ENSURING SUSTAINABLE DEVELOPMENT GLOBALLY:
EU FOLLOW-UP TO RIO+20

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Your name (first and last name) * (compulsory)
Anselm Görres

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- as an individual
- on behalf of an organisation

If answering as an individual, please indicate the country where you reside* (compulsory)

If responding on behalf of an organization, please indicate below which type * (compulsory) and your interest representative ID number:

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- local government
- international body (other than EU institution)
- public research institution
- university
- NGO, civil society, environmental group, charity
- industrial interest group
- EU scientific project

Name : Green Budget Europe
Interest representative ID number: Green327312845
Organization Represented and main activities of your company/organization/association:
Dr. Anselm Görres, President Green Budget Europe
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Do you agree to the listing of the name of your organization in the report that the Commission will draw up on the results of this public consultation? (Tick the appropriate box)

X YES

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ENSURING SUSTAINABLE DEVELOPMENT GLOBALLY: EU FOLLOW-UP TO RIO+20

Background

The Rio+20 world summit was held in Rio de Janeiro in June this year. It followed from previous related UN summits, in Stockholm (1972), Rio de Janeiro (1992) and Johannesburg (2002). The aim of Rio+20 was to secure renewed political commitment for sustainable development, by assessing progress to date, identifying remaining gaps in the implementation of past commitments and addressing new and emerging challenges.\(^1\)

The Summit’s focus was on two intertwined themes: "a Green economy in the context of sustainable development and poverty eradication" and "the institutional framework for sustainable development". After extensive negotiations a Rio+20 Outcome document was agreed upon, with a number of actions and commitments. Even though the outcome was less ambitious than what the EU had aimed for, Rio+20 does offer a number of important opportunities for follow-up at EU and international level.

The implications of Rio+20 outcomes for EU policies

The main outcomes of Rio can be described along five streams:

1. The inclusive Green economy, as an important tool to achieve sustainable development.

2. Action in priority areas, such as poverty eradication, sustainable agriculture, water, sustainable energy, decent work for all, oceans and fisheries, and sustainable consumption and production.

3. Agreement to develop Sustainable Development Goals (SDGs).

4. Agreement to develop options on an effective Sustainable Development Financing Strategy.


Implementing these outcomes would lead to furthering sustainable development globally, for all countries (developed countries, emerging economies and developing countries). The outcomes also have implications for a range of EU policies such as economic, trade, environment, fisheries, energy, agriculture and employment and social policies. Within the EU Rio+20 offers the opportunity to review, revitalize, and re-orient a number of activities that the EU is already pursuing. An example of this is the inclusive Green economy, which is addressed in the EU by the Europe 2020 strategy\(^2\) and by EU development policy.

\(^1\) http://www.unsds2012.org/
\(^2\) http://ec.europa.eu/europe2020/index_en.htm
The aim of this public consultation

The European Union needs to prepare for follow-up actions and what next steps have to be taken. Follow-up by the EU level will constitute an important practical step in making sustainable development a reality in the years to come.

The objective of the present public consultation is to provide input to the European Commission for the development of specific actions and measures and for its proposals for EU positions. In particular, it will serve as input to a Communication from the Commission on Rio+20 follow-up, planned for the first half of 2013. The consultation is also a complement to the Public Consultation "Towards a post-2015 development framework"3.

The Commission widely engaged with civil society, including by undertaking a public consultation4 prior to Rio+20, and civil society also made important input during the conference itself. Related consultations include those which took place on the Resource Efficiency roadmap and the recently launched consultation on the 7th Environmental Action Plan. The present consultation seeks stakeholder's views on five main areas from the perspective of advancing sustainable development globally. A brief explanation of each is described below, followed by a set of questions. Please try to limit your responses to one page per area. In addition, in the final section there is the opportunity to voice your views on other topics not explicitly mentioned.

