

From: Regional Development Programmes and Integration of Environmental Issues: - the role of Strategic Environmental Assessment. Workshop proceedings edited by Tuija Hilding-Rydevik. (Nordregio WP 2000:9)

Environmental Gain and Sustainable Development in the Structural Funds

Insights from reviews of Single Programming Documents (SPDs) across Europe and from a study on SEA in Sweden, Finland and Austria

Keith Clement

Environmental Consultant, Scotland

Sustainable Development

Sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and changes to institutions are made consistent with future as well as present needs. (WCED 1987)

From its launch into prominence with the World Conservation Strategy (IUCN *et al.* 1980), sustainable development has steadily risen in status to assume a central position in writings and discussion throughout the 1990s. The publication of the *Brundtland Report* offered the ubiquitous, ambiguous and yet influential definition of sustainable development, that it “meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED 1987).

Sustainable development brings with it both problems and opportunities. Governments at federal, central and regional levels have most frequently focused on the problems. The resultant measures have generally comprised new regulations or more recently “gentle coercion” strategies to remove negative interactions and attempt to shift the basis of development onto a stable ecological foundation. In practice, these approaches tend to obscure the opportunities that could arise from conversion to sustainable development, so that the scope for positive environmental impacts is restricted or even lost. To recover and realise these opportunities requires a fundamental change in attitude which re-orientes policy-makers' assumptions in industrial and economic development.

Ecological Modernisation

Within the holistic approach suggested by sustainable development, another progressive theory is advanced in the form of ecological modernisation. This means encouraging the perception of policy problems from a proactive perspective: “Through policy integration, ecological modernisation seeks to provide an alternative to the antagonistic relationship between economic development and environmental protection that has prevailed in developed economies” (Gouldson & Murphy 1996).

Environmentalists during the 1960s and 1970s believed in the zero-growth option – that lasting environmental protection was only achievable through a reduction and possibly even a total halt in economic development. This was superseded in the 1980s by recognition of a necessary link between positive economic development and envi-

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ronmental protection. Ecological considerations ceased to be perceived as a constraint on economic growth and came to be seen as providing a framework for sustainable development and a necessary precondition for growth (Weale 1993).

Interpretations of ecological modernisation are still maturing, but integration and synergy continually appear as key themes. With regard to integration, improved environmental protection requires a realignment of policy goals in areas such as economics, energy and transport, so that environmental consequences are considered in decision-making, and appropriate adjustments are made during plan formulation and programme implementation. With synergy, policy-makers are urged to move away from managing conflict to gain advantages through interaction between environmental protection and economic development. As a central concept of ecological modernisation, this advocates that policies to improve the environment can lead to increased efficiency and speedier change, in practice becoming a catalyst for economic development.

Environmental Gain

A further key analytical tool in distilling levels of environmental integration is the notion of environmental gain. This is used particularly for identifying and categorising actions, which not only protect the environment but also enhance environmental conditions (Clement 1999). Regional economic strategies in Europe increasingly provide evidence of moves towards positive environmental impact.

In previous years, the two choices available amounted to either *environmental loss* or *environmental protection*. Environmental loss corresponds to a *passive* scenario in which environmental degradation through economic development is regarded as inevitable. The outcomes of this phase comprise factors such as increasing pollution and the loss of wildlife and habitats. Environmental protection is subsequently realised through *reactive* measures such as legislation, regulations and physical planning instruments, in which public authorities seek to safeguard the environment. This might involve directing development to less sensitive areas or imposing environment-protecting planning conditions.

Current scenarios have now extended the continuum to incorporate a *proactive* response in the form of *environmental gain*. This allows for positive, deliberate and directed action in which individual economic programmes might aim, for example, to reduce baseline emissions, support production modifications, or favour building refurbishments that reduce energy consumption.

EU Structural Funds 1989-93

The first round of Structural Funds programmes was launched in the late-1980s. In these early documents, the general philosophy was to give priority to European cohesion by reducing economic disparities likely to undermine the forthcoming Single European Market. Environmental policy was to be adhered to, but it did not condition the operation of the Funds. Few of these programmes integrated the environment in the sense of using its protection or improvement as a development objective. In essence, the first programmes were perceived as economic and social – not environ-

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mental – strategies, with job-creation and economic development taking precedence (Woodford 1991).

