VARJÚ Viktor

ENVIRONMENTAL COHESION IN EASTERN AND CENTRAL EUROPE: THE IMPORTANCE OF GOVERNANCE AND MANAGEMENT[32]

Abstract. *One important aspect of European Regional Policy is cohesion. Territorial cohesion, as a complement for economic and social cohesion, is supposed to moderate imbalances. Environmental cohesion is a tool to achieve sustainable development in practice. It is essential that in order to measure the succes of sustainability/environmental cohesin, we have to take into consideration soft elements that influences an environment protection oriented activity. The most important of them is governance and the management. The paper focuses on the implementation of strategic environmental assessment (SEA) and Cohesion Funds in environmental related investments in CEE countries. Based on international and OTKA researches, the paper concludes by arguing that in order to achieve a successful, integrative environmental cohesion, de-bureaucratised institutional system, permanently remaining capactiy building and proper strategic planning are needed.*

Keywords*: environmental cohesion, strategic environmental assessment, CEE countries, governance*

JEL codes: *Q02, Q28, Q56*

INTRODUCTION

From the 1980's the redistribution system of European Community (EC) resulted in the implementation of major projects and plans. Due to the regional policy, the regional development activities, the growth of the number of investments is inevitably followed by ascendant land use, emission and contamination of the environment. Taking into consideration the interaction between regional policy/territorial cohesion and environmental policy, EU has made several attempts to integrate environmental policy into cohesion actions. The fifth EU Environmental Action Programme urged the assessment of the environmental impact in policy planning, consideration of environmental costs and benefits, monitoring of environmental effects, co-operation with environmental authorities and public availability of environmental information (Lenschow 1997). While, for

[32] This paper is supported by the OTKA - Hungarian Scientific Research Fund grant #NK 104985 (New driving forces of spatial restructuring and regional development paths in Eastern Europe at the beginning of 21st century).

example, strategic environmental assessment (SEA) integrates environmental interests into regional development (Partidário and Voogd 2004, Varjú 2008), on the other side, based on financial activities, EU forces environmental related investments to be financed by the Cohesion Fund (former ISPA) (e.g. investment in sewage systems or waste management). Implicitly these different types of tools can improve the integration of environmental cohesion into the territorial one; however, in order to achieve greater environmental justice, we have to take into consideration the differences in the institutional settings of the implementation. The will of the member states to equalise social and territorial injustice is common. However, its implementation and success are different, depending on cultural, social differences and on the path-dependency of their socio-cultural entity.

This paper (while looking trough and revisiting two types of research results) is looking for the most important peculiarities of institutional settings that determine the success, the efficiency of cohesion and the implementation of environmental efforts in Central and Eastern European Countries.

Under the umbrella of the 6th research framework programme - called G-FORS[33] - Strategic Environmental Assessments in different countries were analysed in the period of 2006-2008. In the research project interviews were carried out with the stakeholders and important documents were analysed concerning legislation, planning and the SEA process (Pálné and Varjú (eds.) 2009).

The (country) reports of the ex-post evaluation of Cohesion Fund (CF)[34] present an overview and summary evaluation of the management and implementation of the ISPA and CF in new EU member states from 2000 to 2011. The report is based on research conducted at national levels, comprising a review of documents and data, interviews with stakeholders whose collective experience spanned the period of the evaluation, and a workshop where all levels of countries' Cohesion Fund delivery system were represented.

ENVIRONMENTAL POLICY, TERRITORIAL COHESION AND ENVIRONMENTAL COHESION

Determining whether an environmental policy initiative and integration is "effective" is problematic. The reason for this is that there are different types of

[33] G-FORS – Governance for Sustainability – EU 6th Framework Programme (2006–2009) Research Coordinator: Metropolitan Region of Hannover, Regional and European Affairs, Hannover - http://ec.europa.eu/research/social-sciences/projects/241_en.html.

[34] Ex-post Evaluation of Cohesion Fund (including ISPA) – Work Package D: Management & Implementation. Research leader: University of Strathclyde with the contribution of Fraser Associate. Reports, including Hungarian Report, available at: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/expost2006/wpd_en.htm

effectiveness to consider (Theophilou et al. 2010). Sadler (1996) distinguishes three types of effectiveness:

"Procedural – Does the environmental assessment (EA) process conform to established provisions and principles?

Substantive – Does the EA process achieve the objectives set, e.g. support well-informed decision-making and result in environmental protection?

Transactive – Does the EA process deliver these outcome(s) at least cost in the minimum time possible, i.e. is it effective and efficient?" (Sadler 1996, p. 39.) We argue that these approaches of measurement are not only relating to EA, but they can be used in the evaluation of environmental investment processes.

