

# Implementation of the Polluter Pays Principle in the EU Online Workshop

4 July 2023

# Welcome and housekeeping rules

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- **We are recording this webinar.** You will be able to download the proceedings and slides from our website
- **Comments and questions are welcome**
  - **Questions and chat:** Please use the chat-box to ask questions to the presenters
  - All will be placed under “mute” except the designated speaker. If you want to speak directly to the plenary **raise your hand and we will give you the floor.** Please remember to state your name and affiliation

Welcome message from  
the Commission  
and introduction to the  
purpose of the study

Stephen White, European  
Commission DG Environment



Study on the polluter pays principle and environmentally  
harmful subsidies.  
An overview

Online workshop 4 July 2023  
Marco Camboni - RPA Europe



# Who we are

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**RPA**  
Europe

 **Logika Noise**  
Air Quality  
CONSULTANTS

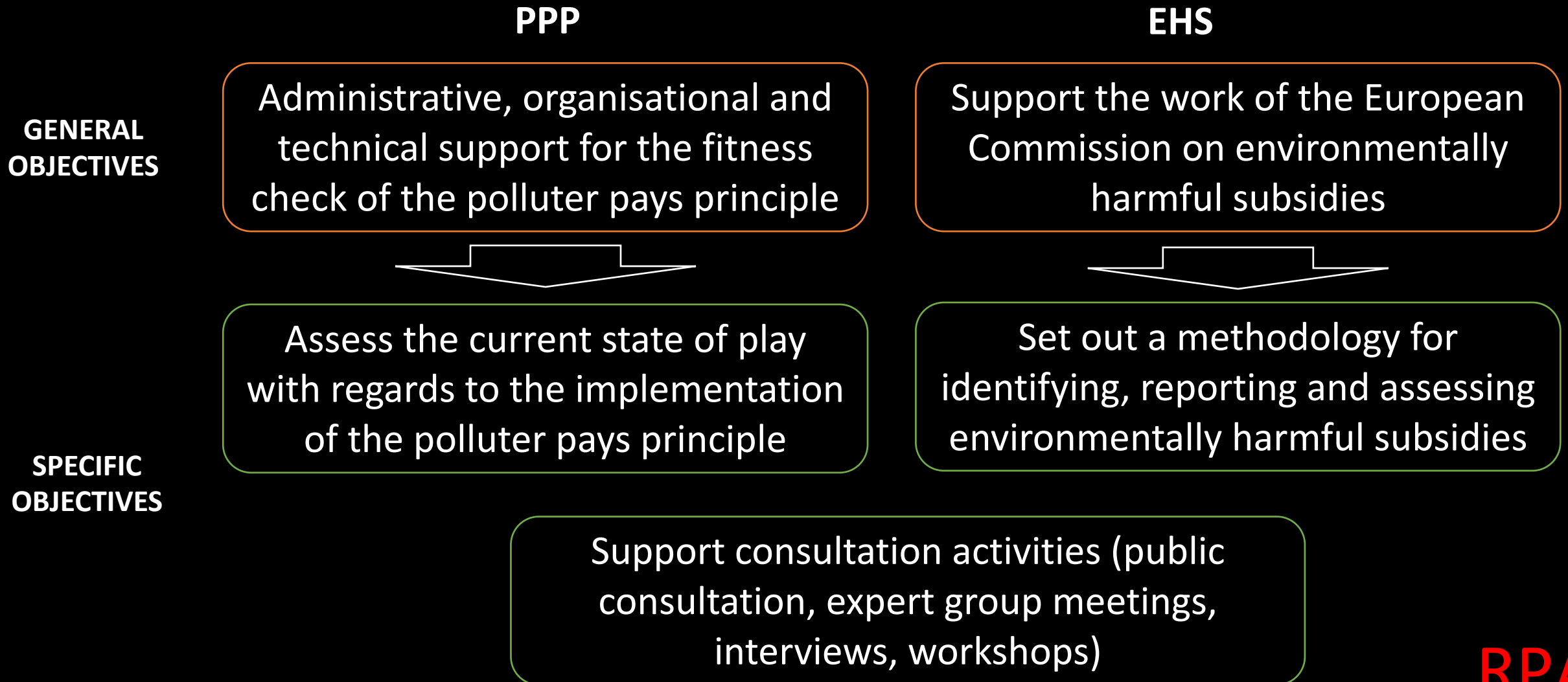
 **Metroeconomica**

 **CENTRE FOR  
EUROPEAN  
POLICY  
STUDIES**

 **RPA**  
Risk & Policy Analysts

**RPA**  
Europe

# General and specific objectives



# Today's workshop

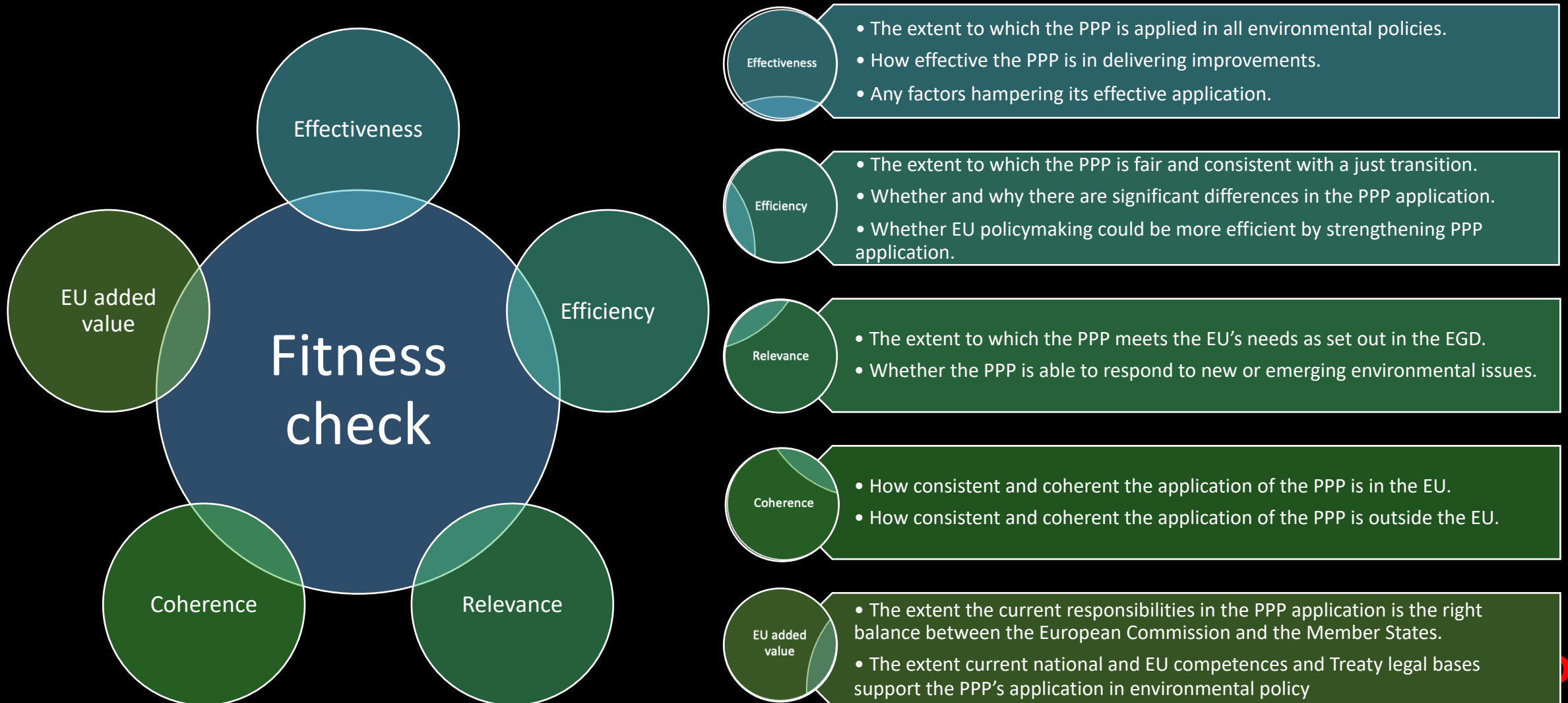
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- The focus is on the support to the fitness check, in particular on the first and third recommendations of the European Court of Auditors
- The second recommendation is the subject of an ongoing evaluation which results are expected in Autumn 2023
- The work on environmentally harmful subsidies will be more in focus during a one-day workshop in Autumn 2023



# Methodology



# Next steps

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Public consultation	12 May 2023 – 04 August 2023
Interviews	July – September 2023
Second workshop	Late October 2023
Reporting	End 2023 – Early 2024



