



Playing with fire

The collective efforts of Europe's leaders over the last month have revealed a willingness to sacrifice environmental goals very much too readily. David Cameron's inclusion of environmental legislation on the list of EU policies which had 'gone too far' was one example, although no details were offered. The apparent lack of support from Berlin for rather modest measures required temporarily to underpin the carbon price and resuscitate the ailing EU Emissions Trading Scheme was another. This is a dangerous game, with more high stakes in the coming weeks.

The post 2014 EU budget, the Multiannual Financial Framework, is back on the agenda at a summit on 7 and 8 February where Heads of State are under pressure to reach agreement. If cuts in EU expenditure are agreed, as widely expected, it is critical to focus on precisely

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where these fall. Crude headlines about percentage adjustments, significant though they are, can obscure major reforms needed in policy. Parts of the newly proposed Connecting Europe Facility and Horizon 2020 have real potential to finance low carbon infrastructure and innovation. At the same time, cuts in rural development funding to shield other parts of the CAP are a serious danger and would represent a step backwards in terms of the environment. Similarly, if cuts are made to Cohesion Policy it is essential that this does not become the trigger to step back from the current proposal to devote a part of the regional development fund to climate related expenditure. On the contrary, to deliver a serious measure of 'climate proofing' to EU expenditure, particularly in Cohesion Policy, requires judicious rules, procedures and guidance as well as some earmarking of funds. The European Commission should be encouraged to develop these as a minimal step towards the kind of greener economy that Christine Lagarde and others have been advocating so clearly at Davos.

Beyond this lies the growing fracas of the CAP. The European Parliament's Agriculture Committee had a

chance to create their own version of a greener CAP but instead voted last week to undermine the Commission's proposals in an extended series of amendments which provocatively included a provision to pay farmers twice for the same environmental commitment; once in Pillar 1, once in Pillar 2. The Council's initial reactions so far have been muted. However, if these measures are sustained into the final agreement it will result in the whole credibility of the CAP being damaged along with any environmental coherence. Arguably it will amount to a worse outcome than the present CAP in environmental terms, with a reduced agri-environment component, less cross compliance and more coupled payments.

Retaining public support for pivotal EU policies and for the EU as a forward looking entity will become difficult if well founded environmental concerns are swept aside so carelessly. Given Europe's existing challenges it is scarcely the moment for lighting new fires.

David Baldock, Executive Director IEEP



Tough questions on bioenergy's greenhouse gas credentials

In the search for new sources of renewable energy to meet EU climate targets, the use of forest biomass is rising. European countries burnt 13 million tonnes of wood pellets to generate electricity and heat in 2010, over 80 per cent of the global total of 16 million tonnes. However, an IEEP report for the European Climate Foundation questions whether the burning of forest biomass for energy actually leads to greenhouse gas savings.

Promotion of all forms of bioenergy rests on the assumption that its production and subsequent use is carbon-neutral because the CO₂ emitted during combustion was previously sequestered during plant growth (or will be sequestered by

future plant growth). This assumption is seriously flawed, however, and especially so in the case of forest biomass. In fact, a significant 'carbon debt' is created when trees are cut down and burned for energy generation, because they take decades to grow and reabsorb atmospheric CO₂. The report shows that if forest systems are already managed for an optimum yield, intensified harvesting for energy purposes might even lead to a situation where the bioenergy derived from the biomass can never be carbon neutral.

The report also highlights the inconsistency of energy and climate policies in the EU. A policy framework is in place promoting renewable

energy which will drive a greater use of bioenergy to 2020, but there is no associated guarantee that this will contribute to climate policy related emission reduction targets. With regard to possible solutions, some forms of bioenergy, particularly from waste and residues, generally show a much more favourable climate performance than the use of wood pellets. However, to make more use of these sources, appropriate incentives are needed to give them greater priority in energy supply.

Read the full report and non-technical summary [here](#).

For further information please contact: [Bettina Kretschmer](#)



Reforming environmentally harmful subsidies

The need to reform ineffective or harmful public subsidies has been a contentious point of discussion for many years. The EU has a long-standing commitment to removing or phasing out environmentally harmful subsidies (EHS), most recently reiterated in the 'Roadmap for a resource efficient Europe'. Commitments to reform have also been adopted at the global level, for example under the Convention on Biological Diversity (CBD), by the G20 and at the Rio+20 Conference, as well as at the national, local and regional level. Despite these commitments, progress has been slow. However the Eurozone crisis and stagnating economic

performance in many countries provide an opportunity to put new momentum behind this established agenda.

