



## **Environmental policy integration in Europe: looking back, thinking ahead**

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### **Abstract**

The European Environment Agency is the EU’s dedicated agency for gathering and disseminating information on the environment in Europe. Although the Agency is an EU body, its members is made up of 31 European countries, including six non-EU countries.

The Agency has in recent years devoted increasing attention to monitoring progress on the integration of environmental concerns into other policy sectors, focusing in particular on a number of key sectors – transport, agriculture and energy. In order to review progress in EPI more widely, and also to explore a potentially enlarged role for the EEA in this area, a one-year project on policy integration was launched in 2004. The project, which is being supported by the Institute for European Environmental Policy (IEEP), is to make a contribution to the EEA’s 2005 state of the environment report.

This paper gives an overview of the key findings of the first phase of the project, i.e. the state of the art review, which involved a comprehensive state-of-the-art review of EPI at national and EU levels. The review showed a clear need for a common framework for evaluating and comparing progress across sectors and among countries. The development of such a framework has therefore become a central task for this project. In addition, this review helped to identify some key integration issues that will be investigated in more detail in subsequent papers.

### **Introduction**

The EEA’s 2005 state of the environment report (SoER) will include an analysis of progress made on Environmental Policy Integration (EPI). In support of this work, a project is being run during 2004 to examine the state of the art on EPI, to identify possible new and consistent criteria to evaluate EPI, to examine a number of areas in more detail, and to explore where the EEA’s monitoring and information work can add most value in the future.

### **The meaning of EPI**

Environmental policy integration or ‘EPI’ means environmental objectives are reflected in all policy areas, including those aimed primarily at economic sectors, in order to contribute to sustainable development. Although EPI is frequently associated with governmental or EU policies, it is also relevant to local authorities and private sector actors.

The aim is to move away from traditional ‘end-of-pipe’ environmental measures that seek to ‘clean-up’ after damaging economic policies and practices. Such a reactive approach is not only environmentally undesirable, but also inefficient since it undermines the effectiveness of policies. It also does not make long-term economic sense, because long-term social and economic development depends on the existence of a healthy environment. Integration also makes sense from

a pure 'good governance' perspective: the more integrated and mutually reinforcing policies are, the easier their effective delivery will be.

In practice, EPI calls for changes in governance systems, so that environmental issues are considered more fully and earlier on in decision-making. But EPI is also expected to result in changes to policies themselves, and in the way such policies are implemented.

### **Achieving EPI: key barriers and solutions**

There are many issues that affect the level of attention given to environmental issues in policy design and implementation. Within governments, the level of political commitment to environmental issues, the way in which governments and other organisations organise their work, and the policies or instruments used to manage economic activities, are all important factors.

There are also numerous 'external' issues that affect EPI, such as the nature of the economic or sectoral activity and the extent to which this has environmental impacts, the perceptions of society at large and specific stakeholders, as well as the wider political and economic context.

Although there are various approaches to improving integration, effective EPI responses will need to combine various options and tailor these to the specific issue or sector being tackled, as well as the organisation(s) seeking change. There will not be a 'one-size-fits-all' solution, although there are a number of solutions that are widely promoted.

### **EU developments in EPI**

The EU has made important progress in establishing a sustainable development strategy and nine sectoral integration strategies, although these have in some cases been overtaken by institutional and policy changes. The SDS's relationship to and coherence with the Lisbon Strategy tends to cloud the strategic SD message, as does the relationship with other integration initiatives (6EAP and Thematic Strategies). Work is also visible in other sectors, not specifically covered by the EU SDS and integration strategies.

The ongoing impact of the SDS and integration strategies appears to be weakened by the lack of clearly defined roles and responsibilities of the various institutions and departments, and a lack of consistent leadership. The potential of the EU's move towards multi-annual and annual planning in favour of the SDS and the integration strategies has not been fully exploited.

There is a growing body of good practice, particularly in relation to coordination and communication efforts within and between the EU institutions, to ensure that environmental considerations are taken on board more systematically. Multi-stakeholder and multi-level coordination mechanisms are also emerging, notably in relation to the Thematic Strategies. A limiting factor may be the institutional capacity to support EPI, in terms of human and financial resources.

Additional efforts are being made to improve policy coherence, through the introduction of *ex ante* Impact Assessment for major Commission proposals and strategic documents. IA could act as a critical tool for strengthening the environmental dimension of decision-making, although progress after one year is uneven. The extent to which the results of these and other assessments are followed, could also serve as a useful indicator of EPI.

There is potential to make greater use of the available mix of instruments to support Member State implementation of EPI, including funding and cross-compliance provisions, and other 'positive' instruments.

### **National developments in EPI**

All 25 EU Member States have taken steps towards establishing sustainable development and/or environmental integration strategies, following commitments made globally and at the EU and pan-European levels. Nineteen Member States have in place National Sustainable Development Strategies, including some that have been revised. There is little concrete evidence of action to implement NSDSs, however. Some sectoral integration plans have been produced, notably in the area of transport and energy, as well as rural development.

