

THE NETHERLANDS' APPROACH TO
ENVIRONMENTAL POLICY INTEGRATION

Integrated environmental policy planning as a step
towards sustainable development

Paul E. de Jongh

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From 1992-1996, Paul E. de Jongh was Deputy Director-General for Environment in the Netherlands Ministry of Housing, Landuse Planning and Environment. He currently serves as the Director for Nature Protection in the Ministry of Agriculture, Nature Protection, and Fisheries.

Mr. de Jongh prepared this paper as a Visiting Fellow at the Center for Strategic & International Studies, Washington, DC, during the summer of 1996.

EXECUTIVE SUMMARY

by Paul de Jongh and Laurie Morissette

The Netherlands has developed an improved environmental management system based on a collaborative effort between business, government, and other stakeholders. The process balanced the needs and obligations of each representative sector in constructing an far-reaching plan to reverse environmental degradation and promote sustainable development. Initially begun as an effort to curb pollution within the industrial sector, the process and the resulting National Environmental Policy Plan grew into a "social contract" affecting many aspects of Dutch society. The resulting management system incorporates the innovative concepts of societal "generational goals"; "internalization" of responsibility for environmental protection; "professionalization" or advanced training of government personnel; cooperation between industry and government in the determination of industry-wide or plant specific environmental goals (which are often incorporated into negotiated agreements or "covenants"); integrated government policies; and periodic evaluations of progress.

Background

Concern over rapid, unchecked degradation of the environment grew strong in many countries during the 1980s, and the Netherlands was no exception. The nation recognized that existing environmental management systems were inadequate to stem, much less reverse, environmental damage. Fearful that the government would respond with economically onerous standards and regulation, industry and other economic sectors approached the government with a proposal to negotiate new policy approaches which would minimize potential negative economic and trade ramifications of stronger environmental protection measures.

The Process

Beginning in the early 1980s, the Department of the Environment began to develop new environmental policy approaches aimed at improving policy integration, public awareness and education, environmental and economic analysis. There was no clear roadmap at the outset, and the ensuing process was an iterative, evolving

consensus-building endeavor. Nationally known and respected authorities were essential to bring credence and influence to the process. Prime Minister Lubbers, and Her Majesty Queen Beatrix, herself, enhanced the process by highlighting concern for the environmental condition of the Netherlands and building support for cooperative efforts to achieve a sustainable environment and economy.

The process originally focused on pollution control in five target sectors: industry, transportation, agriculture, refineries, and energy generation. Representative from these economic sectors, joined later by other stakeholders from construction, retail trade, education and NGOs, met with government personnel to raise concerns, resolve differences, and formulate industry or sector-wide schemes for pollution reduction and environmental management. Some initial priorities or "themes" were identified, including acidification, eutrophication, waste generation, and dispersion of toxics.

The stakeholders were committed to integrating government policies into a unified, consistent strategy. Therefore, each of the themes underwent a comprehensive, multimedia evaluation of existing and proposed pollution control policies and the effects of those policies upon that theme. The crosscutting evaluation included consideration of individual and cumulative effects of environmental, transportation, energy, tax and agricultural policies

In 1986, the National Institute for Public Health and the Environment (RIVM) began an extensive, rigorous study to identify sources of pollution, project growth levels and increases in pollutants, and recommend pollution controls and emission standards. By the time the RIVM published its report in 1989, the government was prepared with a preliminary draft of an integrated pollution control and environmental management strategy in the form of the National Environmental Policy Plan (NEPP). The landmark RIVM report, *Concern for Tomorrow*, set the stage for the publication and implementation of the NEPP. The report, which galvanized a public consensus, stated that current regulatory requirements and policies, even with state of the art technologies could not halt continuing environmental degradation. The Report demonstrated that, on average a 70-90% reduction in many industrial pollutants (from base 1986 emissions levels)

would be required to adequately protect the Dutch environment by 2010. The Report concluded that reductions of this magnitude and systemic change in the environmental management system would be required for a sustainable society.

The National Environmental Policy Plan (NEPP)

The first National Environmental Policy Plan set forth 20-year goals for reductions in the use of pesticides, emissions of industrial pollutants, and generation of waste by all economic sectors (consistent with the Brundtland's Commission notion of generational goals). The goals were based on the analysis in *Concern for Tomorrow*. Each of these goals was broken down into intermediate goals with shorter time frames and action responsibilities for the national, regional and local levels of government and target groups. The Plan listed over 200 specific actions necessary to achieve the goals. The National Environmental Policy Plan expanded the list of target sectors to include the construction, waste management, water suppliers, consumers, retailers, and other elements of Dutch society. This resulted in a broad, comprehensive approach to reducing pollution.

The Dutch government is currently operating under a second NEPP, consistent with the goals of the first and developed in a similar consensus-building process. NEPP-2 focuses on strengthening implementation; providing additional flexibility to business; providing additional measures where current policies would not achieve the desired objective; and promoting sustainable production and consumption. The government regulations setting the standards for emissions were further developed, clarified and simplified to encourage self regulation; financial provisions such as subsidies and tax reforms were introduced; and educational programs, public campaigns and industrial environmental management systems were encouraged. Additional objectives of the current government include further integration of environmental and land use policies and environmental and economic policies. The third refinement of the NEPP is due in the December 1997 and will likely address the effects of unexpectedly strong economic growth, the needs of an aging population, international considerations, and continuing difficulty in meeting the goals for energy consumption. A major thrust of the third NEPP is expected to be increased emphasis on the

integration of environmental and economic policy.

The recent RIVM review revealed remarkable progress. Ozone depleting substances have been phased out of industrial use. The disposal of industrial waste was reduced by 60% since 1985. SO₂ emissions from powerplants have been reduced by 70 percent; NO_x emissions have decreased by 30 percent. Recycling of waste has increased to more than 70 percent of total waste generation and the disposal of waste at disposal locations has been reduced from 16 billion tons to 6 billion tons in 1995. Household energy consumption has remained constant despite growth in the number of households.

Innovative Elements of the NEPP

While the truly dramatic emission reductions are specific to the needs of the Netherlands, the "Dutch approach", as the NEPP and its developmental process came to be known, contain several innovative elements which have proven successful in the Netherlands and may be instructive to other governments interested in the improvement of their environmental management systems.

Consensus Building: The Dutch government recognized that only dramatic change in its operating procedures, industry operations and consumption patterns could accomplish the significant pollution reductions necessary to achieve a sustainable future. It knew that such change would require the sustained commitment of industry, the public, and the government to fulfill the requirements of the proposed strategy. Success required a consensus building process with four key elements. First, economic stakeholders and the public needed to believe in the benefits of the process and the strategy. Government provided a credible argument for change based on solid scientific consensus. Second, the government recognized that industry involvement in the creation of policies and solutions would encourage its complete participation in the success of the strategy. It might have been easier in the short term for government to dictate reform, but the long term success required each participant to accept personal and corporate responsibility for the solution. Third, the success of the process rested on continuity -- the ability of industry to sustain its operations while reducing its emissions// and the ability of municipalities to monitor and

organize the effort. Fortunately the Dutch industry response to this issue was the successful introduction of the certification of environmental management systems within corporations. Finally, as in all consensus processes, each sector needed to secure benefits and recognize the concessions of other parties. The NEPP required compromise between the private sector and government. The private sector agreed to stringent reductions in emissions, chemical use and waste generation. The government agreed to an integrated environmental statute (discussed below), cross cutting and integrated policies, flexible methods of pollution control, long-lead times that allow industry to adapt, and governmental promotion of new markets for the technologies and management practices which would be required to secure the pollution reductions.

Generational Goals: The Dutch government sought a true vision of sustainability based on the principles set forth report of the Brundtland Commission, *Our Common Future*. In order to define sustainable development in terms which the participants and the public could embrace and work towards in meaningful ways, the Netherlands selected the goal of restoring and maintaining a clean environment in one generation. A generation of twenty-five years reinforced the concepts of responsibility and accountability upon the current generation for the society and the environment which it would pass on to its children. A generation of twenty-five years was short enough to be concrete, measurable and effective, yet long enough to achieve significant behavioral change and provide adequate lead time to businesses. The time frame also permitted flexibility in administration and implementation and some trial and error with correction or acceleration of progress as needed.

Unified Environmental Statute: The Environmental Management Act (EMA), which was enacted in 1993, incorporated most of the Netherlands environmental laws into one statute and established one regulatory scheme for all levels of government. The major objectives of the creation of the integrated statute were consistent guidance and interpretation of regulation and the stabilization of the body of environmental laws. Notably absent from inclusion within the EMA's regulatory scope are the water pollution statutes which remain under the authority of the Dutch water boards. Key elements of the integrated statute are uniform environmental quality standards; consistent enforcement

procedures; multimedia permitting; and required evaluation of progress and possible refinement of the National Environmental Policy Plan every four years.

Policy Integration: The Netherlands has made major strides in integrating environmental policy across various departments and with the private sector. The Environmental Management Act explicitly requires the cabinet to work jointly on environmental policies. New cooperation among government departments began in the joint preparation of Integrated Multi-year Environmental Plans (which were predecessors of the NEPP). These initially resulted in the Environment Department working the Department of Agriculture and the Department of Waterworks. The NEPP ultimately led to greater cooperation with the Ministry of Foreign Affairs and even the ministries of Finance and Economic Affairs (which includes energy policy). This integration of government policy promotes both environmental and economic progress.

Devolution: Responsibility for environmental regulation can be found at three levels of government: national, provincial, and municipal. The national government is responsible for establishing national goals and creating basic statutory requirements. Provincial and/or municipal governments are responsible for setting standards and emission levels of facilities within their jurisdictions. These government are also responsible for the routine inspection and evaluation of a plant's operation and compliance with regulatory conditions.

Negotiated Covenants: The structured negotiated covenant (within the framework of legal requirements) is a key implementation strategy of the NEPP for the private sector. Operating conditions are negotiated between the government and industry sectors on either an industry wide or a plant specific basis. Where the operating conditions and emissions are common to all generating facilities within an industry sector, the national government negotiates with representatives of that industry sector to establish acceptable operating conditions, emission goals, and reductions for the industry. The Covenants set forth the time frames and implementation strategies for pollution control measures within each industry sector or facility. Emission tradeoffs may occur between large and small businesses or newer, more sophisticated facilities and those which require

greater capital improvement within a region. Where operating conditions are facility-specific, the provincial or municipal government and the generating facility negotiates a facility-specific, multimedia operating permit. The ability to craft individual site specific or industry sector specific emission control measures and schedules has been a primary reason for industry acceptance and support for the NEPP. Covenants do not substitute for legally enforceable requirements, but give businesses the opportunity to help shape specific conditions of operating permits.

Information Requirements: The Dutch approach encouraged greater public awareness and involvement in achieving the national goals by setting forth clear, intelligible requirements and policies. Covenants have increased the industry reporting requirements including provisions which require regulated industries to publish their company environmental management plans and emissions.

Periodic Review: The Environmental Management Act requires that the government review the progress of the NEPP every four to six years, which may result in a refined plan. This assures the government and the public that the country is making appropriate progress towards the required emission reductions and that the emission reductions are resulting in the desired improvement in environmental quality.

Implications for United States Environmental Policy

The success of the Dutch approach is founded on its solid, politically and ideologically neutral research into the science and economics of both the causes and the solutions to environmental decline. The commitment of the government to the lengthy, complicated process necessary to adopt well-articulated environmental goals and implementing mechanisms has been rewarded by broad acceptance of the pollution control strategies and regulations. Commitment to the consensus process permitted diverse political and economic actors to work together toward systemic change in the Dutch environmental management system and to make progress toward sustainable development.

No reform effort can be transferred whole cloth from one nation to another. Each government and people must arrive at its own

approach based on its social, economic, environmental and cultural conditions, and history. The Netherlands is a small nation with a cultural history of cooperation. The severe and visually apparent environmental degradation eliminated the need for prolonged discussions about the necessity of immediate action.

Although the United States is physically much larger, is economically more diverse, and has a more adversarial political system, recent efforts to evaluate and improve environmental policy indicate that some aspects of the Dutch approach may be relevant in the U.S. Several of these, such as the President's Council on Sustainable Development and EPA's program for Community Based Environmental Protection, have utilized a consensus building process to arrive at recommendations for change. In addition, new approaches embodied in "regulatory reinvention" and the "Common Sense Initiative" have increased government, industry, and public awareness of the potential gains that could result from a more collaborative, flexible, accountable, and information-rich environmental management system. Additionally, the "Dutch approach" includes elements which are transferable to most governments such as goal setting, economic and environmental modeling, scheduled progress reviews, and appropriate lead time for major change. However, the United States currently may not have the same degree of unanimity on the need for stronger environmental protections that the Netherlands did in the 1980s. Furthermore, smaller governmental units such as states or regions may better approximate the physical and psychological intimacy that aided the Netherlands in its process, and thus may be able to better experiment with the Dutch approach.¹

¹The authors wish to thank Sean Captain for his helpful comments on earlier versions of this summary.