A recent report by IEEP, IVM, Ecologic and VITO for the European Commission on the [phasing out of EHS](#) identifies a number of existing EHS in EU Member States across different sectors and areas. These subsidies have varying impacts and there are several obstacles to their reform. However, EHS reform is possible and can help to deliver various economic, social and environmental benefits.

There are several examples of successful EHS reform within the EU. New tools have been developed and

a number of Member States including Germany, Sweden, Belgium (Flanders), France and the UK are developing inventories and reports on EHS. There is increasing awareness of the issue, including among the wider public. These are encouraging first steps and may help generate momentum for change in other countries. However, actual subsidy reform is still at an early stage and efforts need to be further strengthened and accelerated to achieve progress towards the EU's commitment of phasing out EHS by 2020.

For further information, please contact [Sirini Withana](#) or [Patrick ten Brink](#).

Protecting Europe's Water Resources

The 'Blueprint to Safeguard Europe's Water Resources', published by the European Commission last November, is the new strategy to protect Europe's waters over the coming decade. IEEP has been heavily involved in the preparation of the Blueprint, leading work to analyse the impacts of possible future actions. IEEP also supported the launch of the Blueprint at a conference in Cyprus, and is pleased to support activities to take forward the actions it contains.

The Blueprint examines a number of issues facing Europe's waters, such as how well the Water Framework Directive has been implemented, the impacts of sectoral policies on water,

and particular concerns related to floods, water scarcity and droughts.

The future actions contained within the Blueprint are focussed on several major themes. These include better implementation of existing EU law, land-use impacts and better use of natural water retention measures, controlling chemical pollution, improving efficiency of water use (for example in irrigation), reducing vulnerability to droughts and floods, improved water governance, better targeted funding and developing information systems that provide the answers that water managers need. The Blueprint proposes little new legislation; instead,

actions aim to support Member States through improved tools, guidance and funding.

To deliver improved water management, Member States must redouble their efforts to understand the pressures facing water bodies and adopt ambitious measures to tackle these problems. Furthermore, sectoral policies such as agriculture are major drivers for water quality and water use and many objectives can only be achieved if policies such as the CAP are adequately reformed.

For further information contact: [Andrew Farmer](#).

Biodiversity-proofing the EU budget



To achieve the EU's target of halting the loss of biodiversity and the degradation of ecosystem services by 2020 it is clear that wider and stronger measures are needed to avoid and reduce environmental degradation. To support this, IEEP recently led a study for DG Environment on the opportunities for 'biodiversity-proofing' the EU budget, which is a structured process of ensuring the effective application of tools to avoid or at least minimise harmful impacts of EU spending and to maximise biodiversity benefits. Such proofing should apply to all spending streams under the EU budget, across the whole budgetary cycle and at all levels of governance.

The study found that numerous tools exist to facilitate and extend biodiversity-proofing. These include ex ante regulatory impact assessments (which should review policy coherence

of spending programmes with respect to the EU's strategic goals and the environmental acquis), spatial planning, environmental selection criteria for projects, strategic and project-level environmental impact assessments, cost-benefit analysis that takes into account ecosystem services values, the setting of environmental targets and indicators, and mid-term and ex post policy evaluations. However, these tools need to be used in a coherent way, with biodiversity-proofing interventions carried out at all appropriate stages of the policy cycle, and much greater consideration given to biodiversity issues.

Most importantly it is evident that effective biodiversity-proofing is dependent on integration of biodiversity considerations into all relevant EU policies and related

instruments at the highest levels. This is essential because it provides a mandate firstly for considering potentially negative biodiversity impacts and requiring interventions to avoid and at least reduce them, and secondly for including biodiversity-beneficial spending in the funding programmes.

The main study report will be published shortly by the Commission and will also be available from the IEEP website. A new related study led by IEEP is now looking at policy options to achieve no net loss of biodiversity, such as by offsetting, where biodiversity-proofing and other measures are unable to avoid all significant impacts. The results of this project will be reported on in a later newsletter.

