

CONFLICT OF SHORT-TERM AND LONG-TERM INTERESTS RELATED TO PROJECTS CONCERNING ENVIRONMENTAL PROTECTION

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SUMMARY

An apparent contradiction is clearly observed in the area of development of regional infrastructure related to environmental protection between short-term adverse interests and the long-term interests connected to improving the quality of environment and the quality of life. Local governments in larger cities were quicker in realizing that prevention of environmental pollution offers serious advantages even in the mid-term, albeit at extra costs to be assumed in the period at hand. Those who managed to develop their regional programmes in time have made considerable progress by now, with development activities started, investment activities launched, and external funds acquired to finance the majority of implementation expenditures, thereby achieving significant savings for the population over the longer term.

As an important task, operation that follows the regional development activities should be accomplished in the most efficient way possible. As a precondition, the integrated regional system of public services and the common intra-regional tariff system should be implemented. The former is to ensure the most efficient and least expensive operation based on aspects of economies of scale, the latter is to account for a fair distribution of the public burden.

In the event of a failure to introduce the integrated regional system of public services and the common intra-regional tariff system, serious disturbance of operation, problems and tension are to be encountered between the local governments concerned, which may present a difficulty in operating the system and even make it inoperable.

INTRODUCTION

The process of catching up, including as one its major areas that of legal harmonization, commenced several years before the accession of Hungary to the European Union. Considerable lag was noted, among other areas, in environmental protection and, in particular, waste management. Without the albeit partial catching up with the said lag, we would have been left with hardly any chance of meeting the accession criteria. In the first phase, the national legal system was adapted to the requirements of the EU directives, actually, by the turn of the millennium. In order to facilitate accession, the Commission of the EU established a fund (ISPA) in its budget in 1998-1999 to support the candidate countries in their efforts to develop infrastructure mainly related to transport and environmental protection.

Based on the ISPA project entitled the „Regional Waste Management Program of Szeged”, I tried, in addition to dealing with current issues related to waste management, to analyze the tension situations and conflicts of the society which emerged sharply in the course of preparation and implementation of domestic EU programmes between short-term and long-term interests of various groups and which to date have not been solved in a favourable manner.

1. ADVERSE SHORT-TERM INTERESTS IN THE AREA OF WASTE MANAGEMENT

In the short run, the society as a whole maintains adverse interests with respect to the implementation and provision of efficient and high quality environmental services. Simply put: the establishment and long-term continuous operation of an advanced infrastructure of environmental protection is extremely costly and, in economic terms, either clearly produces losses or grants a return only over a very long term. Considerable increase in public utility fees (public service related to canalization – waste water purification – waste management) entails dramatically higher costs of living for families, as well as short-term expenditures of the country.

2. ADVANCED ENVIRONMENTAL MANAGEMENT IS A LONG-TERM INTEREST OF THE COUNTRY

2.1./ Prevention of pollution and elimination of damage

Maintaining a society which operates in a way that pollutes and destroys its environment may have unpredictable consequences that may bring with them, even in the mid-term, extra costs which by far surpass the expenses we may avoid by delaying the implementation of an advanced system of environmental protection. Notwithstanding the diverse approaches offered by special literature, all researchers appear to share the view that the costs arising in the course of elimination of environmental pollution and also recultivation are by several magnitudes higher than those connected to the prevention of pollution.

2.2./ „Unlimited” natural resources

Contamination and continuous destruction of the natural resources, including clean air, clean water, soils, forests, and seas, the natural flora and fauna of the Earth, is a global process that is clearly manifest. What has been heretofore considered as a free and „unlimited natural resource” will soon be accessible only at a constantly growing price. This will entail, in the long run, a significant and unavoidable increase in production costs as a result of global pollution-related processes whose extent is impossible to estimate at the moment. At any rate, its rate will definitely be higher than the costs of prevention of pollution and elimination of damage.

2.3./ A national interest or a European interest ?

In global terms, one can conclude that there is extreme interest in the implementation of an advanced system of environmental management that will have a favourable impact on the quality of the environment and the quality of life of the population of the regions concerned already in the short term. Member states of the European Union had realized this several decades ago, that is why they jointly elaborated one of the most advanced system of regulations and infrastructure related to environmental protection, i.e. the IPPC: Integrated Pollution Prevention and Control, which clearly stresses the importance of pollution prevention. The strict policy of the Union regarding competition under equal

terms between member states requires that the countries with recent accession to the EU establish an advanced infrastructure of environmental protection as soon as possible so as to prevent them from acquiring competitive advantage over other states through cutting back on costs pertaining to environmental protection.

