

## **Environmental Issues and Experiences of Environmental Assessments in Structural Funds Programmes in Finland**

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### **Assessment obligations in Finland**

The EU regulations on Structural Funds set an overall assessment obligation but, in addition, Finnish legislation contains requirements on assessments. The Act on Regional Development (1135/1993) contains a specific requirement that regional development actions be based on sustainable development. The Decree on Regional Development (1315/1993, 302/1996) includes requirements that environmental effects be taken into account in preparing regional programmes. Section 24 in the Act on Environmental Impact Assessment Procedure (468/1994) contains the requirement that all policies, plans and programmes that may have significant environmental impacts must be assessed. Neither Act, however, specifies any procedural requirements, leaving the authorities free, but obliged, to find the appropriate form.

Past experiences of environmental assessment obligations for Government Bills and intermediate term economic plans have shown that general assessment obligations without a proper backing in the form of guidance and some monitoring will not produce the desired results (Ervasti and Tala 1996, Wilhelms 1996). Finland's first round of EU Structural Funds programmes was also less than satisfactory from an environmental assessment point of view. As a rule, the latter was limited to crude general statements in the programme documents, although there were examples of attempts to specify in more detail the environmental significance of the injections of funds.

In preparing for the new round of Structural Funds the Ministry of Environment and the Ministry of the Interior, which carries overall responsibility for the co-ordination of the programme work in Finland, decided to produce material that would support the assessments. This effort can be seen as an attempt to produce focused material for the environmental assessment of policies, plans and programmes on which the Ministry of Environment has given general guidance (Ministry of Environment 1998). The guidance was published in the spring of 1999 (Ministry of the Environment and Ministry of the Interior 1999).

In the present paper I will present the key elements of the guidance, an overview of activities supporting the implementation of the guidance, a preliminary analysis of the assessment that was carried out in preparation of the Structural Funds programme for 2000-2006 and, finally, some challenges for the development of assessment practices and the use of assessment results.

## **Elements of Environmental Assessments for Regional Development Programmes**

### ***Assessment and participation as part of planning***

The starting point of the guidance is that the assessment should be an integral part of the preparation of the regional development programme. This differs from previous practice, which was based on making the draft programme subject to a quick and crude assessment after it had been prepared. The rationale behind the new requirement is that key decisions are made in preparing the draft programme. Thus, the degrees of freedom are rapidly reduced in the course of drafting the programme. As the draft is the result of several political compromises the possibilities for making adjustments, in response to the results of an environmental assessment carried out at a late stage, are minimal. If the environmental assessment is part and parcel of the preparation of the programme environmental considerations have a chance of influencing the choices that are made in identifying areas of support. The same argument applies to the issue of participation. This is also in agreement with the idea of partnership that is embedded in the Regulations on Structural Funds. In regional development planning the number of actors and partners are numerous (Fig. 1).

### ***Describing the state of the environment***

A starting point for all development is an understanding of the present. In development programming in Finland the SWOT (Strengths, Weaknesses, Options and Threats) analysis has become a mainstream approach for the Regional Councils that co-ordinate the regional development planning. The guidance on environmental assessment suggests that the approach also be used with a specific environmental focus. The advantage is that one can then pick out key issues from the environmental SWOT and transfer those to the overall programme SWOT. A similar approach has also been suggested for a gender-oriented analysis of regional development (Horelli and Roininen 1998).

The environmental SWOT leads naturally to an environmental evaluation of past regional development programmes. It has turned out to be difficult to assess the effects of regional development programmes. Despite the considerable sums spent it turns out that the forces determining regional development are strong, leading among other things to a depopulation of rural areas. Thus one can expect it to be difficult to identify clear environmental effects of past programmes. This has been complicated further by the lack of systematic environmental monitoring and collection of information that could be used as indicators of environmental effects, positive or negative. An examination of past activities supported by regional development funds suggests, however, that it is possible to identify the environmental orientation of the programme (Berninger 1999). Such an examination assists in pinpointing problem areas and also successes of previous actions. These findings provide a starting point for discussion on sustainable development at a regional level.