# Workshop agenda

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09:00 – 09:30	Registration
09:30 – 09:35	Welcome and housekeeping rules (Marco Camboni, RPA Europe)
09:35 – 09:45	Welcome message from the Commission and introduction to the aims of the study (Steven White, DG Environment)
09:45 – 09:55	Study overview (Marco Camboni, RPA Europe)
09:55 – 10:05	Q&A
10:05 – 10:15	Overview of the scope of the PPP application in the EU legislation (Dave Tyrer, Logika Group)
10:15 – 10:25	Overview of the PPP application in the EU funding programmes and mechanisms (Tamas Kiss-Galfalvi, CEPS)
10:25 – 10:35	Q&A

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# Workshop agenda

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- 10:35 - 10:45 The implementation of the Polluter Pays Principle (Aldo Ravazzi Douvan, Chief Economist at DG Sustainable Development, EU & International Relations of the Italian Ministry of Environment)
- 10:45 - 10:55 Break
- 10:55 - 11:05 The Polluter Pays Principle and water services (Gari Villa-Landa Sokolova, Senior Policy Advisor – Water Services, EurEau)
- 11:05 - 11:15 The implementation of the Polluter Pays Principle: the EEB's perspective (Frederik Hafen, Senior Policy Officer for Environmental Democracy, European Environmental Bureau)
- 11:15 - 11:20 Q&A
- 11:20 - 12:20 Discussion
- 12:20 - 12:30 Wrap up
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Thank you!

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Questions  
and  
Answers





# Scope of the Polluter Pays Principle and its application in EU legislation

David Tyrer

Logika Group

4 July 2023

# Introduction

PPP

- This session will provide some further explanation on scope, focus and methodology
  - Environmental pressures
  - “Significant” policies addressing those pressures
  - We are focused on “who pays” and for what costs
  - How is the PPP currently applied, via those policies?
    - Typologies of costs addressed
    - Policy mechanisms used
  - Reflections and key issues
  - Focus areas for the evaluation analysis
- Discussion



# Scope: Environmental Pressures

PPP

- The 8<sup>th</sup> EAP set out broad priority objectives and “policy areas”
- These reflect various environmental pressures from various sources
- These have been consolidated into several *policy areas* and *horizontal policies* for the assessment

	Air Quality & Noise	Chemicals Risk Management	Climate Change
<b><u>Policy Areas</u></b>	Industry	Marine & Coastal Environment / Water	Nature & Biodiversity / Soil and Land
	Waste and Recycling		
<b><u>Horizontal Policies</u></b>	Environmental Crime & Liability	The Built Environment	Sustainable design & consumption

- For each, attributable pollution, sources, impact pathways and effects are considered

# Scope: Policies addressing pressures

PPP

- Three step prioritisation
  - Map policies in a matrix (~70)
  - Analysis of environmental pressure (impact pathways, trend data, significance and pollution source)
  - Within each pressure, consider the most significant pollution source(s) and societal costs that result
- Identify “Primary” and “Secondary” policies
- We think the following policies are the most significant to address pollution at EU level.
  - Are we right?

Air quality & noise	<ul style="list-style-type: none"> <li>• Air Quality Directive (<b>AAQD</b>)</li> <li>• Reduction of national emissions (<b>NEC</b>) Directive</li> <li>• Environmental Noise Directive (<b>END</b>)</li> </ul>
Chemicals risk management	<ul style="list-style-type: none"> <li>• Registration, Evaluation, Authorisation and Restriction of Chemicals (<b>REACH</b>) Regulation</li> </ul>
Climate change	<ul style="list-style-type: none"> <li>• EU Emissions Trading System (<b>ETS</b>) Directive</li> <li>• Effort Sharing Decision (<b>ESD</b>) Regulation</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Industrial Emissions Directive (<b>IED</b>)</li> <li>• Medium Combustion Plant Directive (<b>MCPD</b>)</li> <li>• <b>Seveso</b> Directive</li> </ul>
Marine & coastal environment & water	<ul style="list-style-type: none"> <li>• Marine Strategy Framework Directive (<b>MSFD</b>)</li> <li>• Water Framework Directive (<b>WFD water</b>)</li> <li>• Nitrates Directive (<b>ND</b>)</li> <li>• Sewage Sludge Directive (<b>SSD</b>)</li> <li>• Urban Waste Water Treatment Directive (<b>UWWTD</b>)</li> </ul>
Nature, biodiversity /soil & land	<ul style="list-style-type: none"> <li>• <b>Birds and Habitats</b> Directives</li> <li>• Regulation on <b>Invasive Species</b></li> </ul>
Waste and recycling	<ul style="list-style-type: none"> <li>• Waste Framework Directive (<b>WFD - waste</b>)</li> </ul>
Horizontal	<ul style="list-style-type: none"> <li>• Environmental Crime Directive (<b>ECD</b>)</li> <li>• Environmental Liability Directive (<b>ELD</b>)</li> <li>• Environmental Impact Assessment (<b>EIA</b>)</li> <li>• <b>Ecodesign</b> Directive</li> <li>• EU <b>Ecolabel</b> Regulation (EC)</li> </ul>

