



## TERMS OF REFERENCE

### **DK-Copenhagen: Framing and assessments of the main interactions between Europe's environment and worldwide developments.**

#### **Open call for tender EEA/AIR/04/001**

### **1. Background information**

According to the European Environment Agency Regulation (1210/90/EEC, amended in EC/993/1999) article 2, a key task of the European Environment Agency (EEA) is:

*(vi) 'to publish a report on the state of, trends in and prospects for the environment every five years, supplemented by indicator reports focusing upon specific issues'*

The most recent EEA 'State of the Environment and Outlook Report', entitled 'Europe's Environment at the Turn of the Century' was published in 1999. The EEA has recently initialised the preparation of its next State of the Environment and Outlook report (SoEOR2005), which is expected to be published in 2005, in order to comply with the EEA Council Regulation and to support the mid-term review of the 6th Environment Action Programme (6EAP) of the European Union. The report will provide an assessment of both past trends and outlooks for Europe's environment.

It is the current thinking of the EEA that SoEOR2005 will be a brief and concise report supplemented by a number of sub-reports, including a sub-report with the working title "Europe's environment and the global dimension: key interactions". Additional information about SoEOR2005 and other sub-reports can be found in Annex VIII. For the development and writing of this sub-report on the global dimension, with particular emphasis on trade and environment interactions, the EEA seeks consultancy support.

### **2. Overall objective of EEA work on analysing the interactions between Europe's environment and the worldwide developments**

The enlarged EU, being a leading economic and political region on the international scene, bears an important responsibility within the 'global governance' process. What is the share of Europe in the array of environmental problems of the world? Which of these problems have their origin in Europe? How in turn do international issues affect Europe's management of its environment? Can one anticipate the effects on the environment, somewhere outside Europe, of Europe's economic growth? And so on.

**ANNEX II**

This will be the first report by the EEA that attempts to address such questions in a structured way. It will provide - data allowing - more than an up-to-date analysis of the EU 'footprint' on other regions in the world. The report will also try to illustrate the order of magnitude of EU/global interactions when it comes to the need for integrated policies on environmental sustainability issues. To this end, the report will take into consideration sustainability features such as global responsibility, distributional equity, adaptability and security, and decoupling. The issue of trade and environment is a central one in this context as it covers the question of flows of goods and services (footprint), the development of environment standards (policies, business behaviour), the issue of damaging subsidies, and 'responsible' investments - in other words main aspects related to the debate for a global governance.

The political momentum that is building up around the concept and practice of sustainability assessments of trade policies and rules reflects the need to better understand the broad developmental, environmental and social effects of trade policies as well as the cause and effect relationship between trade and environmental/social change. The rationale for using trade measures for environmental purposes is that costs differentials arising from lower environmental standards are unfair and distort the prices in the market place. The analysis/review of the relationship between selected trade measures and rules and their ability to achieve environmental policy aims can provide stakeholders (e.g. Commission) with examples of trade measures/policy tools that are likely to distort the achievement of environmental objectives.

When considering the Implementation Plan of World Summit on Sustainable Development (Johannesburg, September 2002), all multi-lateral environmental agreements, and environment-oriented direct investments and policy guidelines on impact assessments (like for trade policies), there appear to be a wealth of policy documents which include in their objectives the preservation/protection of the global environment. Subsequently, the EU commitment to these policies expresses the role, the share and the contribution of the EU to this end. However, in contrast, there exist only a limited and highly fragmented set of targeted actions towards reaching such objectives. This renders any evaluation of progress difficult, in addition to the lack of an appropriate information basis on EU-global interactions related to environment.

The aim with the sub-report is to contribute, via available relevant information and illustrative cases, to increase the understanding of what these interactions are and how one can relate them to existing policy objectives or not. The project will also help explore whether EEA can provide any value-added information to the international trade and environment area on a regular basis.

**3. Specific objectives of the work**

The main objective of the work is to write an assessment report, a draft outline of which is presented under point 5 below. To this end, there are specific building-up activities that will have to be undertaken by the contractor.

**ANNEX II**

The EEA needs to compile a list of relevant information sources addressing the linkages between the environmental issues in Europe and the international and European socio-economic and political matters that relate to effects on the environment. The contractor, who will be awarded the contract, shall prepare the above-mentioned compilation and organize it in the form of a database. In their offer, the tenderer must propose a structure for the database which will be discussed during the inception meeting of the contract. In view of the production of fact sheets, which will be processed from the compiled database, the tenderer must provide proposals for the main indicators (around 15 as a maximum) to be considered in the assessment.