### ***Specifying sustainable development***

In theory all development should aim to be sustainable (Act on Regional Development). The legal requirement does, however, not determine what constitutes sustainable development and there is seldom consensus on either the objectives or the means to be used. It is therefore often difficult to present unambiguous environmental criteria for sustainable development. Despite this, some regional goals can be specified. It is, for example, relatively easy to agree on action to clean up contaminated sites or to support measures reducing non-point source pollution.

It is clearly more difficult to reach agreement objectives or measures that would significantly affect regional production or consumption patterns than to agree on attempts to reduce well-known nuisances. One can, furthermore, question whether the regional development programmes represent appropriate policy instruments for such changes. It may be meaningful to identify more abstract and controversial objectives for sustainability as part of the environmental assessment in order to support a discussion on regional sustainable development. It should, however, be clear from the outset that such objectives cannot have normative status.

### ***Environmental considerations in the programme***

Identified environmental objectives, considerations of alternatives and recognition of potential environmental impacts can be taken as key criteria for the effectiveness of the environmental impact assessment. These criteria can be identified in the programme documentation, although there is a risk that the documentation is merely paying lip service to the environment.

One way of verifying the sincerity of the environmental considerations is to look for accepted processes and procedures for the assessments of environmental effects at the level of individual projects. The Structural Funds programmes are, after all, only frameworks, which are given substance by the decisions to direct funds to certain activities. These decisions determine the effects of the programme. Selection criteria for projects are thus significant, although for some measures the problem is not selecting among competing projects but generating any eligible projects (Valve 2000).

Structural Funds programmes have incorporated the concepts of monitoring and review during the programme period. The monitoring and evaluation data collection and methods also indicate the weight given to environmental considerations in the programme. In the programme period ending in 1999 environmental monitoring was formally part of the evaluation, but in practice its significance was very limited. Data was neither collected nor available in standardised format and no general measures or indicators for estimating the environmental performance of the programmes had been developed (Berninger 1999).

### ***Reporting assessment results***

The guide on assessment of regional development programmes strongly suggests producing an assessment report that is part of the programme documentation. The rationale is that assessment results should be publicly available and that there should be an identifiable link between the assessment results and the final programme. In this way it is hoped that the assessment would be more than just a formal, compulsory appendix, which does not really affect any key choices. The inclusion of the assessment results in the programme documentation can also support both monitoring and future discussion on the implementation of the programme.

### ***Monitoring***

In Finland the first regional development programmes for EU Structural Funds were developed under considerable time pressure. Although various regional programmes had been drafted earlier, the EU programmes contained new elements and demanded new kinds of co-operation between actors. Monitoring had not previously been approached in

a systematic and coherent way and thus this part of the programmes was not fully developed. The guide suggests systematising the monitoring, for example, by developing simple monitoring variables that can be used in the selection procedure for eligible projects. As many of the projects supported by the regional development funds are small, it is obvious that one cannot envision complicated procedures or measurement methods. Monitoring has to be integrated in the normal project cycle in such a way that data for environmental monitoring of the programme is produced almost without extra effort.

### **Practical Support for Applying the Guidance**

From the beginning of developing the environmental assessment of the regional development programmes it was obvious that this could not be handled by simple producing a guide book. Draft material on guidance had been produced by the Commission and related material, from e.g. the UK, had also been distributed. Many of the responsible persons in the Regional Councils felt, however, that environmental assessment was just another bureaucratic element increasing the burden of non-essential activities in regional development work. They would happily have handed over the assessment task to environmental authorities, with the implicit understanding that the assessment would justify the programme as drafted.

To overcome some of this natural resistance the guidance documentation was developed in an iterative and interactive process (Table 1). Although this approach overcame some of the obstacles in carrying out assessments the success was still limited. It turned out to be very difficult to get those actively involved in drafting the programmes to participate in the discussions. In several cases the task to participate was delegated to an “environmental” person. The integration of the environmental considerations depended strongly on the personal capacity and authority of that person. In addition the relationship between the Regional Environment Centre and the Regional Council was crucial. In those cases in which a good working relationship had already been developed during the previous programme period, the activities supporting environmental assessments were well received and supported discussions on the environmental orientation of the programme.

