

The EU Budget Review

By David Baldock (Executive Director of IEEP)

The EU is making progress in setting targets and drawing up regulations in pursuit of climate change objectives. Above and beyond this, however, is the need for large scale investment, some of it unattractive to the private sector, such as pilot carbon capture and storage plants and adaptation to climate change in vulnerable or less well off areas of the Union. Financing this will require strategic intervention with public funds – at the European as well as the national level. Expenditure from the EU budget may have the particular role of leveraging additional national and private funding to fast track low-carbon technologies.

The EU budget is complex and it is not easy to assess how much is currently spent on pursuing climate change objectives but it is apparent that the sums have been modest up to now. In fact, some of the EU largest funds, such as the Common Agricultural Policy expenditure and the Structural Funds, have actually contributed more to increasing than cutting GHG emissions. In the last Financial Perspective it has been estimated that only around 13 per cent of the Structural and Cohesion Funds were spent on climate friendly investments whereas much larger investments were made in carbon-intensive infrastructure such as roads.

A debate on the future EU budget is now well underway and is planned to conclude at the end of next year, though the detailed negotiations on the next, post 2013, Financial Perspective, will come much later. The Commission launched its consultation on the budget review in September last year as a 'no taboos' debate but a radical overhaul of the patterns of EU spending will be difficult to achieve. The process is already highly politicised. The Commission announced this week that the consultation process will remain open a further two months, until June 15, to allow for the large number of inputs coming in. However, this may be convenient for other reasons such as separating the budget review, further from the more immediate Health Check of the CAP and the invitation to the people of Ireland to ratify the Lisbon Treaty in June.

This month IEEP has contributed to this debate through a report on 'Turning the EU Budget into an Instrument to Support the Fight Against Climate Change' which is the subject of an article in this newsletter. This report will add weight to a growing body of evidence that not only does the current EU Budget not match up to the EU's climate ambitions but that it should and could deliver more in the future.



David Baldock
Director

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1. Can the EU budget be used to fight climate change?

A wide ranging review of the pattern of European Union (EU) spending and its sources of income is underway which could pave the way to a more considered Financial Perspective after 2013. In the launch of its public consultation on the budget reform in September 2007 the Commission recognised that climate change is one of the new challenges which could have a significant impact on where the Union directs its effort in terms of expenditure in future. Currently the lion's share of the budget is spent on the Common Agricultural Policy and EU Structural Funds, neither of which contribute significantly to combating climate change and, in parts, actually contributes to increasing the EU's greenhouse gas emissions.

On 14 May a report written by IEEP 'Turning the EU Budget into an Instrument to Support the Fight Against Climate Change' will be presented by Marc Pallemmaerts at a lunch time seminar on the EU budget review organised by CEPS, in cooperation with the Swedish Institute for European Policy Studies (SIEPS). The list of speakers also includes: Tamás Szemlér, Institute for World Economics; Jorge Nuñez Ferrer, Centre for European Policy Studies; Filipa Figueira, Centre for European Policy Studies. The event will take place at CEPS in Brussels.

The report, funded by SIEPS, aims to contribute to the Commission's consultation process on the budget review which closes in mid April. It demonstrates that the concept of subsidiarity can be used to justify tackling cross border problems, such as climate change through the EU budget, ie that climate change is an example of 'EU value added'. It also presents an argument based on the concept of redistribution of financial transfers from richer to poorer Member States to support the investment in infrastructure and technology to implement climate change commitments.

It makes suggestions on how the budget could be developed post 2013 to better support the EU's fight against climate change. These include: decarbonising the Structural and Cohesion funds; increasing investment in research and development of 'green' technologies; refocusing the Common Agricultural Policy so that it provides a framework to guide a climate sensitive form of sustainable land management through ecosystem services; and earmarking some of the revenue raised from auctioning allowances under the Emission Trading Scheme for increased climate friendly investment.

The budget review is expected to continue throughout 2008/9. The results of this consultation with stakeholders should be fed into the Commission's own reflections on the budget review which is expected to be published some time in the autumn. The IEEP report can be found at <http://www.ieep.eu/publications/pdfs/20084.pdf>.

Contact: Camilla Adelle

2. Member States and Impact Assessment: the Wobbly Environmental Wheel in the Administrative Burden Bandwagon

The two-year project on Evaluating Integrated Impact Assessments (EVIA), funded under the EU's Sixth Framework Programme for Research & Development, came to an end in early 2008. The EVIA consortium analysed Impact Assessment (IA) procedures and practices in the European Union and all its Member States. The project was based on 27 country studies, a detailed analysis of 22 concrete policy proposals in five countries and a survey amongst government officials and stakeholders in three countries and the EU.