# How is the PPP currently applied?

- **Direct** requirement in the legislation that incurs a cost, to the polluter (e.g., REACH Restriction)
- **Indirect** is a requirement in the legislation for specific action(s) that may incur a cost to the polluter (e.g., Noise Management Action Plan under ENDS).
- Types of cost addressed:
  - **Prevent and control pollution** (preventative action, such as Seveso)
  - **Remedy** pollution (measures to address pollution and its consequences, such as the requirement to mitigate the adverse impact of invasive alien species)
  - **“Control”** costs (administrative costs for environmental controls, such as requirement for operators to demonstrate compliance through monitoring and reporting under the MCPD)
  - **Liability** costs (action to remedy unintended pollution (such as ELD))
- Mechanisms:
  - **Command and control** (e.g. targets, environmental quality standards, restrictions)
  - **Market Based Instruments** (e.g. cap and auction, penalties, taxes)
  - **Voluntary** (e.g. eco label)

# How is the PPP currently applied? (2)

PPP

- Application in Environmental Policy is characterised by diversity
- A mix of direct and indirect application
  - **Direct:** e.g., EU ETS, IED, REACH, Regulation on Invasive Species, WFD (waste) and WFD (water), ELD, ECD, Ecodesign Directive.
  - **Indirect:** e.g., END, Nature Directives, EIA.
- **Types of costs** incurred by polluters differ:
  - Applied to preventative and control costs in all policy areas (such as compliance with Best Available Techniques by industrial operators to prevent emissions to air and water)
  - Application to accidental pollution more limited
  - Liability cost is a cross cutting theme under the Environmental Liability Directive

# How is the PPP currently applied? (3)

PPP

- Different policy mechanisms apply the principle:
  - Command and control is the main type of policy mechanism used (for example EU determined targets under the NEC Directive, or environmental quality standards under the WFD - water)
  - Market-based instruments are less common. They include cap and auction (EU ETS), penalties (environmental liability) and national taxes in climate and water policy areas.
- Variety in EU / national / regional implementation of provisions
  - For example, Air quality and noise (all policies); Water (MSFD, WFD, ND); Nature (Habitats and Biodiversity Directives); EIA.
- Monitoring and enforcement arrangements typically incur residual costs to authorities
- Scope for derogation (e.g., IED)
- Some participation is voluntary (e.g., Ecolabel).

# Focus for the evaluation analysis

PPP

- Apply the EU Better Regulation Guidelines to assess effectiveness, efficiency, relevance, coherence and EU added value of the application of the PPP.
- **Who pays the costs and what costs are covered?**
- **Provisions used to apply the principle**, including specific elements of monitoring and enforcement arrangements, guidance for implementation, related EU policies and further planned revision that will influence how the principle is applied
- **Gaps in application of the principle** e.g., polluting activities/types of costs are not addressed and inconsistencies in application
- Policy contribution to the prevention and reduction of pollution and **whether the associated costs have been internalised by the polluter**

## Evaluation questions

Extent that the principle is applied in policy

Contribution to environmental improvements

Factors limiting the effectiveness of the principle

Consistency with a just transition

Differences in efficiency (in policies and Member States)

Whether recourse to the PPP can improve efficiency

Consistency with the European Green Deal

Relevance to current, new or emerging environmental issues and changes in technology

Coherence within the EU across environmental policies

Coherence outside the EU (approach to trade agreements)

EU and Member State responsibilities for the PPP

National and EU competences that support PPP implementation

# Key questions to frame the discussion

PPP

- What are the pieces of legislation that best apply the polluter pays principle? Is there a gap between legislative requirements and actual implementation? If yes, what are the issues?
- What are the economic sectors where legislation would benefit from a stronger application of the principle?
- The principle is not fully applied in all occasions and, therefore, polluters do not always pay (in full) and the wider society endure the negative impacts of pollution and may have to incur the costs of remediation. What are the key issues that lead to this non-desirable result?



