

A Study of the Ecocycle Programme

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The RRV has been commissioned by the Government to make a study of the so-called ecocycle programme. Since the study was commissioned the Government has discontinued the programme. This has had the effect that the RRV's study, instead of focusing on proposing improvements to the programme, has focused on drawing general lessons from the programme which can be used in similar programmes in the future.

In 1996 Parliament allocated SEK 1 billion for the programme. Up to and including April this year, grants amounting to slightly more than SEK 200 million had been approved for 274 projects. Up to the same point in time SEK 59 million had been disbursed of which only SEK 7 million had been disbursed to projects which had been finalised. The remainder, some SEK 800 million, has been reallocated for other purposes, partly due to the small amount of interest in the support.

The ecocycle programme was intended as a form of support for building and infrastructure investments and was introduced as part of an employment package. However, the study shows that only ten per cent of the projects are in the building sector while half are in the field of solid waste and a further 25 per cent are described as "special cases". The intended main target group, the municipal housing sector, has shown little interest in applying for grants.

The RRV's overall conclusion is that the ecocycle programme was not well thought-out - too many objectives were to be achieved by just one instrument. The programme had the aim of supporting sustainable social development, of adapting various activities to the ecocycle, of increasing levels of employment in the building and construction sector, of leading to tangible improvements in the environment, of stimulating new technologies, rehabilitating certain pro-programme areas, reducing amounts of solid waste, and so on.

The relationship between the various objectives is unclear and one of the objectives (environmental effects) has been allowed to have a considerable impact at the expense of the other objectives (employment and new technologies). Moreover there are conflicts between certain objectives, for example new technology often leads to a reduction in employment due to rationalisation. Neither have the objectives been specifically defined. This has created broad scope for different interpretations of the requirements which can be made of a project in order that it shall receive a grant.

The programme, which is also known as the ecocycle billion - after the sum of money the Government originally allocated to the programme - ran from January 1, 1997 to April 15, 1999.

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The problems with the objectives can also be found in the ordinance which has many shortcomings and is therefore difficult to apply. Central concepts such as new technology, tangible environmental effects and employment have not, for example, been defined in detail. The consequence has been that the decision-making agencies, the county administrative boards and the Government, have been given broad scope for their own interpretations. The application of the ordinance has therefore varied between counties, and between the counties and the Government.

In order to obtain a grant, the project must fulfil many conditions. This has led to a situation where half the applications have been rejected. At the same time the ordinance is, in certain respects, so imprecisely formulated that it is possible to assess individual projects in different ways.

It is too early to assess the effects of the programme since few of the projects which received grants have submitted their final reports and accounts. However it is already clear that certain objectives will not be fulfilled. The ambition that the programme should support, for example, major construction and infrastructure projects for the rehabilitation of run-down municipal housing areas will not be achieved since these types of projects are almost totally lacking among those receiving grants. Grants have often been approved to solve less serious environmental problems, the technological level of the projects is often low and the employment effects achieved are modest. The incentive effect of the support is weak since it can amount to as little as 5 per cent of the total investment.

The Government has reached decisions on major project applications and the county administrative boards on smaller projects. The Government applications have been assessed in the Ministry of the Environment with the assistance of an assessment group in the Cabinet Office and a group of experts. This decision-making model thus differs from the traditional administrative model where central government agencies are responsible for expert assessments and the administration of applications for grants. In this case the expertise possessed by central government agencies has been used to a very small extent by both the Ministry of the Environment and the county administrative boards.

The study has shown that the model selected has clear disadvantages compared to the usual administrative model. It has not, for example, been possible to issue any regulations for the application of the ordinance.

The county administrative boards lack an overview of the projects which have received support and do not have the qualifications necessary to assess whether the projects fulfil part of the requirements, for example elements of new technology.

Neither is the Cabinet Office particularly suitable for this type of government agency work since it is organised and staffed on a totally different basis. The RRV is of the opinion that the Government has thus given the responsibility for the programme to organisations which have not been suitable for the task and this has had a negative effect on the outcome of the programme. Neither the county administrative boards nor the Ministry of the Environment have spent any time on making a systematic follow-up of grants approved. Neither is this a normal duty of the Cabinet Office.

There are special problems associated with the examination of applications for grants in the Cabinet Office which is not subject to the same rules and control systems as ordinary government agencies. For example, appeals cannot be made against a decision of the Government. Neither is the Cabinet Office the subject of external audit of the type which the government agencies are subject to.

The work on the ecocycle programme has been given low priority in the Ministry of the Environment since the middle of 1997. This is associated with the establishment of the local investment programmes in the spring of 1997 (compare report no. 37). One consequence of this is that support and guidance for the county administrative boards has been neglected.

Among the 274 projects which have received grants under the ecocycle programme, there are many good ideas and interesting technical solutions. It is important that good use is made of the knowledge and experience gained from these projects. Today there is no complete overview of the projects which have received grants and of the number of projects which have actually been implemented. One prerequisite for collecting and absorbing the knowledge provided by the programme is that the final reports of projects are of high quality and that the project database is made operational. Otherwise there is a risk that the knowledge and experience provided by the projects will be lost. The RRV proposes a number of measures to ensure that the knowledge and experience gained from the programme is not lost and emphasises that the responsibility for this task must be clearly defined.

