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**EUROPEAN RESEARCH NETWORK:
MARKET-BASED INSTRUMENTS FOR
SUSTAINABLE DEVELOPMENT (CAMBI)**

SUMMARY FINAL REPORT

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I. OBJECTIVES

The objectives of this Concerted Action were :

1. Overall

To improve the quality of decision-making as it relates to the use of market based instruments in environmental policy; to achieve economies of scale in the conducting of research on market based instruments, and to improve its quality, and its relevance. To thereby provide a basis for improvements in the quality of environmental performance at member state level, achieving the targets detailed in the 5th Environmental Action Programme and the white paper.

2. Interface with the Policy Process

To bring the latest developments in the application of market based instruments to the attention of researchers, and to bring the latest research results to those in the policy process.

3. Achievement of Synergy Amongst Researchers

Bring together clusters of researchers in theme areas, in order to:

- exchange results of ongoing work
- develop new research initiatives
- prepare 'state of the art' reviews

4. Development of a European Focal Point

Development of an international profile for European research and practise, and a framework within which researchers and practitioners from other countries can connect.

II. METHODOLOGY

There is a high level of interest in the use of market based approaches to achieve environmental objectives. It is recognised that such instruments have the potential to achieve environmental standards at lower cost than regulation. Research has focused on the potential of such instruments to contribute towards the attainment of sustainable development. The use of economic instruments has implications for the wider economy, employment levels and sectoral competitiveness. Associated issues which had been the subject of research efforts include the existence of the “*double dividend*” (environmentally based tax reform with potential to benefit economic and environmental performance simultaneously).

However, there had been no systematic effort to encourage researchers to co-ordinate research and to exchange ideas and information and to bring such insights to those in the policy process, thus obtaining value at EU level by co-ordinating member state research. It is this that the network endeavoured to achieve by operating as follows:

The network consisted of the co-ordinator, and 11 partner European research institutes, leaders in research into market-based instruments for sustainable development.

Plenary meetings of network members were held bi-annually to set policy, assign responsibility and review progress. Network members suggested relevant and topical workshop themes around which the work of the network concentrated. In these chosen theme areas network members had expertise and experience and there existed a benefit to be exploited from distilling lessons from existing research in a form accessible to policymakers.

The Workshops

Ten network workshops were hosted on different themes over the duration of the project. Network members undertook responsibility for the organisation of workshops. Prominent researchers and policymakers from Europe and elsewhere were invited to present the latest work in the area. The concentration at each theme workshop was on sharing recent research experiences, deriving the implications for the policy process and identifying future research needs.

Discussed in detail and compared at theme workshops were issues of methodology, objectives of research, conceptual approaches, analytical methods, consistency and use of data and presentation of results.

The focus of the workshops were prospective, looking to the future and learning from each other with a view to ensuring the high quality of the research work, that its scope and content are relevant and identifying areas of work where co-operation would be mutually beneficial. One end product, a series of *“Environmental Policy Research Briefs”* “ distil lessons for policymakers into a “state of the art” presentation which is accessible, relevant and understandable.

These represent the findings of the workshops with specific reference to insights for and from the policy process, and they have been disseminated widely.

Interaction between the network and policymakers networks has facilitated the identification, and meeting of needs of those in the policy process. The *“practitioners network”* was a network of influential policymakers from European national governments who shared ideas and experiences on issues surrounding green tax reform. This was led by Charles Robson at *The European Foundation for the Improvement of Living and Working Conditions in Europe*. Two conferences took place, *“Environmental taxes and charges in Europe”* and *“The Impact of Eco-tax reform on Competitiveness and Employment”*. Attendees at these conferences included our network, representatives from the Commission, from the finance and environment ministries of members states and national sectoral representatives including trade unions and industry leaders. A further link between the network and the policy process occurred at European level, through presentations given to the ENVECO group in Brussels on the activities and findings of the network workshops. The ENVECO group - comprises officials from European Ministries of Finance and Environment, who come together under the aegis of the European Commission (DGXI) .