1. MAIN FEATURES OF THE NETHERLANDS

- 1.1. The Netherlands is on the North-western edge of the European continent, bordered by Belgium to the south and by Germany to the east. North-South the country is about 200 miles long, East-West the width is about 100 miles. The country has about 15 million inhabitants, which numbers are still growing, mainly by immigration. On average there live about 400 inhabitants per square kilometer. About 10 million people live in the western part of the country, in a series of cities, together forming the so-called Randstad. From the Middle-Ages onwards the fight against floods from the sea promoted a strong tradition of cooperation in Dutch society, still to be found in public organizations such as the waterboards.
- 1.2. The Netherlands is a constitutional monarchy. Democracy is based on a Parliamentary system, controlling the Cabinet, which is nominated by H.M. the Queen based on the outcome of elections. Cabinets are usually coalitions of two or three parties. Recently, the Christian Democrats, who were in government for over seventy years (in different coalitions with the Liberals and the Social-Democrats), gave way to a coalition of Liberals, Social-Democrats and Democrats.
- 1.3. The main economic sectors are agriculture (dairy farming, pig raising, flower industry), chemicals, refining, freight transport (throughout Europe), electronics, and food processing. The service industry is of increasing importance, especially financial services (banking, insurance) which serve the European market. Gross National Product is about \$ 250 Billion; about 50% of GNP is spent via actions of government (investments, distribution of wealth).
- 1.4. Although small, the country consists of many social contrasts: the North originally Protestant; the South originally Catholic; the West originally urbanized, industrialized, and with extensive relations with the outside world; the East originally rural, agricultural, traditional. Via a system of separate socio-cultural organizations for each (religious and political groups), these differences were 'managed' until the 1960's.

- 1.5. After the Second World War the loss of the Indonesian colony marked the beginning of a policy of industrialization, in which Government and private sectors worked closely together. At the same time, a strict policy of low wages controlled by the government, was combined with the creation of social welfare programs, public housing programs and social security. For the socio-economic policies, special institutions were created in which employee and employer organizations worked together to advise the Government.
- 1.6. The aftermath of the Second World War and the loss of the Indonesian colony also led to Dutch policies of greater cooperation in Europe, first with Belgium and Luxemburg, later with the other three founding countries of the European Union, (West)Germany, France and Italy. Unlike some other countries in the European Union, the Netherlands sees the Union as the logical economic and even political framework for the Netherlands. Only recently has there been some political debate whether a "blind federalism" is the best way to promote Dutch interests.
- 1.7. Out of the social movement of the end of the last century, policies were developed to provide housing for labourers and poor people by municipalities (Housing Act 1901). There was a strong tie to health issues in providing proper housing to the population. Land use planning was the means to manage the provision of houses in a decent environment. Recognizing the realities of a dense population (without emigration to colonies as an option), growing urbanization, and the need for industrialization and modernization of agriculture after the Second World War, land use planning became a major task of the government (Land Use Planning Act 1965). Procedures have been set up to develop and enforce land use plans. These plans are "directed" by plans of provinces and the central government and are binding on local government. Public participation plays a major role in the development of land use plans on all levels.
- 1.8. As in many countries, environmental concerns grew dramatically in the late 1960's and early '70's. A separate Department for Environment was set up (1971) and the main laws for protection of air, water, soil and for the abatement of noise and the management of waste were

developed in the 1970's and early '80's. The focus was on emissions from industry; licensing procedures were introduced as main tools for the provinces and municipalities to deal with pollution. Provincial and municipal governments have their own political responsibility when setting standards in licenses. To promote unity in the country as a whole, cooperation between the different government levels is used to develop "guidelines and directions for standards".

- 1.9. The cooperative nature of Dutch society (waterworks, land use planning, industrial development) also led to government support of environmental non-governmental organizations. The environmental movement is strong and participates fully in public debates on nuclear energy, infrastructure and the like.
- 1.10 In comparison to other countries the environmental burden per square kilometer is extremely high in The Netherlands. The country can best be compared with big metropolitan and industrialized areas like the greater London, the Ruhr, or the Los Angeles areas.

DENSITY OF POLLUTION SOURCES PER SQUARE KILOMETER

	NETHERLANDS	GERMANY	UNITED STATES
Industrial Output (US\$1000 per km ²)	568	713	42
Energy Consumption (equivalent tons oil per km ²)	1595	986	81
Population (per km ²)	414	227	23
Cars (per km ²)	92	72	12
Cattle (per km ²)	334	145	12

Source: RIVM, Concern for Tomorrow, Bilthoven, 1988, page 64.

2. THE ORIGINS OF THE ENVIRONMENTAL PLANNING APPROACH

- 2.1. The Cabinet Lubbers-1 (Christian Democrats and Liberals, 1982-1986) focused on balancing the budgets after the economic decline in the second oil crisis (1979), on deregulation, and on general improvement of economic conditions in the country. The Cabinet decided to shift the Department for Environment from the Ministry of Health and Environment to the Ministry of Housing and Land Use Planning. A program of deregulation for environmental and land use regulations was set up. Meanwhile the follow up of the discovery of toxic waste dumping (in newly built residential areas, Lekkerkerk village) and some scandals of noncompliance by important industrial firms (Uniser-affaire) played an important role in keeping environment on the political agenda.
- 2.2. The deregulation program included a project to replace licensing procedures for small businesses by general regulations. To develop these general regulations, cooperation between the Department of Environment and different associations of business was encouraged. The Uniser-affaire brought some industrial leaders to the conclusion that non-compliance with environmental regulations had become a major risk to corporate survival. At the same time, it became clear to the Department of Environment, that hastily prepared and politically driven regulations introduced on an ad hoc basis were not the way to get strong commitment from industry for environmental protection.
- 2.3. Minister of Environment Pieter Winsemius (Liberal Party) had been a consultant for McKinsey & Company, and was aware of the sentiments of industrialists about environmental regulations. In discussions among the Department of Environment and representatives of industry (including more progressive CEO's), a set of principles emerged, though not an official policy:
 - o Industry would take environmental protection seriously, e.g., by adopting internal environmental management systems (environmental care), whereas
 - o Government would provide more long term insight and

analysis that would be broadly comprehensible and understandable, as part of the development of environmental policies, to avoid surprises and to promote the smooth introduction of, and adaptation to, environmental standards in industry.

- 2.4. Until the early 1980's, environmental policy was based on a compartment-by-compartment and an issue-by-issue approach. To produce a more comprehensive, integrated approach, it was necessary to seek better integration of all the different issues, regulations, problems etc. Another reason for integration of environmental policies was the scattered way responsibilities were divided in the central government. The Department of Environment had responsibilities for coordination, and for some major areas such as air pollution and waste management. However, the responsibility for water quantity and quality was in the Ministry of Transport and Waterworks; the responsibility for nature protection was in the Ministry of Agriculture, Nature Protection and Fisheries; and the responsibility for all kinds of resources (energy, mining, etc.) was in the Ministry of Economic Affairs. The Cabinet formation of 1982 had made clear that there would be no way of getting all those responsibilities in one "big" Department of Environment (as was hoped for in the seventies by some policy makers). By working jointly on a common plan for environmental protection, the cooperation between the different Ministries and Departments could be improved, and the coordinating role of the Department of Environment would be strengthened.
- 2.5. The insight that environmental policy-making would be more than just writing regulations, promoted the introduction of all kinds of new skills in the Department of Environment: project management, strategic choice approach², handling uncertainties, negotiation training, consensus building skills and the like. This promoted the "professionalization" of the management of environmental policy making and improved the status of the Department of Environment in the

²This concept was introduced by Allen Hickling and Arnold de Jong, who - as facilitating consultants - played an important role in several policy developments.

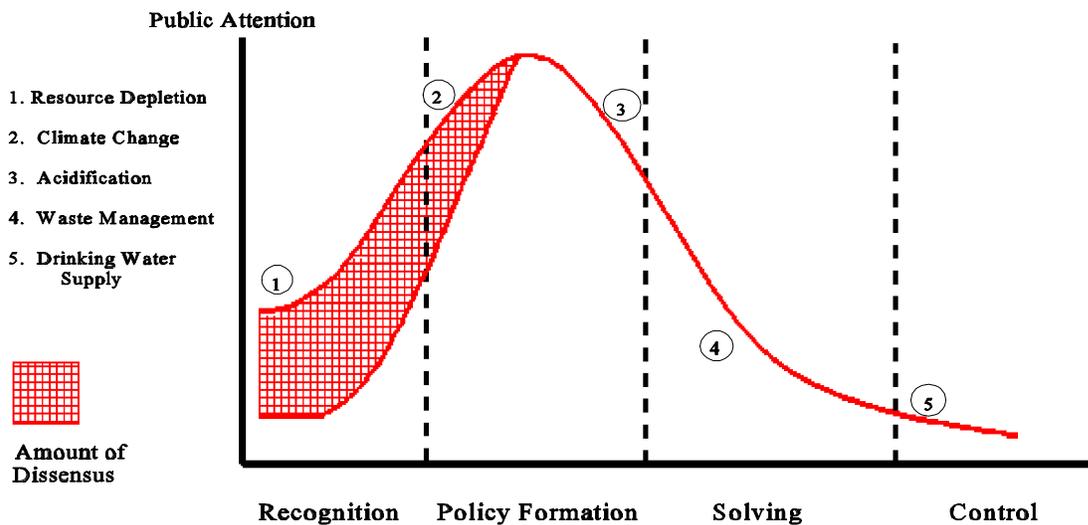
central government. Training was set up to deal with so called risky decisions in which principles and tools for the management of politically risky situations and for the proper advising of the Minister were introduced.³

- 2.6. Further professionalization occurred by developing and applying the concept of the "policy life cycle," i.e., a description of the development of policies from problem recognition via policy formulation to implementation and finally, control of the achieved environmental quality. The different activities of the Department of Environment could be better understood by reference to the policy life cycle. For example it helped in understanding the important role of Universities and environmental groups in the first stage of problem recognition, which, in turn, leads to policy formation (e.g.. standard setting). The development of the policy life cycle marked the end of the phase of ad-hoc policy making and the beginning of a phase of institutionalization of environmental policy. The policy life cycle also marked the beginning of a managerial approach of environmental policy making.⁴

³Cooperation with Prof. Lawrence Susskind, MIT, Boston. The cooperation was later institutionalized in the Sustainability Challenge Foundation.

⁴The policy life cycle was introduced in 1984 by Minister Winsemius at a Conference of the US Business Community in New York. See also his book Guest In Your Own House, 1986.

THE POLICY LIFE CYCLE -
DIFFERENT PROBLEMS IN DIFFERENT STAGES (1995, NETHERLANDS)



2.7

The structure for integrated environmental policy was pursued in two complementary ways: analysis of themes and target groups.

- o **Themes** are areas of environmental problems which should be analyzed and solved in an integrated way. Five themes were defined in 1985:
 - Acidification
 - Eutrophication
 - Waste generation
 - Dispersion/toxification
 - Disturbance (local hindrance, noise etc)⁵

⁵Later climate change, dehydration and "squandering" were added to the themes (NEPP, 1989).

For each theme a theme coordinator on a senior level was nominated, who had to manage a process of integrated analysis of the problem, answering the following questions:

1. What is the nature of the problem in terms of causes and effects? (To be described as quantitatively as possible.) What is the level of (un)certainty by which the causes and effects relate to each other?
2. What would be the environmental quality standard by which the problem could be considered as being solved?
3. Which economic sectors are biggest contributors to the causes of the problem? What is their share in the causes? Which possible measures could be taken by them to reduce their contribution to the problem? What are the costs of those possible measures?
4. Which reductions in terms of the causes (discharges, emissions etc) are necessary, when the environmental quality standard as defined under 2 has to be achieved?
5. Which measures as defined under 3 could contribute most cost-effectively to the reductions as defined under 4? What would be the time-frame to introduce these measures?

The State Institute for Health and Environment (RIVM) played a major role in these analyses, managed by senior policy makers in the Department of Environment. The case of acidification worked as a model for this approach.

The question of uncertainty (see question 1) was of great importance in the policy debates. As Minister Winsemius put it for acidification: "If the level of certainty about causes and effects is more than 80%, we should not hesitate to take action, because that is a level of certainty which far exceeds the level of certainty in any kind of (commercial) investment."

- o **Target groups** are the economic sectors which contribute

most to the causes of the themes and which presumably will be affected most by policies in the years ahead. Four priority target groups were defined in 1985:

- agriculture
- transport
- energy generation
- refineries⁶

For each (priority) target group a so called target group manager was nominated on a senior level in the Department of Environment, who was assigned to build up and to maintain working relationships with that specific target group and to coordinate all the policies and negotiations which may affect that specific target group. In a later stage (1992) the organizational structure of the Department of Environment was changed to offer a clear point of contact in the Department for the target groups.

