

Environmental negotiated agreements in the Netherlands

Hans Bressers*, Theo de Bruijn and Kris Lulofs

Centre for Clean Technology and Environmental Policy (CSTM), the University of Twente, the Netherlands

Governance for sustainable development requires new approaches to governance that go beyond the government versus market debate. Negotiated agreements and other new policy instruments have become quite popular in environmental governance, although not without debate. Based on the official evaluation of the Dutch system of environmental negotiated agreements, two central questions are answered. What is the degree of success (criteria for effectiveness, efficiency and positive side effects for learning and flexibility) of the use of negotiated environmental agreements in the Netherlands, and to what background factors is the degree of success related? What role is played by follow-up implementation after the agreements are signed and what is the interaction with other instruments? The assessment of the negotiated agreement as an instrument of environmental governance is generally positive.

Keywords: policy analysis; environmental agreements; negotiated agreements; implementation; effectiveness; efficiency

Introduction

Governance for sustainable development is a matter of adapting form to function (Lafferty 2004). It requires new approaches to governance that go beyond the government versus market debate that still continues in the environmental policy domain (Harrington *et al.* 2004). Networked relationships among relevant organisations provide not only complicating, but also enabling circumstances for the development of new forms of governance strategies (Bressers and O'Toole 2005). Negotiated agreements and other new policy instruments have become quite popular in environmental policies, although not without debate. A special issue of *Environmental Politics* was devoted to examining where and when 'new' environmental policy instruments were used in eight industrialised countries (Jordan *et al.* 2003a). With particular regard to negotiated agreements, Zito *et al.* (2003, p. 158) concluded

*Corresponding author. Email: j.t.a.bressers@bbt.utwente.nl

that the Netherlands was a 'clear leader' in this area. Coverage of industrial sectors is the most complete in the world and agreements are, by nature, more binding, which is also indicated by the preferred label 'negotiated' over 'voluntary'. Based on the official evaluation of the Dutch system of environmental negotiated agreements, and drawing on documents and structured interviews covering (almost) all Dutch environmental negotiated agreements, we address a number of the key issues debated in the literature.

While an extensive literature has evolved on environmental negotiated agreements and their effects, these are mostly essays, theory or case studies (e.g. EEA 1997, Rennings *et al.* 1997, Carraro and Lévêque 1999, Mol *et al.* 2000, Delmas and Terlaak 2001, Orts and Deketelaere 2001, Ten Brink 2002, OECD 2003, Croci 2005); the literature 'tends towards description and is also quite normative' (Jordan *et al.* 2003a, p. 7). Only the European NEAPOL study (De Clercq 2002), in which one of the authors participated, was a careful attempt to include a quantitative comparison of effectiveness, but it was based on just 12 cases. The study on the Dutch system of environmental negotiated agreements that forms the basis of our analysis enabled us to build and use a much larger database, covering 59 agreements signed between (mostly) the Ministry of the Environment and private parties – usually industrial branch organisations. With this unique data-set, issues in the literature can be illuminated in a new empirical way.

Of course, the study and this article in particular also have their limitations. As a study of the Netherlands it does not deal comparatively with general contextual factors on a national level (de Bruijn and Norberg-Bohm 2004, 2005). It does not address the historical development of this policy in the Netherlands (Bressers and Plettenburg 1997, Zito *et al.* 2003, Bressers and de Bruijn 2005a). More specific factors contributing to success and failure of the Dutch negotiated agreements were investigated and reported in Bressers and de Bruijn (2005b) and political feasibility issues in Bressers and O'Toole (1998). Although the position of negotiated agreements in a policy mix with other instruments gets some attention, this treatment is not theoretical (Bressers and O'Toole, 2005), but focuses on inter-relations between the instruments found empirically.

We concentrate on five issues of core importance to the debate regarding the impact and the implementation of environmental negotiated agreements. The literature on voluntary and negotiated agreements is sometimes fairly critical about their environmental *effectiveness* (e.g. OECD 2003). Much depends however on the yardsticks chosen. Therefore we suggest and use multiple criteria for environmental effectiveness, and also show the pattern of their inter-correlation and the contextual factors that seem to explain their scores, a lot of them derived from relevant literature. Apart from effectiveness, sometimes better chances for *efficiency* are emphasised (e.g. by the European Commission, see Jordan *et al.* 2003, p. 13; Glachant 2005). Last, but not least, some authors emphasise the possible learning effects generated by this strategy (e.g. Glasbergen 1998) or more generally resource development effects (Brand

et al. 1998, pp. 19–20, De Clercq 2002, pp. 57–59). These potential positive *side effects* are also given due attention. Regarding the implementation phase, two further issues are emphasised. First, the role of *follow-up consultations* during implementation is investigated. While previous case studies carried out by the authors suggested it might be crucial to the relative success of negotiated agreements, including learning effects, this process is rarely mentioned in the literature. Secondly, the interplay between implementation of the agreements and other instruments in the *policy mix* is dealt with.