Evidently, the complexity of the environmental system should be reflected in the substantive planning approach. Besides substantive, procedural planning issues need to be considered, too (Partidário – Voogd 2004, p. 287).

Territorial cohesion, as a complement for economic and social cohesion, is supposed to moderate imbalances by decreasing centre–periphery disparities, and it aims at the equal dispersion of goods and services for all EU citizens with equal accessibility (Faludi 2007).

Layard and Holder (2010) argue that environmental cohesion (as a new EU paradigm for a place-based interpretation of environmental justice) has a clear connection to territorial cohesion. In their new approach they suggest that advantages for people 'could include not only advantages of greater economic development and growth, including equal opportunities to engage in entrepreneurial activity and to receive services, but also a concern for an equitable distribution of environmental protection and access to environmental services … While environmental justice has conventionally been conceptualised as a human-centred harm, it is fundamentally a collective concern, premised on location' (Layard – Holder 2010, p. 10).[35] We argue that the fulfilment of environmental cohesion needs a proper management structure not only in a procedural, substantive, but also in a place-based sense.

RESULTS, DISCUSSION

[35] In non-EU countries regional environmental cohesion is used as an instrument to accelerate accession to the EU and it may be manifested as a declaration of environmental diplomacy. The reason for environmental cohesion is the pollution of the environment caused by the destruction of industrial installations, military35 and other waste (Mihajlov 2008).

Based on the above mentioned researches we made an attempt to revisit them and analyse from a different approach, making comparison and discussion from another perspective.

The mentioned G-FORS project aimed to assess how different governance arrangements in different countries may be enabled to generate, transfer different knowledge forms (e.g. institutional, expert, steering, milieu etc.), accompanied by a certain KnowledgeScape (cf. Heinelt et al. 2006, Matthiesen 2005).

Hungary is a strongly centralised, unitary country where, especially subsequent to the systemic change, medium tier governance became the weak point. Planning at regional level, the elaboration of regional operational programmes (ROP) met the legal and personal requirements of the EU and the Hungarian central governmental orders. The newer and newer versions of the OPs "pursued" the continuously changing central expectations. The ROPs were made according to the "residual principle", and their content was determined at the National Development Agency (NDA). The Government has concentrated on the planning and implementation work at the NDA, the ROPs were prepared in similar linear processes, even though the local organisations played a significant role in the preparatory phase (Pálné Kovács – Varjú 2009).

Regarding the modes of interaction, in the planning process of the SEA preparations were carried out in a sorely formalised way. Here a hierarchical, multilevel governance model was detected which nevertheless had to be supplemented by elements of networking (partnership).

During the SEA public participation process, the NDA provided a multi-channel option for partner's comments: partly on the website of the NDA and partly through a web interface. The planner, however, did not seek stronger co-operation with the SEA makers and the consultation partners, instead concentrated only on the proper "ready made report".
There were several similarities in the Polish[36] case. Hierarchy in governance, the delay in the processes and the parallel SEA and planning activities also refer to the 'stapled' way of integration (in the understanding of Partidário – Voogd 2004). What was another problem in the Polish case that SEA makers and planners were not totally independent to each other, what means a non-independent environmental measurement of the related plans (Lukomska et al. 2008). What is important to note here is that in Poland learning can be detected, as they finalised the programming for the next planning period of 2014-20, while in Hungary the process had delay, again.

[36] In the research the other cases were not belonging to CEEC, since here those were not analysed.

The mentioned ex-post evaluation analysed the management and implementation of ISPA/CF. Beside the need of integrating environmental policy into regional development, an effective way to improve environmental quality is proper implementation of Cohesion Fund, as it resulted in 828 environmental projects in the planning period of 2000–2006.
Revisited these ex-post evaluations, and thinking back to the Hungarian case (mainly evaluated by the author), basically it can be said that administrational and management capacity were not ready for receiving resources in the most CEE countries (namely Slovakia, Romania, Poland, Lithuania, Latvia, Hungary, Estonia, Czech Republic and Bulgaria). The programming period of 2007-13 was a challenge in several countries (e.g. Bulgaria, Estonia, Romania, and Slovakia) where institutional knowledge and capacity were not transformed properly.
Based on the intervention rate two clusters can be created. Those countries where the rate of intervention comparing to the budget was between 70-79% (Latvia, Lithuania, Poland, Romania), while there is an other cluster where the percentages were under 70% (Bulgaria, Czech Republic, Hungary, Slovakia). Although reasons vary, the basic problems were some discrepancies in the institutional settings and the lack of competency. In the Hungarian case it was unambiguous: there were lots of delays, infectivity and bureaucracy in the institutional system, and there were leaks in the capacity as the Hungarian Control Body (ÁSZ) [37] continuously revealed them.