The aims of IA are described in different terms, but a common objective is to improve decision-making processes by systematically collecting information about the likely impacts of a planned policy and thereby providing the basis for deciding on the 'best' policy. As part of this study, special attention was paid to the opportunities to integrate different appraisal procedures into a single process that assesses planned policies from the point of view of sustainable development.

So far it has generally been assumed that Member State governments largely use IA as a strategic instrument for policy integration and sustainability. Our research shows, however, that this is the case only in a small number of jurisdictions. Instead IA is seen as a tool to reduce administrative burdens and the economic cost of regulation. The integrated, transparent and comprehensive system of the EU has not been taken up by any of the Member States. Furthermore, there are hardly any formalised links between the Member States and the EU system. This is clearly a deficit as the policies are developed in a multilevel system with mutual interdependencies.

At the same time a growing number of countries have undertaken to define responsibilities to coordinate the process of IA and – at least partially – to exert central control over the departments and agencies responsible for individual IAs. This reflects the growing status of IA as a process of eminent political importance. It may also reflect the fact that influence over assessment processes can translate into influence over policy design. The limited role of environmental considerations in Member States' IAs can therefore have far-reaching consequences.

The main findings together with suggestions on how to make IA procedures and results more relevant and robust in the political process can be found in the EVIA policy paper at <http://www.ieep.eu/publications/publications.php?pub=68469>.

Contact: Peter Hjerp

3. The Benefits of a Better Environment

Improving environmental legislation, implementing new rules and targets and monitoring the result is usually considered a costly exercise. It requires major investment for the new EU Member States, who had to align to the EU environmental acquis, and is also expected to be costly for the current and future candidate countries. But these costs are not for nothing and there are numerous benefits that an improved environment can bring – ranging from reducing health impacts (for example through cleaner drinking water, better air quality and improved waste collection, treatment and disposal) to increased protection of biodiversity (and hence of its related ecosystem values) to positive effects on job creation, infrastructure, and tourism. This is also true for countries outside the EU, such as the European Neighbourhood Countries (ENP), which by improving their environmental legislation and standards can experience similar benefits.

IEEP has collaborated in a number of projects exploring the benefits related to the implementation of the EU environmental acquis. Recently we completed, in collaboration with Ecolas, EnviroL and Metroeconomica, a study for DG Environment assessing the environmental, economic and social benefits in the South East European (SEE) countries of Albania, Bosnia & Herzegovina, the Former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia– focusing on benefits in the areas of water, air, waste and nature.

Amongst its key findings, the study estimated that the implementation of a number of EU environment-related Directives could prevent more than 6,000 cases of chronic bronchitis and almost 4,500 premature deaths from lung cancer each year. It was also observed that nature conservation areas in the SEE countries currently range from 0.5% to 8% of their territory, which is rather low compared to the EU average of circa 15%. Planned legislative improvements are however expected to increase the coverage in SEE countries to an average of 13%.

IEEP also developed a methodology to identify the benefits of improving environmental legislation in ENP countries. The report, requested by DG Environment, was complemented by a scoping study testing the methodology on selected environmental aspects in Ukraine. The methodology is to help with future benefits studies expected to be launched in the ENP countries.

The SEE benefit study will soon be published by the Commission and will be available on our website.

Contact: Patrick ten Brink and Samuela Bassi

4. European Parliament Concerns over Water Scarcity

In 2007 the European Commission published a Communication which describes the severe consequences of water scarcity and droughts across much of the EU and suggested ways to begin to tackle these. IEEP, with IVM and Bio, were asked by the European Parliament to undertake a study examining a number of water scarcity and drought concerns. This helped to inform a debate in the Environment Committee on 8 April, where the results were presented to MEPs.

Water scarcity and droughts affect about 130 million people in the EU – and not just in the south. Scarcity is driven by water use, half of which goes to agriculture. Around 20 per cent is lost due to inefficiencies in water infrastructures. Climate change will only make matters worse in many places, also leading to major economic impacts - droughts for instance are estimated to have a cost to society that runs into €100s of millions.

However, our knowledge of the problems is hampered by lack of comparable information across the EU – even defining what is a 'drought'. Greater effort is needed, such as through implementation of the water framework Directive, to tackle this. EU institutions need to work together to address the problems and different Commission DGs should examine their policy areas in terms of their consequences for water use.

The study is available at <http://www.europarl.europa.eu/activities/committees/studies/download.do?file=19611>.

Contact: Andrew Farmer

5. Understanding EU Policy-Making Processes

The EU decision-making process is often considered complex, unwieldy and incomprehensible. A clear understanding of the workings of the EU institutions and policy-making processes is nonetheless essential given the importance of EU legislation for national policy in Member States.