Environmental references in these early programmes may be grouped into two main classes: those which implied a measure of integration of environmental factors in the programming and execution process, such as Denmark; and those which considered environmental policy as an external element of the process, such as Portugal. These two interpretations meant either that development philosophy must include environmental matters, or alternatively – in a more distanced approach – that it must conform to environmental policy and legislation.

Second Programming Period, 1994-96

There was a marked improvement in environmental performance during the 1994-96 phase; however, a review of regional programmes from Austria, Denmark, Finland, France, Germany, Sweden and the UK revealed differentiated progress (Clement & Fitzgerald 1997).

Two different models of programme management appeared to be in operation, reflecting generalist and specialist approaches to environment. The generalist systems tended to reflect the existing order, meaning that programme management would lie primarily with economic planners who periodically consult with environmental authorities. Predictable interactions between economic development and the environment were evident in the Nordic countries of Sweden and Denmark. However, the emphasis was on ensuring that proposed developments did not contravene existing regulations, rather than deriving environmental benefits.

Specialist systems favoured an alternative approach in which programme management steered economic development towards environmentally-advanced practices. Such a structure can have advantages and disadvantages. A useful example was provided in Austria, where programmes were administered by generalist programme managers, but thereafter monies were distributed through specialist funding agencies and departments using existing environmental schemes. This means that programme environmental management was in effect carried out by the departments that administered the relevant schemes.

In programme implementation, environmental progress was less apparent, because strengths in programme design and management had not yet been fully carried through to the project level. Rather than adopting proactive approaches to programme environmental management, project selection criteria mostly reflected reactive approaches. In Denmark, for example, the North Jutland programme restricted environmental criteria to general environmental requirements which any project would be required to meet, and it included no proactive promotion of projects with a positive environmental impact. In France, no national discussion was considered necessary regarding impacts in programmes; interestingly, the Rhône-Alpes programme identified measures with a “positive environmental impact”, but it did not list negative environmental impacts. In the West of Scotland, recent revisions had incorporated criteria for environmental management within the scoring system devised for project selection.

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Applicants who failed to complete or to return this section of the form automatically lost points from their potential overall score.

The second key feature of programme implementation related to environmental monitoring. At the time of the survey, this was still at an early stage of development, meaning that monitoring data frequently remained inadequate for economic assessment and very inadequate for the appraisal of environmental change. In Austria, for instance, existing environmental monitoring indicators were extremely general, but more exact and detailed monitoring was considered to be too technically difficult and resource intensive.

Current Programming Period, 1997-99

The current programmes vary considerably in terms of environmental content. The more descriptive programmes list environmental characteristics of the region, but do not analyse the data in much depth, whereas the analytical programmes tend to identify and explore environmental strengths and weaknesses in some detail. However, a problem common to both types of programme is that the environmental profile is seldom integrated effectively into the programme. Within the spectrum of content, the programmes range from the environmental detail of Germany and the UK through to the environmental brevity of Spain and Sweden.

With regard to environmental impact, there is a trend towards the identification of impacts for each measure. This is a considerable step forward from the previous round of programmes, and it represents a very useful tool at the *ex ante* stage, as it allows some consideration of cumulative effects in accordance with strategic environmental assessment. However, in individual analyses, there is a tendency to identify only positive effects and, in some cases, to focus primarily on environmental measures. Programmes from Germany and France regularly include impact analysis by measure in the SPDs, whereas countries such as Sweden state only that environmental impact will be considered at the project selection stage.

From a strategic perspective, most programmes have integrated environment as a horizontal objective. Consequently, environmental issues appear within sub-strategies or within priorities, but they are not given separate status. Exceptions in France and Germany include the programmes for Picardie and West Berlin, each of which has devoted a vertical priority to the theme of environment. This results in a very high profile for environmental factors, and Berlin in particular encourages a wide range of project-types in support of environmental integration.

The inclusion of specific environmental targets in programmes is uncommon. To some extent, this is a consequence of attempting to integrate environment on a horizontal basis, as programmes tend to set targets principally for vertical priorities. In addition, environmental criteria have not been included as standard features in programmes. Instead, a typical approach is to specify that projects should have no negative effects on the environment. The current Lolland programme takes this a bit further, stating that priority is given to investments in environmental protection that go beyond governmental demands or minimum compliance.

