Governance of change for sustainability: experience from Central and Eastern Europe

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Since the first industrial revolution in the United Kingdom, the transition from agricultural and rural societies to modern urbanized economies has had vast environmental and social impacts. Economic growth and changes in living standards have been accompanied by steady developments in systems of governance in order to avoid collectively detrimental outcomes and favor socially desirable ones.

Governing the Inevitable Transition

Two distinct forms of governance, state institutions and markets, have incentivized and organized the socioeconomic changes, as well as managed the social and environmental problems that have accompanied the transition process.

Over the last 25 years, most central and eastern European states have shifted from more authoritarian or planned governance systems to more market-driven ones. But they have to recognize that markets work best where regulations are clear and well enforced, and to achieve environmentally optimal, or at least desirable, outcomes, requires a smart mix of regulations and market incentives. Strong and efficient institutions are essential to delivering the public interest and environmental interest. Good regulation is not only needed to correct market failures, but to make markets work and to induce innovation.

As a Slovenian, I witnessed the dissolution of the former Yugoslav Republic, and soon after I headed the team negotiating my country’s accession to the European Union in 2004. This process of adopting a whole set of new rules and regulations covering everything from agriculture to construction, from consumer rights to the environment, gave me a good understanding of how a common rules-based system, backed up by institutional capacity and a sound knowledge base, can provide effective environmental protection and management.

My subsequent role as European Commissioner for Science and Research, then for Environment, led me to appreciate that Europe remains extremely diverse across its 28 EU Member States, each with its own economic, social, and political governance systems. But I also saw that the EU’s supranational nature has enabled agreement on a body of legislation that protects citizens of all Member States in dealing with the many shared environmental pressures that do not respect national borders. About 80% of all legislation that Member States have to implement in relation to the environment originates on the European level.

We need to have the legislation to stop extravagant and bad behavior, and European legislation, developed over the last 50 years, has ensured that environmental damage and pollution can be punished. But punishment always comes too late after the damage is done. It is far better to encourage good behavior. It is a bit like with our health; it is better not to fall ill than to cure the disease. Being healthy is what we really want, but, for those who like to measure everything only in economic terms, the very solid argument is that it is also much cheaper than treating illness. To avoid damage to the environment, we need to change the way we produce and consume, by creating the right incentives and market mechanisms. And we need to manage natural resources and ecosystems in such ways that ensure that they will be there for future generations to enjoy. Legislation can help ensure better management of resources, with the Habitats and Birds Directives being an excellent example, now ensuring proper management of nature protection areas that cover more than 18% of the European Union. But other tools are needed, particularly to bring about changes in culture and attitudes toward working with nature, not against it.

Only Implemented Legislation is Effective

Most central and eastern European countries are in the European Union today and benefit from solid legislation to
protect from bad behavior, but there is still much to be done to ensure proper implementation of that legislation, whether it is regarding waste management, air quality, or water. Many central and eastern European countries, for example, still have serious problems with efficient waste management resulting in high levels of landfilling and low recycling rates. Waste is still considered a burden, not a source of valuable resources. Too many do not see proper waste management as an opportunity for job creation; creation of jobs that are difficult to delocalize.

Another characteristic of central and eastern European countries is the wealth of beautiful and well-preserved nature. This treasure is sometimes seen as an obstacle to economic development. This is not specific to those countries, but what is particular in their case is that they still have a possibility to protect this wealth, while in many more industrialized countries the damage has already been done, often irreparably. Proper implementation of nature protection laws requires institutional capacity, but it is a brave and far-sighted politician that argues for more public resources to enforce laws that are often perceived as a brake on economic activity, particularly in a context of economic hardship for many. Civil society organizations provide a vital role here.

**Global Challenges are Increasing our Responsibility**

For a European economic community with no trade barriers, a shared basis of environmental legislation has been indispensable for many years. But today at the global level, population growth and the three billion people who will move out of poverty into middle-class lifestyles in the next generation are vastly increasing the scale of humanity’s burden on our planet. As our production systems and supply chains become more globalized, we are becoming both more interdependent and more interconnected. Market forces are helping millions out of poverty, but they alone will not lead to sustainable and socially beneficial outcomes. We need to think more as a global community about the institutional governance systems that can ensure global sustainability. To apply environmentally and socially optimal approaches as a global community will require a robust and reputable knowledge base to identify the megatrends, drivers, and challenges on which we can base the right policies.

Providing this independent, science-based, and robust knowledge base in the area of resources is the role of the International Resource Panel (IRP) of the United Nations Environment Programme since 2007. It is my honor to co-chair the IRP since late 2014. In its mission to develop an understanding of how to decouple economic growth from environmental degradation, the IRP has already produced valuable and respected reports. In the near future, the panel will produce further works, including reports on the resource dimensions of international trade, the benefits, risks, and trade-offs of low-carbon technologies, landscape productivity and food systems, and ecosystem approaches for sustainable management of natural resources.

Our challenge is to make sure that this knowledge is policy-relevant and policy-applied. Our challenge is to prepare and organize our society for the change, which will take into account the new reality we are facing. We need proper governance, we need better implementation, and we need to show that we take our increased responsibility seriously. Because we share the same planet and because there is no more time to lose, we humans are for the first time seriously influencing the health and sustainability of the planet Earth, the only home we have. Coming from a region which experienced some fundamental transitions in the past helps to understand the necessity and importance of change toward good governance.

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