

# Greening Sustainable Development Strategies

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## The EU Environment - Situation and Prospects under an EU Strategy for Sustainable Development

Domingo Jiménez-Beltrán  
Executive Director  
European Environment Agency  
Copenhagen

***Note:** The opinions expressed by the speaker are of a personal nature and do not necessarily reflect the views of the EEA, the European Commission or any other Community Institute.*

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# *The EU Environment - Situation and Prospects under an EU Strategy for Sustainable Development*

## **1. Introduction**

The European Environment Agency (EEA) is a European Community institution with the aim of serving the Community and the Member States with information to support policy making for environmental protection put in the perspective of sustainable development. We do that by collecting and assessing data on the current and foreseeable state of the environment.

With the development in attention going from 'environment', to the environmental pillar in sustainable development' to 'environmentally sustainable development' we are in a constant process of creating clear lines for our clients focusing on the essentials in the overload of environmental and sustainability information.

This conference of the EEAC provides an opportunity for the European Environment Agency to test the water on the best ways to serve our clients.

Some main questions to which we would welcome answers are:

- Are we doing the right things?
- Are we doing them in the right way?
- Are the EEA's products and services accessible and useful to stakeholders?

## **2. Making the case: the environment in the EU - good and bad news**

The European Environment Agency is preparing for the Göteborg European Council the second edition of its Environmental signals indicator report. This report will confirm some of the findings of the first report and provide some new insights in the development of major environmental issues in the EU.

- Climate change: for all six greenhouse gases under the Kyoto protocol data show a decrease of 2% between 1990 and 1998 for EU15. Latest projections however foresee that the decrease up to 2010 will be only 1%, still far from the 8% cut needed according to the Kyoto protocol. Behind the slight decrease in the emissions of all gases stands an expected 3-4% increase in carbon dioxide emissions.
- Waste: Total waste generation in the EU continues to increase: between 1995 and 1998 an estimated 8 to 9 percent.
- Chemicals: The loads of a number of well known hazardous substances in the North- East Atlantic Ocean have decreased between 1990 and 1998, which shows the effects of target setting in OSPAR. An overall indicator on the production of hazardous chemicals in Europe could not be made,

because data were not available, which is symptomatic for the information available on hazardous substances.

- Land use and biodiversity: Between 1990 to 1998, 10 hectare of land were used every day for motorway construction in the EU. Permanent grasslands, with their specific flora and fauna, are diminishing by around 11% in the last 25 years. This is because they are ploughed up in intensive agricultural areas and used more intensively here, or they are abandoned in marginal areas.
- Environment and human health: ozone and fine particles remain the major air pollution problems: no trends can yet be seen in their concentrations.

In several other areas improvements can be seen as a result of many years environmental policy, such as in the emissions of main air pollutants, in the concentration of phosphorus in rivers (but not for nitrogen), and in urban waste water treatment.

The Environmental signals and other reports of the EEA present the analysis based on:

- Indicators and their assessment, to communicate in an easy to understand way the progress in environmental management;
- Comparisons of countries and sectors in time, to make decision makers accountable for their activities, or lack of these;
- A distance to target analysis to show where more needs to be done.

I will come back to these principal characteristics later, but before doing that I would like to give you my view on the developments in the environment and the resulting policy responses .

My perception when I presented the EU's Environment Outlook to the Ministers in June 1999 was that we were not yet where we would like to be:

- In spite of the relative success of environment policies particularly at EU level, there had not been a general improvement of environmental quality and little progress towards sustainable development.
- From then on, the progress towards sustainable development and even on environmental quality would not come directly from environmental policies, but from socio-economic policies, guided by sustainability and reinforced environment policies.

And five environmental priority areas were identified at the time which in my opinion required special consideration:

- **Climate Change** or reduction of the emission of greenhouse gases;
- **Waste reduction** or rational use of materials (productivity);
- **Chemicals** or reducing unwanted exposure to chemicals of concern;
- **Soil, land use, nature and biodiversity** - a territorial (urban, coastal...) and natural resources (water, soil ...) package of issues;
- **Environmental quality and health** (the air we breathe, the water we drink, the food we eat should be clean).