We seek to answer two central questions:

- First, what is the degree of success (criteria for effectiveness, efficiency and positive side effects) of the use of negotiated environmental agreements in the Netherlands, and with what background factors is the degree of success related?
- Second, what role is played by follow-up implementation after the agreements are signed and what is the interaction with other instruments?

Methodology

The empirical base is the 70 negotiated agreements signed between the Ministry of the Environment or the Ministry of Public Works (in a few environment and transport cases) and private parties – usually industrial branch organisations. The research did not include the 73 agreements with other government institutions, the 41 agreements covering areas other than the environment, or the 35 long-term agreements on energy with the Ministry of Economic Affairs.¹ The scope of the investigation encompassed in principle all environmental negotiated agreements between central government and private parties; it was, therefore, a ‘population’ study, not a sample. In practice, 11 (mainly older) negotiated agreements were not examined, since it turned out to be impossible to find a satisfactory respondent or contact within the ministry. The study examined documents and used a telephone survey to look at 59 negotiated environmental agreements. These negotiated agreements are typical ‘main-stream covenants’, i.e. they aim to push a large number of companies to implement programmes that are doable for the vast majority of firms in the sector, rather than stimulating so-called ‘first movers’.

At the start of the investigation, the decision was taken to approach one single, suitable respondent for each agreement. Respondents were selected so as to give the best possible representation of the facts (people with the best conceivable practical knowledge, coupled with a more or less neutral attitude). In other words, we were looking for ‘the most independent, genuine insider’. This was usually the process manager who, in the large majority of agreements, was hired as independent chair of the body that guided the agreement’s implementation. For some environmental agreements there was no such respondent with no direct interest in the contents of the agreement, in which case, so as to avoid a one-sided picture, we chose two respondents, either from

government or the target group. To check whether this form of selection of respondents produced another kind of bias in the answers – positive answers on the issues perhaps only reflecting a generally positive attitude among these process managers towards this type of instrument – we asked several questions about this attitude and later correlated answers on crucial variables with their general attitude towards negotiated agreements. These answers proved to be uncorrelated, indicating that they responded independently to the questions and with their specific negotiated agreement in mind, rather than just reflecting their general attitude.

Apart from the 20 success indicators, many more characteristics of the negotiated agreements were also measured. These factors were drawn from the literature on negotiated agreements mentioned above and implementation theory, notably contextual interaction theory (Bressers 2004) and are used here to provide exploratory explanations for some of the success indicators, using correlation and regression techniques.

The research questions also organise the structure of this article. The following section discusses and presents the results of some 20 criteria for the success of negotiated agreements. It covers not just the environmental results, as attention is also given to the efficiency and the side effects of such agreements, like learning effects. The next section, on the implementation of negotiated agreements, indicates that negotiated agreements also have their own implementation process, which we call follow-up consultation, which turns out to be very important. Furthermore negotiated environmental agreements are in part implemented in interaction with other government instruments, such as direct regulation, monitoring and enforcement on firm level. The last section answers the research questions and discusses the results.

The harvest of environmental negotiated agreements

Environmental results

One reason for using negotiated agreements is the disappointing results of the permit system, coupled with the desire to achieve more radical objectives (Jordan *et al.* 2003a, p. 13). The first step in the analysis was therefore to look at the ambition of the objectives that are set down in negotiated agreements and to compare them with autonomous developments and regulation. We also looked at compliance and the achievement of objectives, ultimately asking how far the utilisation of negotiated agreements led to a break with the past in the target group's environmental performance. Table 1 summarises the answers given for a number of factors that are important for environmental performance.

It is striking that all the scores are positive. Several significant points can be identified. Negotiated agreements are generally assessed as having fairly *ambitious goals* that are often stricter than existing regulations. Incidentally, many negotiated agreements are formally safeguarded via the licensing system. If the respondents are right, this implies that the agreement stimulates regulatory demands, especially for companies that try to 'free ride'. There are

Table 1. Assessment of ambition and effects of the Dutch environmental negotiated agreements (%).

	Entirely agree	Agree	Neutral ¹	Disagree	Entirely disagree
Ambition: the objectives were ambitious	21	41	0	33	5
Ambition: the objectives went beyond existing regulation	20	55	4	20	0
Ambition: the objectives were clearly beyond business as usual	28	58	2	12	0
Compliance: the agreements are well implemented by the target group	26	46	3	22	3
Goal-attainment: the objectives are/will be attained in time ²		54 positive	27 neutral	19 negative	
Effect: the agreement led to a positive break with the past in the environmental performance	15	54	5	26	0

¹This category is typically small since it was not presented to the respondents but accepted when proposed.

²This variable is composed of two variables, assessing the likelihood of goal attainment for agreements still running and assessing the observed goal attainment of already expired agreements. This way the total number could be used.

however some doubts about the motivation of local authorities to implement this safeguard.

