9 Way forward

Impact of socio-economic changes on SCP policies

Most EECCA and SEE economies have been experiencing rapid economic growth since the beginning of the decade, following the economic decline of the 1990s. In a number of countries GDP now exceeds pre-transition levels. The key forces which have shaped those economies since the mid-1990s are economic transformation, privatisation, foreign investment, and increasing globalisation.

All these changes are taking place against an international backdrop of a shift in environmental policy away from end-of-pipe pollution control towards more proactive approaches that aim to achieve more sustainable consumption and production patterns. The common challenge for all countries is to break the link between economic growth and environmental impacts from production and consumption, resource use and waste generation.

Individual countries in the region face very different SCP policy challenges from the challenges facing Western Europe. The majority of the population in Western Europe, and increasingly in Central Europe, has access to reasonable levels of income and can afford to meet significantly more than their basic needs. SCP policy and action will, more and more, need to target consumer behaviour and the levels of consumption of impact-intensive goods and services. In contrast, in much of SEE and EECCA there is a clear need to address social sustainability issues.

The benefits of economic growth have not been distributed evenly across society, and the gap between rich and poor is growing. Significant sections of the population still live in poverty and many people, particularly in rural areas, do not have reliable access to basic needs such as clean water, energy for the home, and adequate nutrition levels. At the same time, there is a small but growing urban middle class in EECCA and SEE countries who are rapidly adopting Western consumption patterns.

Average household consumption per capita, in purchasing power parity, has now exceeded 1990 levels in all sub-regions except Central Asia. Levels of consumption in EECCA and SEE countries, while growing rapidly, remain significantly lower than in Western Europe. However, energy intensities (i.e. energy consumption per unit output) of industry, transport, community services and buildings, in particular in EECCA countries, are generally much higher. Countries also experience more localised environmental problems such as inappropriate management and regulation of waste, industry, urban transport and agricultural development.

Looking to the future, environmental pressures may grow with increasing wealth. Rapid changes in lifestyle, particularly in urban areas, are already noticeable. This can be seen in increasing ownership of private cars, the growing quantity and variety of available imported goods, and in the increasing quantities of waste generated. At the same time public services, including public transport, district heating and waste and recycling systems established under a central planning system, have significantly deteriorated and declined.

With household expenditure accounting for more than half of the GDP, individual consumers are potentially a powerful economic player in EECCA and SEE, but they tend not to be very active in applying pressure for more sustainable products and services. Public awareness and the level of public pressure for more SCP policies are rather low, and this situation will need to be addressed in the future.

There is a need for policies to give consumers an incentive to move towards more sustainable patterns of consumption. National SCP initiatives should focus on economic growth and social change which improve the quality of life, and not only concentrate on the increasing level of individual consumption, with the related negative environmental impacts.

Simultaneously, much of the SCP policy and action in EECCA and SEE will need to target the production side with a view to reducing impact

intensities and to improving efficiency of production and resource use. On a positive note, the on-going economic and social restructuring offers a unique opportunity to establish more resource-efficient, safe and sustainable production patterns.

SCP challenges in specific sectors

Even though economic and environmental benefits from improved eco-efficiency in industry are substantial, such initiatives have not been undertaken consistently. There are emerging signs that decoupling between industrial output and pollution and resource use has taken place in some areas, but the efficiency of use resources and energy is still low in most EECCA and SEE countries. While services are the most rapidly growing economic sector across most of the region, industrial output is also increasing in almost all countries, with growth exceeding that of services in a number of countries. Moreover, this growth is largely based on pollution-intensive, resource-extracting and processing industries.

Current car ownership levels remain relatively low but are increasing rapidly in a number of countries, particularly in urban areas. Traffic congestion is on the increase in urban areas, leading to health, environmental and social problems. At the same time, public transport, which is potentially more sustainable, is in decline, partly due to dilapidated infrastructure and partly due to the withdrawal of subsidies. Integration of social, health and environmental considerations into spatial planning, and re-investment in existing collective transport infrastructure, are urgently required if EECCA and SEE countries are to avoid the large-scale transport problems plaguing Western European countries.

The dramatic changes in agricultural management and ownership, and increased exposure to global competition, caused a sharp reduction in food production during the early to mid 1990s. Economic recovery has seen this partially reversed, although in most countries food production remains lower now than pre-transition. Access to food and efforts to reduce malnutrition have improved in recent years, but these issues still remain significant problems in a number of countries. Economic transition brought with it much reduced inputs of artificial fertilisers, energy and pesticides with corresponding reductions in environmental pressures. Nevertheless, the environmental legacy of centrally-planned, high-input agriculture remains and the lack of appropriate management of irrigation, soils and manure from livestock continue to create localised environmental problems. Opening of the markets and globalisation of trade may lead to a return to more intensive agriculture in the future with negative environmental consequences. Imports and exports of food to and from EECCA and SEE countries are also increasing rapidly, and that leads to growing pressures from the transport of food.

Buildings are responsible for a third of total energy consumption across both regions. Residential energy consumption is particularly high in Eastern Europe and parts of Central Asia. This is partly explained by cold climates, but other important causes include widespread but inefficient district heating, inefficient distribution systems, and the low thermal efficiency of buildings. Low energy prices and the absence of economic incentives and apartment level controls do not encourage householders to reduce heat consumption. Water consumption in buildings is high across both SEE and EECCA, especially in cities where distribution losses are high.