Often times it may appear that we are forced by the European Union to undertake costly investment in environmental protection. Of course, primarily, environmental protection is a national priority whose neglect would entail unforeseeable damage to the country not only in terms of its national values but also in terms of the national economy as a whole. A wrong decision made today may have an unfavourable impact on the quality of life and future prospects of those living here.

2.4./ Resolving conflicts of short-term adverse interests

The stringent Hungarian legal provisions on environmental protection developed within the framework of law harmonization with the European Union have partly implemented administrative measures to eliminate conflicts resulting from adverse interests. Those concerned, including the local governments, will be forced to establish a local infrastructure of environmental protection within a foreseeable period of time, otherwise they will have to pay considerable amounts of environmental protection penalty or, more recently and in certain areas, fees related to environmental load (environmental use).

It is the responsibility of local governmental policy at the national and also local level – first of all, that of the Hungarian political parties – to resolve conflicts of short-term adverse interests and gradually, yet at the fastest possible rate, establish a technical and technological background for environmental protection in Hungary in such a way that domestic and community resources are utilized in order to allow the process to be accomplished with minimum load.

2.4./ Short-term adverse interests and project marketing

Project marketing deals with the issue of assessing the impact of various interest groups on the implementation, result, and success of a project. Viewed from the angle of a project, an interest group represents any community organized on a single basis or operating as an organization whose members share nearly identical interests with respect to the implementation of the project or the operation of an outcome thus created. Interest groups may exhibit a supportive or a hostile attitude.

Project marketing is a pro-active activity used by the investor not simply to "sell" his project, i.e., make the interest groups accept it, but also as a means promoting effective implementation of an establishment by way of making apparent the emotions and expectations of the interest groups concerning the establishment. Thus it allows the management responsible for project supervision to avoid unnecessary conflicts by satisfying reasonable and legally appropriate demands, on the one hand, and providing targeted and authentic information, on the other hand, which in turn increases readiness of the interest groups to provide support.

3. THE MARKET OF SERVICES RELATED TO ENVIRONMENTAL PROTECTION

A large number of enterprises active in the area of environmental protection came to life following the change of the regime. The large number of competitors triggered fierce price competition and many actors were forced to undertake work at costs below those actually incurring in order to survive. As a result, the market of services related to environmental protection became one of the sectors representing the largest environmental risk. Cases of considerable abuse were noted especially in one of the newest areas of the field, i.e., the treatment of hazardous wastes. There is a large number of cases which demonstrate that a free market and an unbounded price competition result in dramatic increase in environmental risks and direct environmental pollution.

An entrepreneur can realize extra profits regardless of his low prices in case he reduces transportation distances, on the one hand, and environmental protection costs, on the other hand, by depositing waste at the nearest out-of-the-way location, green belt around the city, or an illegal disposal site established in a small nearby forest („illegal dumping ground”). It goes without saying that such deeds have unpredictable social consequences and environmental damage. In summary, it can be stated that exposure of environmental protection to the law of the market leads to direct environmental pollution as a result of unreasonable price competition and globally deprives the sector of considerable resources of development.

4. THE REGIONAL WASTE MANAGEMENT PROJECT OF THE EUROPEAN UNION

The given programme is oriented toward the establishment of a safe regional waste management system that is to be accomplished completely with biogas utilization, selection and collection of recyclable wastes, treatment of wastes to be recycled for composting, and re-utilization of building and demolishing wastes. As a result, considerable decrease in environmental pollution can be achieved, with the added benefit of lower amounts of wastes to be deposited on the landfill. Costs incurring relative to the sector may be diminished through the sale of recyclable wastes, which, in turn, will lead to significant improvement in the area of cost efficiency.

The development activities within the ISPA project, with a budget of more than HUF 7 billion (28 million euros) prepared on the basis of a concept design elaborated earlier include the following:

5. COOPERATION OF LOCAL GOVERNMENTS IN THE AREA OF WASTE MANAGEMENT

Unfortunately, there are no deep-rooted traditions of regional cooperation based on volunteer participation in Hungary. The forced relations that were upheld in the earlier period automatically came to an end at the time of the change of the regime. Today, personal aversion and total lack of confidence appear largely accepted and typical in national and local politics and various forums of publicity. It is impossible to acquire community funding and assistance without regional cooperation. Therefore, an interesting phenomenon has evolved in Hungary.

Project regions have gradually emerged where real or presumed conflicts of interests, harms and even personal aversion have been temporarily put aside for the sake of making joint efforts to ensure access to support opportunities. Such cooperation activities resemble those of the period before the change of the regime in that they, too, have the character of forced relations, rather than evolve on the basis of discovering mutual benefits of regional cooperation. With the expiry of support agreements, earlier tension is expected to come to the surface again, leading to termination of cooperation and division of the assets acquired together in accordance with the relevant bargain made earlier.