Through attendance at workshops or contact with network members and literature, the aims of the network attracted the interest of many international researchers. Brochures were distributed which outlined network objectives, method of work, members and expertise and dates of future workshops, together with a network newsletter comprising short reports on the proceedings of the workshops. A network web page contained workshop reports and a list of papers presented at workshops. A database of expertise was also compiled in the area which has facilitated co-operation between researchers where possible.

An independent review group comprising well known researchers and policy users evaluated the progress and performance of the network and its success at fulfilling the stated overall objectives. The content of their report was then used to help the network better achieve its objectives.

III.MAIN RESULTS

Identifying theme areas helped to focus the work of the network and help it achieve its objectives of research co-operation and distillation of lessons from areas in existing research for policymakers. Themes to be addressed at individual workshops were chosen after discussions with network members, the co-ordinator and other experts.

1. Workshops

Individual theme workshops have taken place examining the following:

Box 1: CAMBI Workshops

- EU Experiences in Environmental Voluntary Approaches, hosted by CERNA, Paris, 17th June 1996
- Environmental Policy Targets and Non-Market Valuation, hosted by Agricultural University of Norway, 2nd/3rd September, 1996
- The Economics and Law of Voluntary Approaches in Environmental Policy, hosted by CERNA & GRETA, Venice, 18th/19th November, 1996
- Environmental Policies and International Competitiveness, hosted by University of Cambridge, Madingley Hall, 28/29th October, 1996
- Ecological Tax Commissions, hosted by the Wuppertal Institute, 24th February, 1997
- Tradeable permits, Tradable Quotas and Joint Implementation, hosted by SPRU, Brighton, 9/10th April 1997
- Institutional Aspects of Economic Instruments for Environmental Policy, hosted by CESAM, Aarhus University, 20/21st May, 1997

- Environmental Implications of Market-based Approaches, hosted by Göteborg University, 20/21st November, 1997
- International Workshop on Market-based instruments and International Trade, hosted by Institute for Environmental Studies, Amsterdam, 19/20th March, 1998
- “Greening the Budget”, hosted by IFO Institute, Munich, 11/12th May, 1998
- World Congress for Environmental and Resource Economists, Symposium - “Can Market - based Instruments really achieve Sustainability”, hosted by FEEM, Venice, 25-27th June, 1998

These have served to provide a forum for those working with, or interested in, the latest developments in the application of market-based instruments to come together to exchange results of ongoing work, with the objective of improving research and its relevance for those in the policy process.

2. New Research Opportunities

New research opportunities and needs have been identified leading to proposals for future research and the establishment of new research networks, an example being the voluntary approaches research network. (CAVA contract ENV4-CT97-0559) .

Facilitating this co-operation has contributed to economies of scale in research efforts and promoting Europe as a focal point for research of this nature.

3. Establishment of European focal point for research

Promotion of the network was achieved by:

- A brochure which outlines, network objectives, method of work, opportunities for external involvement, future workshops and members. This was circulated widely.
- A newsletter containing reports on the respective network workshop proceedings which was circulated to those on the network database.
- Attendance at workshops.
- A web site on the internet (<http://www.ucd.ie/~envinst/index.html>) which contains details about network activities, workshop reports and the complete list of papers which were presented at respective workshops. In time this site will contain the text of the *Environmental Policy Research Briefs*.
- Contact with network members.

This promotion has enabled the compilation and maintenance of a database of researchers/policymakers in environmental policy and economics, comprising their contact numbers, research experience, publications and interests. This has facilitated research co-operation and dissemination of information to those in the policy process.

4. Facilitating collaboration among researchers in Europe and elsewhere

Collaboration and contact with other research networks has taken place. An informal linkage was established with IPPR, the Institute for Public Policy research, in London who managed a network for the dissemination of information on eco-tax reform. Their mailing list of contacts in the policy process was accessed and information on the CAMBI (Concerted Action on Market-based Instruments for Sustainable Development) network distributed to them. Contact was also established with NITROTAX network (Economic Instruments for Nitrogen Control in European Agriculture Contract ENV4-CT96-0345).