Compliance is also assessed positively, but it is noteworthy that the score on the statement that all individual members of the target group comply with the agreements is more negative (not shown: on average 3.2 vs. 3.7). This emphasises the free-rider problem associated with negotiated agreements, despite their being formally safeguarded via regulation. The respondents assess *goal attainment* relatively positively, their assessment being supported by the many evaluation studies available for individual agreements. However the difference between compliance and goal-attainment also suggests the mitigating impact of changing conditions that are not always favourable to the attainment of agreed upon goals, even when companies are trying to live up to the agreement.

The ultimate *environmental behaviour* effect is the change in environmental performance. A large majority is positive on this point too. The answers given almost precisely mirror the answers on the proposition that *direct regulations could have led to comparable results* (not shown in the table). Only one-quarter thought this to be the case.

These positive results cannot disguise the fact that some negotiated agreements are clearly more successful than others. The agreements we

investigated differ quite a lot on some points, in particular the breadth of the theme or the problem targeted by the agreement and the size of the target group involved. Evidently, not all problems and situations are equally suitable for the successful application of a negotiated agreement (research on the conditions for success is reported in Bressers and de Bruijn 2005a, 2005b, De Clercq and Bracke 2005).

Here we first examine the relationships between the success indicators. The three ambition indicators are significantly positively correlated among themselves as expected, but not very strongly. Therefore we use them separately. Does a high level of ambition makes it more difficult to comply and to attain the goals in practice? This proves *not* to be the case. All six correlations between the three indicators of ambition on the one hand, and compliance and goal attainment on the other, are very small and non-significant. So within the scope of the various ambition levels in the agreements studied, more ambition provides at least as much a stimulating challenge as a de-motivating hurdle. The correlation between compliance and goal attainment shows up as expected (Spearman's rho. 354, $p = .003$, $n = 58$).² The degree to which a positive break with the past is observed in the environmental performance is correlated on the one hand with the degree of compliance (.453) and on the other hand with the degree to which the objectives are beyond 'business as usual' (.316). Together in a regression they correlate $r = .643$ with the effect variable ($R^2 = .413$, adj. $R^2 = .390$). Of course there are more variables that correlate with these success indicators. We will explore some of the most interesting or significant relations found empirically.

Apart from the two other success indicators mentioned, the degree to which a positive break with the past in *environmental performance* is observed also correlates positively with the context factors of whether the sector has a strong representative organisation that can negotiate on behalf of its members (.333) and whether the target group's environmental image is sensitive (.403). In addition, various aspects of the follow-up consultations are correlated, as are most of the efficiency indicators and side effects.

Goal attainment is also – but less and not significantly – correlated with a strong representative sector organisation (.210) and image sensitiveness (.212). More important is whether the target group is observed to be willing to take up its own responsibility (.372) and whether the agreements can be well monitored and enforced (.279). Also many aspects of the follow-up consultations are correlated, as was the case with the environmental performance. Unlike with environmental performance, the indicators for efficiency are NOT correlated with goal attainment. Among positive side effects of the agreement, the degree to which the agreement stimulated a coherent package of measures for the sector stands out; this side effect correlates .458 with goal attainment.

Compliance is again correlated with a strong representative sector organisation (.387), image sensitiveness (.315), whether the target group is observed to be willing to accept its own responsibility (.437) and whether the agreements can be well monitored and enforced (.521). Also several aspects of

the follow-up consultations are important. Those that stand out include whether there was ample attention in these talks to compliance to the obligations by the target group (.535), whether the talks succeeded in reaching further agreements on the specific obligations (.565), and whether the target group put in enough effort (.715). Among indicators for efficiency, the degree to which bureaucratic and administrative costs are minimised seems to be especially important (.346).

Among the *ambition* indicators, whether the agreement demands more than 'business as usual' proved to be most influential on the ultimate effect. This indicator correlates with whether there was great pressure from government to begin with (.442), whether the problem was clear to the authorities (.259), likewise to the target group (.276), image sensitivity (.316) and acceptance of responsibility by the target group (.310). Such a relatively high ambition is, incidentally, also positively correlated with all of the positive side effects and some of the efficiency indicators, such as minimising total costs (.249) and minimising bureaucratic and administrative costs (.313).

Efficiency

It is appropriate to ask how far negotiated agreements and the processes leading to them are associated with unnecessarily high costs, or, alternatively, with cost-efficient policy. Following an earlier European investigation, this has been assessed by first asking whether the agreement did well in *minimising total costs* given its objectives (55% of the respondents were positive about that) and then paying attention to the following four component aspects (Lulofs 2001a, b):³

- Whether the objectives of the agreement could have been reached at lower cost by a different *allocation of obligations* among the members of the target group – taking account of the differences in marginal and mean costs of avoidance: in popular terms, 'get the environmental benefit where it can be got cheapest' (96% positive – denying the statement).
- The *phasing in time* of objectives and obligations, to see whether phasing measures enable the target group to avoid unnecessarily high costs due, for example, to early depreciation, logistic costs or necessary interim modifications (75% positive).
- The degree to which the negotiated agreement and the processes leading to it succeed in minimising the *bureaucratic and administrative costs* associated, inter alia, with costs of consultation, monitoring and reporting (48% positive).
- The degree to which the negotiated agreement and the processes leading to it result to a large extent in the *development of new methods and technologies*; this is also termed dynamic efficiency, that lowers the cost of achieving a certain result in the future (44% positive).