# Questions and discussion





# Thank you!

<https://www.logikagroup.com>



# Overview of the PPP application in the EU funding programmes and mechanisms


**4 July 2023**

**Tamás Kiss-Gálfalvi**

# General EU rules for using public money

- Aid cannot be granted if the beneficiary of the aid could be held liable for the pollution
- Undertakings generating waste should not be relieved from the costs of waste treatment.
- Aid should go beyond Union standards for environmental protection, increase environmental protection when no standards exist or prepare for future EU standards
- Necessity of aid: only for 'residual market failures' taking into account other policies – e.g. ETS for carbon emissions

# Rules for EU funds #1

- Member State authorities should ensure that whenever possible, polluters bear the costs of their pollution.
  - Under shared management it is the responsibility of the Member States to select operations that comply with PPP
  - Orphan pollution – PPP does not apply
  - ECA findings & recommendation: ' Protect EU funds from being used to finance projects that should be funded by the polluter'
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# Rules for EU funds #2

- There are no explicit proofing mechanisms, in large majority of cases no mention of PPP in fund regulations either
- Proofing mechanisms lack specificity
  - E.g. SMR for CAP or Do No Significant Harm Principle
  - In some cases, (apparent) step back from previous MFF
  - Cohesion policy: 2014-2020 CPR Art. 61 (3(b)): calculation of the discounted net revenue of the operation – take note of PPP. CBA Guide for CP Investments also refers to it
  - Cohesion Policy 2021-2027: No mention in the CPR (except for the recitals). REGIO's Economic Appraisal Vademecum refers to PPP compliance as 'good practice'

# Rules for EU Funds #3 – DNSH

- **Do No Significant Harm – commitment to respect in EU budgetary programmes (2021-27 MFF) – tailored to specific features of each instrument**
- Taxonomy Regulation – reference point
- Delegated Act establishing technical screening criteria to operationalise the conditions to qualify economic activities
- Funds generally not required to use technical screening criteria set in delegated acts
- Example: Technical Guidance on the application of DNSH to RRF
- **No mention of PPP in the TG – as opposed to the delegated act!**

# The JTF problem

- *'While fighting climate change and environmental degradation will benefit all in the long term and provides opportunities and challenges for all in the medium term, not all regions and Member States start their transition from the same point or have the same capacity to respond' [...] 'In order to be successful and socially acceptable for all, the transition has to be fair and inclusive' (JTF regulation recitals)*
- JTF, however, should not bail out polluters
- Report: Territorial Just Transition Plans contain attempts at pushing financial responsibility for land restoration and rehabilitation away from the companies that have profited from mining
- Reportedly insufficient safeguards and no analysis of these risks

# Which investment areas could be relevant?

- **Cohesion Policy**

- **Rehabilitation** of industrial sites and **contaminated** land, waste water collection and **treatment**, protection, **restoration** and sustainable use of Natura 2000 sites, commercial, industrial **waste management** (069-070), Other measures to reduce greenhouse gas emissions in the area of preservation and **restoration** of natural areas with high potential for carbon absorption and storage, e.g. by rewetting of moorlands, the capture of landfill gas

- **Recovery and Resilience Facility**

- Waste water collection and **treatment** compliant with energy efficiency criteria; protection, **restoration** and sustainable use of Natura 2000 sites; **Rehabilitation** of industrial sites and **contaminated land** compliant with efficiency criteria;

- **LIFE+**

- Space and Nature (e.g., area-based activities aimed at conservation and **restoration** of habitats or species.



# Questions

- How could compliance with the PPP be ensured in the application of EU funds, especially those under shared management?
- What is the best way to address (potential) contradictions with the PPP in Just Transition Plans?
- What would be the best way to improve awareness of the principle (e.g. inclusion in fund regulation recitals, guidance documents, etc.)?

# Feedback and questions





# Thank you!



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[@CEPS\\_thinktank](https://twitter.com/CEPS_thinktank)



CEPS (Centre for European Policy Studies)

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Questions  
and  
Answers



# The implementation of the polluter pays principle

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Aldo Ravazzi Douvan

Chief Economist at DG Sustainable Development, EU &  
International Relations of the Italian Ministry of Environment