And it was mentioned that to tackle those issues efficiently, some key sectors had to enter into a more sustainable path. These are:

The three difficult Ts:

- **T**ransport: from supply-side management to demand-side management
- **T**ourism: more tourism will simply kill tourism
- **T**erritory - **Urbanisation/Physical planning**: re-establish our link to the land (opportunity of ESDP initiative)

and three less difficult sectors (because they are EU policies/programmes):

- **Agriculture**
- **Energy**
- **Internal market**

For tackling the mentioned issues and dealing with sectoral policies the prospects, we indicated, were brighter than at any moment in the past. The latest developments have shown that it was right to be hopeful as a more efficient framework for action allowing the continuous review of policies under a timely, consistent framework is emerging. This is guided by the sustainability goal (Art. 2 and 6 of the Treaty) and the so-called Cardiff Initiative (June 1998 Summit), which is implementing Göran Persson's proposal in December 1997 (Luxembourg) to put sustainability in faster track. However it is important to use these opportunities now and provide a clear way forward.

### **3. Towards a new way of policy making and the role of the EEA**

The development of the Cardiff initiative through the Helsinki European Council, to be continued in Göteborg, provides an example of integrated thinking in policy development. It is hoped that the so-called Lisbon process, starting with the March 2000 European summit on employment, economic reform and social cohesion, will be the start of a equally intensive process for integrating social and economic aspects of development. In the end, of course, both processes from Cardiff to Göteborg and from Lisbon to Stockholm have to lead to some 'joined up thinking' on all aspects of sustainable development. Keywords in both processes are and will have to be transparency and accountability.

What happened precisely in these processes, and how far have we come?

The **Helsinki European Council** in December 1999 was (after Councils in Cardiff and Vienna) already the third high-level meeting discussing the need to integrate environmental and other policies. It concluded the following regarding the "Cardiff initiative":

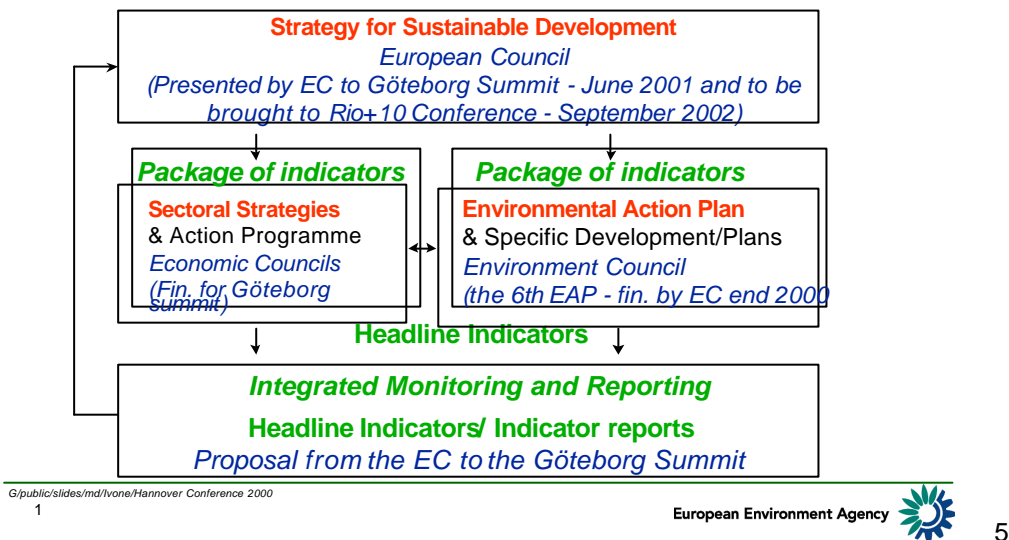
- The Council is asked to bring all of this work (strategies on agriculture, transport, energy – already agreed – and on internal market, development, industry, general affairs, ECOFIN, fisheries) to a conclusion and submit to the Gothenburg summit comprehensive strategies with the possibility of including a timetable for measures and a set of indicators for these sectors.

- The strategies should be immediately implemented. Regular evaluation, follow-up and monitoring must be undertaken; the EC and Council to develop instruments and data.
- The EC is asked to prepare a proposal for 6th EAP (end of 2000) and a long-term strategy dovetailing policies for economically, socially and ecologically sustainable development to be presented to the Gothenburg summit (also as an input for the Rio+10 review).