Table 2 summarises the results.

Table 2. Assessment of the Dutch environmental negotiated agreements and the processes involved based on the five criteria of efficiency (%).

	Entirely agree	Agree	Neutral	Disagree	Entirely disagree
General: minimisation of total costs	11	44	0	40	5
Better allocation of efforts could have lowered costs	0	4	0	80	16
Phasing of objectives and measures	9	66	0	25	0
Bureaucratic and administrative costs	9	39	2	48	2
Strong development of new methods and technologies	7	37	3	46	7

Table 3. Assessment of Dutch environmental negotiated agreements and the processes involved, based on nine indicators of positive side effects (%).

	Entirely agree	Agree	Neutral	Disagree	Entirely disagree
Improved target group attitude	13	61	3	23	0
More mutual understanding	12	66	5	17	0
Improved collaboration	22	58	3	15	2
More knowledge	6	63	0	27	3
Further policy development	16	48	5	29	2
Product or process innovations	13	42	0	43	2
New methods and technologies	7	37	3	46	7
More 'internal integration'	9	68	2	17	4
More 'external integration'	8	56	2	30	4

Only a narrow majority of the agreements are assessed positively from a viewpoint of minimising total costs. It appears that the assessments are very positive in respect of the allocation and differentiation of efforts among the target group members and the prevention of unnecessary friction costs by too tight a phasing of objectives and obligations. These are important results as they are often used as arguments in support of the negotiated agreement as a policy instrument. The achievement in minimising associated bureaucratic and administrative costs is judged more or less negatively in half of the cases. This might reflect the nature of a consultation-based instrument that needs ample interaction between all parties involved. A majority declared that there was no strong development of new methods and technologies. Nevertheless, even in this respect many respondents regarded the negotiated agreement in which they participated favourably.

The partial assessments are clearly related to the general cost assessment, especially with the assessment of bureaucratic costs (.607) and of the benefits of

phasing flexibility (.595). Figure 1 shows the relationship between positive and negative assessments of partial aspects of efficiency given a positive or negative assessment of total costs.

Some of the negotiated agreements we investigated were clearly better at avoiding unnecessary costs than others. Assessments are more positive as the agreements are regarded as more ambitious, the market competition is stronger, and the target group has a more sensitive image vis-à-vis the environment. This would appear to support the position that the negotiated agreement can be combined with a high level of ambition. In such cases it would appear that greater pains are taken to avoid unnecessary costs, principally by means of ‘smart’ allocation and phasing of measures. This picture is confirmed by the relationship that has been found between positive assessments of efficiency and more frequent follow-up consultations, paying greater attention to possible ways to manage costs.

The picture is also supported by other relationships that were found: costs assessments are more positive as target group size increases, a strong central organisation knows how to direct affairs, and above all when there is more government pressure. We also encountered the obvious relationship between costs assessment and the degree to which ambitious agreements leave room for flexibility in their execution.

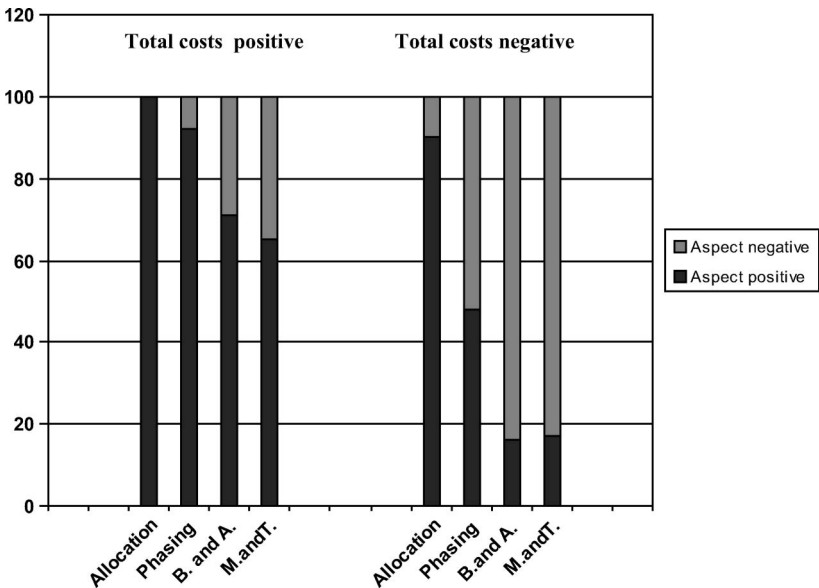


Figure 1. Positive and negative assessments of aspects of efficiency given a positive or negative assessment of total costs.

