



Deciding over nature: Corruption and environmental impact assessments



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ABSTRACT

Environmental Impact Assessments (EIAs) are an important analytic tool for identifying and potentially mitigating project risks and negative environmental and societal impacts. Their usefulness, however, depends on how they are implemented and on whether findings are used in public decision-making. Given the notorious vulnerability of public-private interactions to corrupt practices, we examine potential and actual corruption risks across four stages of a generic EIA process. Combined with case analysis of the EIA process in Albania, a Southeastern European context experiencing serious governance challenges, we reflect on the vulnerabilities of EIAs to various forms of corruption from a principal-agent perspective. We concur with earlier research suggesting that the fundamentally rationalist approach behind EIAs do not necessarily match the empirical realities of public environmental decision-making, particularly in less mature EIA systems. We conclude with suggestions for framing a future research agenda in this area and touch on tentative policy remedies.

1. Introduction

Conventional economic development involves public sector decision-making processes for new projects (Peet and Hartwick, 2009). Ostensibly guided by rational utilitarianism¹ (i.e. the notion that it is the role of governments to minimize pain and maximize happiness), public officials interact with private sector actors in procuring new roads, airports, rail networks, hospitals, or schools (Kattel and Lember, 2010). Environmental impact assessments (EIAs) are one analytic tool aimed at identifying and mitigating a particular project's risks to the environment and to society, including to habitats for particular species, to ecosystem and carbon sequestration services, to levels of biodiversity, and to water catchment regulation (Canter, 1996; Jay et al., 2007).

Public-private interactions are notoriously vulnerable to corrupt practices (Basheka, 2009, Rose-Ackerman and Palifka, 2016). Emerging formal empirical evidence suggests that EIAs may be influenced by corrupt practices including bribery, collusion, and conflicts of interest (Dougherty, 2015, Paliwal, 2006, Branis, 1994, HRW, 2012, Momtaz, 2002, Transparency International, 2011, Kakonge, 2013). Yet, although EIAs are a core aspect of environmental decision-making for new projects in most countries, and despite potential for public harms resulting from corrupt decision-making linked to EIAs, there is limited published research on this topic. This is surprising for at least two

reasons. First, environmental issues have recently significantly advanced up the list of priority agenda items in global public discourse, coalescing around new funding mechanisms, policy measures and practical programs for adapting to and mitigating the effects of climate change (Bulkeley and Newell, 2010). Second, there is considerable empirical evidence for the prevalence of corruption in many countries' construction and natural resource sectors, areas of particular relevance to EIAs (Wells, 2015, Neu et al., 2015, Kolstad and Søreide, 2009).

In this article, we theorize a set of potential corruption risks in carrying out EIAs and empirically examine their salience through a case study of Albania. We first outline our methodology, then discuss the main theoretical corruption risks in carrying out EIAs, drawing on the sparse literature on this topic. We then present our case study of corruption in the EIA process in Albania, drawing on our own fieldwork in this Southeastern European context characterized by serious governance challenges (Transparency International, 2014, European Commission, 2015). We conclude with tentative suggestions for a future research agenda and a short discussion of potential policy remedies.

2. Methodology

In 2015 we were approached by the Albania country office of the German development cooperation agency GIZ to develop a study on the

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¹ Peet and Hartwick (2009), for example, offer a discussion of utilitarianism as an emerging reaction to the social problems of 18th and 19th Century England, situated within broader classical and neoclassical economic theory. Bentham's *An Introduction to the Principles of Morals and Legislation* argued that every human action could be judged by its effect on either augmenting or diminishing the happiness of the individual (Bentham, 1987). Corruption is widely considered to undermine utilitarian goals by various means, but all relate to the surreptitious prioritization of narrow interests at the expense of societal- or group-level goals (Søreide and Williams, 2014).

EIA process in the country given recent anecdotal evidence, media publicity and civil society concerns regarding the dubious nature of environmental decision-making, and in particular the EIA process. Recent cross-country corruption perceptions data (Transparency International, 2014) and a European Commission report (2015) confirmed that Albania experiences serious contemporary corruption challenges and, despite improvements in some policy and legislative areas, is still a poor performer on governance indicators.

Our method of analysis was as follows. We first reviewed the existing academic knowledge base on corruption and EIAs, the results of which we outline in the next section. To carry out this review, we developed a list of key terms associated with corruption and environmental decision-making and inserted each of these terms (and combinations of, as well as alternatives to, the terms) into the following academic search engines: Google Scholar, Web of Science, Jstor, and Academic Search Complete. Our list of terms is found in Appendix 1. Based on this literature review, we developed a list of potential corruption risks in a generic EIA process, which we outline in the next section.

Second, we conducted an exploratory case study in order to test the salience of the corruption risks we identified in the literature review as well as to identify further risks. An exploratory study is particularly appropriate where limited research exists on a topic, as it can help to generate hypotheses for future research. Our literature review allowed us to generate a set of hypotheses in the form of the list of potential corruption risks in the EIA process, and to then engage in a plausibility probe via a small-n study to both further develop and preliminarily test these hypotheses. This enabled us to determine whether future research on this topic is warranted (see Eckstein, 1975).