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Break  
Back in 10 minutes



# Application of the Polluter Pays Principle in the water sector

**Gari Villa-Landa**

Senior Policy Officer

# Content



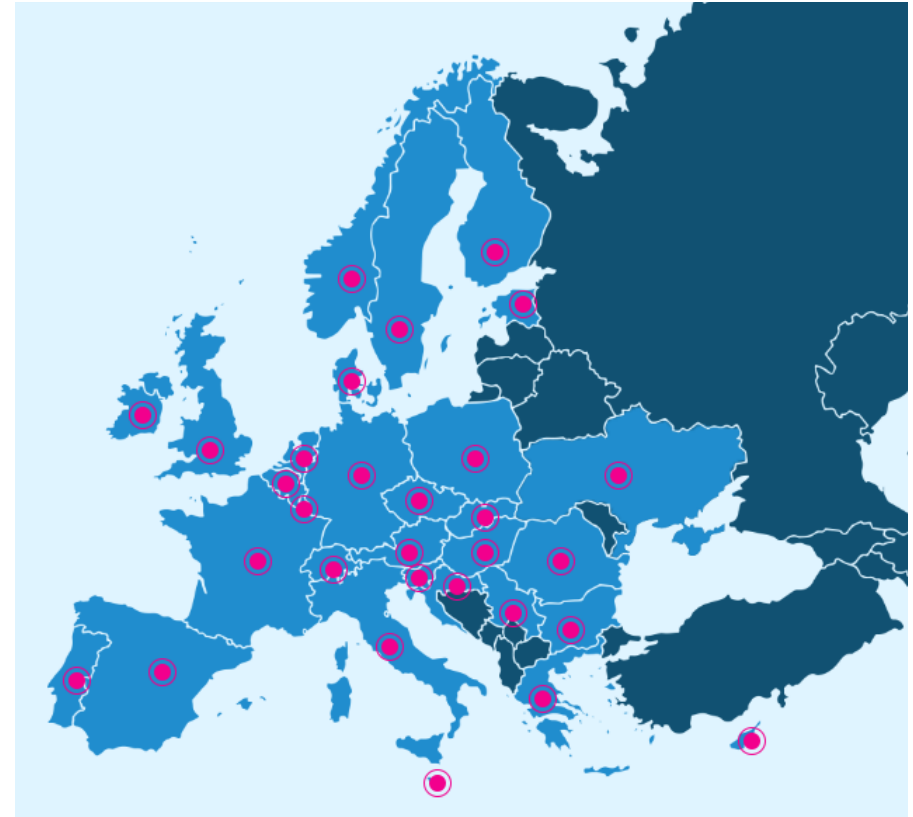
- 1. EurEau – who we are**
- 2. The Polluter Pays Principle**
- 3. Application of the PPP in EU-water related legislation**
- 4. Conclusions**



# 1. Who we are



- ~ EurEau is the **European federation of water services**
- ~ We represent **37** national associations of **drinking and waste water operators** from **32** European countries
- ~ We represent both the **public** and **private** sector
- ~ With **470,000 direct jobs**, we make a significant contribution to the European economy



# Our objectives and priorities



Ensuring access to water services (water supply and sanitation)