*Table 1. Activities supporting the environmental assessment of the Objective 1 and 2 Programmes in Finland*

<ul style="list-style-type: none"><li>• Seminars in early autumn 1998 on draft guidance</li><li>• Distribution of draft guide December 1998</li><li>• Four regional seminars, one for each of the regional alliances preparing the new objective 1 and 2 programmes in January 1999</li><li>• Review of environmental assessment of the strategic phase of the programmes March 1999</li><li>• Practical help and guidance on request, spring 1999</li><li>• Printed guide April 1999</li></ul>
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### **Preliminary Analysis of the Environmental Assessments of the Programmes for 2000-2006**

The first phase of the new programming work for Objective 1 and 2 programmes was carried out in early spring of 1999. A total of four programmes were prepared, two for each Objective. At this stage the strategic parts of the new programmes were drafted. A

review of how the environment was treated in these documents gives an indication of the effectiveness of the environmental guidance.

In general, environmental considerations have been given more space in the new programmes than in the first Structural Funds programmes in Finland. Environmental considerations were explicitly raised in all programme documents, but the treatment differed considerably between the regions. Only one of the programmes presented a clear analytical approach to environmental issues by actually identifying the environmental connection at several levels in the programme. In the other programmes inconsistencies were common. One could, for example, find the state of the environment identified as a major strength in the SWOT, but the environment was conspicuously absent when it came to more concrete measures and considerations on what kind of projects the programmes should support. Similarly, environmental problems, such as contaminated soils or eutrophication of waters, were recognised in the description of the state of the region, but considerations of how one could avoid aggravating these problems in supporting projects were lacking.

One of the most difficult parts of the environmental assessments of policies, plans and programmes has turned out to be dealing with alternatives. Alternatives are sometimes alluded to, but they are not given any systematic treatment. In some ways this is surprising, because one can argue that one of the advantages of a SWOT-analysis is that it provides a way of presenting alternatives. It seems, however, that the SWOT is mainly used as a way of justifying the chosen path. This myopic use of the available tools is not something that only affects the environmental considerations and therefore it cannot be solved only for the environmental part. The ex-post evaluation of the past programmes and the interim evaluation of the new programmes may raise some of these issues.

In Finland regional development programmes are strongly consensus oriented due to the large number of actors involved in the drafting process (Fig. 1). The effect can be seen in the virtual absence of identified conflicts of interests. The programmes have a tendency to sweep conflicts under the carpet by promising something for everyone in a large array of measures. Thus the support that can be obtained from the programme is spread rather thinly on many different activities. This may overcome some potential conflicts, but it may also mean that the impact of the programme is less than it would be, if one could achieve some concentration of support. Just as the question of alternatives, these issues are generic to all development activities and cannot be raised exclusively from an environmental point of view. They do, however, have particular significance in an environmental context. In the past programmes some flagrant environmental conflicts of interests have been hidden. For example EU funds have been used in supporting the development of the timber road network although the activity can be questioned from both an economic and environmental point of view (Hildén et al. 1999).

### **Challenges for the Development of Assessment Practices and the Use of Assessment Results**

The experiences of the environmental assessment of regional development programmes have, not surprisingly, revealed that introducing new elements into planning processes is far from easy. Some of the difficulties arise because an emphasis on the environment is a genuinely new angle in the process, the main concern of which has been economic

development and employment. Consequently, it was initially difficult for some of those representing environmental interests to go beyond the environmental rhetoric that the environment is always in the best interest of everyone. It was equally hard for some representatives of regional and industrial development authorities to accept that somebody may have a legitimate interest in raising questions on what kind of development programmes promote.

It may be possible to overcome some difficulties related to the environmental issues in the planning process by applying an environmental management approach to the regional development planning (Fig. 2). By explicitly identifying different parts of the planning process, relevant interested parties and different policy levels it may be possible to develop more structured discussions and solve problems that arise from lack of systematic assessment and monitoring practices.

Even though it may be possible to systematise and make the regional development planning more effective in the sense of dealing with project applications and distributing support to eligible project regional development issues and their environmental aspects will always remain difficult. Environmental assessments can in the best of cases contribute constructively to a debate and discussion on desirable futures. Those demanding assessments cannot hope to be able impose their views on what a sustainable development should look like through the assessments. Assessments may, however, be able to identify non-sustainable practices and that is already a sufficient justification for introducing and developing environmental assessments in regional development planning.