1. The Inclusive Green Economy

The Rio+20 Outcome document stated that the inclusive Green economy is an important tool for achieving sustainable development, that can be implemented in a number of different ways by countries in accordance with national priorities. The Green economy can contribute to sustainable growth, help create employment and decent work, contribute to eradicating poverty, while maintain a healthy environment. The document indicated that the implementation of Green economy policies can be a common undertaking by countries that wanted to do so.

Furthering the inclusive Green economy needs to be considered at three contexts:

action within the EU as a direct contribution to the implementation of the Europe 2020 strategy,

1. collaboration with developed countries and emerging economies, and
2. cooperation with developing countries, as part of development cooperation policy in particular as a means of eradicating poverty.

Likewise, a range of policy approaches are needed to stimulate the inclusive Green economy, and these may best apply in different ways in the above three contexts. Policies can include the removal of barriers or the creation of enabling conditions and may include:

- taxes and pricing systems
- improving the functioning of markets
- effective regulation

• a favourable environment for trade
• phasing out policy distortions such as harmful subsidies
• encouraging innovation
• appropriate labour policies and decent job creation
• green skills development

The inclusive Green economy can also be promoted through the development and application of appropriate indicators that measure progress beyond GDP. It can also be encouraged through a range of public private partnerships with aim of advancing business engagement and performance along social and environmental dimensions, and encouraging investment. Corporate social responsibility and sustainable consumption and production are also important elements.

Questions:

1. **What policy tools do you think are the most effective and need to be put into place to stimulate the transformation to the inclusive Green economy within the EU? How should this complement the Europe 2020 strategy and/or its implementation?**

   **Answer (max 200 words):**

   Environmental Fiscal Reform (EFR) – the abolition of environmentally harmful subsidies and the introduction or increase of environmental taxes – must be identified as one of the most central and most effective instruments for the realisation of a green economy. This means removal of market distortions which work against the environment and climate change mitigation, by means of the internalisation of external costs. Environmental action needs to be integrated more closely into economic measures.

   If the cost of environmental damage is not included in the price of a good or service, then these costs are typically borne by those populations most vulnerable to climate change and environmental deterioration, and by future generations.

   Reform can have a number of benefits, both for the environment (sending signals about the true cost of pollution and the value of natural assets, reducing CO2 emissions, increasing energy efficiency) and the economy – including public budgets in particular.

   EFR is also about justice, because it makes polluters pay for the damage they cause and can raise revenues for poverty alleviation and pro-poor investment.

   This complements the Europe 2020 strategy by increasing economic efficiency, improving environmental outcomes and greening national and the EU-Budget. See http://www.foes.de/internationales/green-budget-europe/gbe-projekte/cetrie/?lang=en

2. **What policy tools do you think are the most effective and need to be put into place to as part of the EU’s interactions with developed countries, emerging economies, and with developing countries? How should this complement EU external policies and their implementation?**

   **Answer (max 200 words):**
Industrialised countries should lead the way by committing to raise the share of environmental taxes in overall taxation to at least 10% and phase out all environmentally harmful subsidies – both by 2020.

Environmental taxes have a particular appeal in the context of developing and industrialising economies, as they are often easy to implement, difficult to evade and have low administrative costs.

EFR redistributes the burden of taxation, and reforms mechanisms within the fiscal system, so that environmentally harmful activities become more costly, thus creating appropriate price signals for producers and consumers to reduce pollution and inefficient energy and resource use. EFR can therefore correct market failures, because it includes the costs of environmental and social damage or resource use in the price of a particular pollutant or resource, e.g. by means of a tax, or as a result of the removal of an environmentally harmful tax exemption or subsidy.

Correcting these market failures improves economic efficiency and raises additional revenues, which could be used e.g. to reduce the tax burden elsewhere, for poverty alleviation, or to reduce budget deficits and thus contribute to solving the current fiscal and economic crisis.

3. What policies need to be put into place to further encourage and engage EU business and stakeholders?

Answer (max 200 words):

In politics, 2050 is tomorrow but in business, 2050 is today. Therefore, business and stakeholders need goals, objectives and actions – including the green economy roadmap – which include specific EFR measures to correct false price signals and reduce market distortions as well as measures to phase out environmentally harmful subsidies.

