European Agencies as Agents of Governance and EU Learning

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ABSTRACT

This article asks how the EU as a regional organization manages to learn and adapt to policy challenges. It investigates the evolution of one regional level and one national environmental agency (the European Environment Agency and the England and Wales Environment Agency) that have distinct roles in influencing EU environmental policy performance. The article examines the role of agencies and bureaucracies more generally, interrogating some of the assumptions made in the bureaucracy literature, particularly concerning principal-agent models. The focus on agencies helps illuminate two potential dimensions of the EU process: overcoming the original institutional design and the role of organisational and policy learning.

KEY WORDS

Bureaucracies; Environmental Agencies; European Union; organisational learning; policy learning; principal-agent.

Introduction

Environmental policy, given its interconnection with scientific uncertainty and diverse societal concerns, presents fundamental challenges for political organisations. This reality is doubly problematic given the complex nature of the European Union (EU) policy-making process. Learning approaches to EU integration suggest: (a) how EU actors define both their environmental policy and organisational management problems, and (b) how they formulate philosophies and actions to cope with this complexity.
This article disaggregates the EU system, assuming that the EU’s institutional complexity provides numerous potential fora for learning. It takes a meso approach, focusing on two institutions and their evolution: the European Environment Agency (EEA) and the Environment Agency for England and Wales (EA). The core research questions are: under what conditions do agencies pursue organisational and policy innovation, and what are the implications of such innovation for the relationships between environmental agencies and their organisational context? Learning approaches may provide insights into how EU and national organisations, acting as agents, can transform the nature of their relations with the principals, but institutional context sets strong limits on this potential.

The choice of agencies reflects a most different case approach within the EU context. The EA is on a completely different scale from the EEA: the largest European environmental agency versus the smallest in terms of staff, the former wielding immense regulatory scope versus the latter’s information-centred governance, budgetary resource differences, and the possibilities for intervention by the relatively cohesive British state executive compared to the EU multi-headed hydra (Williams, 2005, 85). These hugely different agencies facilitate a comparison of the degree they confront similar contextual dynamics and internal impulses.

The next section presents the analytical propositions. The third and fourth sections investigate the EEA and the EA origins, respectively. Both cases ask how the founding negotiations frame the relationship between agency (agent) and principal(s). The sixth and seventh sections explore respectively the EEA and EA historical evolutions, focusing on their organisational adaptation to their context (organisational learning) and policy learning.
**Theoretical Overview**

*Principal-agent Propositions*

Notions of principal-agency have elucidated numerous important EU relationships between bureaucratic organisations (the agents) and the principals, the political authorities (Egan, 1998). Assuming that bureaucrats manipulate the system to maximise their budget because of their information advantages, principal-agent theorists postulated that politicians/principals anticipate such manipulation and assert their long-term control over their agents by setting various controls (McCubbins, Noll and Weingast, 1987). Further assumptions include: (1) bureaucrats have personal preferences that conflict with the principals’ concerns; (2) the delegation of authority to agents gives the bureaucrats information advantages (McCubbins *et al*., 1987, 246-7).

Because of the prohibitive costs of monitoring and sanctioning such bureaucratic behaviour, the principals establish control mechanisms (e.g. clearly defined administrative procedures and oversight processes), but do not require specifying or even knowing the detailed policy outcomes (McCubbins *et al*., 1987, 256-61). Agency discretion occurs if the agency manages to engage in opportunistic behaviour, known as ‘shirking’, that is more costly for the principal (Kassim and Menon, 2003, 122).

*Structural Disagreement*

Moe’s framework (1984, 773) questioned key principal-agent assumptions (i.e. that the agency possesses no internal conflict and that the principals agree) and the amount of control principals can actually impose. Multiple interests and principals operate in all democratic systems. Moe’s structural perspective expects a dominant advocacy
coalition consisting of the government and its associated constituencies to build administrative structures insulating their achievements from politics. The opposing coalitions protect their voice in the structural design of the bureaucracies by imposing structures that subvert effective performance and politicise agency decisions (Moe, 1989, 273-7).