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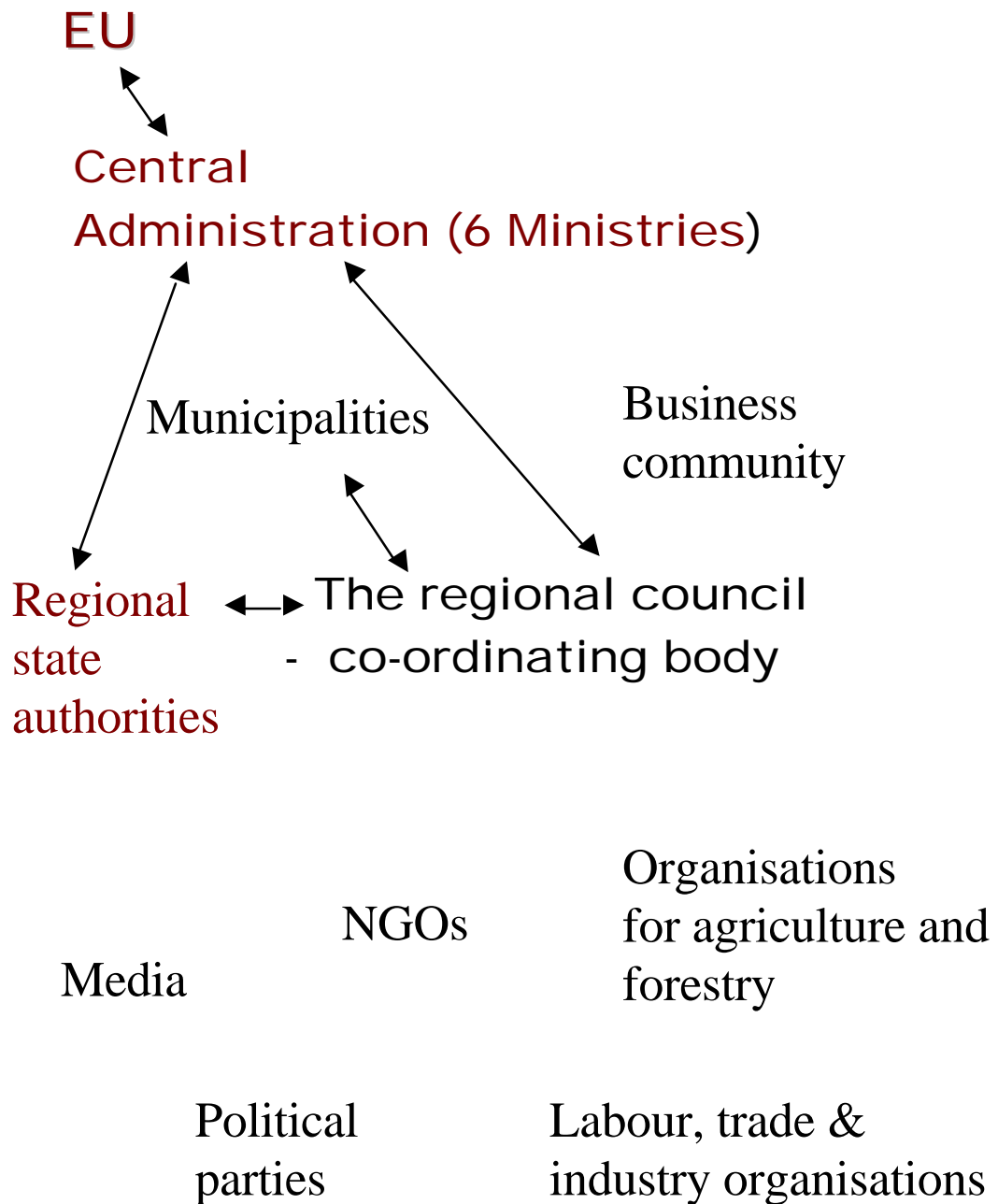
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Fig. 1. Key actors in the Regional Development Programmes in Finland