For further information contact: [Graham Tucker](#)

IEEP CONFERENCES AND EVENTS

Common Agricultural Policy Regionalised Impact economic model – the Rural Development dimension (CAPRI-RD) - Hotel Novotel Centrum, Leuven (Belgium), 14-15 February 2013

This conference marks the conclusion of the four-year collaborative FP7 funded project, CAPRI-RD. Day one will consider the developments made to the CAPRI model, lessons learnt for future research and an external review of the project from three invited experts. Day two will focus on the wider applicability of CAPRI in analysing the functioning of the CAP. Illustrative scenarios from across the EU will be used to consider the potential of CAPRI in ex-post evaluation, strategic policy design and pre-accession analysis. Attendance is by invitation only.

Contact: [Ben Allen](#)

Marine Litter at the European level – Mundo-B, Brussels (Belgium), 13 March 2013

Seas At Risk, the European association of non-governmental environmental organisations working to protect and restore to health the marine environment, is hosting this one day seminar which will address the role of EU legislation in tackling the problem of marine litter from land based sources. The seminar will include presentations on relevant legislation and on the interim findings of an IEEP study, as well as discussion amongst participants to feed into the study. Attendance is by invitation only.

Contact: [Stephanie Newman](#)



Accounting for natural capital

2012 marked an important milestone in the progress towards a more systematic development and use of environmental-economic and natural capital accounts. Countries across the world have, on various occasions, adopted commitments to developing and using such accounts. Through its work in this field IEEP has promoted the use of accounts and supported countries in meeting these commitments.

Since September 2012 IEEP has worked on the project Natural Capital in a Nordic Context: Status and Challenges in the Decade of Biodiversity together with the environmental consultancy Gaia. In this study, commissioned by the Nordic Council of Ministers, the project team has examined five different approaches¹ to incorporating the values of biodiversity in national accounting. The study's aim is to

evaluate the potential of different approaches to natural capital accounting to serve as a basis to incorporate 'biodiversity values' into national accounts, taking into consideration the specific policy goals, policies, conditions and institutions in the Nordic countries. A wide range of stakeholders have contributed to the project, and the final report will be published in the first half of 2013.

IEEP also supported the European Environment Agency (EEA) in preparing a report on Ecosystem Capital Accounts (ECA) for Europe that will include the first results of the ECA fast track implementation process and the potential policy applications of ecosystem capital accounts. The EEA report, to be published in 2013, will integrate the results of IEEP's analysis of policy application across a wide range of policy areas, including agriculture, cohesion policy, climate change, water, biodiversity and resource efficiency.

Finally, IEEP has been promoting the use of environmental accounts in the context of its work on the green economy, notably in its report on Nature and its role in the Transition to a Green Economy, in the context of the ongoing TEEB Water and Wetlands work, and with the Defra (UK environment ministry) funded project Incorporating the values of biodiversity into National Biodiversity Strategies and Action Plans.

For further information contact: [Patrick ten Brink](#), [Leonardo Mazza](#) or [Daniela Russi](#)

¹ (a) The SEEA Central Framework, (b) EEA's Simplified Ecosystem Capital Accounts for Europe (SECA), (c) Canada's Measuring Ecosystem Goods and Services (MEGS), (d) UK's National Ecosystem Assessment and (e) The Natural capital project's computer based model InVest.



Securing improved environmental outcomes via the CAP

Over the past year stakeholders and government representatives from a range of countries have worked together to provide examples and recommendations on how to improve the delivery of environmental services through rural development policy. Coordinated by the European Network for Rural Development (ENRD), IEEP has been supporting this process and the findings are set out in a report which is intended to inform the design and implementation of the next suite of Rural Development Programmes (RDPs) for 2014–2020.

Over 50 examples were collected of innovative approaches used in the RDPs of 15 Member States to deliver environmental services. These illustrate the value of community based, collective and outcome based approaches which

have increased farmers' and the public's understanding of the need for action and commitment to achieving the outcomes specified - whether reducing water pollution by decreased or more precise fertiliser use or providing the management and habitats needed to promote biodiversity. Integrated approaches, where different measures are combined to support the joined up delivery of environmental, social and economic benefits, were also flagged as something to be encouraged in the future. The need to think imaginatively beyond the use of the agri-environment measure for supporting environmental activities was another common theme. Crucial to the success of these approaches was setting clear aims and objectives, good advice (including suitably trained advisers), good communication (both between

government departments and between government, stakeholders and beneficiaries) and flexible, streamlined processes for developing projects and securing funding.