The objective of this part of the work is to provide an information base on data, studies and assessment reports relevant for analysing the key features of respective impacts of European and worldwide political/social/economical developments on Europe's and other regions' environmental conditions. Though trends over the past 30 years will be the main focus, sources providing long-term tracking (past and future) data and studies will also be appropriate to compile. The assessment report will, to the extent possible, address the potential futures regarding these issues, in broad terms so as to indicate the main policy-relevant challenges (the summary of the outlooks presented in the UNEP's report Global Environment Outlook 2003 is an example of such short and informative analysis).

The external dimensions of the EU Sustainable Development Strategy and the 6<sup>th</sup> Environment Action Programme both highlight the importance for the corresponding policies to integrate environmental aspects. The added-value is to demonstrate the contribution that EEA can make to these integration objectives by providing gradually the appropriate information basis to assess effects and progress.

The results of the analysis are also to demonstrate to external users how EEA could get involved in informing about international trade and environment issues in the future. Sustainability impact assessment will have to be considered in this context, and an appraisal of existing tools and methods used to determine the environmental impact of trade policies (e.g. by European Commission services or WTO services) is needed to determine whether they are effectively used and how they could be improved in the future. Concrete and operational recommendations will then be proposed by the contractor to help the EEA design regular future activities in this area.

**4. Results**

The work will result in:

1. The compilation of information sources in the form of a database structured around the main interactions between Europe's environment and the global dimension. Unless justified on better usability premises, the database should be developed in Excel format.

**ANNEX II**

2. Processing of data for the production of indicator fact sheets (around 15). The indicator fact sheets will be developed in Word format, according to the EEA template.
3. Development and writing of an assessment report (around 75 pp). The final assessment report, the information sources database and the edited indicator fact sheets shall be delivered no later than eight months after the signing of the contract.
4. Concrete operational recommendations for regular assessments in this area, in particular, on global trade and environment interactions. The final and updated results of the study shall be provided to the EEA in a final edited report in English no later than eleven months after the signing of the contract.

A short technical report documenting the execution of the work in terms of main phases, difficulties encountered and options for improvement shall be provided to the EEA in a final edited report in English no later than eleven months after the signing of the contract<sup>1</sup>.

**5. Activities**

The EEA has elaborated a first tentative list of contents for the sub-report on global dimension, which is detailed here below.

Chapt.	Title	Pages
<b>SECTION I: INTRODUCTION AND DRIVING FORCES</b>		
<b>1.</b>	<b>Framing the Global/EU environmental interactions</b>	5
1.1.	What are the key challenges <ul style="list-style-type: none"> <li>• Meeting European needs, consuming world resources (responsibility, equity, decoupling, irreversible damages)</li> <li>• Vulnerability to global changes (adaptability, intergenerational equity)</li> <li>• Global governance (trade policies, international environmental commodity agreements)</li> </ul>	
1.2.	Current policy context and state-of-action	
<b>2.</b>	<b>European economies depend on the world's environment</b>	15
2.1.	Resources (footprints): stocks, flows, accounts and impacts	
2.2.	Movement of European polluting productions	
2.3.	Prospects of European lifestyles (consumption patterns) and their impacts	
<b>3.</b>	<b>Global changes: Europe's share</b>	15
2.1	Contribution to global changes (climate change, ozone, biodiversity loss)	
2.2.	The prospects of mitigation: Europe's efforts vs. world's trends	
2.3.	Vulnerability to changes: distribution of Europe's ecosystems goods and services, human security	
<b>4.</b>	<b>The case of trade and environment</b>	25
4.1.	What are the main EU trade flows with an environmental dimension	
4.2.	Their environmental impacts: selected case studies	
4.3.	The potential effects of environment integration on trade flows: selected case studies	
4.4.	The use of trade measures to support environmental objectives	

<sup>1</sup> The EEA shall provide the contractor with guidelines on writing styles and formatting of the report.