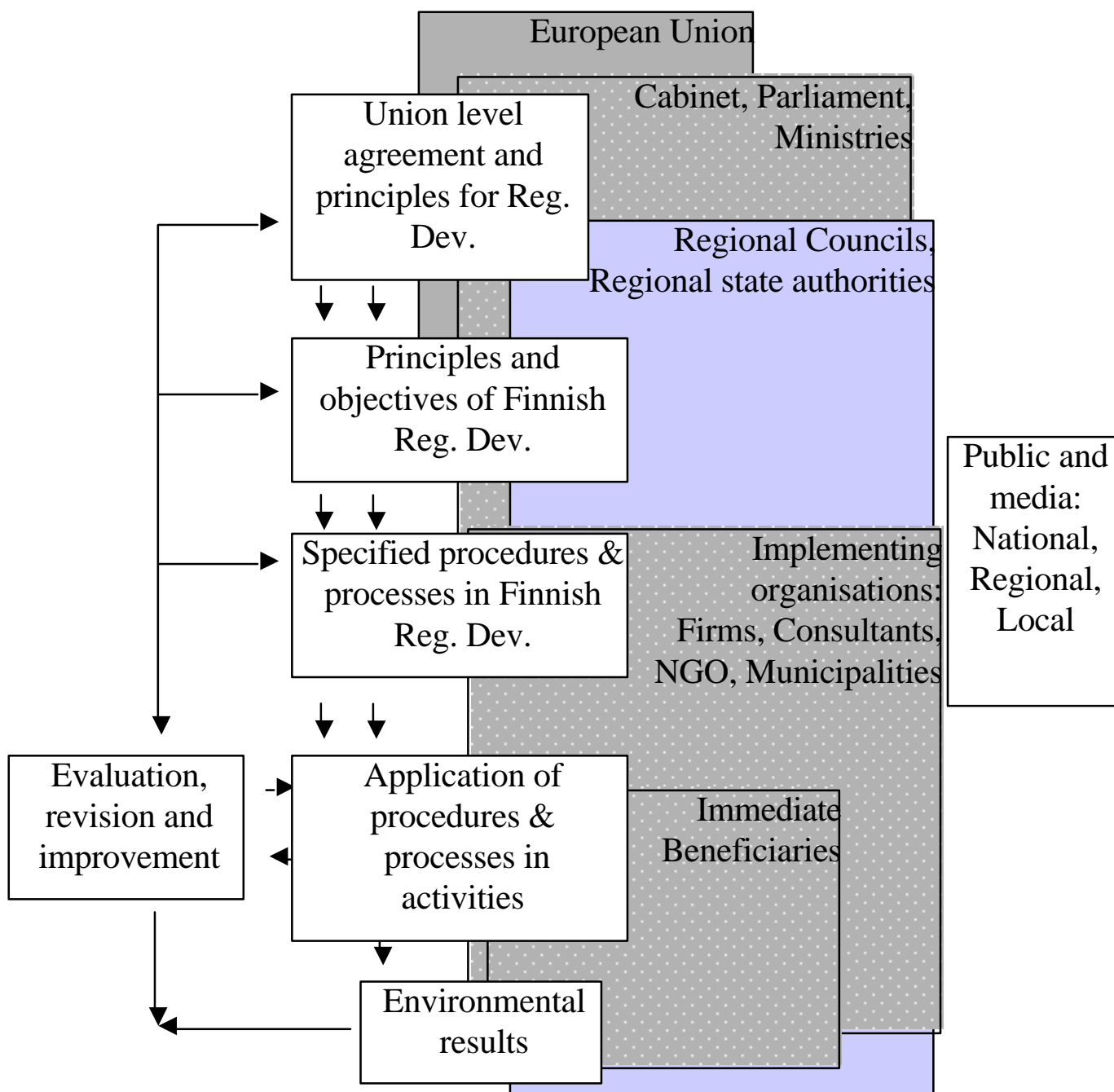


Figure 2. A generalised environmental management approach to regional development planning. The overlap of the boxes for interest groups with the phases of the planning process indicates the focus of the main interest.

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