Building resources for the future

Besides the direct effects on the environment, working with negotiated agreements can also have all sorts of side effects that improve the initial position for a further development of environmental benefits. Given that the environmental results of negotiated agreements can be characterised as reasonably successful, but not creating radical innovations, these resource-building side effects are where the main long term advantage of negotiated agreements over other government instruments can be sought.

The possible side effects we concentrated on were classed in three groups. The first three aspects are more ‘affective’ and are extensions of each other. Both together and individually, they reduce the risk of unproductive conflicts later:

- a changing *attitude* of the target group in respect of environmental issues (74% positive);
- the degree to which both parties gain greater *understanding* of each other’s position (78% positive);
- the degree to which a negotiated agreement has led to better *collaboration* between the target group and government at all levels (80% positive).

The next four aspects are more ‘cognitive’ in nature. Learning processes can arise among both the target group and levels of government that increase the feasibility of a subsequent improvement of environmental benefits.

- the *knowledge* that accrues to achieve ambitious environmental objectives (69% positive);
- the degree to which the negotiated agreement makes possible further *policy development* by government (64% positive);
- application of further *product or process innovations*, not already included in the agreement (55% positive);
- the development of *new production methods and technologies* (also mentioned under efficiency – 44% positive).

Finally, we looked at the consultative process after the agreement had been concluded, which potentially increases the policy’s integration. Several authors, including Lafferty (2002), regard policy integration as essential to further improvement of environmental benefits, certainly when they are placed in the context of sustainable development:

- it advances a coherent approach within environmental policy for the industrial sector (what is called *internal integration* – 77% positive);
- it contributes to harmonisation between projects and measures in the context of the agreement and government policy in other policy areas (*external integration* – 64% positive).

The conclusion is that the great majority of respondents had a positive view of these results in the case of nearly all side effects. Improved collaboration and mutual understanding are markedly positive. Nearly 80% agree (entirely) that these improvements have actually occurred. The same holds for the improvement of coherence in environmental policy for the industrial sector. External integration, harmonisation with other government policy, is clearly more difficult. Nevertheless, here, too, an ample majority judge it positively.

Least resonance is enjoyed by the statement that the negotiated agreement has led to product or process innovations, or to new production methods or technologies (see Van de Peppel 2004). The majority of respondents actually score this last aspect on the negative side of the scale, which is relevant and also to some extent disappointing, since many of the more radical environmental benefits are in fact sought in the area of innovation, sometimes even in the form of radical ‘transitions’ (as in the fourth Dutch National Environmental Policy Plan – Dutch Parliament 2001). Policymakers have fixed their hopes on the negotiated agreement approach for this next step, too, but experience with the current generation of such agreements does not appear to offer much support for that yet.

The implementation of negotiated agreements

The role of follow-up consultations

Signing the agreement is normally not the end of the consultations between the parties. Often the ‘covenant’ text is only a provisional end and rings the bell for the next round, making follow-up consultations an essential part of the negotiated agreement approach. Only 16% of interviewees reported that no follow-up consultations had taken place. Yearly talks were mentioned in another 16% of cases, while in half the cases such talks take place every three months and in 19% even monthly. In these follow-up consultations, in 13% of cases further specification of the objectives is discussed, in 37% possible measures to be taken to achieve these, and in the remainder both subjects are covered. Very often the monitoring of the results was also discussed. In this section we will deal with the significance of the follow-up consultations and try to explain their success rate from the characteristics of the actors involved.

In Figure 2 the follow-up consultation is shown as one relevant process in the implementation of the negotiated agreements (‘covenants’) in combination with direct regulation. Apart from this process, the relationship with permitting and enforcement is relevant (Van de Peppel and Van der Veer 2003). Likewise there can be relationships with other instruments that are used in parallel, like advice and subsidies. In fact, the use of such supporting instruments tends to be discussed during follow-up consultations as well. Sometimes these are integral parts of the package deal of the negotiated agreement. Here we confine discussion to the role of follow-up consultations in the implementation of negotiated agreements.

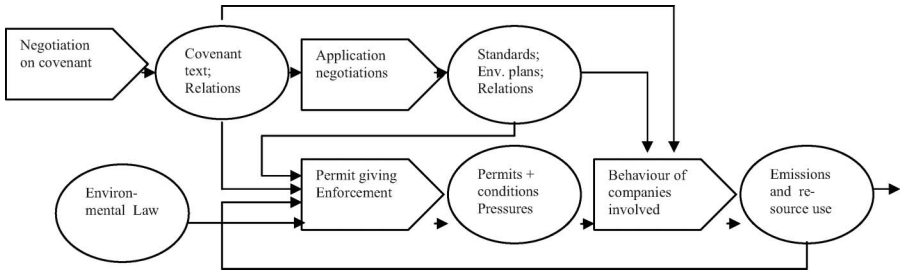


Figure 2. An input–process–output model of environmental policy implementation through negotiated agreements.

