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*Pan-European concern and opportunity at the same time:
structural changes in the economy to deliver
environmental and socio-economic goals*

Several environmental and socio-economic challenges threaten the wellbeing of citizens of Pan-Europe today, which is a main concern for decision makers also within the Environment for Europe process. It is imperative to realise that structural changes are needed in the economy in order to effectively tackle all these challenges at the same time. Considering the diverse characteristics and thus the potential of the Pan-European region, the EfE has the opportunity and responsibility to strive for these changes. These problems, their complex interrelations and the potential policy responses should be properly discussed at the Astana Conference in September 2011 also as a contribution to the global discussions at the Rio+20 Conference next year.

In the past 20 years the 'Environment for Europe' (EfE) process has become a unique policy making platform for the pan-European region. Since its reform¹ undertaken in 2009, the EfE has aimed to strengthen its effectiveness and ensure that it responds to the growing needs of the UNECE region fully aligned with the evolving political and economic landscape, as well as the environmental priorities of the region.

Notwithstanding all the efforts made under the EfE umbrella, there are several symptoms today, which warn us that we need more significant changes in the way we tackle socio-economic and environmental issues on global², as well as on UNECE levels. We see worsening trends both in social and environmental fields. Since the carrying capacity was exceeded³, we have been accumulating ecological debt with many-decade-long payback period. The results of an assessment⁴ carried out by CEEweb for Biodiversity also clearly show that the most significant environmental threat is the ever-increasing use of natural resources and land in Western Europe, which leads to several symptoms, such as climate change and biodiversity loss. The rest of Pan-Europe is on the track to follow this trend.

These phenomena show us that we manage our common goods (natural resources and land) in an unsustainable way and we cannot share the benefits arising from these resources equitably at national as well as pan-European levels. Even though these problems have been apparent for many decades⁵, our responses failed⁶ to tackle the problems within the current socio-economic framework. Therefore, structural changes are needed in the economy, which can ensure that natural resources and land are managed sustainably. The applied policy tools should also contribute to the equitable sharing of benefits from the use of natural resources and land within and among countries as well as ensuring the sharing of responsibility of sustainably using common goods.

The challenge of the overuse of natural resources is also realized by those European NGOs and institutions, which formed the Resource Cap Coalition⁷ (RCC) in 2010 on the initiative of CEEweb. The RCC is convinced that in addition to efforts made towards resource efficiency, absolutely limiting resource use is necessary in order to stay within the carrying capacity of the planet. This is essential as below cost resource efficiency efforts (when efficiency investments pay for themselves) would not lead to reduced environmental pressures alone. On the contrary it is expected to result in growing resource use

¹ <http://www.unece.org/env/documents/2009/ECE/CEP/ECE.CEP.S.152.e.pdf>

² Global Biodiversity Outlook 3 <http://gbo3.cbd.int/>

³ Ecological Footprint: http://www.footprintnetwork.org/en/index.php/GFN/page/footprint_basics_overview/; Living Planet Index: http://wwf.panda.org/about_our_earth/all_publications/living_planet_report/

⁴ Clear View - Regional synthesis report on the biodiversity challenges in Pan-Europe http://www.ceeweb.org/5th_bidi_in_eu/assessment/clearview_pdf.pdf

⁵ Our Common Future <http://www.un-documents.net/wced-ocf.htm>

⁶ Kyiv Resolution on Biodiversity sets the target to halt biodiversity loss by 2010

http://www.unep.ch/roe/documents/biodiv/kyiv_conference/documents/biodiv_resolution_e.pdf

⁷ http://www.ceeweb.org/workingareas/resource_use/index.htm

due to the rebound effect⁸. Therefore the European Resource Cap Coalition advocates for limiting resource use, which would also become an important tool in the transition towards green economy.

