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Response to Dusík and Bond

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ABSTRACT

Dusík and Bond introduce the EU taxonomy on green finance as an opportunity to kick off the much-needed revolution in environmental impact assessment (EIA). The persistent weaknesses of EIA lead to negative trade-offs between the social, economic, and environmental domains. In my response, I attribute the apparent weakness of EIA to processes in society, and not so much to the instrument itself. Weaknesses that may hinder the implementation of the EU taxonomy as well. Yet, there seems to be a window of opportunity in society, to move from the limited and flawed 'do not harm' approach to a transition-focused 'do good' approach. The taxonomy provides a way forward, and EIA has the potential to avoid the taxonomy from becoming a green washing instrument. But it is the EIA community that has to take the necessary steps; the financial world will not look to the EIA for help.

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In their paper, Dusík and Bond introduce the EU taxonomy as a way to move decision-making on investments away from only avoiding negative impacts (*do no harm*) towards an approach that aims at contributing to the necessary societal transition (*do good*). The taxonomy is appealing in its straightforward methodology and simplicity: contribute to one of six environmental domains and do no significant harm to the rest. Presently, this framework is being filled with practical rules and guidance material, sector by sector, and subsequently submitted to the European Parliament for decision-making (see, for example, https://ec.europa.eu/sustainable-finance-taxonomy/tool/index_en.htm). In this contribution, I provide some rapid and rather chaotic first thoughts on the stated linkages between the taxonomy and impact assessment, and whether the appearance of the EU taxonomy could trigger a much-needed revolution in the use of environmental impact assessment (EIA).

The text up to section 3 is clear and pertinent, although I would like to rephrase the main message as follows: EIA has been corrupted by allowing too many trade-offs at the end of the mitigation hierarchy. Instead of focusing on avoidance (do no harm) and mitigation (reduce remaining impacts), most efforts are put into compensation, further expanding it to offsets that often have little relation with the original losses (this holds particularly for biodiversity).

Shortcomings such as limited consideration of long-term trends and cumulative impacts, and the limited ability of EIA to deliver environmental protection have little to do with the instrument itself, but, moreover, are a problem of society. EIA is well equipped to deal with such issues, if only the scoping and terms of reference for the study are defined in the proper manner, taking into account all the interests, while safeguarding the functioning of 'planet earth.' This ideal picture of EIA is of course obscured by everyday reality. EIA is applied to inform decision-making on large investments and consequently interferes with the interests of often powerful players in society. EIA (and decision-making for that matter) is exposed to lobby, power play, or outright corruption. Players with vested interests may do anything to bend the EIA process to their needs. The EIA practitioners community does not have the formal power nor the courage to oppose these pressures.

Silo thinking further undermines the effectiveness of EIA. An example from within the impact assessment community is introduced by Dusik and Bond themselves. They state '*The weak sustainability focus … does not acknowledge that healthy ecosystems are a critical foundation for effective economic development*.' Very true, but this has been a message shouted out by the biodiversity community for decades (the CBD was established in 1992; the Millennium Assessment in 2006), and in impact assessment since 1998 by the work of IAIA's biodiversity section in their preparation of Decisions and Guidelines on biodiversity in impact assessment, adopted by the Convention on Biological Diversity (CBD), the Convention on Migratory Species (CMS), and the Ramsar Wetlands Convention. The famous SDG's figure below is a more recent illustration of it.

Yet, the impact assessment community was hardly interested. Concepts like ecosystem services describing the link between people and the biophysical environment, the ecosystem approach (or the more recent

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and elaborate landscape approach) as a way to accommodate various societal demands in a functioning biophysical environment, or the excellent elaboration of the precautionary principle for biodiversity, have been around for decades and still do not make it into day-to-day impact assessment practice. At maximum, they have been silo-ed in a separate section of the EIA, thus effectively ruining their capacity to provide an integration framework for assessment, following the logic of the SDG pyramid from the figure of the Stockholm Resilience Centre below (Figure 1).