<b>5.</b>	<b>Measures, policies and options to address the environmental effects of EU/Global interactions</b>	<b>15</b>
5.1.	EU/international comparisons on progress towards major MEAs	
5.2.	Natural and man-made resources (technologies): substitutes or complement; selected case studies, use of the precautionary principle	
5.3.	Setting European environmental standards: effects (selected case studies)	
5.4.	Sustainability impact assessments of multilateral trade agreements	
5.5.	'Responsible' investment: the role of foreign direct investments	
5.6.	Ethical responsibility of business (behaviour, stewardship)	
<b>Total</b>		<b>75</b>

## 5.1. Compilation of information sources and indicator fact sheets

### 5.1.1. Information sources

The contractor is expected to identify relevant sources of material addressing the topics selected in this list of contents and to appraise these sources in terms of:

- usefulness of the material (pertinence, soundness, reliability);
- accessibility to the EEA users (confidential/public, paper/web support).

The tenderer is expected to comment on this aspect of identification of sources as well as on criteria for selection of sources of information.

Once selected, the source of information and the information itself will be described according to common description fields which will relate to the topics from the list of contents above. The detailed description fields will be agreed upon by the EEA and the contractor at the inception meeting and will be used to structure the database.

The information source can be any type of available source from public, academic, research and business sectors.

### 5.1.2. Indicator fact sheets

In parallel to the compilation of the database on information sources, the contractor will, in consultation with EEA, identify main indicators that would substantiate the assessment of the sub-issues indicated in the list of contents above. These indicators, which can be based on illustrative case studies, should then be calculated by processing data from the selected information sources, in combination with existing EEA data sources (see section 5.4. below). The indicator will be presented in a fact sheet according to the EEA template.

The indicator fact sheets will be:

- written in English (UK);
- consistent with EEA's writing style.

The indicator data sheets will contain:

- all graphs used in the corresponding fact sheet, included as a separate sheet in the spreadsheet file, followed by
- a sheet with the data used for the graph, including the graph's title, unit(s), source(s) and note(s), linked to
- a sheet with manipulated data (gap filling et cetera), linked to
- a sheet containing the raw data as received from the source of data
- a 'read-me'-sheet, mentioning the exact and complete reference to the source(s) (preferably with internet-links), possible links to other spreadsheets and useful notes and remarks.

The word processor used in this project is Word. Data are exchanged as Excel spreadsheets. All material is to be delivered in a format compatible with the EEA's computer system (i.e. Office 2000). It is expected that Word and Excel functionality will be fully used (e.g. caption and cross-references in order to avoid fault references on the one hand and to simplify reuse of charts and tables in other documents than the indicators fact sheet on the other).

## **5.2. The assessment report**

The tenderers are expected to indicate their views on the outline of the report as proposed by the EEA (see above).

The background papers prepared by the contractor shall be compiled in an assessment report, which shall be submitted to the EEA in five paper copies and a floppy/CD disc (in Word format). The data used to create tables, figures and graphs shall be submitted to the EEA in Excel format, including sources of information and methods of data handling.

## **5.3. Recommendations on regular EEA support on trade and environment analysis**

### *5.3.1. Some background to be considered*

It is largely recognized and demonstrated that the interface between trade and the environment covers a wide range of issues that cannot be solved by one country or group of countries alone, such as climate change, the protection of the ozone layer, the disposal of toxic wastes and the threat of extinction of endangered species. Trade, environment and sustainable development are inextricably linked. At the same time, it is also recognised, for instance by the European Commission that the methodology on Sustainable Impact Assessment (SIA) has to be improved to better capture environment, economic and social issues in the making of policies and agreements. Also, the WTO Committee on Trade and Environment calls for assistance in

identifying the relationship between trade measures and environmental measures in order to promote sustainable development.

The EEA has initiated a reflection on its possible contribution to these developments regarding the need for appropriate information and methods for analysis. The contractor's inputs will nourish this reflection.

### *5.3.2. Activities*

- The contractor will provide a first sketch of ideas for consultation with the EEA to discuss the scope, content and structure of the potential recommendations that will be made at the end of the work.
- Contractor and EEA to consult with relevant stakeholders to identify needs and build on previous experiences including identifying relevant literature.
- Contractor to consult with other relevant SOER 2005 sub-report consultants to ensure consistency in presentation and cross-fertilisation of subjects (see point 5.4).
- EEA to arrange a workshop in EEA inviting 7-10 key experts and contractor in the field of trade and environment to discuss how to scope this issue in the assessment report and how and what should be done to add value by the EEA in the environmental and trade activities.
- Contractor to review relevant literature/articles informed by the workshop and stakeholders on chosen subjects.
- Contractor to provide a short report based on the discussion in the workshop on international trade rules, measures and environmental objectives.
- Contractor to review trade and environment issues on the Commission and European Parliament agenda for 2004 to explore whether EEA could provide short briefings related to the pilot project objectives.

