results rather than carrying out prescribed management? IEEP has produced a range of materials, now available on the Commission's website, to demonstrate how.

Agri-environment schemes continue to provide the most significant source of funding to support farmers in carrying out the management required to protect biodiversity on agricultural land. IEEP has been looking at different ways of designing these schemes so that farmers are paid for the biodiversity results they achieve, rather than for adhering to prescribed types of management.

Results-based payment schemes (RBAPS) make it much clearer what the payments to farmers are seeking to achieve. They also allow farmers to choose how to adapt the management of their land, livestock and crops to

achieve these results. If designed correctly, a shift to RBAPS should also make it easier to control and verify the payments.

Although not mainstream practice, these types of schemes have existed in Europe for over 20 years. In 2014 there were over 30 such schemes in operation or planned in the EU and Switzerland, mostly financed by rural development funding under the CAP and occasionally also benefiting from state-aid and Pillar 1 CAP funds. These schemes focus on the conservation of existing valuable habitats – such as species-rich meadows, semi-natural grazed habitats, traditional orchards and vineyards – and species – such as, ground nesting birds, large carnivores (e.g. Lynx) and raptors (e.g. Golden Eagle).

There are several factors key to the success of results-based schemes: simple and, reliable result indicators, availability of environmental information and expertise, and the willingness of

farmers to participate. Together with experts from across Europe, IEEP has produced a range of useful resources – a practical guidance handbook, searchable inventory of existing schemes, videos, articles and a study report – to guide the future development of such schemes. Alongside the considerable experience with RBAPS in some countries, new pilot schemes are being funded in Romania, Spain and Ireland from 2015-2020. Other countries are also already expressing an interest in looking at the potential of introducing RBAPS over the coming years. Both the material and the pilot schemes were funded by the European Commission, on behalf of the European Parliament.

To find out more about these schemes and to watch videos of farmers and our experts sharing their practical experiences, check out the [dedicated web pages](#) on the Commission's website.

For more information contact:
Kaley Hart

IEEP Conferences and Events



Nature and Health at the Green Week *Brussels (Belgium), 4 June 2015*

For further information, please visit the conference website: <http://www.greenweek2015.eu/programme-20150604-3-3.html>

Contact: Patrick ten Brink

The optimised cascading use of woody biomass *Brussels (Belgium), 24 June 2015*

As part of a study for the European Commission, IEEP will organise and run a workshop dedicated to understanding the concept of cascading use, how it can be quantified and some of the reasons why it has not been more widely implemented across the EU to date. Attendance is by invitation only.

Contact: Ben Allen

21st Annual Conference of the European Association of Environmental and Resource Economists (EAERE)

Helsinki (Finland), 24-27 June 2015

The 21st Annual Conference of the European Association of Environmental and Resource Economists (EAERE) is being organized by the University of Helsinki. IEEP will present its work on overcoming obstacles to green fiscal reform which

was carried out for the Fiscal Instruments Research Committee of the Green Growth Knowledge Platform (GGKP). The work will be presented in a policy session on 'Green Fiscal Policies and the Green Economy Transition' organised by the GGKP at the conference. For further information, please visit the conference website: <http://www.eaere2015.org/>

Contact: Sirini Withana

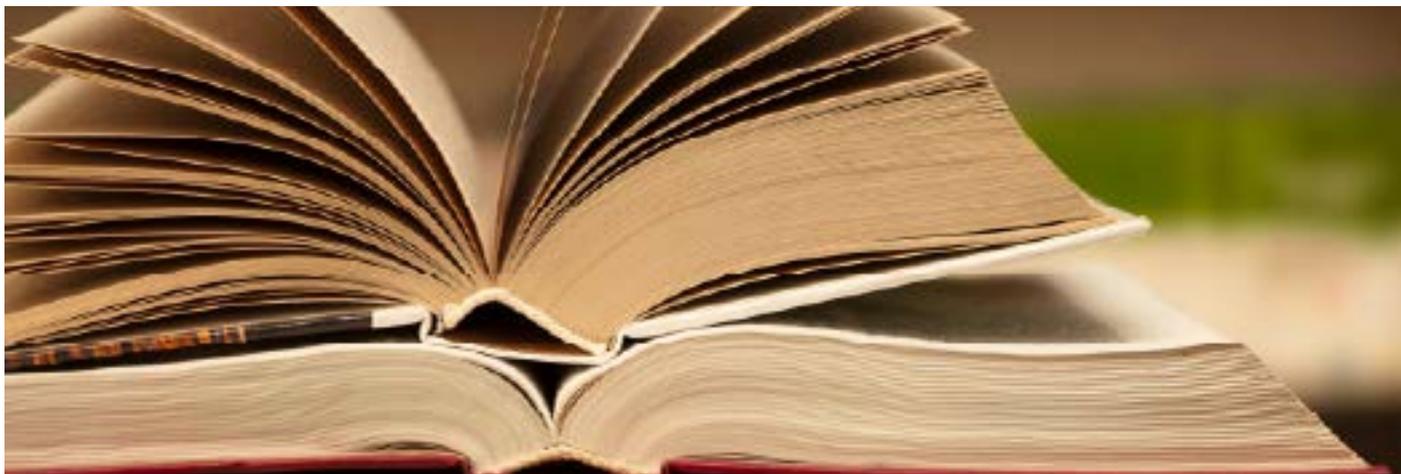
Ex-post evaluation of cohesion policy programmes 2007-2013 co-financed by the ERDF/CF supporting energy efficiency in public and residential buildings

Brussels (Belgium), 26 June 2015

As part of a project for DG REGIO of the European Commission, this stakeholder seminar will discuss the findings of the evaluation of the 2007-2013 Cohesion Policy programmes' contribution to energy efficiency in public and residential buildings, and deepen the analysis for further policy orientation. Around 30 participants are expected, including: national authorities in charge of programme management and implementation, energy efficiency experts, and beneficiaries of support. Attendance is by invitation only.

Contact: Martin Nesbit

IEEP Books and Publications



The value and social significance of ecosystem services in Finland (TEEB for Finland)
26 January 2015

TEEB for Finland presents the results of a national assessment of the socio-economic importance of ecosystem services in Finland. It provides a review of the country's most relevant ecosystem services while also considering opportunities and tools for their sustainable management.

Case studies focusing on different types of environmental crime
11 March 2015

IEEP, as being part of a 40-months EU-funded research project, produced three case studies focusing on illegal e-waste shipment, illegal localised pollution incidents and illegal fishing.

Environmental Fiscal Reform in the European Semester
13 April 2015

A recent study by Eunomia, IEEP and Aarhus University identifies the potential for environmental fiscal reform in 14 Member States.



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