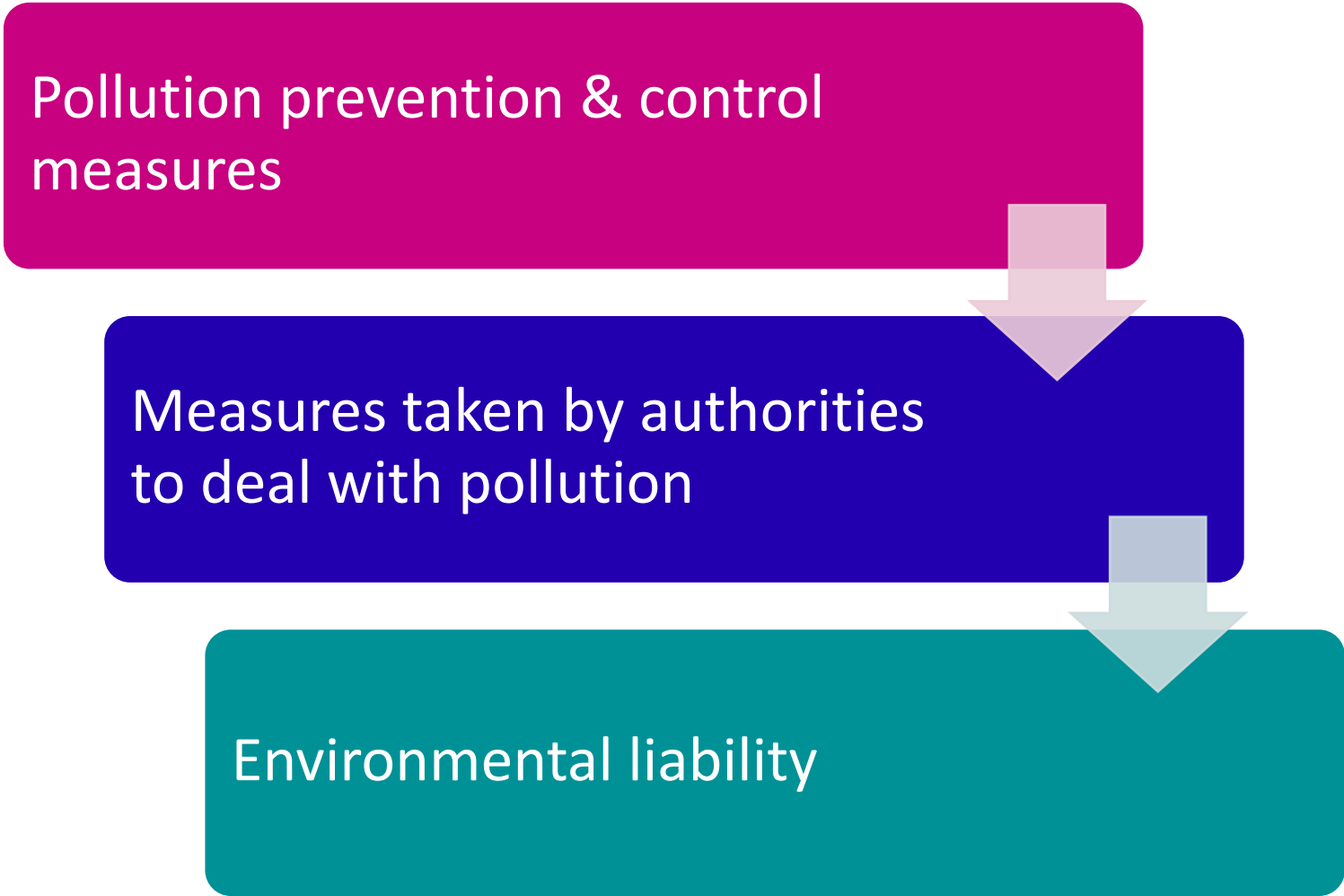


Protecting human health & water resources



Promoting the sustainable use of resources through circular economy

# 2. The Polluter Pays Principle



# 3. Application PPP in water-related EU legislation



## WFD

- Art. 9.1: recovery of the costs of water services, including environmental and resources costs, ... in accordance with the PPP
- MS are failing to implement it

## DWD (2020)

- New treatment requirements
- New substances
- Pesticides, nitrates, PFAS
- No application PPP

## Nitrates Directive

- No specific targets nor obligations for farmers
- No liability for pollution

## PFAS restrictions under REACH

- Discussions general Restriction PFAS (ECHA)
- BUT no payment by polluters removal of PFAS water (DW)

# 3. Application PPP in water-related EU legislation



## Sustainable use of plant protection products Regulation

- No proposal PPP schemes groundwater pollution by pesticides

## Microplastics

- Growing concern (DWD, UWWTD) – present water cycle
- Phasing out of intentionally added microplastics but no PPP scheme removal
- Nothing for unintentionally released microplastics

## REACH

- No implementation of PPP chemicals makes research of new solutions not rewarded as polluting has no consequences

### 3. Application PPP in water-related EU legislation



#### Single use plastics Directive

- Phasing out of certain SUP
- EPR schemes cigarettes butts, wet wipes
- NO coverage damage WW infrastructure (exception Spain)

#### IED

- Emission limit values
- Penalties
- No reference to PPP to cover extra-treatment costs in UWWTP for non-domestic WW (link UWWTD)

#### UWWTD

- EPR
- Cover costs treatment micropollutants (pharmaceuticals & cosmetics)

# 4. Conclusions



Existing emission limit values

Not enough liability of polluters

No PPP schemes to address extra-costs of pollutants removal (PFAS, pesticides, nitrates...)

Need of consistent implementation of PPP for diffuse pollution

EU funding: no funding should be granted if there is no obligation of protecting water resources (specific targets & measures)

# Thank you for your attention

## Water Matters

**Gari Villa-Landa ([gari.villa-landa@eureau.org](mailto:gari.villa-landa@eureau.org))**

Senior Policy Officer



EurEau

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**EurEau. Water Matters.**  
[www.eureau.org](http://www.eureau.org)





**EEB**

European  
Environmental  
Bureau

**Polluter Pays Principle – Fitness Check**  
**Frederik Hafen**



# Who are we?

The EEB is **Europe's largest network of environmental citizens' organisations** – and the only one to work on such a broad range of issues.