In response to the question, ‘Considering the entire process of negotiated agreements as a whole, what do you consider the most significant difficulty?’, negotiations during the follow-up consultation were named 17 times and monitoring 11 times. The way in which monitoring takes place as well as its results also form topics for discussion in the follow-up consultation. Together, this makes up 40% of the total, which is just as often as the initial negotiations leading to the agreement were named as a bottleneck. The greatest problems were found in the actual text of the agreement itself only six times (not applicable/don’t know, eight times). This is indicative of the considerable importance attached to follow-up consultation.

A major risk is that negotiated agreements can become eroded under the influence of progressing negotiations and the pressure of external, often economic circumstances, with the result that ambitions are downgraded or the industry’s implementation of measures is placed far down the agenda. In response to the point that, ‘The original agreements are eroded in the follow up consultation’, 21% agreed (45% disagree, 26% entirely disagree, 8% don’t know/not applicable). So, while this seems to cover a minority of cases, it can involve a considerable loss of environmental effectiveness. The response to the question, ‘In your view, during the follow-up consultation, did the government institutions appear to co-operate freely in any weakening of the obligations under the negotiated agreement?’ revealed that this erosion was not always fiercely resisted by government. It never happened in 76% of cases, once in 13%, sometimes in 4%, often in 6% and always in 2%.

The *explanation* of the results of the follow-up consultation can be sought in the *motivation, information and power relationships of the government institutions and target groups involved*. This does not mean that we have assumed that other factors (institutions, economic conditions, etc.) are not important, but only that our assumption is that these are only important to the process insofar as they change something in the characteristics of these three central factors (*‘contextual interaction theory’*, Bressers 2004). These actor characteristics form, as it were, an inner circle of factors for the explanation of such interactive processes as the follow-up consultation. Figure 3 shows how

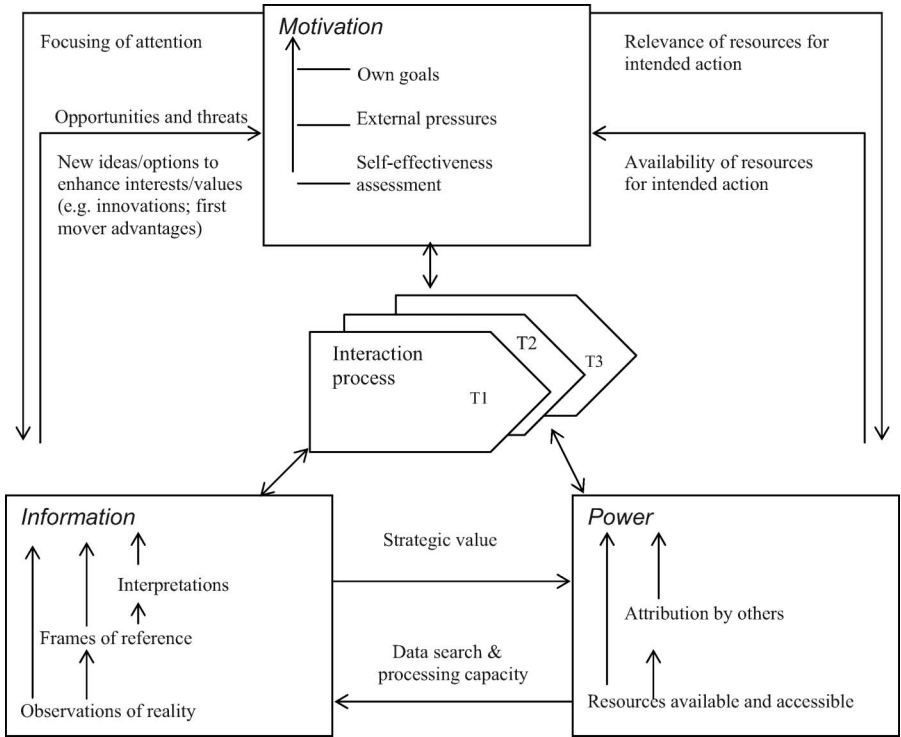


Figure 3. Dynamic interaction between the key actor characteristics that drive social interaction processes and in turn are reshaped by the process in ‘Contextual Interaction Theory’.

the model used explains how these factors interact with each other and with the process.

The factors in the model were drawn into the research as far as possible by means of statements. Regression analysis was then used to look at how far combinations of these factors explained differences in the degree of ‘erosion of the agreements in the follow-up consultation’.⁴ The most suitable equation contained only the following four factors (in order of importance):

- target group representatives are sufficiently active in ensuring that the agreements negotiated are observed (motivation factor);
- rank and file members of the target group actually believe that the agreements go too far (motivation factor, negative influence);
- the responsibilities of the target group’s representatives were clear (information factor);
- the tiers of government involved were clear from the start about what they wanted to achieve (power factor).

This equation is related ($r = .811$) to the answer to the ‘erosion of agreements’ question, explaining 66% of the responses (adjusted $R^2 = .615$).