From these conclusions we can see a process emerging (figure 1).

Figure 1:

## Putting sustainable development in the fast track The European Council 'Cardiff' initiative. The 'two corridors model'



In this model the EU sustainability strategy forms the chapeau for two parallel lines of policy development: (1) The environmental issues and environmental policies in a narrow sense are covered by the development of the 6EAP and the envisaged thematic plans. (2) The integration process is carried out in the development, implementation and follow-up of sectoral environment integration strategies.

Transparency is achieved by developing in two interlinked “corridors” sectoral strategies and the 6<sup>th</sup> Environmental Action Programme, which should outline a clear long-term vision for policy making. Accountability is enhanced because behind each of the strategies indicators and reporting mechanisms are foreseen to regularly report on progress or lack of progress in the reaching of the aims and targets of the strategies.

Overall monitoring of progress made in both policy ‘corridors’ using a selected number of, so called, headline indicators, completes the policy cycle.

In the meantime the EC programme for the next five years was published. ‘**Shaping the New Europe**’, (EC Communication of February 2000) identified

four strategic objectives for the five years ahead, with a clear place for integration and sustainability:

- To promote new forms of European Governance
- A stable Europe with a voice in the world
- A new economic and social Agenda ('This means modernising our economy for the digital age in a manner which promotes employment and sustainable development, whilst remodelling our systems of social protection in order to build a fair and caring society')
- A better quality of life ('We must provide effective answer to the issues which affect the daily lives of our citizens, notably the environment, food safety, consumer protection rights, justice and security against crimes.')

**The Lisbon summit (March 2000)** on employment, economic reform and social cohesion (a Europe based on innovation and knowledge) was the next step in making sustainable development even more concrete. Some spin offs:

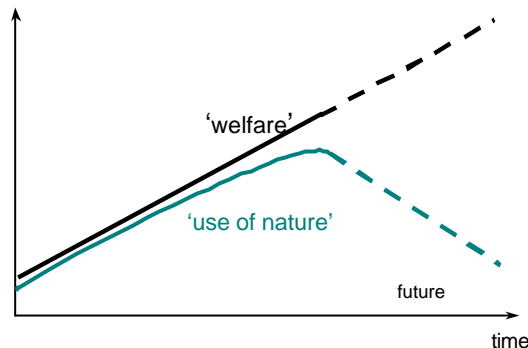
- In March in the European Parliament President Prodi made a call for an integrated approach including economic and social aspects. The Parliament called for a single report on the economic and social situation. The environmental dimension was still overseen here, however.
- In September 2000 the Commission adopted its Communication on Structural Indicators. It includes a set (27, and 11 to be developed) of socio-economic indicators around the themes Employment, Innovation, Economic reform, and. Social cohesion. Energy efficiency is included, but no other aspects of the environment.
- The aim of these would be to progress to an EU "... capable of sustainable economic growth with more and better jobs and greater social cohesion" A first report will be delivered to the Stockholm summit before Gothenburg.
- Commissioner Solbes mentioned in a speech "the indicators provide an instrument for monitoring, benchmarking and peer pressure which are vital elements of the Lisbon follow-up strategy". His technical arguments for the choice are in line with the "state of art" rules: comprehensiveness – discipline - continuity – learning by doing in an ongoing process.

As the Lisbon process so far focused on the social and economic dimension, one key linkage has been overseen so far. It is symbolised in figure 2 which shows as the top line economic production (and the welfare we get from produced goods and services) and as the lower line the pressure on the environment. The latter should be decoupled from the former for development to move in a sustainable direction.

To achieve a more sustainable development by decoupling is not only a question of environmental policies as has been argued above. It requires real integration to search for cost-effective solutions to make it happen and to adjust production and consumption in such a way that their further growth does not negate the achievements made.