Important progress have been made since the early 1990s, to change the way administrations are structured in order to improve environmental integration. The old EU Member States (15) have in some cases developed cross-governmental structures or committees that bring together political and/or administrative actors to address sustainable development issues. In the new EU Member States (10), various bodies were established during the 1990s, to support sustainable development and environmental integration. In some cases, more drastic restructuring exercises have been undertaken. Local governments are also taking on an increasingly important role. However, even where organisational changes have been made to support coordination and communication at the political or administrative levels, environmental or sustainable development objectives are not necessarily being taken on board.

Few countries have exploited opportunities to link strategic planning cycles and budgets, with delivery of overarching SD strategies or sectoral environmental integration strategies, and very few countries assess the environmental implications of their annual budgets. There is little information on the environmental resources allocated to or made dependent upon environmental integration.

Little progress has been made in developing green accounts, but a number of OECD countries have however launched 'greening government' initiatives. Various forms of impact assessment are used in 15 countries to support integration, including sustainability impact assessment, strategic environmental assessment, and environmental impact assessment. Public consultation has developed considerably and now takes place in almost all OECD countries.

A growing range of policy instruments is being used, at national level, which should support EPI. Apart from EU funding programmes, spatial planning and research programmes, there is also a gradual move towards environmental tax reform (ETR). Progress with the internalisation of external costs has been variable across the EU.

### **Existing monitoring and review mechanisms**

The Spring Summits are to evaluate the implementation of the Lisbon objectives and the SDS on the basis of the Commission's annual Spring Reports. However, so far, the Spring summits have devoted rather little attention to the environment and therefore there is in practice currently no systematic process for regularly monitoring and evaluating the EU SDS, and the extent to which it is having an impact on policies and practice.

A major review of the SDS is to take place in 2004 at the same time as the preparations for the mid-term review of the Lisbon strategy in 2005. It is not evident what the content and the possible link between these reviews is to be.

At the national level, reporting on progress on SD is usually done using yearly or periodic reports, based on SD indicators. At the EU level, the limited annual review of the SDS is based on a set of 'structural' indicators used for the Lisbon process.

Commitments to monitoring and review in the Cardiff integration strategies have been variable, and some commitments have not been met. The Commission has however initiated an annual stocktaking of the Cardiff Integration Process, to feed into the annual environmental policy review and the Spring reports. It has also indicated its intention to develop during 2005, a common framework and guidelines, identifying possible approaches to monitoring, review and updating the content of strategies.

While work to develop indicators for EPI in the sectors was rather limited prior to the Cardiff process, some progress has been seen in recent years, particularly in transport and agriculture. However, there seems to be no evidence of the effective use of these indicators as reporting mechanisms.

### **Initial ideas for an EPI evaluation framework: An initial checklist of criteria for evaluating EPI**

There is a wide range of methods currently employed to support EPI at EU and national levels. However, as recently noted in relation to the Cardiff Integration Process, there is no consistent framework for evaluating EPI or comparing progress between sectors.

By identifying a number of key elements in the policy-making process, where EPI should ideally be pursued, and building on existing EEA and OECD EPI evaluation criteria, a general framework for monitoring progress in EPI is proposed.

Perhaps the biggest challenge lies in the identification of concrete EPI criteria to support the framework. Such criteria would ideally generate both qualitative and quantitative information and be relevant for different sectors and levels of governance, bearing in mind that there is no single recipe for EPI.

These existing EPI criteria sets cover many if not all the key barriers and solutions identified in this report. Apart from their respective imbalances regarding process and policy, however, the sets are also rather large, making their application cumbersome and resource intensive. That said, the approach taken to the existing criteria sets provide a sound basis from which to develop a new EPI evaluation framework.

There is a general consensus around some of the key stages in the policy-making process where environmental policy integration can and should be furthered, including during the initial political commitment stage and in subsequent reorganisation of government priorities and structures, even if the relative importance of different stages will differ from one situation to another.

Although it is nearly impossible to divide the policy-making process up into distinct segments, a number of key elements can be identified and used as the basis for a framework for evaluating EPI. For the purposes of this report, six major elements of the policy cycle have been identified and are suggested as providing the basis for a new EPI evaluation framework:

A set of concrete evaluation criteria has been identified as a means of underpinning these key elements – see Table below. The criteria reflect the approaches previously taken by the EEA and OECD, as well as discussions with the project advisory group, EEA staff and independent experts.

The criteria are presented as a sort of ‘checklist’ rather than a comprehensive list. This is because some criteria may be highly relevant to the transport sector, for example, but may have little resonance with other sectors. It will therefore not be essential to meet all criteria in all circumstances, and indeed, nor will the importance of meeting different criteria necessarily be the same. The checklist furthermore distinguishes between sectoral policies or cross-governmental policies.

Despite this in-built flexibility, the checklist provides a single framework for comparing and contrasting differences between administrations and between sectors. The next steps of the project will involve fine-tuning the framework, so that both qualitative and quantitative information can be generated and used to evaluate progress on EPI.