The conclusion is that the result of follow-up consultation in terms of erosion of the agreements can in large measure be understood in terms of motivation, information and probably also the power of the actors involved. The power factor was specified primarily by questioning the reputation (‘Who has achieved most of their initial goals?’) and resources available (‘Presence and exercise of pressure’). Finally, we asked about a particular resource: goal awareness (‘knowing what you want’ as a necessary albeit insufficient precondition for the acquisition of power). This is in principle different from asking about how motivated people are to implement the agreements as negotiated. Strangely, this was the only ‘power factor’ that remained in the regression analysis, which may indicate that the factor functioned as an indicator of government motivation, which as such did not find a place in the regression equation. By far most frequently, both parties are well motivated to make the negotiated agreement a success and there is sufficient information – a situation in which, according to the *contextual interaction theory* (Bressers 2004), power relationships can be regarded as relatively unimportant (latent), with a predicted good result in terms of implementation.

The role of negotiated agreements in the policy mix

Figure 2 showed how other policy instruments besides negotiated agreements can affect the environmental behaviour of the target group. It reveals the interaction with the issuance of permits and enforcement. Financial instruments, such as levies on waste, sometimes play an additional role. In many cases, another group of instruments can even be inextricably linked with the negotiated agreement, since they stem from the agreements themselves and their implementation is discussed in follow-up consultation. These are commonly supportive instruments, such as subsidies, information and technology development programmes.

We have shown earlier that those involved in the various negotiated agreements generally had the impression that follow-up consultation especially had a beneficial effect on the coherence of the environmental policy for the industrial sector. Less clear, but still generally positive, was the idea that consultation contributed to the harmonisation between the projects and measures under the agreement and government policy in other areas. Inadequate harmonisation of policy between different areas – and certainly within a single area such as the environment – is a serious cause of irritation in the business community. The negotiated agreement makes a clear, significant contribution to integration of the policy mix. This is not so much due to the text of the agreement as the consultation prior to and after its signature.

In terms of the relationship with the issuance of permits and enforcement, which is a major part of other industrial environmental policy, target group policy appears mainly to have a significant effect on knowledge and insight

within lower levels of government. Respondents in a study by Hoek and Van de Peppel (2002) actually believed that there were few direct effects on permit issuance and compliance. Approximately half the water authorities and most provincial governments have encouraged the imposition of similar environmental requirements on comparable businesses. Provincial governments and water authorities also support the statement that the integrated approach deals with all aspects of the environment. The local authorities, which have many businesses in their area that do not fall within one of the negotiated agreements, are more pessimistic here (just as many reject the statement). The same holds, incidentally, for direct effects on companies' environmental behaviour. Here, too, local authorities are less positive than provincial governments and water authorities.

Our own research also asked whether respondents believed that regulation would have led to comparable performance by the target group. Of the 60 responses to this question (not counting the don't knows) a quarter agreed, and more than two-thirds disagreed.

There is also a tie to regulation from the other side. In quite a number of cases the negotiated agreement was chosen precisely because it was in advance of regulation (38%), or to avoid the need for regulation (13%). The possibility of government financial support for cleanup operations was also mentioned sometimes.

Conclusions

We have addressed two research questions.

What is the degree of success of the use of negotiated environmental agreements in the Netherlands, and with what background factors is the degree of success related?

In broad terms, our study presents a generally positive assessment of the negotiated agreement as an instrument of government. Our findings indicate positive environmental results in terms of ambition, compliance, goal attainment and environmental behavioural change. It is interesting that high ambitions do not relate to lower compliance, and instead contribute to the degree of ultimate behavioural change. On the minimisation of total costs, opinions are mixed, but a large majority acknowledged the efficiency advantages of flexibility in phasing of the measures. They are, however, less positive on the minimisation of transaction costs, due to the continuous consultation processes. Finally, the vast majority of respondents had a positive view of the side effects that develop resources for further steps forward, such as improved mutual understanding and an improved knowledge base. At the same time, the research shows that few new products, processes or technological innovations emerge due to the utilisation of the negotiated agreement.

We have identified various factors that relate to these successes. One of the most important concerns the representative organisation of a sector, i.e. the

branch organisation. In cases where a strong representative organisation exists that is also willing and able to act on behalf of its members, the chances of success are much higher. This is also true when the target group's environmental image is sensitive.

What role is played by follow-up implementation after the agreements are signed and what is the interaction with other instruments?

In the vast majority of cases the agreement itself, as laid down in the covenant text, is followed up by regular talks on the implementation status of the agreement. These follow-up consultations prove to be of special importance. Difficulties in this phase are often regarded as more significant than are difficulties in the initial negotiation process. Not only does this phase allow close monitoring, it also enables the partners to discuss the relation between the implementation of the agreement and the implementation of other policy instruments, both environmental and other. Our study indicates the importance of employing a number of instruments in conjunction, i.e. exerting pressure *and* talking/negotiating. This is difficult in practice. Increasing trust, working on the relationship between the parties, can be disrupted by a government that is exerting serious pressure on the target group by other means. Tacking between the two alternatives is a difficult game that demands great skill.