Figure 2

## Sustainable Development = de-linking 'welfare' from 'use of nature'



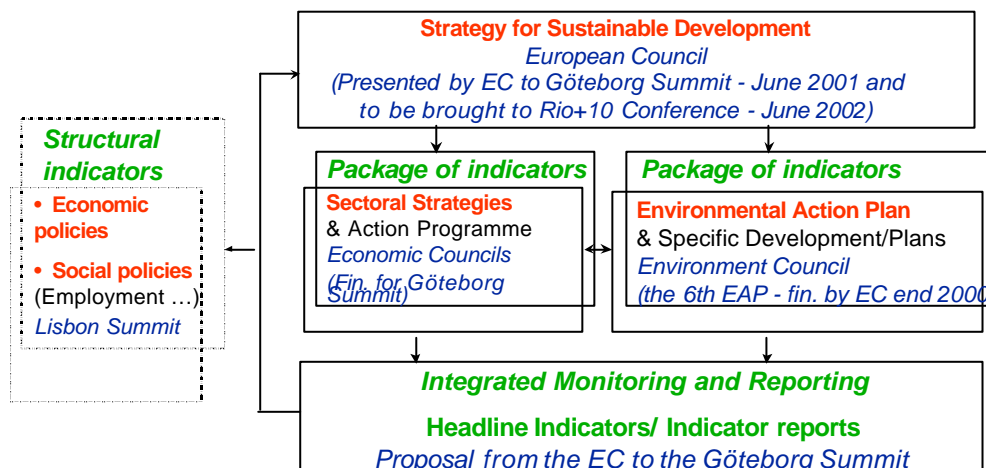
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From an operational point of view the merging of the economic and social dimensions with the environmental dimension brings us to a hypothetical “three corridors” model (fig. 3):

Figure 3:

### Putting sustainable development in the fast track The European Council 'Cardiff' initiative. The 'three corridors model'



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If this model develops it may help not only to reduce the inconsistency between environment and economic and sectoral policy but also between those policies themselves (such as between energy, transport, agriculture and taxation), and it could show that the environmental sustainability part is the area which is maybe the most advanced in terms of accountability.

Recalling the words of Commissioner Solbes on indicators, monitoring, benchmarking and peer pressure (see before), such an extended ‘three corridor

system” must be accompanied by interlinked indicators. As the main policy activities are happening within each of the corridors, it seems most logical to derive such a set of overall EU sustainability (headline) indicators from the existing initiatives, instead of trying to develop a separate set of indicators to go with the sustainability strategy.

The main envisaged roles for these indicators build on the experience of the use of GDP and also of the EMU convergence parameters, namely **that you can only:**

- manage what you measure (**indicators**)
- respond and be rewarded/penalised for those things for which you can be held accountable (**benchmarking**), and
- achieve what has been agreed (**targets**).

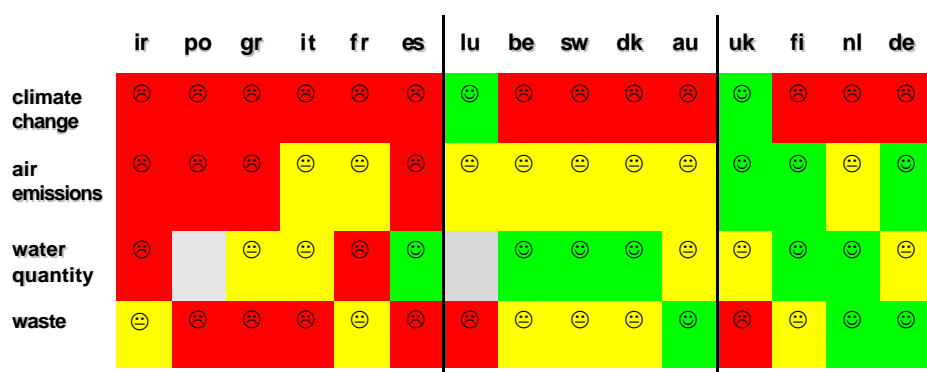
Critics may say that indicators and targets are a far too simplistic response to complex issues, but in reality they are the top of an iceberg of information and more important: they seem to work!

Score cards for comparing the progress made by countries allows for “naming and faming” for those who achieved a lot, with the potential for the others to learn from the experiences, and for “naming and shaming” of those that failed to achieve progress.

The EEA developed such a basic scorecard based on its indicator report Environmental signals 2000 (figure 4)

Figure 4:

### Country performance on selected indicators



The indicators used in this report give a clear signal to Ireland and the southern European countries that more needs to be done.