An additional 10 per cent shift in total tax revenue from labour to environmental use by 2020, at EU and national level should be complemented by lower social security contributions or labour costs to encourage green entrepreneurship. Adequate social measures need to be put in place to address any potential “regressive” effects of higher energy bills on lower income households.

This needs an improved awareness about the opportunities of EFR among the public as well as among government and the private sector. Raising the quality of political discourse on EFR and overcoming resistance is key.

4. What specific actions could be foreseen in this area? How could such actions contribute to growth and jobs?

Answer (max 200 words):

Implementation of Environmental Fiscal Reform though Market-Based Instruments (MBIs): governments, regional groups and other natural resource managers are applying the economic
principles of supply and demand to the management of natural resources such as water, consumption, biodiversity, habitat, water quality and forests.

Environmentally harmful subsidies need to be phased out: Agricultural subsidies in OECD countries averaged approx. 192.5 billion Euros a year. According to the World Watch Institute, the total value of global fossil fuel subsidies in 2012 is estimated to be between 605 billion Euros and 780 billion Euros; in comparison, total subsidies for renewable energy stood at 50 billion Euros. The phase-out of global fossil fuel consumer subsidies by 2020 would reduce global CO$_2$ emissions by 6.9 per cent by 2020 – equivalent to the combined emissions of France, Germany, UK, Spain and Italy (IEA 2010).

Smart Border Carbon Adjustments (BCAs) as important revenue raisers and encouragement to a greener business model around the globe. Smart BCAs take account of the principle of common but differentiated responsibility (CBDR) as well as of domestic carbon pricing efforts. (http://www.vivideconomics.com/uploads/reports/fiscal-consolidation-and-carbon-fiscal-measures/Carbon_taxation_and_fiscal Consolidation.pdf, Section 8)

2. Action in Priority Areas
The Rio+20 Outcome document contains a large number of actions in the section" Framework for action and follow-up". These will address in practice specific themes of the Green economy in the context of sustainable development:

- Poverty eradication
- Food security and nutrition and sustainable agriculture
- Water and sanitation
- Energy
- Sustainable tourism
- Sustainable transport and sustainable cities and human settlements
- Health and population
- Promoting full and productive employment, decent work for all, and social protection
- Oceans and seas
- Small island developing states
- Least developed countries and landlocked least developed countries
- Africa and regional efforts
- Disaster risk reduction
- Climate change
- Forests
- Biodiversity
- Desertification, land degradation and drought
- Mountains
- Chemicals and waste
- Sustainable consumption and production
- Mining
- Education
- Gender equality and women's empowerment
Following the request of the European Council\(^5\), the EU did propose goals and targets to advance the transition to the Green economy in key areas, which are essential for social and economic development.

**Questions:**

5. **Which key areas do you think are the most important and should be given the highest priority (for the EU/at global level)? Please give reasons for your choices.**

**Answer (max 200 words):**

Both, at EU and at global level, climate change, food security and nutrition and sustainable agriculture, energy, education, sustainable consumption and production and gender equality are the most essential areas and conditions to reach all other important areas.

These areas cover the basic needs of a global society. They concern horizontal and vertical decision-making levels which need to be closely interlinked in order to guarantee effective and transparent communication and implementation of sustainable development. They concern all levels of society. That’s why it is important to include all parts of society as key players to reach sustainable development.

A fair global market based on real prices is needed in order to incentivise individual and common action based on equal rights. These processes need to be fair, democratic, transparent and participatory.

6. **Are there specific ways in which an area needs to be followed up (within the EU/at global level)? Should the EU promote and enter into partnerships for action and if so, in which area specifically? Are there specific barriers to implement actions in a given area? What could be done to overcome these barriers?**

**Answer (max 200 words):**

Traditional policies such as legislation and regulations have limits. We need a real change in consumption and production patterns of our societies (consumption and production seen in a wider sense of energy, industry etc., hence, everything that requires natural resources).