The agency’s characteristics are the product of strategic design exercised by politicians and affected interests. Since no singularity of interest exists, the design of the personnel decisions and administrative goals reflect a much more chaotic discussion than the principal-agent approach predicts. No one succeeds in achieving their goals for agency design: opposing coalitions seek to impose structures that inhibit agency performance and enhance external control while the coalition in power defends the agency and even counter-attacks with its own structures (Moe, 1989, 281-5). The Moe framework expects agencies to face a path dependent situation where the structural choices of the agency’s creation endure and dominate over future changes, leading to a largely static and incoherent equilibrium for the agencies.

Historical Institutionalist Propositions

Sharing characteristics of Moe’s more rationalist approach, historical institutional perspectives provide an alternative explanation for agency change and stasis. The complex EU institutional process places significant constraints on agency choices, forcing agency adherence to past norms and decisions. Environment agencies also are slow to change and do so incrementally to reflect enshrined norms and rules. Although institutions resist change in favour of current norms, change is possible without hypothesising learning (Streeck and Thelen, 2005, 18-31). For example, agencies may keep the basic set of rules and resources but face redirection by newly
elected governments, or some grouping of principals, towards a new set of goals and objectives that transforms the agency’s role.

Learning propositions

Waterman, Rouse and Wright (2004, 24-46) conceptualise the implications of relaxing two principal-agent assumptions (conflicts over goals are inevitable, and agents have more information than the principals). They argue that the Principal-Agent model is only one (albeit frequent) scenario (Waterman et al., 2004, 24-31). They argue for the possibility of competing principals as well as agencies, and that the principals may sometimes possess considerable knowledge. Neither the principals nor the agents are likely to have unitary outlooks. Agencies have incentives to ally with principals who share their goals/outlooks, and vice versa. Both agencies and other interest groups are motivated strongly to share information with supporting coalitions; consequently the situation of information asymmetry decreases.

Information and learning are core dynamics that can transform the principal-agent relationship as both sets of actors learn gradually about policy and their own organisations (Waterman et al., 2004, 37-42). Carpenter (2001, 14-35, 353-67) has explored how bureaucracy can build autonomy and establish direct links to the citizens and the new associations. Bureaucracies need stable legitimacy for themselves and their policies, so they push policy innovation (Carpenter, 2001, 14-8). Autonomy exists when agencies can make the decisive first moves towards a new policy, establishing an agenda or the most popular alternative, which become too costly for politicians and organised interests to ignore. Principal-agent adherents would define such behaviour as shirking. However, there is a significant possibility that cannot be subsumed in this approach: namely that agencies can transform the
preferences or the configuration of the principals (the public, organised interests, and politicians). Agencies operating with discretion may exert bureaucratic entrepreneurship (Carpenter 2001, 30-1). Here the agency leadership experiments with new programs and introduces innovations to existing programmes while gradually convincing the diverse political coalitions to value the new innovation and the agencies themselves.

Agency actors sustain this preference shift by using recognised legitimacy in the policy area, by building superior ties to the public and/or media, or by establishing reputations for impartiality and dedication to the public good. Agencies operating in the classic principal agency scenario seek to develop advocacy coalition scenarios or even more secure policy subsystem and technocracy relationships where stability, recognition and legitimacy define the agency role. This article articulates the conditions under which agencies deviate from the principal’s goals (i.e. shirking) but also those conditions where those goals are transformed (learning processes).

**Learning Approaches and Constraints**

The special issue’s introductory article presents the main learning approaches used here: ‘lesson drawing’, ‘social learning’ and ‘organisational learning’ (see also Bennett and Howlett, 1992). ‘Lesson drawing’ articulates how programmes change by learning about new instruments. This distinction focuses on what is being learnt. This involves a more instrumental form of policy learning where actors and organisations seek to improve their performance over time - without changing fundamental values and perceptions. ‘Social learning’ encompasses the policy learning process where new world views are learnt, triggering radical shifts in policy paradigms. Differentiating these two concepts is difficult given their definitional ambiguity and interrelatedness.
Both involve searching for and using information from outside the organisation and both processes should impact on each other given the environment agencies’ policy tasks.