The power of the negotiated agreement strategy in environmental policy, as one among such other alternatives as regulation and market-oriented instruments, is obvious. The process of negotiating an agreement ensures co-ordination of actors' opinions and views, both in government and the private sector. The negotiated agreement approach is an element of interactive governance that fits policy situations that require 'learning' and 'consultation'.

Concluding remarks

Collaboration between government and target groups, the process of negotiation, striving to reach a consensus and following each other are all characteristics that fit well into the neo-corporate structure of the Netherlands. The 'Dutch approach' to environmental policy has attracted a great deal of attention both at home and abroad, influencing the policies of other countries and the EU. But it also fits very well with the concept of environmental governance which is often used to emphasise that both the development of general state-society relations and the long-term, multi-scale characteristics of many environmental problems require a combining of multiple scales, multiple actors in networks rather than hierarchies, multiple problem perceptions and goal ambitions, multiple instruments and multiple resources for implementation (Bressers and Kuks 2003). For all these elements of governance the scope needs to be extended, while still retaining a sufficient degree of coherence (Bressers and Kuks 2004).

So environmental governance is not just about selecting the 'right' policy instruments. Jordan *et al.* (2003a and b) identified various forms of interaction

between 'new' and 'traditional' instruments. Similarly, Bressers and O'Toole (2005, pp. 136–141) discerned various forms of confluence of policy instruments in practice. Many of the agreements were used in the implementation of the National Environmental Policy Plans and bear clear relationships with the issuance of permits and technology programmes (Hofman and Schrama 2005). It is exactly this connection between different strategies and instruments that offers opportunities for the creation of a sustainable society. If we consider environmental governance for the furtherance of a sustainable society, then we are confronted with a number of challenges (Bressers and Rosenbaum 2000, pp. 532–536), related to such matters as building up a *guiding force*, using institutions to protect certain long-term values (consider environmental policy plans and possibly future organisations for trading in CO₂ rights); *flexibility* and *learning* to cope with uncertainty, as well as to develop further opportunities, such as are needed for certain socio-economic 'transitions', like towards a low carbon energy production (Dutch Parliament 2001); and acquiring and maintaining *legitimacy* among the public and the business community.

The obvious individual answers to these challenges cannot always be combined with ease. The use of negotiated agreements can be seen as one way to cope with these internal stresses. It certainly works well in terms of legitimacy among the business community. With regard to flexibility and learning, the picture is positive. One of our most important findings is the support for the positive side effects on these matters of using negotiated agreements as a policy strategy. Even while this is a great advantage to other forms of governance there are limits. There is a great deal of information exchange, but commonly absent is a clear orientation towards radical innovations. There is a mixed picture in terms of steering capacity for long term changes. On the one hand, the avoidance of trench warfare between government and business, the attainment of 'feasible' objectives and especially also the medium-term orientation of most negotiated agreements are significant advantages. On the other hand, the sensitivity of the permanent consultative process to the changing tides of the economy and society can be a disadvantage in terms of a vigorous pursuit of major changes with a view to even more radical transitions, when the coupling with a long term perspective is weakened. This implies that the use of negotiated agreements as a form of environmental governance is itself in need of continuous innovation.

Notes

1. These energy efficiency agreements were evaluated later in a separate study commissioned by the Ministry of Economic Affairs (Bressers *et al.* 2006).
2. When not mentioned otherwise, all correlations in the text are Spearman's rho, and are significant on at least the 0.05 level.
3. Research project 'The implementation of EU environmental policies: Efficiency issues (IMPOL)', part of the 'Environment and Climate Programme' (DG XII, Framework IV: IMPOL, ENV4-CT97-0569).
4. These indicators (with their initial correlations) were:

Motivation		
Sufficient government effort	-.143	(ns, 55)
Sufficient target group effort	-.394	(.002, 57)
Acceptance of government contribution	-.293	(.037, 51)
Acceptance of target group contribution	-.451	(.001, 52)
Government rank & file: not far enough	.352	(.012, 50)
Target group rank & file: agreements go too far	.458	(.000, 55)
Information:		
Government expertise	-.116	(ns, 54)
Target group expertise	-.340	(.010, 56)
Clear responsibilities government	.004	(ns, 56)
Clear responsibilities target group	-.253	(.058, 57)
Attention to monitoring target group activity	-.284	(.037, 54)
Power:		
Government effort achieved	-.484	(.000, 53)
Target group effort achieved	-.214	(.125, 53)
Clear government effort	-.397	(.004, 52)
Clear target group effort	-.240	(.078, 55)

Under power relationships, we also asked about the availability and open employment of pressure (alternative policy instruments in the government case, relocation of the business or investment in the case of businesses). These factors actually turned out to be completely non-significant.

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