Each target group manager had to analyze his target group according the following scheme:

1. What are the contributions to the causes of the different themes of the target group at hand?
2. What are the "desired" reductions in terms of causes (discharges, emissions) possibly asked by the theme coordinators to the target group at hand?
3. What are the possible measures the target-group could take to meet the reductions as mentioned under 2;
What are the costs and what are the time frames

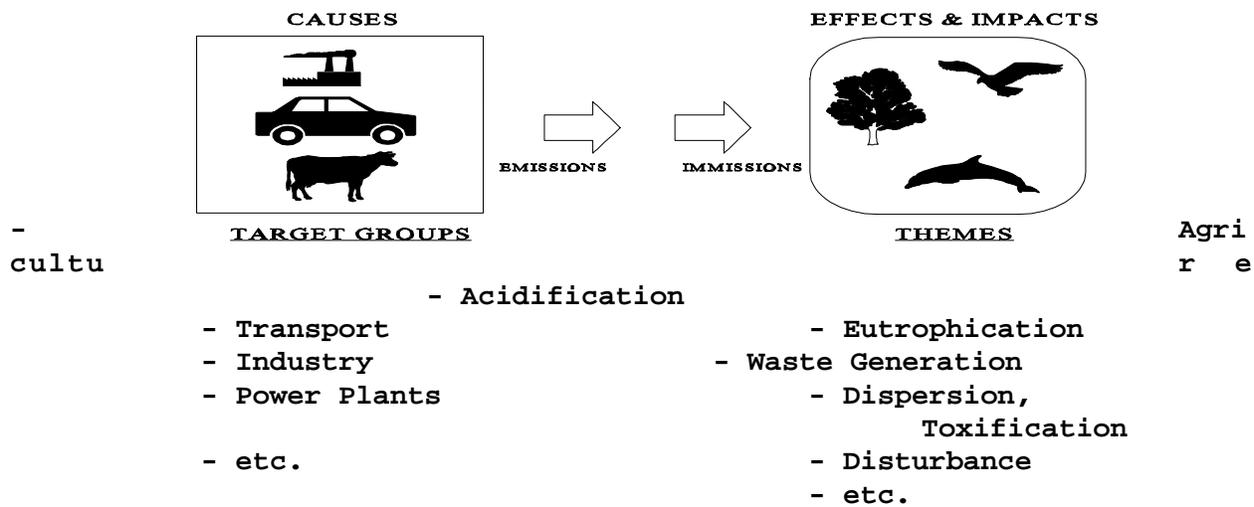
⁶Note that the focus shifted from manufacturing industry to other sectors, which was a form of priority setting asked for by industry. Later in the NEPP the list of target groups was "completed" and included: the chemical industry, other sectors of industry, the building trade, the waste management sector, the water supply sector, households, small business etc. The completion was necessary to get an involvement in Dutch society as big as possible for the far reaching policies proposed in the NEPP (1989).

- for those measures to be taken?
4. What is the economic and social structure of the target group? Who are key persons? Which are the key organizations? Which are the more progressive corporations and institutions in that network? Which role is played by other government organizations in influencing developments in the target group at hand?
 5. What are the (national and international) economic perspectives for the target group at hand? What technological developments might take place in the near-term and in the long-term? Which developments are of relevance to the environment?
 6. Which government actions could be most effective for the target group at hand to promote the reductions of emissions and discharges?

These analyses were discussed in the Department of Environment, but also with the departments usually dealing with the target groups for economic reasons (mainly Department of Energy, Department of Agriculture, Department of Transport, Department of Industry) and with the target group representatives. This approach enhanced the knowledge of environmental policy makers about the feasibility of measures and broadened the network within which environmental policy making took place. Note that, in the analyses, the policy instruments (like licensing, agreements, subsidies and levies) had only a minor place (#6 above), the focus was more directed on the (physical) measures to be taken and on the costs of those measures.

These analyses and network-building activities took place over 5 years (roughly the second half of the 1980's). The above mentioned questions were developed in the course of the process rather than designed at one moment in time.

 CAUSES AND EFFECTS, THEMES AND TARGET-GROUPS



- 2.8. In 1985 a policy note on environmental planning was sent to Parliament, after intensive interdepartmental discussions. The policy note asked for a general Environmental Act in which environmental policy planning should be a key element. Besides environmental policy planning, proposals were made to establish integrated environmental licensing and integrated environmental area protection. The main reasons behind the creation of the integrated policy planning were:
- o to promote the unity of approach throughout the different government levels (central, provincial, municipal, waterboards);
 - o to promote the cooperation of the departments jointly responsible for environmental policies at the central level;
 - o to discuss with Parliament and with the public at large the environmental qualities the policies would aim for, in relation to the necessary emission reductions and the costs of the measures which would lead to those reductions;

- o to give insight to target groups as to which policies would affect them in the near future and in the longer run; and
- o to provide a management tool for the policy making actions in the Department of Environment and in other departments.

3. STRUCTURE OF THE ENVIRONMENTAL POLICY PLANNING SYSTEM

- 3.1. The planning process launched in 1985 had a particular structure. A distinction was made between strategic planning and more operational planning: Strategic policy plans would be issued every four years; operational policy plans would be issued every year in combination with the budget documents to be sent to Parliament every September. The procedure to develop the plans does not provide specific procedural steps of public involvement.⁷ The philosophy is to develop the plan in a so called "open process" in which relevant stakeholding parties are involved, and in which the public at large is represented by the Parliament which has to approve the policy plans.
- 3.2. Each of the twelve provinces must develop environmental policy plans every 4 years: A combination of the environmental policy plan with a land use plan, a nature protection plan, a surfacewater scheme etc. is more and more likely to happen. On the provincial level the developments of these plans promote the cooperation between the different sectors in the administration and play a major role in public involvement in environmental protection.
- 3.3. For municipalities, the development of environmental policy-plans is not mandatory. However, as a result of the political attention paid to the first National Environmental Policy Plan (NEPP) and for environmental issues in general, most bigger cities developed an environmental policy plan, sometimes in combination with a land use plan.
- 3.4. Before the development of a NEPP starts, the State Institute for Public Health and Environmental Protection (RIVM), in cooperation with other relevant scientific institutes, issues an analysis of the state of the environment, including scenario's of possible development in the longer run (10 to 25 years time). Every two years the RIVM issues an evaluation of the environmental quality and of the

⁷This is different from the land use planning procedures, where stages of public involvement are mandatory.

contribution of environmental policies to improve the environmental quality. The RIVM is paid by the government, but is independent as far as the scientific quality of the studies are concerned. The work of the RIVM is generally seen as being of the highest scientific quality, partly because of the consensus building role the RIVM plays in the scientific community.

The Department of Environment, responsible for the relations with the Environmental Sector in the RIVM, is determined to get information of the Institute based upon scientific consensus. If other institutes have different scientific opinions, this is mentioned explicitly in the reports of the RIVM. This means that the Institute provides the government not only with scientific information but also with the range of (un)certainly connected to this information.

- 3.5. According to the general Environmental Management Act (1993) the strategic four year plan should include:
- o a description of the desired environmental quality for a number of priority issues (like environmental themes);
 - o a description of the emission (reductions) which could lead to the desired environmental quality;
 - o a description of the main contributing economic sectors, which should reduce emissions and the time-frame and share in the emission developments;
 - o the types of physical measures which could lead to these emission developments and their costs for the different economic sectors;
 - o the government actions which could lead to reduced environmental risks, like clean up operations;
 - o the foreseen regulations in the next period of four years;
 - o an indication of special areas (highly polluted or relatively pristine) which should get special attention by the central or provincial governments;
 - o a description of environmental actions of the different departments in the central government.

Note that essentially the emission reductions are based on an approach of analysis of the environmental quality; this is a risk-based approach in contrast of a technology based

approach (focussing on as much as possible emission reductions according to the best applicable technology). In the European Union this is the difference between the British approach (quality-oriented) and the German approach (technology-oriented). This more or less theoretical discussion took place in the Netherlands in the mid-eighties; finally the government policies were based on the notion not to direct policies to a "whiter-than-white" target (i.e., government should not pursue policies involving measures that produce little environmental gain at a very high cost). In practice, however, the analysis of environmental quality showed the necessity of such emission reductions that indeed the best technology is necessary to meet the targets (see para 4.2).

- 3.6. The Environmental Management Act makes it explicitly the task of the whole Cabinet to work on environmental policies. The plans have to be signed not only by the Minister of Housing, Land Use Planning and Environment, but also by the Ministers of Transport and Waterworks, of Agriculture, Nature Protection and Fisheries and of Economic Affairs. The Act also makes it clear that other central government plans like land use plans, infrastructure schemes, and the like, should be consistent with the environmental strategies. All plans affecting directly the environment are discussed in the Cabinet Council for Land Use Planning and Environment. These discussions are prepared by an interdepartmental high level committee for land use planning and environment chaired by an independent president. Projects leading to government plans are usually created as interdepartmental projects, including interdepartmental steering-groups and taskforces.
- 3.7. One of the reasons for environmental planning was to promote the unity in standard setting in the licensing procedures by the provinces and municipalities. It was thought, that the plan would provide so much detailed information about environmental quality standards that the provinces would be able to use this directly in standard-setting in the licensing procedures. In practice, however, the provinces work jointly together to make guidelines for emission standards on the basis of the NEPP, but the plan doesn't provide direct input for the licensing procedures.

4. THE FIRST NATIONAL ENVIRONMENTAL POLICY PLAN: CONTENT

4.1. The first NEPP (1989) was more of a "societal contract" than just a government action plan. There are three reasons for this:

- o The analysis by the State Institute for Health and Environment showed the necessity of drastic emission reductions.⁸
- o The plan was based on the notion of sustainable development, as called for in the so called Brundtland report⁹ (leading to a longer time perspective than the originally foreseen four years).
- o The attention in the preparation of the plan shifted from government institutions to economic sectors as target groups for environmental policies.

4.2. In 1986 the RIVM was asked to analyze the current environmental quality standards and notions, and to compare those with the economic and technological developments in the 25 years ahead (1985 - 2010), taking into account international developments affecting the Netherlands environment. The analysis was based on two scenario's:

- o a scenario of "business as usual" (no new policies, the current policies and regulations just being implemented in the near future); and
- o a scenario in which all known environmental technologies to reduce emissions would be applied in due time.

The idea behind the two scenario's was that these would provide a continuum of environmental measures which could be compared with the desired environmental quality, whereby then the most cost effective measures would be chosen as basis for government policies and regulations.

⁸State Institute for Health and Environment (RIVM): "Concern for tomorrow, a national environmental survey 1985 - 2010", Bilthoven, 1988.

⁹World Commission on Environment and Development: "Our Common Future", 1987.

Early 1988 a draft of the RIVM findings was presented to the Department of Environment, the main conclusions being:

- o To achieve a sustainable environmental quality in The Netherlands, given the economic trends, emission reductions of 70 to 90 % were necessary for almost all environmental themes.
- o The known environmental technologies, mainly add-on technology and clean up technology, were not sufficient to achieve 70 to 90 % emission reductions.
- o Therefore, environmental policies should also aim for structural changes in production and consumption processes.

These conclusions were beyond the expected conclusions (of about necessary emission reductions of 20 to 30%). This led to a more general strategic approach to promote the involvement of all stakeholding economic sectors and a drift away from the original idea of a more prescriptive strategic plan.

- 4.3. The notion of sustainable development was chosen as the main motive for environmental policies. Three reasons for environmental policies were given in the NEPP:

- o the (traditional) health reason;
- o the ecological reason; and
- o the economic reason.

For this last reason the argument was that spoiled and polluted areas would not provide the proper physical conditions for modern economic developments (for example to attract new electronic industries the country should provide clean and attractive areas for the high skilled and demanding laborers in those industries). The notion of sustainable development bridged the contrast between environmental policies and economic policies, at least on an abstract level. This provided a common ground with the Ministry of Economic Affairs and with representatives of industry.

- 4.4. The definition of sustainable development as introduced in the Brundtland report turned out not to be very useful for

policy making.¹⁰ A discussion about the needs of current and future generations would take a long (and may be everlasting) philosophical discussion, which would not lead to the emission reductions considered to be necessary.

Therefore in the NEPP, sustainable development is defined as a development by which every generation solved their own environmental problems, so to hand over a clean environment to the next generation. Given that the environmental problems were known from the RIVM analysis, and one generation would last for about 25 years time, this definition led to the conclusion that the necessary emission reductions of 70 to 90 % had to be achieved in a timeframe of 25 years. This new notion of sustainable development turned out to have strong appeal to all sectors in society. Twenty-five years is long enough to imagine drastic changes in the economy and in society, and it is short enough to relate the changes to your children. Also, the notion of 25 years time took away the threat of overnight government actions for which industry was most afraid.

- 4.5. To facilitate the discussion about the measures to be taken the following distinctions were made (according to the scheme of causes and effects):
- o Effect-oriented measures: those measures which take away effect but not sources of deterioration and pollution (for example, clean up operations);
 - o Source-oriented measures: those measures which take away the sources of pollution and deterioration; a further distinction was made between:
 - emission-oriented measures: add-on technology which reduces emissions and waste streams without changing the processes of production and consumption;
 - volume-oriented measures: legal and organizational measures which reduce the volumes of raw materials and products without changing production and

¹⁰According to the Brundtland report Sustainable Development is defined as "A development which satisfies the needs of the present generation without compromising the possibilities of future generations for satisfying their needs".

- consumption processes as such;
- structure-oriented measures: changes of a technological or other nature which change the processes of production and consumption by taking away the common causes of environmental problems.

Note that these definitions focus on the physical, practical measures to be taken by economic sectors primarily, and not on governmental policy instruments. It was quite clear that volume measures (for example: less cars, cows and other "holy" items) would be most unpopular as such and should be avoided as much as possible. Effect oriented measures are necessary because of heritages from the past, but are extremely expensive and don't contribute to economic innovations on the longer run.

Emission oriented measures are necessary, but add-on technology is in overall terms more expensive than changes which follow the normal investment-patterns of corporations and households. With these terms, there grew more and more a consensus that "finally" it would be most desirable to solve environmental problems with structure-oriented measures. With that consensus the focus shifted to the questions:

How?
 At what costs? and
 In what time-frame?

- 4.6. To oversee the impacts of policies leading to changes in production and consumption patterns (as to achieve the emission reductions in 25 years time), and to shift away from just cleaning up the environment to a more preventive policy, a third scenario was developed.