Organisational learning is ‘the development of structures and procedures that improve the problem-solving capacity of an organisation and make it better prepared for the future’ (Olsen and Peters, cited in Common, 2004, 37). It is useful to differentiate this focus on how organisations learn and adapt in their organisational setting compared to the concepts of social learning and lesson drawing which focus on the organisation’s policy output. The distinction indicates an important yet overlooked learning dimension: how do actors adjust their political strategy? Table One outlines some of the possibilities for agency learning and coalition-building. The table examines agency behaviour in terms of how it seeks to manipulate innovation and the political arena to influence its principal-agent relationship.

*Table One: Learning Strategies*

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<tr>
<th>Dimensions of Agency Activity</th>
<th>Maintain/Safeguard Arena</th>
<th>Expand Political Arena</th>
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<tr>
<td>Innovation is Stable</td>
<td>(A) Policy subsystem (Iron Triangle-Policy Community); or classic Principal-Agent</td>
<td>(B) Political Engagement and Advocacy Coalition Building on Entrenched ideas</td>
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<tr>
<td>Innovation is Pushed</td>
<td>(C) Internal coalitional and organisational learning</td>
<td>(D) Expansive Advocacy Coalition – Entrepreneurship</td>
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Situation A suggests that the agency is entrenched in a stable political relationship that its officials either desire or are forced to maintain. This could take the form of: an agent with certain information advantages yet still controlled by principals; or a policy community/triangle where there is a policy goal consensus and perhaps even relatively equivalent levels of principal-agent knowledge. Learning and change are still possible in this scenario (e.g., incremental adaptation or lesson drawing that does not modify the organisational strategy and worldview), but they are less important and unlikely to transform the agency, the principals or the mutual relationship. The agency may shirk at the margins by learning new organisational strategies or developing new policy instruments that escape the principals’ control mechanisms. Both the principal-agent and the Moe approaches expect this scenario to dominate future agency performance.

Situation B relates a similar pattern although incremental adjustments to political strategy are more likely. This scenario occurs in changing political circumstances when power is shifting (e.g. changes in government) or the actor coalitions are more fluid. Organisational learning is possible, but again is unlikely to be transformational in the way the agency, or its principal-agent relationship, operates. Changes in tactics and alliances that do not reflect substantive policy learning processes are most likely, and shirking is possible.

Situation C involves substantial coalition innovation through endogenous processes although external pressures also may figure. All three forms of learning outlined above may factor in improving agency performance and coping strategies; this may cause shirking from aims set by the principal.

The key difference between this and Situation D is that Situation D encapsulates the process where the learning dynamics (potentially all three types) are harnessed by
entrepreneurship. The agency seeks a wider actor coalition to embrace this knowledge and embed it into their own rules and behavioural norms. It is this political and entrepreneurial act of taking the learning outcome, and using it to inform and perhaps transform the wider principal-agent relationship that goes beyond principal-agent conceptions. The act of learning successful entrepreneurial skills in a particular context is likely to constitute organisational learning.

**Comparing Environmental Agencies**

*The EEA Origins*

On 17 January 1989, the Commission President Delors mentioned the regional agency idea while addressing the European Parliament (EP). Several MEPs had filed motions for creating an agency in 1987 and 1988 (EP, 1987). Delors’ speech, calling for the establishment of a precursor to a pan-European environment agency, gave the idea crucial momentum (Brown 1995). This reflected partially a growing awareness that the EC (European Community) environmental policy’s continual expansion demanded an equivalent implementation focus.

The EC arena had already recognised the need for high quality environmental data to support policy formulation and monitoring. In 1985, CORINE (Co-ordinating Information on the Environment) began investigating data gathering and co-ordinating member state environmental data (Bailey, 1997, 148-49). Nevertheless, the lack of quality EC level data troubled Commission officials who faced producer criticism that Commission environmental proposals lacked a sound scientific basis (Brown, 1995). The 1988 Rhodes European Council Summit specifically requested better information on the state of the environment, empowering the Commission response (Schout, 1999, 86).
Although all member states announced basic support for the concept, specific positions quickly diverged. The British government, preferring a data co-ordinator, warned against a new agency receiving regulatory and inspection powers that duplicated other agencies’ work (Brown, 1995). In contrast, the Green and Socialist MEPs wanted an agency with regulatory teeth. The Environment Commissioner, Ripa di Meana, and other agency supporters campaigned for autonomous status (Majone, 1997). Although the EP lacked the co-decision power in the 1980s to block the Council agreement, the EP Environment Committee pushed hard to give the EEA power to inspect and monitor member state compliance (Ladeur, 1996).