So in short, I do not agree that EIA has been designed to facilitate trade-offs between social, environmental, and economic domains. It is politics, decision-making, silo thinking among experts, and society in general that forced us to aim for the most attainable outcomes in EIA, creating a race to the bottom. The three basic principles of EIA, i.e. scientifically valid information, meaningful stakeholder involvement, and transparency in decision-making, still make it an instrument with formidable potential powers. Since EIA is a procedural framework without content it can accommodate any kind of question, methodology, and required outputs, as long as the right questions are posed, the right minimum requirements are established, and also the less powerful stakeholders have access to the procedure (including future generations!).

This long exposé about the effectiveness of EIA is not to downplay the role of EIA, but moreover an example of what may also happen to the taxonomy. The described power play is increasingly visible within the EU taxonomy. The devil of the taxonomy is in the details, for example on how to define what is a positive environmental contribution. Discussions in the European Parliament resulted in natural gas being defined as a good contribution to combat climate change. Logical from the perspective of countries depending on coal as a source of energy but highly contested by other countries that are phasing out natural gas by switching to 'truly' clean electricity from wind or solar. The fact that the debate only addresses GHG emissions points towards silo thinking. Do no harm in other domains remains a challenge. Wind power negatively interferes with marine and avian biodiversity, solar often occupies fertile agricultural lands, and the potential consequences of hydropower are too complicated to go into any detail. A similar ongoing debate is about the use of nuclear power, clean from a GHG emission point of view, but for obvious reasons also contested on the 'do no significant harm' aspect in other environmental domains. We are watching an unfolding political trade-off discussion between nations with vested interests in or easy access to gas, nuclear power, or renewables. This is not different from the lamented trade-off practice in EIA.

The taxonomy's simplistic elegance forces us to think in terms of doing more good. But, it only applies to 'green finance' so it will only make a difference if actors and investors in society demand for green finance. Such a trend is visible in some industrialised

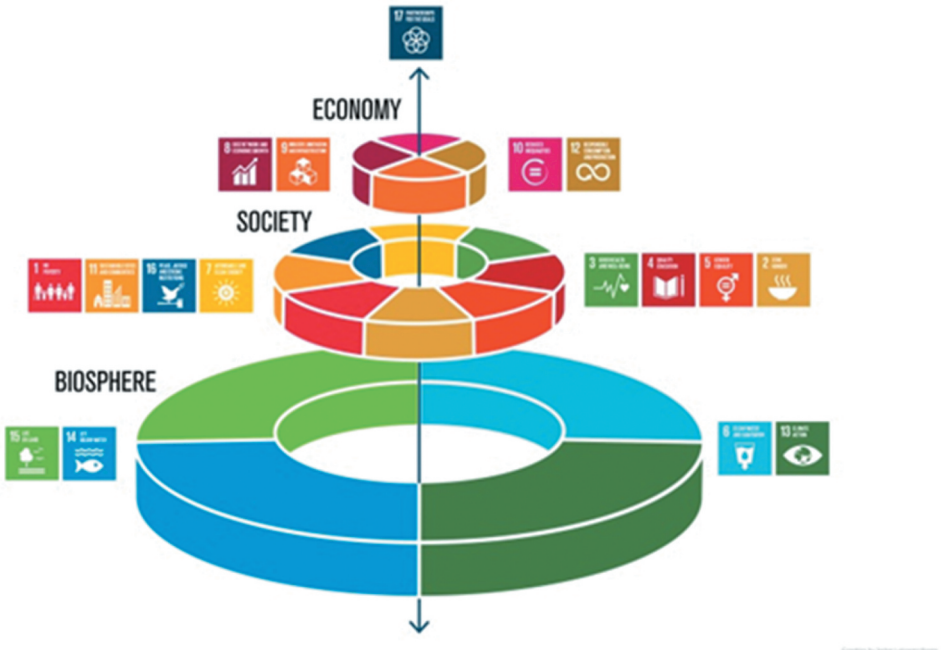

Figure.1 The SDGs wedding cake – source: Stockholm Resilience Centre

Two issues that do not fit in the story line:

SEA, the elephant in the room? It is unclear whether flows of public finance will ever be subjected to the taxonomy. The link with strategic government planning is clear. Programme, sector, and budget support are things that can be subject to SEA. As with EIA, I think SEA principles and steps remain valid. We have to find ways to suggest screening criteria that force governments to include financial flows in the assessment: SEA for policies, plans, programmes, and payments? A successful introduction of the taxonomy and expansion of its mandate may provide an entry point for such type of assessments.