Efforts to exploit contacts with researchers both within Europe and in Central and Eastern Europe, Japan and USA were made. There has been attendance by such experts at network workshops. As a result, they promoted the network vision among their colleagues, who often requested further information on the output of the network and how they could play an active role. Such individuals also informed us of potential sources of funding (German Marshall Fund) which could be exploited to facilitate increased co-operation between European researchers and others world-wide, raising the profile and the potential of the network to achieve its objectives on a larger scale.

5. Interaction with policymakers

Network members have attended policy makers meetings, both the ENVECO group and the practitioners' network with the explicit role of better linking research to practitioners needs, detailing progress and facilitating co-operation between researchers output and policymakers needs.

IV. SCIENTIFIC INTEREST AND NOVELTY

Primarily, the network has facilitated co-operation between researchers focusing on market-based instruments and sustainability. Its objective is not to generate new research but to distil lessons for policymakers from research already undertaken. Co-operation also enables new research initiatives to be developed and enhances ongoing research. The network has established a forum which provides policymakers with sound information on the potential benefits, feasibility and the limitations of market-based approaches as they gain importance as instruments of European environmental policy. As such, the network represents a novel initiative which adds value to existing research.

V. POLICY RELEVANCE

The needs of policymakers were to the forefront of all network activity. Contact has been maintained with those in the policy process throughout; to ascertain their views, and aid researchers in addressing their information needs. Presentations on network output have been made to members of ENVECO and the practitioners network. Policymakers have also been invited to and attended workshops of interest to them. The final output of the network are a series of accessible, understandable and relevant *Environmental Policy Research Briefs* which build a bridge between research and policies contributing to the achievement of sustainability, and meeting the needs of those who ultimately decide on national environmental policies.

VI. PUBLICATIONS

The proceedings of these workshops have been compiled into a series of “state of the art” reviews - the *Environmental Policy Research Series* which distill lessons for those in the policy process from each network theme workshop. A number of *books* have also been published which contain the papers presented at workshops.

Environmental Policy Research Briefs published by CAMBI

- Léveque, F., *Voluntary Approaches*, (ed. P. Ekins), Environmental Institute, University College Dublin, 1997
Barker, T., J. Köhler, *Competitiveness and Environmental Policy*, (ed. P. Ekins), Environmental Institute, University College Dublin, 1997
Skea, J., S. Sorrell, *Emissions Trading*, (ed. P. Ekins), Environmental Institute, University College Dublin, 1997
Schelegelmilch, K., *Green Tax Commissions*, (ed. P. Ekins), Environmental Institute, University College Dublin, 1997
Bergland, O., *Environmental Policy Targets and Non-Market Valuation*, (ed. P. Clinsh), Environmental Institute, University College Dublin, 1998
Andersen, M. S., *Institutional Aspects of Economic Instruments for Environmental Policy*, Environmental Institute, University College Dublin 1998
Oosterhuis, F., *International Trade and Economic Instruments*, Environmental Institute, University College Dublin, 1998
Stern, T., *Environmental Effectiveness of Market-based Instruments*, Environmental Institute, University College Dublin, 1998

A number of *books* are in the process of being published which contain the papers presented at workshops.

Books published or forthcoming via CAMBI

Published:

Barker, T., J. Köhler, (eds) *International Competitiveness and Environmental Policies*, Edward Elgar, Aldershot, 1998

In Press:

Skea, J., S. Sorrell, (eds), *Pollution for Sale*, Edward Elgar, Aldershot
Leveque, F., *Voluntary Approaches*, Kluwer Publications, 1998
Andersen, M.S., R. U. Sprenger, (ed) *Market based Instruments for Environmental Management – institutional aspects*, Edward Elgar, Aldershot
Stern, T., (ed) *The Market and the Environment*, Edward Elgar, Aldershot

In preparation:

Sprenger, R., K. Schlegelmilch, (eds) *Greening the Budget*, Edward Elgar, Aldershot