While the top Commission leadership vocalised strong interest in the Agency idea, others in DG Environment feared EEA duplication of its own work (House of Lords, 1995, 9). Delors’ proposal surprised many in DG Environment, this fear of a potential competing agent coloured relations subsequently (EEA interview, 2007; Schout, 1999, 87).

On 21 June 1989, the Commission proposed formally the creation of the EEA and an information/surveillance network. The purpose was to co-ordinate the enactment of Community and national environmental policies, assess the impact of environmental actions, provide modelling and forecasting methodologies, and harmonise and store data (Commission of the EC - CEC, 1989). The Environment Ministers agreed to establish the agency in principle on 19 September, but the proposal was weakened by member states (particularly the British and Spanish) representatives. Ripa di Meana and others accepted this reality, arguing that any further EEA enhancement should be a future development (Brown, 1995). This member state position, together with increasing recognition given to subsidiarity, gave a strong impetus to the network governance idea (Schout, 1999). The EP only accepted this weakening of its initial
vision with the provision of a review procedure. This procedure means that the Council must consult the EP before the review of EEA tasks (Bailey, 1997).

The Council negotiations on the Agency proposal on 28 November achieved many key decisions. The Council split over the Agency’ membership: the UK, Denmark, Germany, Italy and the Netherlands favoured allowing non-EC states to join; Belgium, Luxembourg, Portugal and Spain opposed this (Brown, 1995). The Council debated extensively the decision-making process (unanimity versus qualified majority voting) for locating elements of the EEA network and for deciding the EEA multi-annual programme. Finally, the agency location proved problematic: each member country, excepting Luxembourg, wished to be host (Majone, 1997). The Council deferred this last debate to achieve an agreement.

A Council Regulation established the EEA and ‘a European environment information and observation network’ (EIONET) on 7 May 1990, without locating the agency operations (Council, 1990, 2). The Regulation set the EEA the objective of providing the EC with ‘objective, reliable and comparable information at European level enabling them to take requisite measures to protect the environment, to assess the results of such measures and to ensure that the public is properly informed about the state of the environment’. The Regulation granted the Agency legal autonomy but also required it to maintain close links with Community institutions and member states (Council, 1990, 3).

Regulation Article 3 emphasised that the Agency’s activities should ‘avoid duplicating the existing activities of other institutions and bodies’. This was problematic because EC institutions, most notably EUROSTAT, already gathered environmental information (House of Lords, 1995). Article 20 stipulated that the
Council review after two years the situation, in consultation with the EP, and decide whether to extend the EEA tasks.

The Council created an Agency charged with providing information and co-ordinating this information through the means of networks (Vos, 2003, 119-20). This differentiated it from the older EC agencies that lacked the network creation scope: e.g. the European Centre for the Development of Vocational Training. The EEA represented the embodiment of ‘network governance’: where more decentralised networks replace the ‘top-down’ mechanisms of governing society associated with the state.

In the EEA’s creation, one set of principals, the member states, dominated several key decisions. At one level the EEA is located in a classic principal-agent role with a very constrained role of co-ordinating information (gathered by others) and a network (Ladeur, 1996). Nevertheless, the differing principals’ negotiating positions are reflected in some of the original regulation’s ambiguities. The Regulation is unclear about whether the agency can influence directly policy formulation (Majone, 1997). Ambiguity surrounds the EEA relationship to the Commission. The EEA Management Board’s composition (including EP, Commission and the Member State representatives) also embedded the presence of the various principals who disagreed over the Agency’s scope.

Moe’s approach better explains some of the Regulation’s tensions than a strict principal-agent approach. The EEA had a long list of tasks, but the Commission and some Member states particularly underscored the information gathering. The EP wanted the EEA to monitor implementation while certain Member States hoped the EEA could steer EC policy through informational devices (Schout, 1999, 90). Moe’s notion of a clash of interests also resonates with the three year struggle over the EEA
location (Carvel, 1993). The decision became linked to the location of the other newly formed EC institutions and the EP’s continued presence in Strasbourg (European Parliament, 1990, 7-8). When the Strasbourg site was affirmed and the number of new institutions reached a sufficiently high level for a horse trade, the Danes, keen on the environment agency’s symbolic value, secured the EEA.