## 3. The building of a new basis for progress reporting

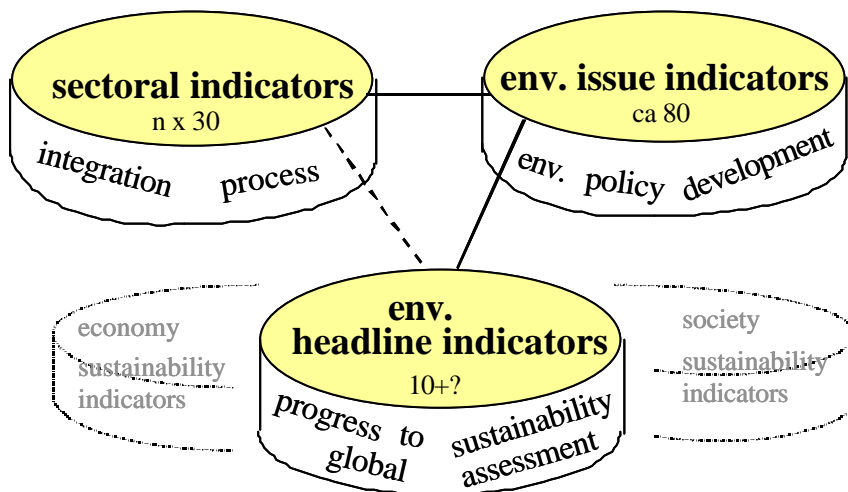
Assuming that policy developers in the EU aim at a rational and efficient set of policies we may expect that under the sustainable development strategy a number of interlinked and mutually supporting policies will emerge.

Speaking as one of those who provide information to support policy making. I would like to sketch how we see progress reporting and assessment of such an integrated set of policies developing.

Clear structures are needed to communicate to policy makers how the information that we provide is related to policy processes and to make clear what type of information serves which process.

In parallel to the 'corridors' in strategic policy making, clusters of environmental indicators are being developed (fig. 5).

Figure 5:



The sectoral integration strategies (sectoral sustainability) need to be monitored using indicators for the integration of environment and sectoral policies. The Transport and Environment Reporting Mechanism as developed by the EEA with support of Eurostat and the Commission is a good example of these. The EEA is now, together with its partners, developing similar reports for Energy and Agriculture. Attention is needed to ensure good co-ordination between the sectoral reporting mechanisms. The recently published proposal for indicators for enterprises, for example, seems not to be consistent with the whole system. An EEA publication providing a common framework for reporting on the conventional sectors is in preparation.

The 6th environmental action programme and envisaged specific action plans to achieve environmental sustainability need to be monitored using sets of selected issue indicators. The EEA is currently developing proposals for these. The EEA's Environmental Signals report series will develop into the main indicator report on environmental sustainability.

The EC Communication (COM(2001)31) including the 6<sup>th</sup> EAP ('Environment 2010: Our Future, Our Choice' and a proposal for a Council Decision) try to

establish not only the environmental sustainability pillar of the Sustainable Development Strategy but also to define the accompanying accountability (monitoring and reporting), all that in a time perspective of year 2010 that was the one used for the EEA's outlook report.

## The 6th Environmental Action Programme (Draft of 7 December 2000)

### Structure of the proposal:

- The context  
(Quality of growth - Decoupling - Eco-efficiency -  
Enlargement - Third World Burden)
- The approach and the means  
(10-year programme. Target for 2010 and  
beyond. Actions and commitments at EU level.  
Identification of responsibilities at  
national/regional/EU level and sectors.  
Five priority avenues (or means) and four  
thematic strategies)

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### The five priority avenues:

1. Improve implementation (enforcement,  
transparency)
2. Integration (Cardiff Initiative)
3. Coping with market (Instruments - Business -  
Consumers)
4. Empowering citizens (Information - Indicators -  
Maps)
5. Greening land use planning (EIA - SIA; Integral  
planning)

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## The four thematic issues:

1. Climate Change (GHG 1990-2020: - 20/40%)
2. Nature and biodiversity (Multi-functionality - Multi-track)
3. Environment and health (in broad terms) (Renewed attention)
  - Objectives and approaches (Holistic and comprehensive - A new Community strategy)
  - Chemicals (New assessment by 2010. Existing by 2020. Not significant/unacceptable risks)
  - Pesticides
  - Use and quality of waters
  - Air pollution
  - Noise
  - Radiation
4. Natural resources and waste management