The third scenario was based on the notion of taking away the general causes of environmental deterioration. These general causes were indicated as follows:

- "Environmental problems are not isolated problems; they are interconnected and they share common causes:
- the opening or changing of substance cycles (for example, in eutrophication or with the waste problem);
 - the more intensive use of energy (for example, in

- acidification, dehydration, climate change); and the neglect of quality aspects in production processes and products (for example, in diffusion of dangerous substances and in nuisance and disturbance)."¹¹

The third scenario consisted of a number of physical measures (on top of the scenario 2 measures) on the basis of:

- o integrated life cycle management (recycling schemes);
- o energy extensification (improving efficiency, use of renewable energy sources and energy saving);
- o quality improvement of products, production processes, raw materials, waste and the natural environment.

- 4.7. The outcomes of the economic analyses of the different scenario's were backing the notion that structural changes in production and consumption were, in the long run, the best way to avoid environmental problems and to meet the targets of emission reductions.

Under the condition that other neighboring countries would follow the same policies, the third scenario could eventually lead to more GDP-growth than the standard economic policies foresaw in the longer run! The conclusion was drawn, that, as a whole, strict environmental policies, without big surprises for industry and in cooperation with the countries of the European Union, were not harmful for the economy as a whole. This analysis implied that environmental and economic policies can be very compatible, thus making the notion of sustainable development more concrete.

¹¹NEPP, page 9.

PERCENT CHANGES IN 1985 EMISSIONS RESULTING FROM
VARIOUS SCENARIOS

	Scenario Results in 2010			Necessary Emission Reductions
	<u>I</u>	<u>II</u>	<u>III</u>	
CO ₂	+35	+35	-20 to -30	-20 to -30
SO ₂ *	-50	-75	-80 to -90	-80 to -90
No _x *	-10	-60	-70 to -80	-80 to -90
NH ₃ *	-33	-70	-80	-80 to -90
Hydrocarbons	-20	-50	-70 to -80	-80
CFC's	-100	-100	-100	-100
Discharges to Rhine and North Sea	-50	-75	-75	-75 to -90
Waste Dumping	0	-50	-70 to -80	-80 to -90
Noise (leading to serious nuisance)	+50	0	-15	-70 to -90
Odor	+10	-50	-60	-70 to -90

* relative to 1980.

(Source: National Environmental Policy Plan, 1989 (3x)). The changes for noise and odor refer to percent changes in numbers of people experiencing nuisance.)

COSTS OF THE ENVIRONMENTAL SCENARIOS I, II, AND III
(in billions of 1985 guilders)

	<u>1988</u>	<u>2010</u>		
		<u>I</u>	<u>II</u>	<u>III</u>
Gross Annual Costs	8.3	16.0	26.3	55.8
Annual Savings	-	-	-	20.0*
Net Annual Costs	8.3	16.0	26.3	36.8
Idem as % GNP	1.9	2.0	3.0	4.0
Total Investments in the Period 1990-2010	-	100	200	350

* Savings in energy and raw materials; these are dependent on the development of energy prices. If the sudden 1985 price drop of 40 percent were to be set aside, savings could amount to about Dfl. 30 billion.

(Source: National Environmental Policy Plan, 1989 (3x)).

MACROECONOMIC IMPACTS OF SCENARIOS I, II and III						
Accumulated Effects in 2010	Intermediate Economic Scenario	Scenario I	Scenario IIa	Scenario IIb	Scenario IIIa	Scenario IIIb
Volume GNP(%)	+99.4	-1.3	-3.5	-1.9	-4.2	+0.5
Real Wages (%)	+62.0	-1.0	-2.8	-1.9	-3.4	-0.9
Consumption (%)	+120.0	-1.0	-2.4	-1.2	-2.1	+1.2
Employment(x1000)	+1200.0	-20.0	-49.0	-19.0	-20.0	+65.0
Unempl. (x1000)	-400.0	+18.0	+44.0	+17.0	+18.0	-58.0
Balance of Payments(% NI)	-4.0	-0.3	-0.6	-0.1	-2.3	-0.7
Budget Deficit (% NI)	-3.0	+0.6	+1.7	0	+4.0	-0.4
Interest Rate (QD)	-1.3	+0.2	+0.5	+0.2	+1.5	+0.6
Collective Tax Burden (% NI)	-1.8	+0.3	+0.3	+0.2	+1.6	+1.1

* Changes relative to 1985.

(Source: National Environmental Policy Plan, 1989.)

- 4.8. An important element in the preparation of the plan was the availability of cost estimates of possible measures. These estimates were inputs to the macro economic analyses mentioned in 4.7., and were also critical in discussions with representatives of economic sectors and in the Cabinet.

Part of the costs were projected to be paid by the government (clean up operations, improvement of support and enforcement by government agencies, some subsidies, investments in infrastructure). Therefore, the Cabinet started a preliminary discussion about the plan. The Cabinet discussion was not about the environmental long-term targets as such, but about the necessary budget for the first four years.

The prime minister Ruud Lubbers took a very active part in this Cabinet discussion, focusing on the way to finance different measures with innovative financial mechanisms rather than relying on existing revenue sources. One financial mechanism (reducing tax relief for automobile commuters) caused such a high tension in the coalition that the Cabinet fell (May 1989), leading to elections in which

environmental issues were at the top of the agenda.

- 4.9. According to the findings of the RIVM, long term targets were set for each of the environmental themes. Most of the targets were described as emission reductions rather than as environmental qualities. Environmental qualities to be achieved were described in more qualitative form. The emission reduction targets were described in quantitative terms and were the main focus for debate. This was a tactical choice: a policy debate about environmental quality as such would be as meaningless as a debate about the desirability of nice weather, whereas emission reductions relate much more to real economic choices (via physical measures and their costs). From the long-term (2010) targets, intermediate targets for 1994 and 2000 were derived. The 1994 targets related most directly to short term measures to be introduced by implementing the plan.
- 4.10 For all target groups a set of measures were described which could achieve of the contributions of the target groups to the emission reductions. Some of these measures related directly or indirectly to government actions (for example the funding of new depositories for chemical waste). Other measures were described in a broad way so as to give the target groups the opportunity to seek their own way (for example the reduction of toxic releases by industry).
- 4.11 The plan called for almost all government departments to make changes in their policies towards sustainable development. The reintroduction of energy saving programs (after a period in which the Ministry of Economic Affairs had skipped all these programs) was of crucial importance in this process of integration of environmental issues in other policy areas.
- 4.12 As the plan more and more took on the character of a "social contract" which would promote actions from all stakeholders in society, the idea of explicit priority setting in terms of environmental issues was skipped. The priority setting had to take place when target groups would draw up their plans based on the NEPP. Furthermore, of course, priority setting took place in the discussions about the funding of government actions. Thus, priorities were not set among the

level of environmental issues or themes, but among the measures to be taken (not solely on the basis of environmental risk, but on the basis of cost-effectiveness in the implementation stage).

- 4.13 The original plan was not decisive about the policy instruments to be used for implementation. The option of covenants were mentioned, as were options of financial mechanisms (some of which were introduced by the plan, like the reduction of commuter tax relief) and regulations. Most of the plan, as far as industry would be involved, would be implemented finally by the licensing procedures of the provinces and municipalities.

After the elections of 1989, the new Cabinet (a coalition between Christian Democrats and Social Democrats) made an addition to the plan (NEPP-plus). This addition devoted more discussion to the question of whether the implementation would take place via regulations or via other instruments such as negotiated agreements/covenants.

- 4.14 The distinction between regulations and negotiated agreements were seen at that time as absolute: regulations would give all power to the Cabinet and finally to Parliament, whereas in negotiations Parliament could only "wait and see" what the Cabinet could achieve in the negotiations with industry. For a number of reasons, negotiated agreements were the overall mechanism of implementation of the plan in industry:
- o The plan was so comprehensive, that the amount of specific regulations would have been almost overwhelming.
 - o The plan focused on targets 20 years ahead. Regulations could not go beyond the practical options at the time they are written, so they tend to be conservative.
 - o For many regulations applying to industry, the Dutch government has no "competence": these regulations would have to be set at the level of the European Union, which meant even more delay than the preparation of national regulation.
 - o Regulations are not a direct tool for the management of change within the corporations; they do not grab the attention of the management of corporations, and all

the time of preparation of regulations would be perceived as "silence" by industry.

The conditions for negotiated agreements were:

- o Agreements should be signed by key corporations in a specific economic sector, not only by the industry associations.
- o Agreements should consist not only of targets and measures to be introduced (including time frames), but also include monitoring programs and contingency plans (not excluding regulations at the end of the day).
- o Draft agreements should be sent to Parliament so to give Parliament the option of blocking an agreement before the minister could sign in.
- o Agreements should also consist of international actions to promote other (European) countries to follow the same path of emission reductions. (This was an important condition for industry).

- 4.15 As the cost estimates of the possible measures to meet the targets were rather rough and uncertain (given that it was the first time that such calculations were made), representatives of industry were hesitant to sign on to the plan as a whole. For that reason a joint monitoring committee was set up by the Government and industry. This committee played a crucial role in the implementation of the plan by way of negotiated agreements in a later stage.
- 4.16 The NEPP was issued May 25, 1989, a couple of weeks after the fall of Cabinet Lubbers-2, and was sent to Parliament the same day. Also, it was handed out to some forty key representatives in Dutch society and economic sectors.
- 4.17 The NEPP contained some 50 strategies, and touched upon all the themes and the target groups discussed earlier, technological development, international policies, cooperation between government institutions, cooperation with the private sector. These 50 strategies led to some 250 policy actions, some being the announcement of more clear cut standard-setting in a specific field, others being the announcement of a new subsidy for energy-saving programs etc. The policy actions were meant to be the first steps towards implementation of the plan.

4.18 In retrospection, the plan can be seen as a form of an overall policy package forming a "social contract" consisting of:

- o a vision (sustainable development)
- o an analysis (the findings of RIVM)
- o objectives (which effects should be changed)
- o targets (which causes should be changed)
- o measures (the concrete changes that must take place)
- o costs (making priority setting possible)
- o implementation (conditions for implementation)
- o monitoring (checking the outcomes, feedback)

In this retrospection the policy instruments can be seen as part of the implementation conditions.

5. THE FIRST NATIONAL ENVIRONMENTAL POLICY PLAN: PROCESS

- 5.1. Reports don't change the world - people do, when they are determined, and when they have the possibility to make changes. Therefore, the social process of policy development, including the process of drafting a plan like the NEPP, is of utmost importance for the success of the policies. It was recognized in an early stage of preparation of the plan that the social process, which would lead to the plan, would need a lot of emphasis and attention. The preparation of the plan went through several crises, each of them can be analyzed as periods in which the process was in some danger of failing.

The preparation of the NEPP can be seen as only a small step in a bigger series of steps together forming a social process on the scale of a country leading toward sustainable development. The final steps are real, practical changes in behavior in a workplace, in a factory, in a specific household, or by a specific individual. The ways leading to these changes are only tools. In many discussions in the government, however, these tools (for example some kind of regulation) are seen as the final steps, when, in fact, they are merely important steps toward a goal.

- 5.2. A policy process such as the NEPP takes time. For example, the following steps in the preparation and implementation of the NEPP can be distinguished:

- o 1984 - 1986 First ideas about environmental policy planning. First attempts to make integrated, indicative, multi year programs, in cooperation with other departments.
- o May 1986 First workshop with representatives of private sectors, provinces and municipalities, central government, environmental groups, scientists.
- o Nov 1986 Creation of project and steering group for the interdepartmental preparation of the NEPP.
- o Jan 1987 Assignment to the RIVM to do scenario

- study.
- o Spring 1987 Project group meetings; meetings with all interested parties.
- o Fall 1987 Workshop with representatives from in and outside the government on the overall strategy for the plan. Agreement on goal of avoiding simple "environment versus economy" choices.
- o Nov 1987 Meeting of all directors of the Department of Environment deciding "sustainable development" should be the leading motive for the NEPP.
- o Feb 1988 First results of the RIVM scenario study. Change in tactics in the preparation of the plan into a more political agenda setting plan.
- o Mar 1988 Creation of a new interdepartmental taskforce. More direct role for the steering group.
- o May 1988 New people in the project group.
- o Jun 1988 First draft NEPP.
- o Jul 1988 Second draft NEPP distributed outside the government.
- o Aug 1988 Decision to organize ten meetings with key persons from the different economic sectors to get them involved in the preparation and in the implementation of the plan.
- o Oct 1988 Ten day-long sessions with key persons; providing them the draft results of the RIVM study; and focusing on contributions they could make towards sustainable development.
- o Oct 1988 Debate about environment in Parliament in the frame of the yearly budgetary discussions. Prime Minister involved directly. Intense media coverage.
- o Nov 1988 First negotiations on CEO level.
- o Dec 1988 Third draft NEPP. Indication of the costs and of the possible budgetary impacts for the government.
- o Dec 1988 Christmas speech of H.M. the Queen about sustainable development and the need for