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Evaluations of previous programmes tend to take a predominantly economic perspective with a preference for measurable and quantified results. Previous rounds of programmes have not been framed in a manner suitable for easy evaluation of environmental factors, and this has impacted on subsequent assessments.

SEA in the new Member States

Survey research completed in 1998 indicated that, in terms of the SEA technique, none of the new Member States had yet developed SEA to an advanced stage either in the Structural Funds or more generally as an advisory tool for policy decisions. Nevertheless, existing elements were identified as conducive to the co-operative structure necessary to introduce SEA principles into regional programming documents (Clement *et al* 1998).

In *Austria*, high national environmental standards and corresponding regulations are widely perceived as fundamental features. In addition to these norms, targeted support in the form of environmental incentives is oriented exclusively towards investments that exceed minimum legal environmental requirements. However, environmental integration into economic development still presents a broad challenge, and job-creation takes precedence. To some extent, legal framework conditions have been seen as hindering cross-sectoral initiatives, as the permission process is structured along sectoral lines.

Strategic environmental assessment is of considerable interest to the Austrian Federal Ministry of Environment, and various scoping projects have been initiated to realise its potential in steering economic development towards improved environmental protection. In addition, consultations with local government partners responsible for Structural Funds programmes have sought to introduce the idea of broader integration from the first stage of plan preparation. However, the Ministry of Environment has been limited in its action to offering advice through committee structures rather than directly impacting on SPD development and implementation.

Given that the Austrian context is relatively unfamiliar with SEA, no real use of the technique had occurred in programme preparation by 1998. Since environmental factors are seen to be reconciled largely through the regulatory and planning permits system, the step towards using a comprehensive environmental assessment in the early stages of programme design was considered to represent too great a learning curve in the short term. In addition, the brief period within which the first Austrian Structural Funds programmes had to be prepared was also instrumental in excluding SEA from this process.

In *Finland*, the level of environmental knowledge is comparatively high, and the Ministry of Environment has taken steps to increase both knowledge and integration. It has also supported the use of environmental impact assessment at project level and strategic environmental assessment for policies, plans and programmes. The general view is that environment should be regarded as one component within a range of factors encompassing employment, trade balances, foreign trade and industry, amongst others.

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At the beginning of 1998, SEA had not really been discussed broadly within government departments, and it was perceived as abstract and ambitious. To overcome these initial problems with the technique, the Ministry of Environment was developing practical applications of SEA, to be followed with wide-ranging discussion. Consultations on strategic environmental assessment had already taken place for instance in the Ministry of Trade and Industry.

The Ministry of Environment Guidelines for the Assessment of Policies, Plans and Programmes was expected to create pressure during 1998 for the further use of SEA. However, it is recognised that strategic environmental assessment is understood to be many different things, and so a clear definition was sought. Although the EU-driven integration of environmental data and environmental impact assessment were both seen to be progressing, the aims of SEA were not being fully realised. In particular, the preparation process accommodated the principles of openness and information-dissemination, but the further objectives of public participation and examining different alternatives remained less integrated.

In *Sweden*, environmental awareness is also generally high, both amongst the public and public sector authorities. With regard to environmental policy, Sweden has national environmental goals that form the top of a hierarchy, with county and local administrations deriving compatible regional and municipal environmental goals respectively. However, there has been a continuing perception of environmental problems as national or even global, rather than regional.

Whereas environmental impact assessment (EIA) is familiar, the concept and procedures of SEA were not well known in Sweden in early 1998. For most government staff, these ideas were considered to bring forward new and substantial questions regarded as a responsibility for those agencies dealing with roads, environmental protection, and housing and physical planning, rather than being cross-disciplinary in nature.

Nevertheless, there was a perception that the Structural Funds could make a positive contribution to Swedish environmental protection. For example, the Objective 6 programme formed a working group for environmental questions, and this group prepared an environmental analysis based on Commission guidance, essentially following the themes of the 5th Environmental Action Programme. This analysis reviewed expected environmental change from the programme, including aspects of potential environmental competitiveness and the exploitation of the environment as a resource.

There was also optimism regarding the next programming period. In addition to the lessons learned in current implementation, SEA and environmental factors – alongside the conventional focus on job creation – have clearly become of greater interest, adding to the momentum for integration, so that the next Swedish programmes are expected to include environmental case studies within certain regions.

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