Our 180 members from 40 countries have more than 30 million individual supporters.

We have over 40 years of EU environmental policy expertise.

## Our vision

A better future where people and nature thrive together.

## Our mission

We advocate for progressive policies to create a better environment in the European Union and beyond.



# Polluter Pays Principle

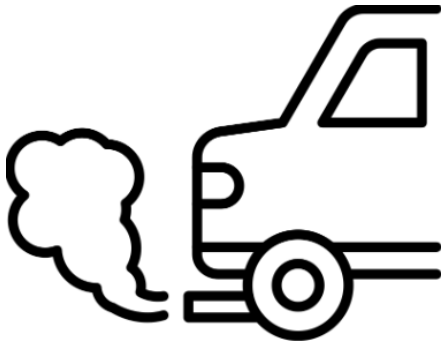
- **full** internalisation of **all** negative environmental externalities
- reduce and prevent pollution
- provide a legal recourse

EEB evidence submission: [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13546-Polluter-Pays-Principle-fitness-check-of-its-application-to-the-environment/F3372155\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13546-Polluter-Pays-Principle-fitness-check-of-its-application-to-the-environment/F3372155_en)



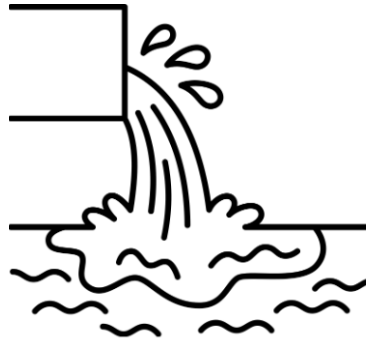
# Scope of the Problem

**Air**



€ 277-433 billion

**Water**



€ 22 billion just from N&P

**Chemical**



€ 163 billion just from EDCS  
€ 52-84 billion just from PFAS



# Does the Polluter pay?

Taxation



€ 300 billion

$$\begin{aligned} & \text{€ } 277 + 22 + 163 + 52 - 300 \\ & = \text{€ } 214 \text{ billion deficit} \end{aligned}$$



# Before Pollution

- Targets vs Limits
- Disincentives
- Deterrents
- Exemptions & Derogations
- Environmental tax
- Monitoring & Statistics
- Transparency





# After Pollution

- Use of public money
- Liability mechanisms
  - Permit defence
- Burden of proof
- Cost calculation methodology





# Recommendations

## Paradigm Shift:

- Pollution vs Emission
- Political Champions
- Use of public money
- Cost of doing business

## Fitness Check:

- Broad scope BUT:
- Clear recommendations
- Legislative action





# Policy - Demands

1. Green **conditionalities** for all EU funds
2. Stop and redirect harmful **subsidies**
3. Increase environmental **taxes**
4. Remove **derogations & exemptions**
5. Include **directly** applicable PPP provisions
6. Strengthen **liability** conditions
7. Improve access to **information** and justice





**EEB** European  
Environmental  
Bureau

**eeb.org**

**Thanks for listening!**

**Keep in touch**

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Questions  
and  
Answers

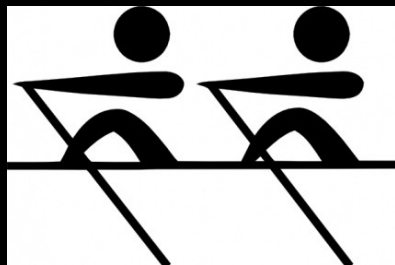


# Warm up

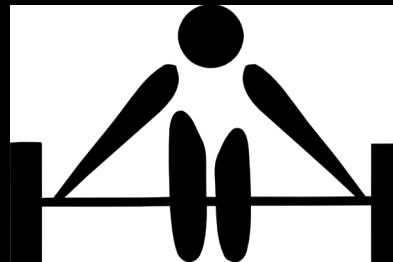
Imagine that the implementation of the polluter pays principle was a sport. Which sport best describes the current situation of the implementation of the principle?



A. Basketball



B. Rowing



C. Weightlifting



D. Mountain bike



E. Sprint



F. Boxing

# Discussion

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- What are the pieces of legislation that best apply the polluter pays principle? Is there a gap between legislative requirements and actual implementation? If yes, what are the issues?
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Wrap up

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Thank you!