- joint efforts to protect the environment.
- o Dec 1988 Prime Minister Lubbers, French Premier Rocard and Norwegian Prime Minister Mrs. Brundtland decide to organize the Conference of The Hague as first international step in the discussion about the Brundtland report.
 - o Jan 1989 First Cabinet discussion about the draft NEPP.
 - o Jan 1989 Advice to the Cabinet from the High level economic advisory committee, indicating that no extra government money should be spent on environment.
 - o Spring 1989 Cabinet discussions. Prime Minister takes the lead to seek ways for financing different measures as indicated in the Draft NEPP.
 - o Apr 1989 Final Cabinet discussions. Coalition parties in Parliament (unofficially) involved. Liberal party doesn't agree with one specific financial proposal.
 - o May 1989 Discussion in Parliament. Fall of the Cabinet. Decision to issue the plan as was agreed in the Cabinet before it fell.
 - o May 25, 1989 NEPP is sent to Parliament and handed to some 40 representatives of private sectors, environmental organizations, provinces and municipalities.
 - o Summer 1989 Election time. Christian Democrat leader Lubbers announced a stricter policy for CO₂ abatement than in the plan. All parties make proposals to strengthen the plan, mainly financially.
 - o Sep 1989 Elections and formation of new Cabinet.
 - o Nov 1989 New Cabinet of Christian Democrats and Social Democrats. Decision to create a "NEPP-plus;"
 - o Dec 1989 Interim plan for the implementation of the NEPP.
 - o June 1990 NEPP-plus issued.
 - o Fall 1990 Parliamentary approval of NEPP and NEPP-

- plus.
- o Fall 1990 Start of full scale implementation of NEPP's. Management workshops in the Department of Environment.
- o Fall 1990 Conference with provinces and municipalities about the implementation of the NEPP.
- o Fall 1990 Plan to cover implementation in industry with overall covenants. Start of negotiations.
- o 1992 First covenants with industry signed.
- o 1992 Decision by the Minister of Environment to prepare a second NEPP (according to the Environmental Management Act). Discussions in Cabinet about the restrictions for this second NEPP.
- o Summer 1993 Evaluation of the implementation of the NEPP. In all sectors implementation in planning stage. Evaluation essentially to early to draw conclusions.
- o Dec 1993 Second NEPP sent to Parliament.
- o Feb 1994 Parliamentary approval of the second NEPP.
- o May 1994 Elections.
- o Sep 1994 New Cabinet without Christian Democrats. "Environment" to be integrated in economic policies according to the coalition agreement.
- o Oct 1995 Decision to prepare a third NEPP to be issued in 1997.

These steps can all be seen as part of one process of preparing (integrated) policies, implementing them, getting (first) feedback on the implementation and readjusting the plan in a second (or third) generation. The total introduction of these overall, integrated policies took a full 10 years. The continuity of the process is an important element in its success. Changes in the coalition of the government did affect the emphasis on specific elements, but did not affect the overall process.

5.3. In this kind of process, different people play different

roles. In retrospect, some of these roles can be distinguished:

The sponsor

Each policy process needs someone at a certain distance from the real day-to-day work, who defends the fact that the process exists (against the ones who try to frustrate the whole process); who publicizes the process in speeches; advocates the process (but does not take a personal standpoint in the process); and who pays attention to the "care and feeding" of the people involved in the process. Such a person has normally a senior position, has a broad view of the policy landscape, and can relate the specific process to other policy developments. This person is hardly visible in the process, and does not fulfill specific tasks in the process.

The process manager

This person really has an overview of what is going on and who is able to direct the different interactions among the different players. This person is not necessarily heavily involved in the content of the developments, although he or she is well informed about the content and about the different positions and interests of the different players. First of all, this person feels responsible for the process as such, not necessarily for the outcome in terms of the content of policies. Usually, the process manager is a senior official, but this role can be played by others as well.

The driving force

This person's focus is on the content of the developments, is very much interested in results, preferably of a specific nature, and tries to give input to the process again and again by providing the other players new options, revised drafts of documents, new ideas etc. In terms of the content of the policy issues, this person is the most creative one in the process.

The informer

This person's focus is on delivering information to the process players. Typically, this person has a scientific background, plays a critical role ensuring that decisions

are well founded on good analysis and proper insight. He might not be interested in the outcomes as such, but rather in the sound way scientific or other information has been handled. However, the functioning of the informer is dependent on his/her ability to communicate effectively with policy makers.

The adversary

This person sees the process as something that might negatively affect his interests and so he is opposed to the process as such, no matter the outcomes of the process in terms of the content. Many adversaries stay outside the process and just wait for the right moment to stop it. Luckily, not all processes have adversaries, but adversaries may turn up at any unexpected moment.

The stakeholders

These persons are not any more adversarial to the process as such, although their interests might be affected by the outcomes of the process, and so they want to play an influential role in the process. Sometimes, they represent policy fields with interests which are directly under "attack" by the process at hand. Sometimes they are interested because they represent organizations which have to implement the possible outcomes of the process.

The right hand

This person is the one who cares for the process in a very practical way: sending documents out, informing everybody in the process about meetings and other events, caring for involvement of all stakeholders, helping the process manager. Usually this person has a more junior status, and is often forgotten as one of the main players, but this kind of person is absolutely crucial for the success of the process.

The audience

There might be a broader audience, e.g, the media or the general public. However, it could also be the neighbour of the process manager, the family of the stakeholders, or the friend with whom the adversary has his happy-hour drink. The audience is also often forgotten, but plays sometimes a crucial role. (A good example of that is the role played by

grandchildren of CEO's, convincing them that sustainable development is something which relates to the caring character of the grandfather - grandchildren relation.)

The media

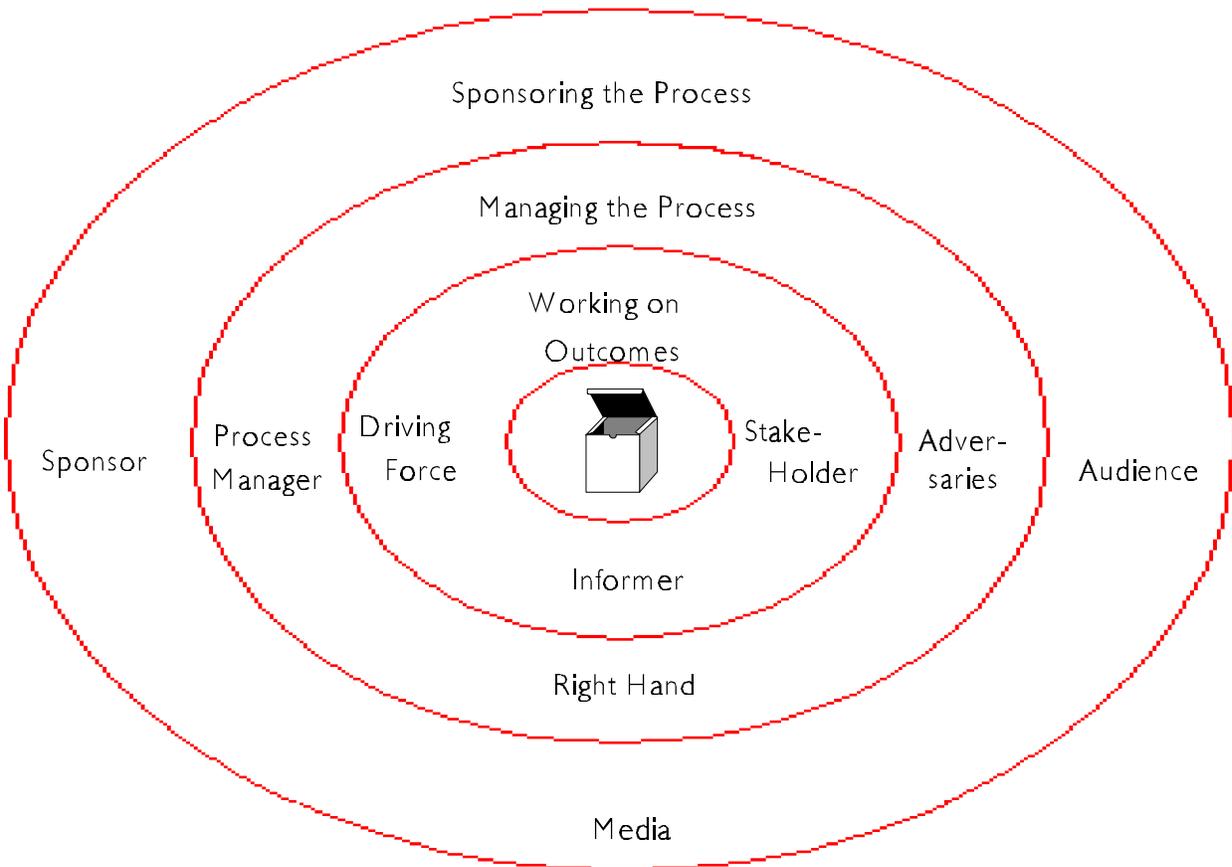
The media play an important role in any substantial policy making process: first, by setting political agenda's; second, by "translating" the sometimes difficult policy language into ordinary speech; and third, by posing questions on behalf of a broader audience.

- 5.4. Retrospectively, some lessons from the process can be drawn:
1. It is important in setting up a process to realize who could play the role of sponsor, process manager and driving force, those being the three roles necessary even to begin a process. In some early stages in the Dutch process, a sponsor was missing and that immediately affected the process: adversaries and stakeholders did not take the process seriously enough.
 2. The distinction between process manager and driving force is crucial. The driving force needs the protection of the process manager to develop ideas and to be as innovative as possible. The process manager needs to defend the ideas of the driving force as "options" for a possible outcome, not as "the" outcome (in the latter case he becomes driving force him/herself).
 3. The distinction between adversaries and stakeholders is also important. Many policy makers mistake stakeholders for adversaries, and thus make them into adversaries. The process manager can play an important role in converting adversaries into stakeholders, with whom negotiations can be started about the content of the policies and implementation strategies.
 4. It is not necessary that the roles be played by the same persons during the whole process. In processes of this kind, such continuity is highly unlikely. However, when personal changes take place (as for example the introduction of a new minister), it is

important to realize that the newcomer may play a different role than the person he or she replaces officially. For example, Minister Nijpels (Minister for Environment from 1986 through 1989) played, first of all, a role as sponsor of the process (from 1988 onwards), but his successor Minister Alders (Minister from 1989 through 1994) played the driving force role himself. Therefore, senior civil servants had to play a sponsoring role.

5. Never neglect adversaries or possible adversaries. Given that environmental policies affect so many people in the short and long run, it is important to get everybody "on board". The big challenge is to identify possible adversaries and to turn them into stakeholders (this does not require turning them into environmentalists!).
6. The "helper" roles (informer, right hand, media) need attention right from the beginning. The informer's role is more than that of being a scientist offering an occasional report. Rather, it is someone who is daily involved in the negotiation process and seeks ways to provide information in a timely and useful fashion in the negotiations. For instance, cost estimates and finance options for various policy measures were made easily accessible via computer-based spreadsheets. This was a crucial information source during the final discussions about the NEPP in the Cabinet.

DIFFERENT PROCESS ROLES IN RELATION TO EACH OTHER



5.5. Different departments were involved at early stages in the process. Some departments took a stakeholders role; others played more of an adversary role.

The Ministry of Transport and Waterworks, responsible for water quantity- and quality-policies, traditionally played a role as driving force in the environmental debate. The Department of Waterworks always opposed an environmental

quality approach, and favored an emission reduction approach. However, that sentiment faded away after the findings of the RIVM. The Department of Transport was aware of the importance of more environmentally friendly transportation for economic reasons (e.g., to reduce traffic jams) and needed the help of the Department of Environment in its efforts to shift policies.¹²

The Ministry of Agriculture, Nature Protection and Fisheries was an ally concerning nature protection, although the focus of nature protection policies was mainly on effect-oriented measures (in order to avoid source-oriented discussion about agricultural policies). The Department of Agriculture played a stakeholder's role right from the beginning, realizing that changes in agricultural development would take place in any case. By doing so they supplanted the direct stakeholder's position of the representatives of agricultural businesses. Although many local initiatives in agriculture have been taken, the agricultural sector continues to pose major challenges in achieving sustainable development.¹³

The Ministry of Economic Affairs played the role of adversary, although some of its senior representatives saw the importance of being a stakeholder in the process (for example to get funding for the resumption of energy conservation programs). Overall, there was reluctance to create policies which were contrary to free market

¹²It is said that the Minister of Transport and Waterworks Mrs. Kroes (minister 1982 - 1989) became a proponent of stronger environmental policies after visiting one of the bigger natural areas which developed in the new polders in the former Zuyderzee.

¹³The import of fodder for cattle and pig raising is one of the most important technical elements causing a severe manure problem in the country. Part of the developments in agriculture have been under heavy influence of the Common Agricultural Policy of the European Union. Economically speaking, agriculture is still a strong sector.

ideology¹⁴. This attitude made it possible to have more direct relations between the Department of Environment and the representatives of industry and to use to information about the forerunners of industry. Given that the Ministry of Economic Affairs was defending an ideology linked with the status quo (rather than promoting policies for well-defined interests), it was difficult to make "deals." Discussions with Economic Affairs tended to be "yes-no" discussions.

The Ministry of Finance/Treasury played an important role in the last stages of the preparation of the NEPP, because of the proposed funding of several measures. Because of its strong and well defined interest (no growth of direct government spending and of the so called collective financial burden for the private sectors), it was possible to work together at finding innovative ways for funding. After the NEPP-plus, the Ministry of Finance set up a sector for environmental taxes, which was important for the introduction of an energy tax and other forms of new taxes.