With a view to demystifying the workings of the EU and its environmental policies, on 25 – 27 February, IEEP held a comprehensive training seminar in our Brussels office for 25 staff from the UK's statutory nature and landscape conservation agencies (the Joint Nature Conservation Committee, Natural England, Scottish Natural Heritage, Countryside Council for Wales and the Environment and Heritage Service of Northern Ireland). The seminar offered insights into the workings of the main EU institutions and decision-making processes, and current and future developments in relevant EU environmental policies.

The intensive three-day programme included a series of 'classroom sessions' led by IEEP experts as well as face-to-face meetings with a number of officials from the EU institutions. Highlights of the programme included an informal discussion with

Caroline Jackson MEP on the role of the European Parliament and her work as an MEP, and attendance at a session of the Parliament's Environment Committee, to witness decision-making 'in action'. Delegates had the opportunity to meet desk officers from several departments of the European Commission: DG Transport and Energy, DG Environment, DG Fisheries and Maritime Affairs and the Secretariat-General. They also met an officer from the UK Permanent Representation to the EU (UKRep), who helped to throw light on the workings of the Council.

The training seminar was organised through the EU Advisory Service which IEEP provides to the UK's statutory nature and landscape conservation agencies.

Contact: Sirini Withana, Emma Watkins

6. The Forgotten Paradise? Saving the Natural Heritage of EU Overseas Entities

In addition to mainland Europe, the EU comprises a number of territories that are situated across the world's oceans. These areas are known as the EU 'overseas entities' and they include seven Outermost Regions (ORs) that are an integral part of the EU and 20 closely associated Overseas Countries and Territories (OCTs). The great majority of ORs and OCTs are islands that harbour an astonishing and unique richness of biological diversity. This richness makes a vital contribution to the global natural heritage and is also an essential element in sustaining cultural values and socio-economic development in these remote areas.

The EU overseas entities are particularly vulnerable to the current threats to biodiversity, including habitat destruction, invasion of alien species and impacts of climate change. It is considered that increased political focus and support at the Community level is needed to secure the conservation of biodiversity and related ecosystem services in the EU overseas entities. Consequently, the upcoming French Presidency of the EU will host an official event on enhancing cooperation between the EU and its overseas entities. The aim of the event is to initiate a Community-level action supporting biodiversity conservation and adaptation to climate change in ORs and OCTs. Additionally, the event aims at encouraging cooperation between the overseas entities and their non-EU neighbours, i.e. the Small Island Developing States (SIDS).

The Presidency event will be organised by IUCN, the French National Observatory on the Effects of Global Warming (ONERC) and the Regional Council of Réunion Island. IEEP will also be contributing to the process through a special issue of the Brussels in Brief newsletter focusing on biodiversity conservation in ORs and OCTs.

For more information on the conference visit:

<http://cms.iucn.org/about/union/secretariat/offices/europe/places/overseas/index.cfm?uNewsID=136>

Contact: Marianne Kettunen

IEEP conferences and events

In the coming months IEEP will organise or participate to the following meetings and events. If you would like to find out more, do not hesitate to contact us.

Transatlantic Civil Society Conference on Climate Change - Washington, DC, USA, 24-25 April 2008

Marc Pallemmaerts and Jason Anderson will participate in this conference organised jointly by IEEP and its US partner organisation the Natural Resources Defense Council (NRDC). The conference will offer a forum to representatives of civil society organisations in the EU and US to debate and discuss strategies on CO₂ reduction in transport and emissions trading (cap and trade), sustainability aspects of biofuels, and how public opinion and perceptions of environmental, climate, energy and transport issues in the US and EU influences the climate agenda.

Contact: [Sirini Withana](#)

A Market-Based Instrument Approach to Sustainable Transport - Brussels, Belgium, 6 May 2008

Malcolm Fergusson will be a moderator for a conference on the internalisation of external costs organised by the Community of European Railway and Infrastructure Companies (CER).

Contact: [Malcolm Fergusson](#)

UNITAR-Yale Conference on Environmental Governance and Democracy - Yale University, New Haven, USA, 10-11 May 2008

Marc Pallemmaerts will speak at this major event bringing together academic experts and practitioners from governments, inter-governmental organisations, civil society and the private sector. The objective of the conference is to develop a research programme and network to strengthen institutional approaches for effective and context-sensitive public participation in environmental governance. Discussions will cover environmental governance at the international, national, regional, local, and corporate governance levels. For further details see <http://www.yale.edu/envirocenter/envdem/index.htm>

Contact: [Marc Pallemmaerts](#)

What is the Future of the EU Emissions Trading System? Official European Parliament Hearing on the Commission's Post-2012 Proposal - Brussels, Belgium, 15 May 2008