### **Recommendations for further work**

It is evident that important steps are being taken in terms of developing the strategic framework for environmental integration and sustainable development in Europe – both at EU and national levels. But despite progress, a number of key areas remain where progress is not yet visible across the board, or where mechanisms have not been applied fully or effectively. In these and other areas, more detailed analysis could be warranted, in order to strengthen our understanding of whether certain mechanisms are effective in practice, and why.

Based on the information contained in this report, and discussions both externally with the project Advisory Group and within the EEA, five papers have been identified for further attention during 2004. The papers will cover the following subjects:

- Finetuning the framework for evaluating progress with EPI
- How (sector and other) administrations deliver EPI: an examination of institutional structures and capacity
- The role of EU budgetary mechanisms and funding in EPI
- Ex-ante sustainability impact assessment: an effective tool for EPI?
- Sector integration: an evaluation of approaches and progress in 3 sectors (transport, agriculture and fisheries)

Apart from addressing knowledge gaps, each of these papers will contribute to the further development of a new EPI evaluation framework, as well as generating concrete examples of good practice and key messages relevant to the policy agenda.

The aim, in 2005, is to continue the series of EPI related papers on additional topics.



## A checklist of criteria for evaluating sectoral and cross-sectoral EPI

1 Social, environmental and economic context	Context for EPI - general	Context for EPI – sector specific
	1a What are the main economic and social driving factors in the sector's development?	1a What are the main economic and social driving factors in the sector's development?
	1b Who are the main actors influencing the sector's development?	1b Who are the main actors influencing the sector's development?
	1 d Is the sector becoming more eco-efficient, i.e. decoupling its economic activities and outputs from environmental pressures and impacts?	1 d Is the sector becoming more eco-efficient, i.e. decoupling its economic activities and outputs from environmental pressures and impacts?
	1e Is the sector contributing appropriately to key overarching SD/ environmental targets and objectives?	1e Is the sector contributing appropriately to key overarching SD/ environmental targets and objectives?
	1f Is the sector on track to reaching its own environmental targets and objectives?	1f Is the sector on track to reaching its own environmental targets and objectives?
EPI Categories	Criteria – cross-sectoral	Criteria – sector specific
2 Political commitment & strategic vision	2a Is there a high level (i.e. constitutional / legal) requirement for EPI in general?	2a Is there a high level (i.e. constitutional / legal) requirement for EPI in the sector?
	2b Is there an overarching EPI or SD strategy, endorsed and reviewed by the PM/President?	2b Is the sector included in an overarching strategy for EPI and/or for sustainable development?
		2c Does the sector have its own EPI or sustainable development strategy?
	2c Is there political leadership for EPI and/or sustainable development?	2d Is there political leadership for EPI in the sector?
3 Administrative culture & practices	3a Do the administration's regular planning, budgetary and audit exercises reflect EPI priorities?	3a Does the sector administration's mission statement reflect environmental values?
	3b Are environmental responsibilities reflected in the sector administration's internal management regime?	3b Are environmental responsibilities reflected in the sector administration's internal management regime?
	3c Is there a strategic department/unit/committee in charge of coordinating and guiding EPI across sectors?	3c Are there cooperation mechanisms between the sector and environmental authorities?
	3d Are there mechanisms for cooperation with higher or lower levels of governance?	3d Are there mechanisms for cooperation with higher or lower levels of governance?

4 Assessments & consultation to underpin design and adoption of policy	4a Does the sector have a process for ex-ante environmental assessment of its proposed policies or programmes?	4a Does the sector have a process for ex-ante environmental assessment of its proposed policies or programmes?
	4b Are environmental authorities and stakeholders engaged in mechanisms for consultation and participation in the sector's policy-making process?	4b Are environmental authorities and stakeholders engaged in mechanisms for consultation and participation in the sector's policy-making process?
5 Appropriate mix of policy instruments to deliver EPI	5a Do cross-cutting financial mechanisms provide incentives for environmental improvements?	5a Do the sector's financial assistance programmes provide incentives for environmental improvements?
	5b Is spatial planning used to integrate sectoral and environmental issues?	5b Are other economic instruments used for EPI?
	5c Are environmental management instruments used for EPI, eg EMAS, EIA/SEA, eco-labelling, information/participation/justice?	5c Are there technical or other standards to promote environmental objectives in the sector?
	5d Are other instruments used to promote EPI?	5d Are other instruments used to promote EPI?
6 Monitoring & learning from experience	6a Is progress towards sectoral and cross-sectoral EPI objectives and targets regularly monitored?	6a Is the sector's progress towards its EPI objectives and targets regularly monitored?
	6b Is there a systematic evaluation of the effectiveness of the policies that have been put in place?	6b Is there a systematic evaluation of the effectiveness of the policies that have been put in place?
	6c Are there mechanisms for exchanging good practice?	6c Are there mechanisms for exchanging good practice?