- 5.6. The provinces and municipalities had a direct stake in the outcome of the NEPP process: the NEPP would play a role in the exercise of their responsibility in i.a. licensing procedures. However, in the course of the process, they realized that the NEPP would not be directly useful for them, but could be used as source of inspiration to work on jointly implemented schemes both for the 12 provinces and for the municipalities (united in an association). One of the outcomes of the NEPP process, however, was the enhancement of central government funding for environmental activities of provinces and municipalities. This funding was given under condition that, at least, the licenses would be made up-to-date. In addition, the money was used for strengthening the environmental sectors in comparison to the

¹⁴The trauma of subsidizing old style industries (like the ship-building industries) which was the policy in the 1970's and which turned out to be a waste of money, was a strong influence on the reactions of the Ministry of Economic Affairs during the late 1980's to certain environmental policy proposals.

land use sectors and the development sectors in municipalities.

- 5.7. The private sector, especially industry, played a decisive role in the preparation of the plan. The forerunners saw the importance of being stakeholders rather than adversaries. The overall commitment of industry to the draft NEPP¹⁵ (not the NEPP-plus) meant that the Cabinet was confident at that time (early 1989) about the support from the main economic sectors. Later, when the NEPP plus was announced (for political reasons) by the new Cabinet, this caused a major shock: the government had lost part of the credibility by going further than the NEPP without having built the necessary stakeholder support. Proper consultation during the NEPP-plus preparatory process would have largely prevented this outcome. Later, a sudden proposal for an energy tax shocked industry again, and trust had to be restored by talks facilitated by the Prime Minister.
- 5.8. The environmental groups played an important role in two ways: first, agenda-setting long before the preparatory process began; and second, delivery of ideas for alternative measures. The third scenario was based on all kinds of studies previously made by environmental groups about *inter alia* transport, agriculture, industry, and energy. Once the NEPP was issued, the role of the environmental groups became less important for the process. The environmental groups shifted their strategies from government orientation to a focus on households, small businesses, international items (e.g. timber), etc. Huge controversial issues (like nuclear energy during the early eighties) were not on the agenda. The introduction by Greenpeace of a model of a very clean and low-energy-use car is an example of a new orientation of the part of environmental groups.
- 5.9. The members of Parliament (acting on behalf of the public at large) are by definition the most important persons in drafting and implementing government policies. However, in the process as described above, the Dutch members of

¹⁵This commitment was worked out in the joint committee on the monitoring of costs and implementation.

Parliament played first of all the role as audience. The new policy-making approaches of direct negotiations between departments and private sectors indeed could be seen as a dangerous decrease in the influence of elected representatives. The discussion about negotiated agreements versus regulation was mainly a discussion about the role of Parliament in defining standards for the environment. In political terms, however, many environmental policy decisions must be based on highly technical information that elected representatives find difficult to handle and process. Therefore the political debate around the NEPP centered on two issues: money for government funding and the CO2 target, both being simple political indicators for a decision for or against the environment. Simple political indicators often emerge from complex and technical policy debates, and perhaps are inevitably the way a democracy deals with such issues.

As the NEPP led to a great number of separate policy documents and regulations to be discussed in Parliament in the early 1990's (including the draft negotiated agreements with industry) the involvement of Parliament ultimately went well beyond the two issues cited above.

6. THE IMPLEMENTATION PROCESS

- 6.1. A national environmental plan, even with broad stakeholder support, is merely a piece of paper unless it is implemented. The key to implementation is to get the policies "out of the bureaucracy", because bureaucracies (especially centralized bureaucracies) are by nature not the best institutions for spurring action. Explicitly, a decision was made not to establish a single, large implementation organization for the NEPP. The main institutions to apply the NEPP would remain the provinces and the municipalities. It was also important to involve other departments in the implementation of environmental policies to build political support and to spread political risk. This meant that the Department of Environment had to play a coordinating and catalytic role in the implementation process apart from the many policy actions to be performed by the Department itself.
- 6.2. Within the Department of Environment, all the policy actions (see 4.17) were divided among the different directorates. Moreover, the policy actions were combined into policy programs and senior officials were made responsible for implementation. Although all directorates had been involved in the preparation of the NEPP, it took about a year (until the fall of 1990) to integrate the different policy actions into the work programs of the directorates. Later, in 1991/1992 the Department got a new organizational structure to be better prepared for the implementation phase (with more high level managers in a management team, and more clear points of contact for target groups). A training program was set up (involving Prof. Lawrence Susskind of M.I.T.) called the "Implementation Challenge" to train all the 400 officers who were somehow involved in the implementation of the NEPP. Trainers were recruited from the senior staff in the Department itself. As part of the training, simulation games were played which related to possible future developments in the implementation phase of

the NEPP.¹⁶ The simulation games were used to train people to use a set of principles for the "Implementation Challenge" (see table below).

PRINCIPLES FOR THE IMPLEMENTATION CHALLENGE

- * TAKE INITIATIVE
Don't delay until you are on the defensive. Try to shape perceptions of the problem and possible solutions. Minimize the extent to which other actors dictate your moves.
 - * EMPHASIZE OUTCOMES
Devise realistic options early. Focus on solutions not analyses. Link actions to achieving results.
 - * SEEK CONSENSUS
Develop mechanisms to build trust. Design options to satisfy interests. Listen carefully and try to understand different interests.
 - * ACT JUSTIFIABLY
Behave as you would want others to behave. Strive for consistency within your mandate. Be explicit about justifying your actions.
 - * MAINTAIN CREDIBILITY
Always consult before deciding. Make realistic commitments. Minimize secrecy.
-

¹⁶See: Lawrence Susskind and Jeffrey Cruikshank: "Breaking the Impasse: Consensual Approaches to Resolving Public Disputes", The M.I.T.-Harvard Public Disputes Program, Basic Books, New York, 1987; also Roger Fisher and Danny Ertel: "Getting Ready to Negotiate: The Getting to Yes Workbook", Penguin Book, New York, 1995.

- 6.3. In the first stages of the implementation of the NEPP an unforeseen development occurred: many public and private institutions started to make their own Environmental Policy Plans, often being a kind of translation of the NEPP into the setting of that specific institution. In the central government, the NEPP coincides with a number of strategic policy documents from different departments,¹⁷ some of them being rewritten after the publication of the NEPP by decision of the then new Cabinet (1989).

The NEPP should be seen in relation to these policy documents as overall government policy. In the early 1990's the following government documents were approved by Parliament, all relating to the NEPP:

- o Fourth Whitepaper on Land Use planning
- o Third Program on Water Management
- o Nature Protection Plan
- o Agriculture Restructuring Plan
- o Energy Saving Program
- o Sustainable Housing Program
- o Second Transportation Scheme

- 6.4. Also, the provinces made a joint implementation plan for the NEPP. Some of the policy actions in the NEPP (e.g., those relating to specific areas) were taken care of explicitly by the provinces. All provinces made environmental policy plans in the early 1990's, sometimes by updating older plans, but in most cases by developing new plans. The association of municipalities made an implementation plan which was related to the extra funding for municipalities from the central government. Almost all bigger cities made environmental policy plans on a voluntary basis. In some of those plans (e.g., Amsterdam, Rotterdam) innovative approaches for balancing the different interests in the inner cities were developed.

In the NEPP and in the Fourth Whitepaper on Land Use

¹⁷The Cabinet Lubbers-2 (1986 - 1989) worked on the so called "Agenda for the Future". Somehow this had affected almost all departments in leading them to look ahead several decades.

Planning, ten areas were defined where special attention was necessary either to solve severe environmental problems, or to protect specific areas against degradation. Among these areas were the Amsterdam Airport Area (Schiphol), The Rotterdam Harbour Area, and the Green Hart of Holland Area. For all these areas, steering groups were set up at a high level consisting of representatives of public and private sectors. In most cases the provinces took the lead in the processes which required some kind of joint plan for those areas. In many cases it was the first time that a combined focus on environment, land use, and economic development took place with many stakeholders.

The Amsterdam Airport Area has become a "cause celebre" in that for the first time discussions were directed towards restrictions on the expansion of the airport. The Schiphol airport is of utmost importance for the transport sector and for economic development in the Amsterdam area. At the same time the airport is located in one of the most densely populated areas in the Netherlands. In 1995 Parliament approved the "deal" allowing expansion of the airport, a new airstrip (to avoid extra noise nuisance) and a maximum of 40 million passengers per year.

- 6.5. The implementation of the NEPP by industry got the most attention and represented real innovation in policy implementation. The NEPP was clear about involvement of target groups in the implementation of the NEPP. The NEPP also indicated that covenants might be a good way of implementing the plan. Covenants did exist already, the oldest being a simple document piece of paper signed by some CEO's and by the Minister saying that phosphates should be phased out as detergents. Covenants evolved in the NEPP; they were not invented as new policy tool. In the program to screen all waste streams (which was set up before the preparation of the NEPP), the Department of Environment worked together with all relevant stakeholders and they developed covenant-like agreements. One of the more politically sensitive covenants related to packaging reductions (finally signed in 1991).

For the representatives of industry, notably the employers'

organization VNO/NCW¹⁸, the commitment to the implementation of the NEPP was related to direct involvement in the implementation strategies because the main reason for cooperation from their side was to "buy certainty" (of at least to reduce uncertainty) about the government's actions. Realistically, implementation of the NEPP solely by regulation would have been almost impossible (or at least very time consuming) and implementation would not have moved "out of the bureaucracy" in that way (at least not for a period of five years or more).

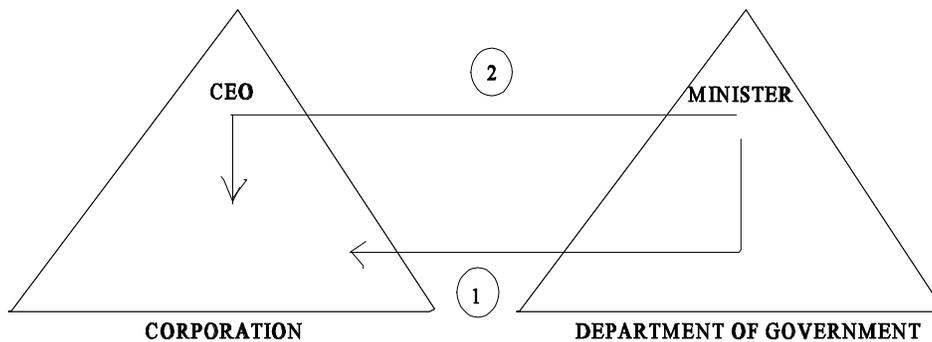
In retrospect, the main advantages of the "translation" of the NEPP to different sectors of industry were:

- o involvement of CEO's directly in signing up;
- o feedback from industry to the central government;
- o maintaining a multimedia, integrated approach;
- o long term targets remaining the focus of policies;
- o flexibility for industry; and
- o strong linkages to the internal environmental management system of corporations.

These advantages are illustrated in the figure below.

¹⁸ The VNO/NCW is the "Verbond van Nederlandse Ondernemingen/Nederlandse Christelijk Werkgevers Verbond," a trade and lobbying organization for Dutch industry. VNO/NCW is the most important discussion partner regarding financial, economic, and social affairs concerning industry. Membership includes all industry trade associations as well as major companies in the Netherlands.

THE DIRECT INVOLVEMENT OF CEO'S IN NEGOTIATED AGREEMENTS



1. INFLUENCE VIA REGULATIONS
2. INFLUENCE VIA NEGOTIATED AGREEMENTS

On the other hand, doubts will remain until more results are in, and implementation is by no means complete.

Environmental groups and members of Parliament were very skeptical in the beginning of the process. The covenants don't replace the licensing procedures, but are managements tools on top of the "normal" licensing. As the Environmental Management Act asks for update of licenses every four to five year, and as the covenants are worked out by corporations in corporate and facility improvement plans, these plans fit in the licensing procedures for updating. Joint monitoring is an important element in the overall process of implementation.

The attitude of Dutch industry toward the NEPP and toward

environmental policy is summarized well in a 1995 VNO/NCW policy statement¹⁹:

"From an early stage, Dutch industry has met the challenge of environmental protection, for reasons of both self interest and social responsibility. But if industry and its representatives like the VNO-NCW are to respond adequately to the challenge, the government must satisfy four fundamental conditions:

1. National environmental targets must have a solid foundation and must not be subject to constant change. The four-yearly cycle of NEPP's must be respected, as it would be unwise (unless absolutely unavoidable) to keep adjusting policy aims along the way.
2. Besides being consistent, the government must also act as a reliable partner in concluding agreements such as covenants.
3. The government must create proper financial regulations governing environmental protection. The principle "the polluter pays" means that each company should be presented with its own bills, not those of others. Collective expenditure which cannot reasonably be charged to an individual polluter must be paid for from public funds.
4. Dutch environmental policy must not be viewed in an international vacuum. As Europe sheds its borders, both economic and environmental, it would be completely irresponsible for the Netherlands to adopt an isolated position on environmental matters.

"That is not to say that the Netherlands could not seize the environmental initiative, either in Europe or worldwide. Indeed, the Netherlands' pioneering role can give Dutch industry a competitive edge in environmental know-how, provided that this leading role is balanced. The best international rule of thumb should be: is Dutch policy effective in controlling pollution, is there a reasonable chance that other countries will

¹⁹Environmental policy in the Netherlands, the role of industry, VNO/NCW, The Hague, 1995

follow suit, and what will the consequences be at the macro, meso and, occasionally, even micro-economic levels?

"In VNO-NCW's view, these factors should first be evaluated in an economic impact report before any decision on environmental protection measures is taken."