Deep ecological framing does not accept any ecological losses under any circumstance. This touches upon one of the fundamental struggles, particularly for ecologists/biologists working in impact assessment: any human action leads to changes in the biophysical environment, it creates shifts in the dynamics of ecosystems, and it may influence the resilience of ecosystems to resist change, now or in future. Deep ecological framing is principally impossible. In this respect, it is a pity that we have never been able to give practical hands and feet to the concept of carrying capacity. The deep ecological perspective asks us: how much pressure can a system withstand before it collapses, or better, before it shifts into another stable state that we consider less favourable or valuable (nature does not give values and will always continue to adapt and evolve)? Resilience science is making slow progress in this complicated field.

(and rich!) countries, but definitely not in more rapidly developing parts of the world with a perceived right to 'catch up' with the industrialised countries. So again, it is not the instrument but society that determines the success of an instrument that may in its design be perfectly fit for purpose.

In the light of the present European awareness on the need for a transition to a more sustainable world, I do think the taxonomy can be a game changer, as long as it is backed by firm political commitment from all EU member states (similarly so for the overarching European Green Deal). As long as the regulatory power of the EU remains globally important it may also lead to changing practices in global financial flows. The 'do good/do no harm' principles can easily be turned into the basic mindset in EIA systems. Use the EIA processes to not only prevent environmental degradation but also to address existing degradation through environmental enhancement measures that need to be integrated into a development process. The problem obviously is how such thinking can be effectively operationalized within regular EIA procedures. In this respect section 4 provides a key remark: '*EIA has to be used in a decision context that embraces "do no significant harm" rather than facilitating trade-offs*.' In my opinion, this has always been the role of EIA, but the decision context did not support such mindset. The question is whether the taxonomies have a better chance in the investment community that has largely focused only on weak sustainability. The EU Taxonomy has been designed to push strong sustainability into the heart of 'sustainable investments' but its implementation will require proper analyses and prevention of greenwashing. Here, EIA systems may have a role to play.

How do we turn EIA into an effective instrument to implement the taxonomy? The very beginning – integrating the taxonomy into the EIA steps – is relatively simple. One can integrate any kind of approach into the EIA process because EIA has no contents, it only organises the flow of information. One can imagine that taxonomy principles are applied to EIA as the bottom line for assessment, the extreme version. Or, a little less ambitious, the principles may lead to a requirement to include an environmental improvement alternative in all EIAs (the EIA alternative), to sensitise decision-makers on the opportunities that large investments provide in doing good in other domains. It is the regulatory/political context that determines the level of ambition in EIA. I do not think we need to change much on the EIA process, simply add more ambition to do the right thing.

The taxonomy itself can provide the starting point for enhanced screening criteria; scoping can remain the same but will need different contributors and may have to deal with confidentiality; the study phase will see the need for and application of different tools (life cycle assessment?); review will again run into the dilemma of confidentiality versus public interest. It should not be too difficult to actually do such assessments; the challenge is to find key actors to do it. In this respect, EIA may have to fight against its reputation of being ineffective, slow, and producing unwieldy and endless documents. In other words, it is the impact assessment community that should make the first steps in finding ways to have taxonomy and EIA mutually reinforce each other. If not, I am convinced the taxonomy will easily find its way in the financial world where many powerful actors will be highly interested and capable of developing their own procedures and verification systems. They actually are already doing that. In other words, the EU taxonomy is a very useful framework but will not bring us automatically a revolution in EIA; we will have to make the revolution ourselves!

Disclosure statement

No potential conflict of interest was reported by the author(s).