5.1./ The relation between the local governments of the city and the small settlements

The relation between Szeged and the surrounding settlements is far from being ideal. Owing to the particular mechanisms of resource allocation used in the period of socialism, considerable tension had accumulated between the local government of the county seat and the smaller municipalities of the county. The county seat used to receive far more central subsidy (that was where the majority of county leaders lived). The smaller settlements around Szeged felt like being subjected to real oppression compared with the city. The same holds for the other major cities of the county.

5.2./ Setting up a consortium (33 settlements, 250 thousand inhabitants)

When the objectives and the system of criteria related to the ISPA programme were revealed, it was apparent that chances for a success were scarce without regional cooperation. The foundation of the regional programme was derived from the waste management concept for Csongrád county elaborated by the waste management service provider of Szeged, i. e., the Waste Management Public Benefit Company of Szeged. At the time of preparing the ISPA programme, the concept was modified in such a way that the earlier concept aimed at county level cooperation was reduced to cooperation of about thirty settlements because that was the size which corresponded to the population of 250,000 inhabitants as foreseen in the community directives then in force. According to calculations pertaining to economies of scale, that was the size which allowed for reduction of unit costs to an optimal level. The major difficulty encountered in this respect was to persuade the large number of local governments to join the consortium.

5.3./ Consortial Agreement

Pursuant to the Consortial Agreement, the local authorities signing the agreement agreed to cooperate in finding a mutual solution to the waste management problems faced in the region, and act jointly in order to utilize various opportunities for support. The Local Government of Szeged, a City of County Rank, is the host organization that represents the Consortium, with the public services provider of the local government, i.e., the Waste Management Public Benefit Company of Szeged, acting on its behalf.

5.4./ Equitable distribution of the public burden and local politics

At the time of drawing up the Consortial Agreement, the local governments of the surrounding settlements insisted on the agreement being free from any stipulation assigning the assumption of concrete liabilities to them. Abusing the need to cooperate, they blackmailed Szeged by stating their reluctance to sign the Consortial Agreement in case it contained any provision obliging them to effect payment. As a result, the local government of Szeged was forced to assume all costs related to the preparation of the entire development programme and also to secure own municipality resources required for implementation. This was accomplished in such a way that the local government of Szeged undertook, at the time of submitting the project documentation, to increase the fee charged for waste management public services by an annual rate of 10% above inflation, over a period of 7 years from 2000, and use the extra revenue thus derived to finance the required own resources of the local government as well as the extra costs of operation to be assumed after the investment is completed.

The given arrangement offers considerable benefits for Szeged, as the amount of own resources will be considerably lower than 10% at the time of completion, and the city of Szeged will receive in exchange the ownership rights of the whole public service assets created in the course of development. As far as operation is concerned, however, significant tension is expected to emerge. The other settlements of the Consortium, of course, did not increase the fees for public services at a rate comparable to that of Szeged, the actual rates were commensurate with the rate of inflation as a maximum. Therefore, the rates collected at present in Szeged amount to nearly double the rate of the rest of the region.

During the period of investment and with the given shaping of ownership relations, this difference does not represent a problem. In the period following implementation, that is, the period of operation, on the other hand, the rates collected for public services in Szeged clearly cannot be expected to cover the higher costs of the regional waste management system alone.

6. LONG-TERM COOPERATION

6.1/ Operation of the facilities created within the project

The facilities created within the project will become property of Szeged, a City of County Rank, their operation will be task of the waste management service provider of Szeged, the Waste Management Public Benefit Company of Szeged. While this solution will present no particular problems regarding the operation of the central facilities, disturbances may be expected in operating the network of waste-yards and waste collection islands. In the event that the planned integrated regional system of public services is implemented — which is also foreseen in the Consortial Agreement — such disturbance in operation may be negligible and a long term solution will be found for the issue of regional financing along with distribution of the public burden in proportion with the system. An important objective of the uniform system of public services is to implement a common intra-regional tariff system which represents a prerequisite for fair distribution of the public burden.

6.2./ *Integrated regional system of public services*

The scales of operation also preferred by the European Union ensure that a regional waste management system is operated with the smallest unit costs, while maintaining an acceptable level of efficiency. Based on the Consortial Agreement, chances are favourable for the establishment of the proposed integrated regional system of public services, which is aimed, among other objectives, at implementing a common intra-regional tariff system. The common tariff system is a precondition for a fair distribution of the public burden because existing disproportion prevents the population of the region from assuming public burden in a uniform and proportionate way. This objective will have to be achieved, according to a well-designed programme prepared in advance, within a period of 5 years, but in any case by not later than 2011.

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