We collected empirical evidence through case study analysis of the EIA process in Albania. Data collection consisted of carrying out semi-structured qualitative interviews, each lasting around 1 h, with 16 key EIA stakeholders in Tirana during November 2015:

- National public environmental/energy authority representatives: × 5
- Regional public environmental authority representatives: × 4
- National non-governmental organization representatives: × 2
- Nationally accredited EIA private sector experts: × 4
- Foreign public agency representatives: × 1

While quantitative data is often desirable to understand the overall patterns and trends of a social behavior as well as its causes and consequences, the availability and quality of numeric data is extremely limited and notoriously unreliable in corruption studies. Relying on quantitative data (such as from administrative or criminal sanctions) is generally not considered a suitable means of “proving corruption” because corruption is generally secretive and it is impossible to know the true incidence of corruption based on court cases or other types of sanctioning mechanisms. For this reason, qualitative, perceptions-based data is often more useful in understanding the types and scope of corrupt behaviors in a given sector, particularly in an exploratory study such as ours. During our data collection, several government and non-government sources reported that there have been zero (or very close to zero) cases of formal sanctions against private experts who have consistently submitted poor EIA reports. A logical conclusion to draw from this lack of cases of sanctions is Albania therefore has no problem with corruption in its EIA system. But our qualitative data, as well as the majority of published research on Albanian governance, tell a very different story, one that to date has largely gone unexamined.

To ensure we carried out our data collection according to the highest ethical standards (particularly given the sensitive nature of the topic of our research), we obtained informed consent by presenting each interviewee with a Participant Information Sheet and Consent Form prior to the interview. These documents covered: the purpose of our study; the reasons for choosing the interviewee; affirmed the voluntary nature of the interview; provided details of what the interview would cover; affirmed the

confidential nature of the interview and the means by which interview data would be secured; what would happen with the results of the study; and how the study would be peer-reviewed. Each interviewee signed a Consent Form affirming that: they had read and understood the Participant Information Sheet and had an opportunity to ask questions; that they had understood that their participation was voluntary and that they were free to withdraw from the interview at any time, and without giving a reason; that they agreed to be referred to by a random number in the research and published study; that they understood that there may be limitations to their anonymity given relatively few interviews were to be conducted for the study. In order to ensure the anonymity of all respondents' identities, we have kept identifying details of all interviewees in a secure location, and assigned a random number to each interview transcript.

We used an interview guide to structure the interviews and asked each interviewee similar questions, with follow-up questions to specific comments. Our questions focused on the interviewee's experiences of EIA performance in Albania, and their ideas for positive reforms to mitigate and prevent unethical behaviors. Our interview guide can be found in Appendix 2; this guide was formulated in collaboration with development agency practitioners concerned with problems of corruption in EIAs in Albania.

We had several objectives in the interviews. Given the lack of published studies on corruption in the Albanian EIA system, our first objective was to understand the laws and rules in place governing EIAs, and the administrative processes and sanctions applicable. Our second objective was to enquire as to the actual adherence to these objectives, rules, laws, processes, sanctions regimes, and the outcomes of EIA process. The topic of corruption was raised cautiously and with an attempt to not lead interviewees to describe certain practices as “corrupt”. Third, we also undertook to understand the benefits of current ways of working on EIAs in Albania.

The interviews were systematic and reflexive in the sense that we made conscious attempt to consult with a wide range of EIA stakeholders, including those directly involved (such as private EIA experts, and environmental ministry and agency public officials), and those monitoring EIA processes and outcomes from a distance (academics, environmental NGO representatives).

Finally, in order to validate our findings from the literature review and interviews, we presented the initial processed and anonymized findings from the interviews to a focus group of 30 EIA stakeholders at a workshop held in Tirana some weeks after our fieldwork. This was done to provide an opportunity for our initial fieldwork findings to be challenged, corrected, and added-to. We revised our description of the formal system for EIA administration in Albania as a result of feedback received from focus group participants.

3. A brief review of literature on corruption and EIAs

3.1. Corruption: Definitions, causes, and environmental consequences

Following a widely accepted view, we define corruption as the abuse of entrusted power for private benefit.² There are several theoretical perspectives for why corruption occurs³; our analysis is guided by the

² This is the Transparency International definition of corruption. It is slightly broader than that advocated by the World Bank (which focuses on *public* rather than *entrusted* power), and is more succinct than several academic definitions, such as that put forwards for natural resource sectors by Robbins (2000).

³ These are the principal-agent theory, collective action theory and an emerging theory of corruption-as-problem-solving. For discussion of these three views, see Marquette and Pfeiffer (2015). Our literature review showed that most studies on environmental assessments and corruption adopt a principal-agent perspective, and it is for this reason that we focus on breaches to the formal control and accountability mechanisms for environmental impact assessments, including in Albania. We recognize, however, the value of the other two theoretical perspectives and tend to agree with Marquette and Pfeiffer (2015) that they may be partly complementary.

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