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## Monitoring Progress (benchmarking and accountability)

- Yearly reporting (or periodical updating)
  - Indicators: 'Environmental Signals 2000 ... 2010'
  - Thematic Assessments: 'Air Quality', 'GHGE Climate Change'... (on priority areas)
  - Sectoral (integration) assessment: transport, energy, agriculture ...
  - Headline indicators (open questions remain)
- Pluri-annual reporting
  - 'EU Environment and prospects' - 2004 (for 6th EAP review – 2008)

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The European Commission together with the EEA, Eurostat and the member states will soon publish the first report on environmental headline indicators. This is a very limited set of 10 indicators on the main EU environmental problems.

There are a few common elements in all of these indicator sets. The indicators should not just be presentations of statistics, but be part of an analysis of

progress made. That means that as far as possible the indicators should be developed as performance indicators (linking with an agreed target), as efficiency indicators (showing the relation with production and other economic variables) and as policy effectiveness indicators (showing the effect of policy measures and structural developments on the variable).

The analysis of progress made should include a comparison with peers. The indicators thus also form a starting point for a benchmarking exercise between countries, between sectors and between other actors (see figure 4) .

As consistency is the main theme of my presentation, it will be no wonder that also in reporting consistency and discipline should be strived for. Consistency is needed in choosing indicators to report on thematic action programs making sure that sectoral contributions can be identified. Consistency is needed in the sector environment reporting mechanisms to allow for comparing progress between sectors and to be able to analyse and compare progress in the use of 'integration' instruments. Consistency is also needed in the further development of the 'headline' indicators and the development of a merger between the structural indicators, the environmental headline indicators and the eventual sectoral headline indicators.

However, there are still some open questions in the implementation of the whole system:

Regarding the sectoral integration pillar:

- Will all the sectoral-economic policies dare to agree on a package of (consistent) indicators?
- Will the sectors allow for external/independent assessment of progress and benchmarking?
- Will the sectors dare to fix/accept targets on time (for different indicators)? Either on the strategies or in related follow-up plans?

Regarding the environmental issues/6EAP pillar?

- Will the 6th EAP during the coming discussions develop into the reference frame for the environmental sustainability pillar? And will it become stronger on targets and indicators to measure progress?

Regarding the socio-economic pillar:

- Will the "Cardiff initiative" (leading to Gothenburg) and the Lisbon process (leading to Stockholm) join up?

And in relation to this: will the EC proposal on a sustainability strategy set the model and the process for establishing the three pillars of sustainable development (social – economic – environment)?

## 4. Convergence criteria

Having identified the headline indicators, further fine-tuning between policymakers formulating quantitative targets and indicator makers providing more appropriate indicators should happen. One point must be clear however: headline indicators need to go as much as possible with quantitative targets that are consistent.

As the EMU convergence criteria were able to move states quickly in the direction of Euroland, the headline sustainability targets should be able to move societies towards a general improvement of sustainability. What we need now are sustainability convergence criteria!

It is said that “For every complex problem there is a simple answer and it is always wrong”. Well, when policy makers are able to agree on the simple approximations, they often work. Apart from the EMU convergence criteria, we have seen examples in the use of the Kyoto target for emissions of a basket of six greenhouse gas, the negotiations in the framework of the Convention on Long Range Transboundary Air Pollution using no exceedance of critical deposition loads as starting point. We should not be afraid to develop some bold measures and accompanying bold targets.

Secondly, use of the sustainable convergence criteria requires simplicity, in other words the answer to the question “what is really important and at stake”.

- **Example of environment sustainability convergence criteria:**
  1. (eco-)efficiency (Energy, Materials, Water, Waste)
  2. Climate Change (GHG emissions)
  3. Territorial/Nature degradation (Fragmentation, sealing)
  4. Chemicals of concern (use, exposure)
  
- **Others:**
  1. Social dependency
  2. Cohesion
  3. Information/Education



Especially the business sector has been very keen on answering these questions to be able to use environment like other criteria in business management. Generally the business sector is quite advanced in incorporating environment as a production factor in decision-making processes. As many of the “new” approaches such as benchmarking and integration stem from business management and financial accounting, it is no wonder that the business sector has applied them also to environmental and sustainability issues. Few people are aware of this progress and government administrations certainly can learn from companies. This interaction between companies and

government could even lead to a re-inforced co-operation in the field of the environment and sustainability.  
 Companies at the forefront of sustainability thinking have joined together in the World Business Council for Sustainable Development. Wouldn't it be an idea for nations to join in a similar club of Member States for sustainability?