The EA Origins

In his first Prime Minister’s environment speech on 8 July 1991, John Major announced his government’s desire for a combined environmental agency (Carter and Lowe, 1995, 38-39). This proposal was not self-evident. The Conservative Government’s White Paper had only recently rejected this alternative, enabling the institutions under consideration - the Her Majesty’s Inspectorate of Pollution (HMIP), the National Rivers Authority (NRA) and the Waste Regulation Authorities (WRAs) - to establish themselves more strongly (United Kingdom, 1990). Moreover, the proposal clashed with the UK environmental tradition of fragmented, decentralised and informal regulatory administration and behaviour (Carter and Lowe, 1995). The agencies involved in environmental regulation and management were quite disparate (the EA was created out of 86 predecessor organisations - see Bell and Gray, 2002, 90) The relatively newly formed and small HMIP was formed out of various inspectorates and had a new statutory role of taking a cross-media, integrated environmental approach. The 1989 Water Act united the ten regional water authorities of England and Wales into the enormous NRA. The WRAs were part of the local authorities, tasked with the role of waste treatment, storage and disposal (Department of the Environment, 1991).
Although Major’s announcement involved various electoral considerations, it chimed with social learning shifts occurring in the policy arena. There was an increasing learning process recognising that the absence of a unified administration was leading to the regulation of emissions in one media simply displacing pollution into another media. The Royal Commission on Environmental Pollution and other actors pushed the integrated pollution control concept, which emphasised the need for rationalising administrative structures (Carter and Lowe, 1995, 41-3). The creation of the HMIP and the NRA already reflected this, but many sought further steps.

European environmental regulation also was shifting UK environmental structures (national expert interview, 2006). The more informal, piecemeal UK environmental approach had to confront the detailed EC regulatory stipulations (Haigh, 1986). Although the various UK agencies, such as the NRA, had developed European divisions and officers, these sections were enmeshed in increasing detail and lacked a strategic perspective on European developments (Ward, Talbot, and Lowe, 1995, 48-9). This reactive mode meant that the agencies had seldom direct involvement in the various EU specialist committees framing and generating new EC policy. Commission officials often perceived these UK agencies as having a marginal role while the Whitehall departments controlled the Brussels access.

Furthermore, European actors had difficulty discerning the specific agency roles in the unfamiliar, complex UK system. Agencies such as the NRA lacked an explicitly defined relationship to the EU policy structure; their uniqueness in the European context rendered it difficult to form relationships with European networks (Ward et al., 1995, 49-51).

Although most actors expressed a superficial support for Major’s proposal, within Whitehall the Department of the Environment (DoE) and the Ministry of Agriculture,
Fisheries and Food (MAFF) contested the policy control. At stake was the ministerial control over parts of the river authority functions when the NRA lost some of these functions in its Agency transfer (Carter and Lowe, 1995, 38-47). Consequently the government set a consultation process until January 1992.

Circulated in 1991, the consultation paper offered four options: (1) an agency that absorbed HMIP responsibilities and local authority control over waste regulation but left the separate NRA’s water authority; (2) an umbrella body that co-ordinated the separate NRA and HMIP activities; (3) an agency combining the HMIP, NRA and NWA; and (4) an agency combining the three bodies but leaving a partial NRA managing river, water and fisheries (Department of the Environment, 1991).

The Confederation of Business Industry wanted a unified agency centred on the HMIP, with which it had excellent professional relations. Water amenity/industry and rural interests strongly backed a strong NRA. Environmental non-governmental organisations supported a unified agency but worried that amalgamation would damage the strong statutory authority located within the NRA. The Departmental row within Whitehall continued and even extended to disputes concerning overall responsibilities for coastal protection (Carter and Lowe, 1995, 48-9).