CEEweb's recommendations for the Astana Conference to realise structural changes

I. Discuss and reveal the interrelations among the sectoral challenges on the level of the drivers

While it is a common objective of countries to ensure and increase human wellbeing for all on the principle of equitability, we cannot solve this aim as long as we deal with economic, social and environmental issues separately, as past efforts have shown. Thus the most urgent common interest of all Pan-European countries is to reveal the complex interrelations among the only seemingly independent sectoral challenges. For this aim all aspects of the DPSIR⁹ framework (drivers, pressures, state, impacts and responses) have to be considered within the context of these environmental and socio-economic problems. These challenges, such as growing social inequalities and the associated hunger and poverty, the financial and economic crisis and the fragility of the financial system and the economy, the environmental crisis including climate change and biodiversity loss, international disputes over trade, resource use and benefit sharing are all interrelated on the level of the cultural, institutional and structural levels of the drivers. Addressing them requires finding the most effective intervention points of the drivers, such as the regulatory framework of land and resource use, which can greatly contribute to tackling environmental, economic and social problems.

Thus CEEweb asks National Delegations to the Astana Ministerial Conference to:

- Discuss and reveal the complex relationships among economic, environmental and social challenges with a special focus on the level of the drivers at various discussions during the Astana Ministerial Conference including the plenary session on *Greening the economy: mainstreaming the environment into economic development*, as well as its break-out sessions on *What policy mixes have the potential to secure the achievement of a green, inclusive and competitive economy, through an integrated approach, including sectors such as transport, housing, energy, agriculture and education?*, and on *How can resource efficiency improve sustainability and competitiveness in local, regional and global markets?*.

II. Fully consider the essential role of biodiversity and ecosystems in the challenges and the necessary policy responses

Considering that human wellbeing is closely linked to the state of biodiversity and the delivery of ecosystem services on local, national and global levels, as well as taking into account the dependency of economy on ecosystem services, each country has the responsibility to safeguard its remaining ecosystems and enable their recovery. Recent findings of the TEEB report¹⁰ contain several examples (e.g. conserving forests avoids greenhouse gas emissions worth US\$ 3.7 trillion globally) on how conserving nature and thus essential ecosystem services contributes to solving socio-economic issues.

Therefore, even if biodiversity itself is not a priority item on the agenda of the Astana Ministerial Conference, CEEweb asks National Delegations to the Astana Ministerial Conference to:

- discuss the role of biodiversity and ecosystems in enhancing human well-being and ensuring the basis of all economic activities under the two themes of the Conference, as well as carefully examine the potential impacts of the discussed policy measures on them,

⁸ Energy emergence – Rebound & backfire as emergent phenomena. A review of the literature, by J. Jenkins, T. Nordhaus and M. Shellenberger, Breakthrough Institute, February 2011

⁹ Drivers - Pressures – State – Impacts – Responses (DPSIR) model developed by the European Environmental Agency <http://www.eea.europa.eu/publications/92-9167-059-6-sum/page002.html>

¹⁰ *Mainstreaming the Economics of Nature – A Synthesis of the Approach, Conclusions, and Recommendations of TEEB* http://www.teebweb.org/LinkClick.aspx?fileticket=bYhDohL_TuM%3d&tabid=1278&mid=2357

- consider specifically the significant role of water related ecosystems (such as peatlands, lakes and marine habitats) in climate change adaptation and mitigation efforts, and the need to make them part of national and international climate change policies,
- consider specifically the important role of water related ecosystems (such as rivers, floodplains) in green infrastructure, which should be taken into account in development planning within the transition to green economy.

III. Discuss potential policy tools to realise structural changes in the economy and contribute to environmental and socio-economic goals

Transition to a green economy requires that total environmental pressures (originating from resource and land use and from pollution) are absolutely limited and reduced to stay within the carrying capacity of the Earth. If this is not achieved, environmental degradation will continue. For this aim changing the boundary conditions of the economy and more specifically limiting (and if necessary reducing) the resource use of the economy is inevitable, while ensuring the equitable sharing of benefits and reducing the social differences of today. Such a policy response would address the drivers on institutional level, with far reaching effects on the cultural and structural drivers behind many of the current environmental and socio-economic problems. Hence CEEweb for Biodiversity is arguing that structural change is needed in the economy in order to ensure the improvement of human wellbeing for all, which should be strived for within the EfE process.