The more or less implicit assumption in the above statement of the Dutch employers' organization, namely that Dutch environmental policies always effectively are in the forerun in comparison with other countries, can not be proven. In many cases of regulation, the Dutch environmental policies just follow the European directives (which the Dutch government usually plays a very active role in shaping).

The skepticism concerning negotiated agreements among environmental groups has decreased somewhat in the last several years. There have been instances of negotiated agreements between industry and environmental groups directly, without government influence. For example, a covenant was signed between the potato growing industry and Friends of the Earth regarding changes in the use of pesticides in due time in exchange for holding off consumer actions against companies by the environmental groups (which can be very effective, as was shown in the case of PVC in packaging materials and in the case of the Brent Spar). Industry sectors involved in covenants appear in the table below.

DUTCH INDUSTRY SECTORS COVERED BY ENVIRONMENTAL COVENANTS

BASIC METAL INDUSTRY
 CHEMICAL INDUSTRY
 DAIRY INDUSTRY
 PAPER INDUSTRY
 PRINTING INDUSTRY
 METAL WORKING AND ELECTRICAL ENGINEERING INDUSTRY
 TEXTILE INDUSTRY
 MEAT PROCESSING INDUSTRY

BRICKS AND ROOF TILES INDUSTRY
RUBBER AND PLASTICS INDUSTRY
OIL AND GAS PRODUCTION

BESIDES THESE OVERALL COVENANTS TO IMPLEMENT THE NEPP, SOME 30 COVENANTS HAVE BEEN SIGNED BETWEEN INDUSTRY AND THE DEPARTMENT OF ENERGY TO IMPROVE ENERGY EFFICIENCY BY 20% BEFORE THE YEAR 2000.

- 6.6. Some general lessons can be derived from the Dutch experiences in implementing an environmental plan like the NEPP.

Once adversaries are turned to stakeholders (e.g., what happens in the process of developing a covenant) four types of concerns of stakeholders can be categorized, which form together a kind of cycle in the relation between the stakeholder and the government.

The first concern is to get a "credible story" why actions are necessary. In the words of VNO/NCW, "targets must have a solid foundation and must not be subject to constant change". The approach via environmental themes helped develop such credible stories, aided by the constant emphasis on scientific consensus about the analysis of causes and effects. The credible story should be such that the government's counterpart is able to tell the same story to his or her own constituency. This is of utmost importance to trigger the sequence of implementation steps.

The second concern is the classical attitude: "This is a problem for the government. If I have to do something, it should be the government to tell me what exactly to do." Bureaucracies tend to be eager to stick to this stage of concern of stakeholders: they start preparing prescriptive regulations. And by doing so they block the involvement of stakeholders and keep the solutions "in the bureaucracy".

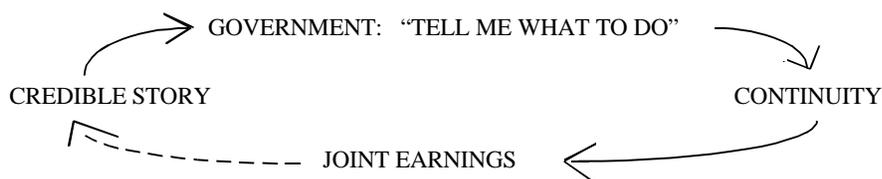
Although in some cases it might be necessary to fix the relationship with stakeholders at this stage in the cycle, in most cases it is better to try to reach the next stage because sooner or later "continuity" will be of crucial

concern.

The third concern is about the continuity of the activities of the stakeholder: Can the corporation bear the costs of the proposed policies? Is the municipality well organized to meet the targets? Are the skills available necessary for the application of certain techniques? Those kind of questions reflect the concerns of the stakeholders and should be in the mind of every policy maker. The answers can only be found via communication with stakeholders. The joint cost-calculations and monitoring by the Department of Environment and the Dutch industry can be seen as a good example of answering these concerns at a central level. A good example of the concern for continuity is the successful introduction of the certification of environmental care systems in corporations. Certification is a well-known management tool in the better companies and environmental elements can more or less easily be taken up without threatening the continuity in these management approaches.

The fourth concern might lead to a sort of "win-win" situation (rather a joint earning): stakeholders see new opportunities in their markets, or they see quality improvements because of changes in the production made originally for environmental reasons, etc.

THE CYCLE OF STAKEHOLDER CONCERNS



On a macro level, the economic analysis of the third scenario in the NEPP showed that in principle joint earnings are possible. Many environmentalists "see" joint earnings right away (because of savings in energy and raw materials, for example), but they sometimes make the mistake of expecting stakeholders to shift from a "credible story" directly to a "win-win" situation. The experience in the Netherlands has shown that the whole cycle must occur and short cuts are not very likely to succeed.

- 6.7. One of the elements of the NEPP was the recognition that production and consumption patterns had to be changed. Therefore, it was of utmost importance to get the message (the credible story) across to the general public (converting the public from audience to stakeholders). An extensive public campaign was set up with the message: "A better environment begins at home". The campaign started in 1990 after approval of the NEPP by Parliament. The campaign used the same symbol and slogan throughout. Other departments (like the Department of Energy) used the same symbol and slogan for their "commercials".

The campaign provided TV-spots, advertisements in magazines and papers, sometimes especially designed for a specific target group (like teachers, youth, sport fishermen,

photographers, etc.). The first stage consisted of "commercials" in which well known Dutch persons (sportsmen, TV personalities, etc.) told why environment was important for them. It was the "credible story" phase. The second stage focused on what people could do. It combined campaigns with policy actions in the stage of proper application, for example, the policy to separate waste in the households to promote recycling (paper, glass, green waste). This second stage is still underway, and discussions are being held how to move towards a next stage.

- 6.8. Looking broadly at the implementation of the NEPP, it is striking that, in almost all Dutch institutions, the NEPP has had some influence. The environment has been incorporated in many corporate and institutional strategies; provisions for implementation have been set up; skills have been developed; and many practical changes have been made in production and consumption patterns, as well as in the application of environmental technologies. The implementation process is a continuous process of "translation" from the beginning (mostly the central top-level) to the practical end (the workplace, the household, the street).

From creating a "piece of paper" (like the NEPP) to achieving practical changes in the workplace, one can easily define 30 to 50 steps of "translation": within the bureaucracy of the Departments, between the government and the private sectors, in the bureaucracies of corporations, in the management processes direct on the workplace, etc. Each of these steps involve people, each of them going through a cycle as described above. All the processes need the different process roles to be played. The stakeholder in a previous step will be process manager or sponsor in the next step; the audience in one step will be stakeholder in a next step; etc. This is why at least some four to five years are needed to go from "a piece of paper" to real-life changes, provided that the process moves at a continuous pace and disruptions don't take place.

- 6.9. Real life changes relevant for the environment as measured in the yearly analysis of the RIVM can not be attributed solely to the NEPP. They are the result of all the elements

of the process and of all the efforts of people involved in the different stages of implementation.

Some real life changes:

- o Except for CO₂ and NO_x, all types of emissions and discharges have been disconnected from GDP growth and are on a track towards achieving the 2000 and 2010 targets.
- o Ozone-depleting substances have been phased out in industry (leading to a relative good record for the overall climate change theme).
- o The disposal of waste from industry has been reduced by 60% between 1985 and 1995; recycling is booming.
- o Cogeneration of electricity has been so successful that its growth had to be slowed down to prevent significant overcapacity.
- o The use of energy in households (except transport) has been almost constant between 1985 and 1995 despite growth in the number of households.
- o SO₂ emission from powerplants have been reduced by 70% between 1985 and 1995, with NO_x emissions decreasing in the same period by about 30%.
- o Deposition of acid substances on Dutch soils have been reduced from 7000 acid equivalents²⁰ in 1985 to 4000 acid equivalents in 1994 (meeting the target).
- o Recycling of waste has been improved from 50% of total waste production in 1985 to more than 70% in 1995.
- o The total disposal of waste at disposal sites has been reduced from 16 billion tons in 1985 to 6 billion tons in 1995.

6.10 The above mentioned indicators of being on the right track do not mean that all environmental problems are solved, by any means. Consider:

- o GDP growth higher than was foreseen in the NEPP has caused extra growth of energy consumption, especially in the transport sector. The opening of the Berlin Wall in 1989 caused a boom in the transport sector, unforeseen in the NEPP (and elsewhere).

²⁰ "Acid equivalents" are units by which the impacts of acidifying substances as SO₂ and NO_x can be compared.

- o The rare open space in the Western part of the country is under constant pressure for housing, industrial developments, etc.
- o The saturation of soils with phosphates and nitrates from agriculture and dairy farming in certain areas is such that it will persist for more than a century even if discharges were stopped today;

At the same time the spending for environmental protection is "on track" according to the forecasts in the NEPP: Total costs for environmental protection in the Netherlands went up from 7 billion guilders in 1985 to 17 billion guilders in 1995,²¹ which is about 2.7% GDP.

²¹One Dutch guilder equals about 0.6 US dollars

7. CURRENT DEVELOPMENTS, NATIONAL AND INTERNATIONAL

7.1. The NEPP-2 (1993) built upon the experiences in implementation of the NEPP/NEPP-plus. Three central issues were covered in the NEPP-2:

- o strengthening implementation;
- o introducing additional measures where objectives would not be met with existing policies;
- o designing an outlook towards sustainable production and consumption.

The NEPP-2 reaffirmed (on the basis of an evaluation) the desirability of promoting self-regulation rather than a top-down imposition of regulations. However, it also recognized that self regulation was most appropriate for some target groups, especially industrial sectors, and that other approaches were needed for some target groups, like consumers and small businesses. Therefore, it was concluded that a mix of policy instruments would be necessary in relation to the promotion of self-regulation. Three types of policy instruments were developed further:

- o general regulations setting standards for emissions, products etc;
- o financial provisions, including subsidies, tax reform, levies, tax reliefs, etc; and
- o social actions, like education, public campaigns, creation academes, environmental care systems, etc.²²

For industry, it was concluded that preferably international regulations could follow negotiated agreements to solve "free riders" problems. Furthermore the social instruments within industry would provide a good basis for further developments (e.g., mental care systems). For consumers, it was concluded that regulations would not work (except in unusual cases) but that a combination of financial provisions and social actions would presumably provide the best conditions to change consumer behaviour. In relation to this analysis, the new Cabinet decided in 1994 to introduce

²²See also: Gerald T. Gardner and Paul C. Stern: "Environmental problems and Human behavior", Allyn and Bacon, 1996.

a small energy tax for consumers and small businesses.

The main function of the NEPP-2 was to stress the continuity of the process of cooperation between all parties concerned, which had begun in the preparation of the first NEPP.

Although the NEPP-2 didn't get as much political attention as the first NEPP, the very fact of the continuation of policies and the reaffirmation of targets set for 2000 and for the longer terms was an important political sign.

7.2. The current Cabinet is preparing three main documents to be issued in 1997:

- o A policy note on the integration of environmental policies and land use policies. Although in many countries there is a direct relation between the two policy areas, in the Netherlands both areas have different origins, professional traditions and political status. Land use policies (including urban and rural planning) focus on "design" and on finding a "balance" between the different claims for space. Environmental policies focus on "restrictions" (even in the form of targets for emissions) and on promoting structural changes in consumption and production (including the efficiency of the use of space). The Minister of Housing, Land Use Planning and Environment, Margaretha de Boer, is committed to integrating these two policy areas for the benefit of both of them.
- o A policy-note on the integration of environmental policies and economic policies. This policy-note follows directly from the coalition agreement of 1994, stating that the Cabinet would seek ways to promote this integration. Some steps have been set already in the previous period (changes in energy and in technology policies, joint promotion of environmental management schemes in industry, etc). Major challenges in this project on integration will be found in some key sectors (most important the transport sector, including air transport); in bridging ideologies (for example in the relation between trade and environment); and in finding new ways of cooperation (international economic and environmental policies, technological developments, joint "futuring").

- o A third NEPP, to be issued at the end of 1997, in which again the continuity of the process will be stressed and which may contain the lookout for the period beyond 2010 (Note: 1998 is an election year). The third NEPP also has to answer questions about new developments and their impacts on the environment (such as the improved economic conditions, the aging of the population, and the international context) and about the set backs in some areas, notably energy consumption.

7.3. The implementation process of the NEPP in the bigger cities revealed a long standing contradiction in environmental policies in relation to urban planning. Environmental quality standards for noise, hindrance, external safety and the like are easier to meet when urban planning results in more space used to separate, for example, residential from industrial areas and roads. In a small country as the Netherlands the fear of urban sprawl is one of the major motives for urban planning. Simply using more space for meeting environmental standards is not a sensible thing to do in urban planning, especially not in town renovation, where the challenge is to maintain the density of activities and improve the living conditions at the same time. With improved policies to enforce the environmental standards in the inner cities, this problem became more and more pressing. Also, in some areas the standards as such didn't make sense (e.g., noise standards in the outgoing/night life squares in Amsterdam: people go there for the "noise", not for the silence).

It was necessary to find a mechanism that met two criteria:

- o give flexibility to municipalities to deviate in specific cases from national environmental quality standards; and
- o avoid a general lowering of standards in the whole country.

After numerous consultations with representatives from the bigger cities, from specific neighbourhoods and from environmental groups, the Department of Environment proposed the following mechanism:

- o In each urban development, environmental considerations should be taken up in the planning right from the beginning.