Currently, the market is continuing to increase pressure on environment and on underprivileged parts of society and produces unsustainable development. Market incentives and signals must be changed through smart EFR and this requires equal participation and education. Parts of the additional revenue of EFR should be spent for a fund to finance the transition towards a Green Economy in other parts of the world.

A continuous global reform of support measures is needed so that subsidies are made conditional to a shift towards more sustainability and less dependence between the first and the third world.

\(^5\) Conclusions of the European Council, 1-2 March 2012 (article 28), and Environment Council Conclusions, 12 March 2012 (articles 17, 18).
The EU could play an efficient role by implementing Smart Border Carbon Adjustments (see above).

7. **Do you think it is useful for the EU to develop targets to drive the inclusive Green economy? If so, what aspects do you think should be covered and how should economic, social and environmental aspects be addressed?**

**Answer (max 200 words):**

The EU has enough targets covering all aspects necessary to develop a Green Economy. We urgently must stop talking and start acting: It is now high time to implement the goals internally. This would help to develop credible global leadership by example.

Trade-offs between different EU-targets need to be identified and abolished to ensure more effective outcomes.

Acting now will be far less costly than continuing with business-as-usual. The costs for action if started now are estimated at 1-2 per cent of global GDP by 2100, whereas the costs of inaction are estimated to amount to as much as 5-20 per cent of global GDP, let alone the enormous non-calculable and non-reparable planetary, environmental, humanitarian and social damage. (Edenhofer et al. 2008, Stern 2008a and 2008b.)

Again, Environmental Fiscal Reform plays an essential role and could generate significant revenues to finance the shift towards the Green Economy in a cost-efficient way. A transfer of the funds saved towards programmes or fiscal incentives for environmental protection, social equality, energy saving and efficiency could foster eco-innovation and smart production patterns.

8. **What additional tools and indicators for the measurement of progress should be applied?**

**Answer (max 200 words):**

Indicators and tools referring to the "Beyond GDP" discussion.

3. **Sustainable Development Goals**

The Rio+20 Outcome document outlined key principles for developing SDGs. It is stated that the SDGs should reflect all three dimensions of sustainable development (economic, social and environmental) in a balanced way; and that they should be action-oriented, concise, easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries while taking into account different national realities, and that they should be guided by the Rio Outcome document. The Rio+20 Outcome document also states that the SDGs need to be coherent with and integrated into the UN development agenda beyond 2015, and that the process to establish SDGs needs to be coordinated and coherent with the processes for the post-2015 development agenda.
It is important to underline the universal character of the SDGs. They must simultaneously respond to the need to have global goals for all countries and the need for a specific development focus.

The EU will have to set up a process to establish its position on the scope, nature and specifics of the SDGs. This should take into account the EU 2020 targets and those being further pursued under the resource efficiency flagship, as well as the proposals for priority areas and cross cutting themes made by the EU in the run up to Rio+20. It will also be important to ensure that goals should be consistent with internationally agreed goals, such as on biodiversity, climate and social aspects.

**Questions:**

9. *In your opinion, what specific themes or topics should SDGs cover? In what way could the EU build on existing or proposed goals and targets?*

**Answer (max 200 words):**

Sustainable finance, education, democracy, sustainable consumption and climate change as a condition for equal participation and for building up the capacities to act/to take over responsibility.

10. *What form and structure should SDGs have? How should economic, social, and environmental dimensions, as well as the inter-linkages between them be addressed?*

**Answer (max 200 words):**

SDGs need to be SMART and linked to concrete, quantified action, transparent evaluation/sanction criteria and financial support. The most efficient tool to implement SDGs is by making prices work for the environment.

For example: A SDG Goal “EFR” means an additional 10 per cent shift in total tax revenue from labour to environmental use by 2020 and a removal of all environmentally adverse subsidies by 2020.