The evaluation of the management and governance in the member states are based on their harmonisation of EU and national rules and expectations and legal prescription. Analysers also evaluated the positive spin-off effect of the implementation. In this sense we could find positive example in Lithuania (similarly to experienced countries such as Ireland).

In ISPA management EU required decentralisation in management. There was an institution dedicated to this requirement, the Delegation, which helped in the implementation. After the accession the function was allocated to member states in order to leave them use their own institutional culture.

Basically there were three aspects that affected the creation of management systems: the stability of the institutions, the continuality of the administration and the personal capacity. We could find negative effects of institutional instability in Czech Republic and Slovakia where after the accession, managements were allocated to sectoral Ministries, and therefore there was a need for capacity building that caused delay in the implementations. In Hungary the continuous institutional rearrangements had negative effects due to the change of

[37] ISPA Report 2005: „Jelentés az ISPA támogatásból megvalósított környezetvédelmi programok ellenőrzéséről.” http://www.asz.hu/jelentes/0469/jelentes-az-ispa-tamogatasbol-megvalositott-kornyezetvedelmi-programok-ellenorzeserol/0469j000.pdf [cit. 2011.11.11.]

Governments (2002, 2004, 2006, 2009, and 2010). The transformation from ISPA (2000-2006) to Cohesion Fund (2007-13) resulted in knowledge loss in Slovakia and Romania, where due to the institutional rearrangements knowledge holders were lost (as experts/employments could not continue their work in the new institution).

Regarding the lower level of implementation we could find positive examples. In Bulgaria, Czech Republic and Hungary, on the project level good/proper coordination and interaction among actors helped the effectiveness of project implementation. We could find counterexamples on strategic (planning) level, where strategic planning was bureaucratic, had relatively high level of politicisation, and it had low amount (although competent) of personal capacity in the planning process (e.g. in Czech Republic, Hungary, Poland, Romania). On the other side, we could detect adequate strategy-application in the environmental investment implementations in Bulgaria, Estonia, Lithuania, Latvia and Slovakia.
The effectiveness of the institutional system is indicated by (for example) the approval of the project plans. In the cases of environmental major investment, this process took only six months in Lithuania and Slovakia, whilst we could find the slowest processes (sometimes more than two years) in Bulgaria, Estonia, Hungary and Poland.
In *Figure 1* we summarised those factors that had positive or negative impacts on environmental investments. In the *Figure 1* management, institutional and governance elements indicate the effectiveness of environmental cohesion in a given territory (bearing their institutional cultural aspects). The following factors were taken into consideration:
- Adequate strategic planning (strategic planning in time);
- PraG vs. national procurement (at the end of the period): Procurements were standardised with EU procurement/rules. Weaknesses: in terms of independence; transparency; quality of decision;
- Approval time of projects (0,5 year → 2 years); Implementation is in significantly delays at the end of the period (caused by inner management/approval difficulties).
- Project pipeline – Result of the level of coordination, cooperation, expert knowledge integration in governance structure.
- Formal institutional decentralisation in 2010 – extended decentralisation form remained – slightly decreased or increased the level of decentralisation.

Countries	SK	RO	PL	LV	LT	HU	EE	CZ	BG
Factors									
Adequate strategic planning procedure	+	-	-	+	+	-	+	-	-
Consistency of EU and Nat. Proc. (start→end) (2000-11)	-0	+-	-+	00	0+	00	00	-+	0+
Implementation delays from contracting to completion = bad, slow time management	-	-	0	-	-	0	--	+	0
Readiness of project pipeline = operative coordination with networking governance (2000-11)	--0	00	0	- -	-0	---	- -	---	--
Institutional decentralisation	0	--	+	+	0	0	+	+	+
	?	?	⇣	↓	↓	↓	↓	?	↓
RESULT 1: Percentage of physically completed of Inv. (in 2011)	100%	97%	95%	100%	96%	72%	95%	80%	54%
RESULT 2 (indicator):Effective intervention rate	-	+	+	+	+	-	++	-	-

Figure 1: Factors of the successful implementation and governance in CEEC.
Source: Based on Ex-post evaluation (2012) Final Report, created by the author

CONCLUSION

A case cannot be understood without the concrete physical, social, cultural environment (attributes of a community) and the general model of governance, the evolution and characterisation of institutional arrangements (Ostrom 2005). A key aspect of addressing sustainability is simultaneously a problem of the co-ordination/integration of actions at different levels of governance (Atkinson – Klausen 2011).