IEEP is organising this hearing for the Parliament and its Rapporteur on the EU ETS, Avril Doyle. It will take place in the hemicycle of the Parliament in Brussels. Divided into four sessions on themes of particular importance - allocation, competitiveness, scope and international issues - the event will run from 9:00 to 18:30. Distinguished speakers will present on each of the themes, followed by public discussion. The public is welcome to attend. Registration can be completed at <http://www.zapsurvey.com/Survey.aspx?id=242f8c11-43ef-4767-bddb-f64892a166d7>
Contact: [Jason Anderson](#)

Transatlantic Conference on Marine Protected Areas (MPAs) – Brussels, Belgium, 16 May 2008

The Committee of the Regions will host the IEEP and Natural Resources Defense Council (NRDC) transatlantic conference on MPAs. The conference will aim to improve understanding of EU and US policies and legislation relating to MPAs with the aim of sharing best practice in the establishment and development of networks of MPAs. It will build on the outcomes of two teleconferences hosted under the T-PAGE project and will focus on progress in the EU and US towards meeting the Convention on Biological Diversity (CBD) target of establishing a network of marine protected areas by 2010. For further information please visit <http://www.ieep.eu/projectminisites/t-page/index.php>
Contact: [Indrani Lutchman](#), [Sirini Withana](#)

Energising Europe - London, UK, 16-17 May 2008

The conference, organised by the University Association for Contemporary European Studies (UACES), will focus on Climate Change and Energy Security in Europe. Jason Anderson will speak on the role of Europe in the international politics of climate change and energy policy. The conference will be open to the public. More information on the event and registration can be found at www.uaces.org/EnergisingEurope.htm.
Contact: [Jason Anderson](#)

3rd Meeting of the Parties and 10th Meeting of the Working Group of the Parties to the Aarhus Convention Riga, Latvia, 8-13 June 2008

These meetings will review the achievements and progress in the Convention's implementation over the first ten years since its signature and adopt a long-term strategic plan for future implementation and development. Marc Pallemmaerts, who chaired the Convention's Ad Hoc Expert Group on Long-Term Strategic Planning in 2006-2007, which prepared the first draft of the plan that will be discussed in Riga, will attend the meetings from 9-11 June. For further details see <http://www.unece.org/env/pp/mop3/mop3.doc.htm>
Contact: [Marc Pallemmaerts](#)

Eurosite Annual Conference - Turku, Finland, 10 – 13 June 2008

Marianne Kettunen will be giving a keynote presentation on the Pan-European perspective on ecosystem service in the Eurosite Annual Conference. More information on the conference can be found at http://www.eurosite.org/article.php3?id_article=559.
Contact: [Marianne Kettunen](#)

3rd Conference of the Environmental Policy Integration and Multi-level Governance (EPIGOV) Project - Stockholm, Sweden, 12-13 June 2008

Sirini Withana and Marc Pallemmaerts will present an IEEP paper at this last in a series of three thematic conferences on environmental policy integration (EPI). The Stockholm EPIGOV conference will address the themes "EPI at global level" and "EPI and multi-level governance". Discussions will focus on research papers presented at the conference, including an IEEP paper on the role of the EU in efforts to 'green' the International Civil Aviation Organisation (ICAO), and on future research needs and initiatives.
Contact: [Sirini Withana](#)

Using Evaluation to Enhance the Rural Development Value of Agri-Environmental Measures – Pärnu, Estonia, June 17-19, 2008

A range of stakeholders will gather to reach a common understanding of the importance of evaluation and a commitment to make better use of the evaluation process. The conference is jointly organised by Estonia (Agricultural Research Centre, the Ministry of Agriculture) and Finland (the Ministry of Agriculture and Forestry, the Ministry of Environment, University of Helsinki). Tamsin Cooper of IEEP will provide an overview on the monitoring and evaluation of the provision of public goods applying the Common Monitoring and Evaluation Framework (CMEF) High Nature value (HNV) indicators; Martin Farmer will discuss the future of funding for farmland biodiversity in the EU; and Kaley Hart will speak on the future CAP. For more information see <http://pmk.agri.ee/conference>
Contact: [Tamsin Cooper](#), [Kaley Hart](#) and [Martin Farmer](#)

The Aarhus Convention at Ten: Interactions and Tensions between Conventional International Law and EU Environmental Law - Amsterdam, Netherlands, 25 June 2008

Marc Pallemmaerts will participate as co-chair and speaker in this conference, held to mark the 10th anniversary of the Aarhus Convention. The conference is organised by the Centre for Environmental Law of the University of Amsterdam in cooperation with the Secretariat of the Aarhus Convention. It will focus in particular on the relationship between the provisions of the Convention and the development of EU environmental law. The speakers will include leading experts and practitioners from several European universities, governments and European institutions, civil society organisations and the Convention's Secretariat and Compliance Committee. For further information and registration details, see <http://www.jur.uva.nl/cvm/actueel.cfm/F58D5861-1321-B0BE-A4F8DAF20303D4F3>
Contact: [Marc Pallemmaerts](#)