Companies have realised that innovation in environmental protection, service economy, and consumer ethics is a key to success. Figure 6 borrowed from the WBCSD illustrates this idea that companies perform financially better if they use business models based on an active pursuit of efficiency and innovation.

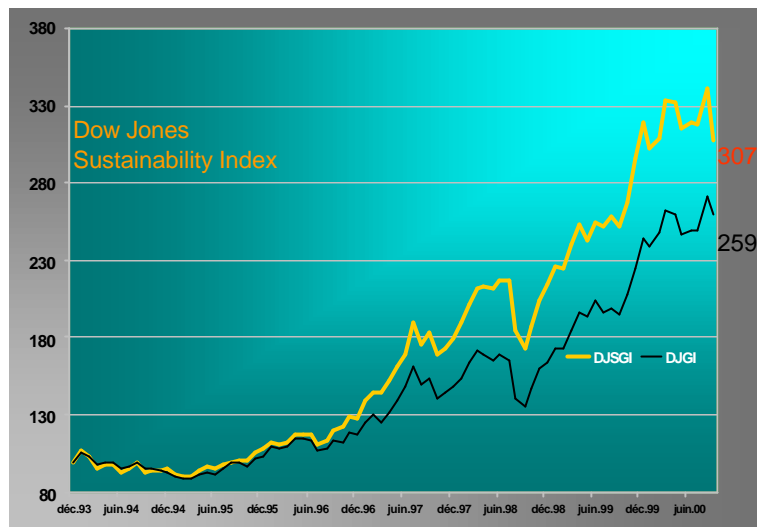
Figure 6



One can find a 'proof' of this theory when looking at the performance of a selection of the companies included in the Dow Jones index based on good scores on a sustainability criteria scorecard. The shares of this selection (the Dow Jones Sustainability General Index: DJSI-line in the graph) did considerably better on the financial market than the average of Dow Jones companies.

Figure 7:

## Dow Jones Sustainability Index



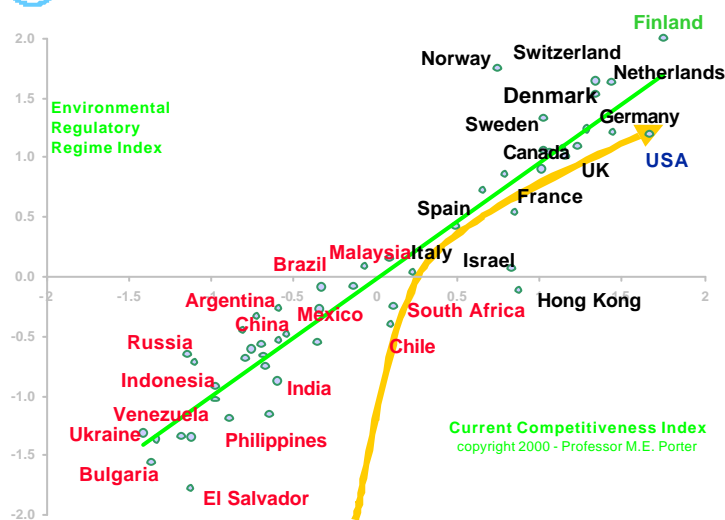
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Innovation and forward thinking results from interactions between companies and the outside world. Apart from consumer pressure the legal framework provided by the government is an important aspect. Results from a worldwide questionnaire show that clear government policies stimulate companies to innovate and thus become more competitive (figure 8):

Figure 8:



## Tighter framework fosters competitiveness



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The business sector is for itself now formulating sustainability convergence criteria to have a clear target, to be able to benchmark and the monitor progress (Figure 9). It is now up to national governments and the EU to develop their sustainability strategies in a similar clear and transparent process.

Figure 9: WBCSD sustainability convergence criteria