Experience shows that EPI not only depends on legislation and planning method, but also on the decision mechanism of actors. Apparently this planning period (2007–2013) was the first when SEA was made on a mass scale. Therefore the reasons for the negative aspects were the lack of experience, the bureaucratic institutional setting, and the fact that although environmental policy making and plan preparations were going on at the same time (concurrently or when the priorities in the plan had already been defined), the procedures were going on separately, and not in an iterative way.

In ISPA/CF implementation strategic planning was underdeveloped in several cases and adjustment was needed to meet the requirements of ISPA/CF. In general it can be confirmed that the process was sometimes too complicated, the scope of responsibility was not unambiguous, and the continuous changes in the institutional and functioning framework caused significant delays.

Overall fund management and governance, though requiring development especially at the beginning, was not found to be a significant obstacle to delivery. The areas with greatest impact on the performance of the system were (the lack of) strategic planning (especially) in the early stage, project development and procurement.

REFERENCES

1. ATKINSON, R., KLAUSEN, J. E. (2011) - *Understanding Sustainability Policy: Governance, Knowledge and the Search for Integration*. Journal of Environmental Policy & Planning, Volume 13. No. 3. pp. 231–251.
2. FALUDI, A. (2007) - *Territorial Cohesion Policy and the European Model of Society.* European Planning Studies, Volume 15. No. 4. pp. 567–583.
3. HEINELT, H., HELD, G., KOPP-MALEK, T., MATTHIESEN, U., REISINGER, E., ZIMMERMANN, K. (2006) - *Governance for Sustainability. Conceptual Framework for the G-FORS Project*. Working Paper. Hannover.
4. LAYARD, A., HOLDER, J. (2010) - From Territorial to Environmental Cohesion (July 21, 2010). http://ssrn.com/abstract=1646284 (Accessed on 15.03.2013)
5. LENSCHOW, A. (1997) - *Variation in EC environmental policy integration: agency push within complex institutional structures*. Journal of European Public Policy, 4, 1, pp. 109–127.
6. LUKOMSKA, J., SWIANIEWICZ, P., SZALEWICZ, M., WILAMOWSKA, M. 2008 – *Actors, Governance and Knowledge in Implementation of EU Environment Policies in Poland. Working paper for G-Fors project.* Univ. of Warsaw, p. 84.
7. MATTHIESEN, U. (2005) - *KnowledgeScapes. Pleading for a Knowledge Turn in a Socio-spatial Research*. Working Paper, Erkner, IRS.
8. MIHAJLOV, A. (2008): *Regional Environmental Initiative: South-Eastern Europe (Balkan)*. Regional Environmental Cohesion Initiative, Pan-European Conference on EU Politics, Riga, Latvia: European Consortium for Political Research – Standing Group on the European Union, 25–27 September, 2008.
9. OSTROM, E. (2005) - *Understanding Institutional Diversity.* Princeton and Oxford, Princeton University Press.
10. PÁLNÉ KOVÁCS I., VARJÚ V. (EDS.) (2009) - *Governance for Sustainability - Two Case Studies from Hungary.* Discussion Papers. No.73. 45 p.
11. PARTIDÁRIO, M., VOOGD, H. (2004) - *An Endeavour at Integration in Environmental Analysis and Planning*. In MILLER, M., DE ROO, G. (eds.) Integrating City Planning and Environmental Improvement. Practicable Strategies for Sustainable Urban Development (Aldershot, Ashgate) pp. 285–294.

12. SADLER, B. (1996) - *Environmental Assessment in a Changing World: Evaluating Practice to Improve Performance*. Ottawa, Minister of Supply and Services Canada.
13. THEOPHILOU, V., BOND, A., CASHMORE, M. (2010) - *Application of the SEA Directive to EU Structural Funds: Perspectives on Effectiveness*. Environmental Impact Assessment Review, Volume 30. No. 1. pp. 136–144.
14. VARJÚ V. (2008) - *Environmental Respects of Regional Planning: Strategic Environmental Assessment (SEA) in Hungary.* In WAWGE, R.S. (ed): Strategic Environmental Assessment. Perspectives, applications and practices. The Icfai University Press, Hyderabad, India. pp. 47-58.

CONTACT

1. Viktor Varjú, MTA KRTK Institute for Regional Studies, varju@rkk.hu