The report concludes by setting out areas on which guidance from the European Commission was felt to be needed, as well as where changes to the implementing rules would encourage greater innovation and creative delivery.

A short video of the group's visit to see collective approaches to agri-environment in practice the Netherlands [can be seen here](#).

For further information contact [Kaley Hart](#). The report will be available soon on the [ENRD website](#).

Look out for our upcoming DEEP Papers!

Directions in European Environmental Policy (DEEP) provides for critical analysis of important issues affecting the development and implementation of key strategic EU issues or specific policy areas. These papers are written by IEEP staff and others associated with IEEP.

IEEP Publications

*With our publications, IEEP contributes to disseminating information and insights on environmental policy and environment-related topics. Visit www.ieep.eu and browse our publications by *area of work* or search freely through our extensive online library. Editor's pick:*

Land Stewardship in England post 2013: CAP greening and agri-environment - 18 January 2013

What will the introduction of environmental measures in Pillar 1 mean for agri-environment schemes in the future? A topic of much debate as part of the CAP reform negotiations, this new report explores the potential impacts of greening Pillar 1 on England's entry-level agri-environment scheme and how a future scheme could be designed to deliver more for the environment and ensure the long term sustainability of farming.

Authors: Paul Silcock, Ben Allen, Kaley Hart

Addressing ILUC? The European Commission's proposal on indirect land use change - 10 January 2013

The European Commission's proposal on indirect land use change – what's in it for mitigating emissions? Read IEEP's latest Biofuel ExChange briefing.

Authors: Bettina Kretschmer, David Baldock

Running out of time? Stepping up action for Europe's environment - 5 December 2012

New report by IEEP launched at high-level conference in Brussels.

Authors: Axel Volkery, Sirini Withana, David Baldock, Doreen Fedrigo-Fazio, Patrick ten Brink, Raphael Sauter, Peter Hjerp

Reforming environmentally harmful subsidies for a resource efficient Europe - 5 December 2012

The EU has a long-standing commitment to removing or phasing out environmentally harmful subsidies (EHS). However, progress has been slow and EHS remain an issue in most EU countries. The Eurozone crisis and stagnating economic performance in many countries provide an opportunity to put new momentum behind this agenda.

Authors: Sirini Withana, Patrick ten Brink, Laurent Franckx, Martin Hirschnitz-Garbers, Inge Mayeres, Frans Oosterhuis, Lucas Porsch

The EU Water Blueprint: Assessing the policy options - 15 November 2012

The Water Blueprint proposes action to address 12 key problems for Europe's waters. An IEEP led study found that improved guidance, information system, data exchange and funding were the best instruments to address many of these problems, with limited scope for new law.

Authors: Andrew Farmer, Thomas Dworak, Sarah Bogaert, Maria Berglund, Tony Zamparutti, Eduard Interwies, Pierre Strosser, Kieron Stanley, Guido Schmidt, Jan Cools, Guillermo Hernández, Dieter Vandembroucke, Victoria Cherrier, Stephanie Newman

The role of bioenergy in Europe's energy future - 25 October 2012

IEEP's review questions the potential contribution of increased use of biomass for heat and electricity generation to reduce emissions.

Authors: Catherine Bowyer, David Baldock, Bettina Kretschmer, Jana Poláková

Increasing regional prosperity by investing in nature: Guidance to mainstream biodiversity - 23 October 2012

Investment in natural capital through the conservation of biodiversity and ecosystems has a lot to offer for regional development. A new publication authored by IEEP provides guidance on integrating biodiversity into EU Regional Development Fund (ERDF) in 2014-2020.

Authors: Marianne Kettunen, A.J. McConville, Wilbert van Vliet, Peter Torkler (WWF Germany)

Nature and its role in the transition to a Green Economy - 22 October 2012

This new IEEP-authored report highlighting the importance of nature to the economy aims to clarify and help mainstream nature's role in the transition to a green economy in the context of sustainable development and poverty eradication.

Authors: Marianne Kettunen, Sirini Withana, Leonardo Mazza, Tomas Badura, Patrick ten Brink

Draft ILUC proposal leaked - 16 October 2012

The European Commission's draft proposal for a Directive on the indirect land use change (ILUC) from biofuels was leaked to the public in mid-September 2012. This briefing summarises and reacts to these leaked proposals.

Authors: Jana Poláková, David Baldock, Bettina Kretschmer