### **5.4. Links to related EEA products and activities**

EEA will ensure access to relevant EEA information and reports, including data stored in the EEA information system, and if needed help to get access to data/information from other international organisations and the EIONET network.

In addition, the sub-report on the global dimension, due to its scope, will link to most of the SOER 2005 sub-reports (see Annex VIII), if not rely on these sub-reports to articulate the main messages. While looking at these links, the following can be highlighted:

- SR1 (Household consumption): consumption patterns have a direct influence on trade (products/standards), some influence on exports of industrial production, and

**ANNEX II**

are connected to other activities (e.g.; international tourism). The development of a sustainable consumption & production plan provides the policy context here.

- SR2 (Enlargement): the extension of the internal market to the new countries can provide appropriate case studies on, for instance, the effects of trade agreements on the environment.
- SR3 (Loss of biodiversity): the issues of footprint (including preservation of goods and services of ecosystems), global responsibility and equity are very present here.
- SR4 (Use of natural resources): idem. Europe's contribution to the Millennium goal on Water provides another context here.
- SR5 (Policy integration): progress towards integrating the concerns of the EU impacts on the world's environment should be analyzed.
- SR6 (Climate change and energy): climate change is a global issue for which Europe's policies on mitigation and adaptation interacts with other policies in other regions. Europe's contribution to the Millennium goal on Energy provides another context here.
- SR7 (outlooks): Assumptions on global socio-economic developments are part of the approach.
- SR9 (health): perhaps the most difficult area where to see clear links. Causation needs to be studied more precisely.

The EEA will organise for the necessary exchange of information with the experts working on the related sub-reports. The contents of the exchange of information will be appraised as the respective works develop.

**6. Location of work**

The work shall be executed from the contractor's offices, with regular contacts with Ronan Uhel, the EEA Project Manager. An inception meeting as well as two one-day progress meetings will take place at the EEA in Copenhagen.

**7. Technical report to the EEA**

The work prepared by the contractor shall be documented in a technical report, which shall be submitted to the EEA in five paper copies and a floppy/CD disc (in Word format). This short technical report (5-10 pp) should provide an evaluation of the outcomes of the project (difficulties, potentials) and formulate recommendations for a similar study in the future, the maintenance of the database on information sources and the indicator factsheets.



**8. Timetable**

Within a month after signing of the contract	Kick-of meeting or teleconference with EEA project manager(s) in Copenhagen to clarify activities and fine-tune the work plan
No later than two months after signing of the contract	<ul style="list-style-type: none"> <li>• Progress report on the process of identifying relevant information sources</li> <li>• Draft proposal for organizing the Excel database</li> <li>• First proposals for main indicators</li> <li>• First draft extended outline of the assessment report (annotated storylines and main indicators)</li> </ul>
No later than three months after signing of the contract	<ul style="list-style-type: none"> <li>• First review of potential information sources</li> <li>• Demo of the database</li> <li>• First indicator fact sheets</li> </ul>
No later than four months after signing of the contract	<ul style="list-style-type: none"> <li>• First progress meeting</li> <li>• Delivery of the extended outline (storylines and main indicators) of the assessment report for discussion by invited experts to EEA workshop</li> </ul>
No later than five months after signing of the contract	<ul style="list-style-type: none"> <li>• Final review of potential information sources and compilation of the database</li> <li>• Final drafting of indicator fact sheets</li> <li>• Draft recommendations on Trade &amp; environment</li> </ul>
No later than six months after the signing of the contract	<ul style="list-style-type: none"> <li>• Delivery of second draft report to EEA. The report should include the comments from EEA workshop and be format edited</li> <li>• Second progress meeting to discuss second draft and specifics of trade and environment</li> </ul>
No later than eight months after the signing of the contract	Delivery of the final assessment report, the information sources database and the edited indicator fact sheets
No later than ten months after the signing of the contract	<ul style="list-style-type: none"> <li>• Delivery and presentation of the final recommendations on trade and environment</li> <li>• Delivery of the short technical report documenting the project</li> </ul>
If needed before and after the delivery of the final report	The contractor shall be available to the EEA for responding to questions of clarification that may arise from the consultations on the draft and/or final report