This is also underlined by the ambition that the EfE *should continue to serve as a mechanism to improve the environment throughout the region, contributing to sustainable development which may in turn contribute to poverty eradication, to improving quality of life, and to a safer world; and thus it aims to promote linkages between environmental policy, economic and social well-being and competitiveness.*

Thus CEEweb asks National Delegations to the Astana Ministerial Conference to:

- accept that setting an absolute limit to the resource use of the economy is necessary for the transition towards green economy and addressing environmental, as well as socio-economic goals,
- discuss potential holistic policy tools, such as an energy quota system for limiting resource use. Such a policy tool should introduce an incentive system, which can ensure the access to resources, reduce the differences in resource use and help realising resource efficiency investments for all. A well designed incentive system can also boost research, innovation and employment in sectors that contribute to the efficient and sustainable use of resources. The four pillars of such an energy use quota system proposed by CEEweb¹¹ covering all non-renewable energy sources, which should be applied on national and Pan-European levels:
 - Resource use quota system introduced for each individual, public and private consumer. The quota system ensures the limitation (and if necessary, the reduction) of all non-renewable energy resources. Those, who save part of their allocated annual quotas, can sell their remaining quotas through the quota managing organization to those who have consumed more than their allocated quotas. The quota managing organization sells the quota in the national currency, and buys the remaining quota for quota money.
 - The market for environmental goods and services is an open market operating according to environmental and ethical rules including aspects of sustainability and market considerations. The quota money received from selling energy quotas could be exchanged to products in this 'eco-labelled' secondary market.
 - The Revolving Fund provides the opportunity for everyone, both energy producers and consumers, to be able to achieve savings through energy efficiency and renewable energy investments. The Revolving Fund provides interest free loan

¹¹ See more at: http://www.ceeweb.org/workingareas/resource_use/energyquota.htm

in quota money with a payback period adjusted to the energy savings or income generation realised through the investment.

- o The Support Service aims to provide advice on lifestyle, planning, social and environmental issues, as well as information on the functioning of the scheme to consumers.

IV. Fully use the potential of Pan-European cooperation for realising structural changes

The Pan-European region is greatly diverse in natural, cultural and economic terms, as it brings together countries with very different backgrounds. The intensity level of land and resource use, the export and import of natural resources and goods together with the associated dependency on external resources, the use of technology and how much the people benefit from the use of all these assets create diverse interests within the region. These diverse interests essentially relate directly or indirectly to the use of natural resources and land and to the benefits generated and shared from it. In addition to the diversity of the economic and environmental landscape these countries are also different from cultural point of view, and how they adapt to these challenges and give responses to them. But this diversity is a great asset when developing international agreements that need to be acceptable for all. The use of resources and land is a global issue in our globalised world and considering the ecosystem services they provide on regional and global levels, which need to deliver benefits in an equitable manner for all communities across the region and within the countries.

Thus CEEweb asks National Delegations to the Astana Ministerial Conference to

- consider the added value of Pan-European and subregional cooperation and emphasize its role in eliminating the common drivers behind emerging environmental, as well as socio-economic issues for the future wellbeing of all citizens in Pan-Europe,
- address the identified drivers through common policy responses, experience exchange, common projects and other means,
- show the rest of the world its leading position to tackle the drivers behind environmental problems also as a contribution to the UN Rio+20 Conference in 2012, and thus contribute to reaching the Millennium Development Goals before the target year 2015. With enforcing the outcomes of Astana next year in Rio, the commitment of all nations can be reached towards paradigm change on global level.

CEEweb asks the National Delegations to the EfE process to consider these points, to make progressive steps towards a structural economic change and thus to be a pioneer in addressing the drivers behind emerging environmental, as well as socio-economic issues. We cannot delay the necessary and well-thought out responses today; otherwise the late responses tomorrow will prove unnecessarily painful for future generations in an even more divided world and degraded planet!

CEEweb for Biodiversity is an umbrella organization of NGOs in the Central and Eastern European region. Our mission is the conservation of biodiversity through the promotion of sustainable development.