Proper treatment of waste remains a problem, especially for municipal and hazardous wastes. Furthermore, given the current construction boom in some countries, quantities of construction and demolition waste will increase. End-of-life (obsolete) vehicles, waste electronics, household appliances and packaging waste are also set to increase. Some of the challenges that SEE and EECCA countries face include improving waste management systems, introducing proper waste treatment and disposal techniques, making use of more waste resources, and reducing and preventing waste at source.

Existing opportunities for SCP initiatives

There are many promising opportunities for SEE and EECCA to 'leapfrog' and avoid some of the consumption-related problems common in Western Europe. Taking advantage of those opportunities will require a political commitment to develop appropriate policies and establish regulatory frameworks, economic incentives, and implementation mechanisms. On a positive note, some elements of the legacy of the past have a major potential to support a society with more sustainable production and consumption patterns. These include:

- the widespread development of district heating systems, railway infrastructure, or reuse and recycling systems. All these systems need significant investment and upgrading to realise their sustainability potential. For example, heating systems require modernisation to

eliminate losses and inefficiencies and could be fed by combined heat and power or waste heat from industry;

- there is a well established tradition of using public transport. Even though the rates of car ownership are increasing, opportunities remain for satisfying the public's demand for mobility through extensive collective transport networks;

- various business opportunities exist for more SCP-oriented practices. Current low use of synthetic fertilisers and pesticides in agriculture, along with the availability of agricultural workers, creates good opportunities for organic farming and the export of organic food products to Western Europe. There is a high potential for economic and environmental benefits through recycling and reuse of industrial and municipal waste.

- significant potential exists for increasing energy efficiency in industry, household, and public sectors, again with both economic and environmental benefits. In the building sector the current construction boom offers a huge chance to improve the thermal efficiency of new building stock. This, and the task of retrofitting the dominant existing stock of low-efficiency multi-apartment buildings, would significantly reduce environmental pressures and bring considerable social benefits.

Finally, policy efforts should not focus only on the technical 'fix'. Experience from Western countries shows that technological improvements and efficiency gains are not sufficient on their own and need to be supported by measures, both economic and information-based, aimed at influencing consumer behaviour. Without this, technological and efficiency gains risk being undermined by increased consumption resulting from reduced prices (known as the rebound effect).

The environmental and social benefits that can be gained by increasing the public's awareness of SCP issues and empowering them to act should not be underestimated. With respect to housing and community services, significant reductions in heat and water consumption can be gained by installing apartment-level controls and metering, starting payments by use, and providing householders with information on how they can reduce costs. Similarly, consumers in a number of countries have expressed preferences for local high quality food grown with reduced inputs of pesticides. This potential market for local organic food can be harnessed by developing national certification systems, supporting organic farmers and spreading awareness of organic labels and the advantages of this agricultural system.

Remaining challenges

Despite the great variety among the 18 countries covered in this report, many problems that they face in designing and implementing SCP are similar. Often, those problems could have similar solutions, applicable and transferable to many other countries. Priority areas for SCP will differ from one country to another, but the following challenges seem to be commonplace in most countries:

- Lack of reliable data on pollution and resources use, industrial emissions, or environmental impacts of consumption are major obstacles to the development of targeted and effective policies and goals. Even in those sporadic cases where data exist on a local level, no efforts have been made for the systematic collection of data and the use of the information for more effective policy-making.

- Existing institutional settings do not favour planning and implementation of SCP. Better coordination is needed among the various institutions responsible for environmental protection and sectoral policies. It is also essential to improve institutional capacity to achieve more sustainable production and consumption.

- There is room for dramatic improvement in environmental management in enterprises. In some countries, where environmental legislation is being tightened and enforcement is getting stricter, improvements in industry have already occurred. In most cases, however, more effort is needed to improve compliance with environmental legislation.

- Integrating sectoral policies and environmental concerns is still a distant goal. For example, spatial planning and municipal management are still not well coordinated with environmental and SCP considerations, although they could be used to good effect in energy supply, building, transport and waste management. This is also the case for agriculture. While some countries are beginning to develop agricultural strategies integrating environmental, social and economic interests, most countries have not

yet begun this process. There is also a lack of agro-environmental advice for farmers.

- Some policy tools for SCP are in place but in a piecemeal fashion. Various relevant strategies and programmes (e.g. energy efficiency programs, waste strategies, etc.) have been established, but their implementation has still to follow. Policy action should build SCP considerations into these strategies and programmes.

- In the light of the variety of situations in all the countries, it is necessary to develop - in partnership with a wide range of stakeholders — national SCP strategies or plans reflecting a country's specific priorities, and with concrete actions to carry them out.

- Despite their effectiveness, limited economic incentives and technical tools are in place to stimulate government, businesses and private consumers to reduce the environmental pressures they exert. Policy tools already exist in many countries to promote energy efficiency, public transport, or waste recycling. More effort will be needed to support implementation.

- Consumer behaviour is one of the crucial factors for SCP, and more efforts must be made to raise public awareness of environmental issues and of the potential economic gains from more SCP. Information should be provided (e.g. labelling) which will enable consumers to make informed choices and to influence governmental policies.

A key opportunity for addressing these challenges in many SEE and EECCA countries lies in regional cooperation. This is in some cases facilitated by common languages, but first and foremost, by the fact that countries often face similar problems. Many successful initiatives have been implemented at local level, in such areas as energy efficiency for buildings, transport sectors, municipal waste management. Quite a few of the lessons learned are applicable — and successes potentially replicable — throughout the SEE and EECCA regions.