11. *How can it be best ensured that SDGs and their monitoring are science based?*

**Answer (max 200 words):**

Foster INDEPENDENT scientific evidence and continuous dialogue with the science sector instead of fostering scientific results that “speak the political language” by producing political recommendations.

12. *How can one make sure that the SDGs will be relevant and will act as a stimulus to all countries (developed, emerging, developing)? How will they contribute to mobilizing action?*

**Answer (max 200 words):**
EFR not only produces favourable environmental and social results. It is a radical fiscal change, which may have important social and economic consequences. All studies (e.g. CETRiE http://www.foes.de/internationales/green-budget-europe/gbe-projekte/cetrie/?lang=en) show that employment and GDP would be positively affected. This should significantly scale up investments in Research & Development (R&D), low-carbon technologies, energy saving and sustainable renewable energy sources. The most important thing is that each and everyone will benefit from the results. There is evidence that, besides the environmental benefits, positive social and economic effects will also be repeated. This keeps Green Economy on the agenda and allows for a real change which is urgently needed.

13. In what way should the SDGs relate to stimulating the inclusive Green economy?

Answer (max 200 words):
They should do nothing else than stimulating an inclusive Green Economy by providing concrete tools to act NOW (e.g. EFR).

14. How do you see the relationship of SDGs to future goals following up on the Millennium Development Goals (MDGs) that are likely to be developed under the post 2015 development agenda?

Answer (max 200 words):
Both should be converged. Too many goals lead to inaction where there is no time to loose.

4. Financing Strategy for sustainable development

The Rio+20 Outcome document underlined Means of Implementation as crucial to achieving sustainable development. It established an intergovernmental process under the UN General Assembly to produce options for a sustainable development financing strategy to facilitate the mobilization of financial resources and their effective use. Such a strategy should promote a single comprehensive approach to development financing, building on the Financing for Development agenda6 and promote an integrated approach to the various global financing processes, including Rio+20, climate change and biodiversity financing.

It is important that financing strategies for sustainable development should consider all possible sources to be mobilized by all types of stakeholders, including by national and international, public and private, financial and non-financial actions. This includes giving due attention to public and private financing schemes, innovative financing, taxation and pricing schemes, regulation, and to the barriers to foreign direct investment, as well as looking at the synergies and overlaps with other policy goals (development, climate change, biodiversity).

On external financing, the strategy should look beyond development aid. There is a need to recognize that the major emerging economies should no longer only be seen as recipients of aid even if they still require institutional and technological capacity building assistance.

6 http://www.un.org/esa/ffd/
Relevant international and regional banks such (the IMF, World Bank and other Multilateral Development Banks, such as the EIB) should be involved. Also it should be noted that many of the financing and investment conditions are similar to those for fostering an inclusive Green economy.

**Questions:**

15. **What should be the main elements covered in financing strategies for sustainable development? Could, for example, thematic strategies such as the Biodiversity Resource Mobilization Strategy**\(^7\) **be a useful starting point?**

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<tr>
<td>The most important element to guarantee sustainable financing is a market that tells the truth about the real cost of products and services and that polluters pay for their action. The costs need to be transparent and the redistribution needs to be fair according to the SDGs.</td>
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<tr>
<td>A structure for transferring and managing financial resources, technological support, information and know-how from the countries responsible for climate change – industrialised countries – to those who are primarily and disproportionally affected by it – developing countries – needs to include fair representation for developing countries, to manage the climate funds in an equitable, transparent and effective way.</td>
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<td>The financial strategy should enable an equal participation and responsibility. Hence, only parts of the revenue should be dedicated to specific thematic strategies or urgent projects.</td>
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16. **What are some of the most effective financing and resource mobilisation schemes to date, such as public or private schemes, micro-financing, climate change and biodiversity financing? How can they be scaled up?**