- o It should be shown to the municipal council that every effort has been made to meet the national environmental quality standards.
- o If meeting the standards causes the loss of a major local interest, the municipal council may agree with a deviation of the standards, provided that the loss of environmental quality is compensated elsewhere in the city (trade off a noisy area with a quiet area, for example) and provided that the municipal council has consulted all relevant stakeholders on the local level.

This model has been approved by Parliament for experiments in the coming period.

It might be a model that is applicable in situations of tension between interests which lead to inconsistencies between higher and lower levels of government.

The model plays a role in the projects on deregulation which were started by the current Cabinet.

- 7.4. Environmental management systems in all kinds of industrial sectors have been introduced in the last ten years. All major corporations have introduced these systems and thousands of smaller firms also have taken them up in their management approaches. The government was asked by Parliament to come up with some regulation of these management systems and proposed to make the publication of a yearly environmental report mandatory for the 300 biggest firms in the country. The bill was sent to Parliament in 1995. Meanwhile, the developments in the corporations led to the need to evaluate the relation between environmental management systems, corporate improvement plans (as part of the covenants), and the licensing procedures. Until recently, in licensing procedures the authorities took the lead in initiating the procedures of updating and applying the general guidelines to be translated into a license, in many cases helped by the Environmental Inspectorate (in charge of enforcement). Recently, developments show that the initiative is more and more in the hands of the corporations, and that the corporate improvement plans in relation to internal environmental management schemes (which are to be certified according to an European directive) provide more detailed information than actually could be included in a simplified license. The Department of

Environment proposed experiments to improve the relationship between these different mechanisms aiming for a very simple license on the basis of the publicly available corporate environmental plan and yearly reports.

- 7.5. Another form of feedback (successes of policies which cause new challenges) came from the waste management field. As prices for waste disposal were raised by new taxes on incineration, the incentive to find new ways of using waste was big enough to cause a boom in the recycling industries. Also, the prescription for municipalities that green household wastes should be collected separately from other types of waste, caused the development of a composting industry. At the same time incinerators were planned based on the notion that there would be first a shift from disposal to incineration and much later a shift towards recycling. As recycling boomed much earlier, the decision was made not to build two new incinerators (saving 2 billion guilders in investments), and moreover to manage the remaining wastestream for disposal and incineration on a central rather than on a provincial level. Here the success of policies led to the need for a more centralized approach. Similar discussions may take place in the near future at the level of the European Union.
- 7.6. In 1992, the Commission of the European Union published the Fifth Action Program for the Environment. The structure of this program was much different from the previous programs, which were mere "shopping lists of different items". This Action Program was based on the same principles as the Dutch NEPP: it defined a number of themes and target groups and focused on the cooperation between the different levels of government to meet targets, rather than on European regulations as such. It also stressed the importance of widening the scope of policy instruments, especially towards tax reform. Although the implementation of the program is as difficult and time consuming as the implementation of the NEPP in the Netherlands, the program stimulated all European countries to work on some kind of overall implementation scheme. This helped the institutionalization of environmental policies especially in the Southern Member Countries.

On the basis of experiences with national environmental

plans a network of professionals (the so called "Green Planners Network") was set up by the Canadian and Dutch Departments of Environment. National plans for environmental policies have been developed in the following countries: United Kingdom, France, Austria, Hungary, Spain, Denmark, Latvia, Japan and Canada. In some countries the government is considering the development of national environmental plans (Estonia, Israel, South Africa, Flanders, Korea). More important is the development of integrated environmental policies, given that plans are only tools to promote these kinds of policies. New Zealand, Victoria/Australia, Sweden and Norway are among the countries with worked out integrated environmental policies, by which all government institutions are involved in the implementation of policies.

National plans for environmental policies are also developed in the framework of the UNDP policies. Also, the mechanisms of OECD country reviews and of the UNCSD country reports promote the integration of environmental policies and help better institutionalize environmental policies in overall government policies.

To improve the skills necessary for the process management in the frame of development of integrated environmental policies the Dutch Department of Environment has set up the Sustainability Challenge Foundation, which provides yearly international trainings for senior officials from public and private sectors.

8. SOME OVERALL FINDINGS RELATED TO THE DUTCH APPROACH

- 8.1. What is sometimes referred to as the Dutch approach (an integrated environmental planning system based on long term analyses and implemented via negotiations with stakeholders), can be seen as a management mechanism on top of other environmental policy actions. The plan does not replace the legal fundamentals of environmental policies. The covenants do not replace regulations; instead, they are precursors of sensible regulation. Negotiations do not replace the findings of scientists about the cause-effect relations in the natural environment. As in all management processes, actors must fill certain roles. In the Dutch situation, the Department of Environment and the government in general played the process management role, but it is not necessarily the government that has to play this role. Especially on local levels other institutions could take the lead and play process management roles (for example a Chamber of Commerce or a Young Farmer Organization).
- 8.2. Essential to the Dutch approach is the focus on environmental problems, the physical solutions (measures to be taken), and the costs of solutions, and not on policy instruments as such. Policy instruments are seen as being adapted according to the type of target group, to the stage of implementation of policies, and to the restrictions in national and international political contexts. Also essential is the focus on integration of measures in relation to stakeholder interests. The continuity of the stakeholders business is never questioned, instead, the way this continuity is achieved is the subject of discussion.²³ A mere discussion about policy tools without reference to the environmental problems to be solved, often leads to a breakdown of trust between the government and the stakeholders.

²³Of course, in the 1970's there were many environmentalists, also in the government, who just wanted to stop some industries or ways of transport. That attitude didn't provide the right basis for a societal agreement.

- 8.3. In Dutch environmental policies the direct communication between the Department of Environment and the stakeholders is of utmost importance for the following reasons:
- o It promotes the direct influence of stakeholders on policy development, thus building trust.
 - o It gives direct feedback from people who have some practical experience.
 - o It prevents the Department of Environment from becoming an assembly of "ecological fundamentalists" (with "clean hands").
 - o It promotes societal coherence by building up networks.
- 8.4. In the consensus-building process scientific information is of crucial importance. Scientific information should be as politically and ideologically neutral as possible (focussing on causes and effects, including economic effects of proposed measures) and based on consensus in the scientific community as much as possible. Scientific information always consists of an amount of uncertainty. This uncertainty should not paralyze policy makers, but should play an explicit role in the design of policies. The constant monitoring of costs, emissions and environmental qualities is a way to deal with uncertainties. Contingency plans are another way to answer uncertainties in a sensible way²⁴.
- 8.5. It was recognized in the Netherlands that every player in the area of environmental policy development had his or her own function in this development. Although environmental groups always will argue for stricter and quicker solutions for environmental problems, they are not adversaries in the political process. The direct contact between environmental

²⁴The philosophical basis for this approach can be found i.a. in the work of Richard Rorty. See for example Richard Rorty: "Contingency, Irony, and Solidarity", Cambridge University Press, 1989. In this work Rorty defends the statement that seeking consensus should replace the classical standpoint of seeking the "truth". Many environmental scientists and policy makers still base their actions on finding the "truth" (the "best" policy instrument for solving "all" environmental problems), rather than finding a basis for societal consensus (about the concrete steps in changing our physical relation with the environment).

groups and adversaries from the public and private sectors can be an important management tool to change adversaries into stakeholders.

- 8.6. The development of integrated environmental policies in the Netherlands in the last ten years can be seen as a specific stage in policy development. Four stages can be distinguished in environmental policy development:
1. In the first stage policies are developed for ad hoc problems, mostly in a reactive way, finding answers to calamities and responding to public attention to "substance by substance" issues. In the Netherlands this stage lasted until the beginning of the 1980's when the definition of priority themes led the way towards a more structured approach.
 2. In the second stage policies are developed to institutionalize environmental concerns in government and in the private sectors. Target-setting for themes is one element of institutionalization. Improving the organizational setting of environmental concerns in corporations and in government bodies is another element in this stage. The preparation and implementation of the NEPP can be seen as the main catalyst for institutionalization of environmental policies in the Netherlands.
 3. The third stage should be devoted to the "real" integration: integration of environmental interests with other interests both in the public as in the private sectors. In the Netherlands first steps are underway on this path (for example the creation of a sector for environmental taxes in the Treasury Department). The proposed policy-notes about integration of environment and land use planning and economic policies should provide carriers for this stage in the Netherlands.
 4. The fourth and last stage can be characterized by environmental interests and concerns being "imbued" in everyday life, as are other social values such as respect for individuals, non-discrimination, honoring of contracts, etc.

9. APPLICABILITY IN THE UNITED STATES

9.1. No approach of policy development in any country in the world can be used as a model that can be applied in other countries without adaptation to the specific circumstances in those other countries. Policy development and implementation are always related to specific social, economic, cultural and environmental conditions. Even approaches in different cities in the same country cannot be easily replicated, as is shown in the different approaches in the Amsterdam and Rotterdam area in the Netherlands.

However, countries can build upon each others' experiences and can learn from each others' failures and successes. Also, theoretical considerations and arguments can be transferred across borders. Many of the elements in the Dutch approach stem from ideas and notions developed in the United States both by Americans and by visiting Dutchmen.²⁵

9.2. In the United States a number of policy development are taking place which can be related to the approach of environmental policies in the Netherlands:

1. The "Reinventing Government" movement leads to the notion that government bodies should be more in the process management role and less in the role of providing goods and services and of prescribing regulations.²⁶
2. The President's Council on Sustainable Development achieved a consensus of broad principles and strategies

²⁵A major event for the development of Dutch environmental policies was a Conference on Environmental Management in 1984 in Washington DC, jointly organized by the US Environmental Protection Agency and the Dutch Department of Environment.

²⁶David Osborne and Ted Gaebler: "Reinventing Government", Plume/Penguin books, USA, 1993.

regarding sustainable development.²⁷

3. The U.S. Environmental Protection Agency project on national goals for environmental policies could lead to consensus about objectives and targets to be met in the future; it could provide a framework for further cooperation with stakeholders in the public and private sectors.
 4. The US EPA program "The Common Sense Initiative" provides a new step in the cooperation between the government and private sectors by carefully looking at the concerns of some major economic sectors.
 5. The US EPA program for Community Based Environmental Protection (i.e., place-oriented approach) provides a framework for cooperation between all relevant stakeholders on a more local level in the US. The long standing program for the proper management of the Chesapeake Bay is an example of an approach which resembles the Dutch approach.
 6. Some states and cities follow routes towards policy development and implementation which implicitly or explicitly resemble the Dutch approach: the State of New Jersey, the city of San Jose, California, the city of Chattanooga, Tennessee being some of the examples.
- 9.3. It seems that, in general, the applicability of some kind of approach similar to that in the Netherlands is more successful the more:
- o a country/city is small and coherent;
 - o a country/city is experienced in cooperation and negotiation;
 - o a country/city has visible environmental problems; and
 - o a country/city has key persons fit for the crucial roles in the process.

The applicability can be improved in a certain set of

²⁷"Sustainable America, A New Consensus", The President's Council on Sustainable Development, Washington DC, February 1996.

circumstances by way of:

- o seeking for cultural and societal hooks, that may provide the structure and set up of a management process (government not being always the most logical institution for societal process management);
- o seeking for the appropriate level of scale (a city might be more appropriate than a county; a region as the Chesapeake Bay area might be more appropriate than a state);
- o seeking for the appropriate players for the process (who can be sponsor of a management process, who can be process managers, who is the "natural" driving force, etc.)
- o starting on a small scale and with visible problems (the case of acidification in the Netherlands was an excellent step towards a more comprehensive approach); and
- o improving skills in process management, negotiation, etc. at the senior levels in the different relevant institutions and in the private sector. Simulation games can play an important role, also for networking.

9.4. In the United States the most promising level of application of a kind of integrated approach is the state and the city level; obviously there is a "natural" tendency to develop these approaches on these levels. If this development is pursued, it must be followed by a proper reaction at the federal level. In Europe, the European Union now debates the applicability of negotiated agreements with industry as developed in the Netherlands for the implementation of EU directives, thus reacting to the "natural" developments on the level of the member states.

9.5. The federal government in the United States could promote the application of an integrated approach on the state and city level by:

- o Promoting the exchange of experiences among states and cities which are already on their way to apply a more integrated approach.
- o Investing in the development of skills on the state and city level both for the public and the private sectors.
- o Asking the states to work out the national goals in state level goals to be translated into state level

- concrete measures to meet these goals.
- o Promoting cooperation on a state level of scientific institutes which might work together in developing alternative scenario's for the economic and environmental developments at that level. Information from the state level can then be transformed into overall U.S. information.
 - o Flexible regulation in the sense that states, cities, and even associations of industry could get the freedom to apply certain regulations in a flexible way, providing that the targets for that regulation are met, and there is an open debate about the nature of the flexibility.
 - o Avoiding mere delegation of environmental regulations to the state level (because of the economic importance to have a level playing field for industry throughout the country).
 - o Continuing the process begun in the President's Council on Sustainable Development, and now focusing on consensus-building on the technological, economic and environmental developments that will be needed in the decades ahead (e.g., improvement of efficiencies in the use of energies and other resources²⁸).
 - o Avoiding a purely expert-driven process priority-setting in environmental policies solely on the basis of environmental risks. Instead, use a consensus-building process on priority-setting that is informed by an analysis of measures that examines their effectiveness and cost.

²⁸In Europe, consensus is growing around the notion that a "factor 4" improvement in efficiency is necessary in the span of one generation, and a "factor 10" in the time of two generations. In the long term planning of Japan, these same notions play a role.

10. BIBLIOGRAPHY

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