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<tr>
<td>EFR refers to a range of taxation and pricing measures which can raise fiscal revenues while promoting environmental goals, for example taxes on natural resource use, pollution charges, fees charged for environmentally damaging practices, and reducing and/or restructuring environmentally harmful subsidies.</td>
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<tr>
<td>Energy taxes, emission trading and removal of environmentally harmful subsidies worth millions are just three measures that can help the EU meet its 2020 energy efficiency and climate change targets and clean up the European environment, while also raising revenue, creating green jobs, protecting vulnerable society from price increases, and maintaining competitiveness of the European economy. EFR ensures that the transition to a low-carbon economy is achieved at the lowest cost.</td>
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<td>At EU-level, tightening the EU-ETS and pushing for an ambitious revision of the Energy Tax Directive as well as giving the Semester process more weight could play a significant role to raise additional revenues in a cost-efficient way.</td>
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\(^7\) [http://www.cbd.int/decision/cop/?id=11654](http://www.cbd.int/decision/cop/?id=11654)
17. What are the most effective ways of encouraging investment? Where possible, link your replies to questions on the inclusive Green economy.

**Answer (max 200 words):**

Future-oriented governments and economic players are very aware that they have to restructure their economy according to the principles of sustainable, low-carbon growth. Investment needs transparency and a long-term perspective. Here again, EFR plays an important role because these reforms tend to be efficient in the short-, mid- and long-term if they are adjusted to inflation.

EFR increases the price of polluting or of consuming scarce goods. This sets a price signal within the economy which acts as an incentive to change behaviour and internalises parts or all of the costs of environmental damage within the cost of polluting.

The so-called ‘green tax shift’ reduces taxes on labour or social security contributions. This shift can result in increased employment due to reduced labour costs and innovation effects in response to the price changes, known as the ‘double dividend’ (Federal Environment Agency, 2004).

This creates an incentivising environment for investment, especially in the new and competitive sectors of the Green Economy.

**18. How should coherence, coordination and non-duplication of efforts be ensured with regard to the Financing for Development process and other relevant processes?**

**Answer (max 200 words):**

First step – EU internally: A concise strategy, co-ordinated within a more democratic, participatory, transparent, and powerful EU-Semester process could help to implement EFR European-wide as a condition to raise more revenue from a tax shift and the phasing out of environmentally harmful subsidies. These revenues should be redistributed at national level.

Second step – EU internally and externally: If the EU can raise taxes (e.g. Financial transaction tax), the revenue-use should be clearly targeted and co-ordinated with other Funds.

5. Institutional Framework for Sustainable Development

An important theme of Rio+20 was on furthering the institutional framework for sustainable development. Rio decided to strengthen the functions of UNEP. Rio also decided to establish a High Level Political Forum (HLPF) on sustainable development. The EU will now have to consider how it can best contribute to implementing this outcome.

**Questions:**

19. What measures would you see best taken to ensure that the EU effectively contributes to the implementation of these outcomes?
Answer (max 200 words):

The EU should ensure that both, UNEP and the HLPF become powerful players and agenda setters, able to mainstream and broaden the Sustainable Development agenda constantly. The relevant departments should work very closely together with the EU and national partners in order to facilitate an effective implementation.

In order to avoid another toothless tiger, it is important to define a clear and smart mission, competences and goals which will be evaluated on a regular basis.

For an effective, credible and ambitious implementation of the Rio+20 agenda, sanctions should be considered. This would give more authority to the institutions.

The most important thing is communication and mainstreaming. The Rio+20 agenda needs to be communicated not only at political level but also to the public in order to ensure its implementation.

20. Do you think the participation of civil society, social partners, and other stakeholders should be strengthened? If so, how internationally and within the EU?

Answer (max 200 words):

Possibilities for active participation should be strongly encouraged. Civil society, social partners and other stakeholders are the bridge between the political decisions and the broader public. They need to be an integrative part of the decision making process by providing first hand practical experiences.

Therefore, they should be able to be part of the decision making process in order to foster dialogue and acceptance.

Other issues

You may also outline your views on other issues related to the follow-up to Rio+20 that have not been mentioned above.

Thank you for your contribution!