The Conservative Government chose the third solution. The 1995 Environment Act established the EA, an agency covering England and Wales, but not Scotland (United Kingdom, 1995). The Agency’s principal aim was protecting and enhancing the environment, taken as a whole, thus contributing to the global goal of sustainable development (EA, undated). Although sponsored by one Department (the DoE), EA had links to the Welsh Office and to MAFF. Government grants provided 30% of the Agency funding while environmental charges would finance the remainder. The Agency’s work fell into two categories: (1) environmental protection including the
regulating of controlled waste management, protecting and improving the quality of various bodies of water and groundwater, regulating major industrial processes; and (2) water management concerning water resource, flood defence, fisheries, recreation, conservation and navigation (United Kingdom, 1995, Section 6; EA, undated).

Underneath these aims was a considerable debate over how to incorporate officials from the diverse government bodies (McMahon, 2006, 146). A fundamental tension existed in the specific principles that the bodies wanted incorporated into the new agency. The organisational amalgamation reflected the desire to retain the strengths of the three core bodies while also pleasing their separate constituencies. However, this effort devised a rather incoherent administrative structure reflecting these concerns and creating tensions within the new organisation. Moe’s framework is very persuasive in this history.

The officials in each of the bodies hoped that the EA would reflect the key organisational principles of their own institution. The NRA, the largest of the three bodies in terms of staffing and budget, wanted the EA organisation to follow ‘natural environmental boundaries and particularly river basins’ (McMahon, 2006, 147-74).

The HMIP officials feared that such an approach would create a larger NRA, with the HMIP losing their professional philosophy and their close professional links to business. The WRAs wanted an organisation based on local authority boundaries. The eventual outcome reflected the organisation of the biggest EA segment—the NRA.

Another critical organisational issue focused on whether the organisation should reflect functional-media divisions or a set of cross-cutting and functionally integrated themes. This suggested the idea of multi-skilled teams that the HMIP, with its integrated pollution control outlook, found the best fit.
The ensuing agency had a small head office, regional managers that set regional strategies and area officials resolving local issues (EA Interviews, 2007). The Agency, in incorporate a more integrated approach to regulatory tasks, also added a matrix structure organised around nine over-arching themes; it required regional and area actors to work across the themes. The underlying idea was to inculcate at the more local level different officials with different functional expertise and skills working together as a multi-skilled team. What resulted was an organisational system that, especially below the national level, posed its staff with unfamiliar rules and norms. Consequently, the staff felt that the agency had made inadequate allowance for staff adjustment to the new complex organisation (McMahon, 2006, 147-74).

The EEA Evolution

Following the adoption of Regulation 1210/90, a DG Environment task force started the EEA groundwork. The first stage of the EEA development occurred from 1990 to 1995, focusing upon baseline information and assessments on individual environmental themes (IEEP and EIPA, 2003, 26; House of Lords, 1995). This preliminary effort involved further developing of the CORINE data inventories and building relationships with other institutions. The latter usually took the form of protocols/MoUs (Memorandums of Understanding - see House of Lords, 1995). With the Commission taskforce disbanding in 1994, a small Agency staff of six began a recruiting process that grew the Agency up to 55 staff with a budget of 18.6 million ECU by 1999 (Caspersen, 1999, 72; House of Lords, 1995). In order to achieve its three basic aims of networking, monitoring and reporting, the EEA followed a five year Multi-Annual Work Programme. The essential EEA organisation involved a Director’s Office, an administrative department, three operational departments, a
Management Board and a Scientific Committee. Given the Agency’s small size and the Regulation’s stipulations, the EEA necessarily embraced becoming a ‘new kind of “networking bureaucracy”’ (Caspersen, 1999, 72).

Given the explicit mandate to build a network system using an extant structure, the EEA had to engage with national institutions. Within the EIONET network were the nine European Topic Centres (ETC), which are groupings of specialist research organisations (EEA, undated). Perhaps even more important were the National Focal Points (institutions charged with assisting the EEA in preparing and implementing the work programme and the EIONET’s development). Regulation Article 14 specifically instructs the EEA to co-operate actively (without duplicating effort) with other international organisations, specifically mentioning the bodies such as the United Nations and its specialised agencies (Council of the EC, 1990). The Regulation required the EEA to have global networking scope.

The original Regulation foreordained the first EEA change: namely a Commission report to review the Agency’s performance after two years, with proposals concerning additional tasks, for the Council’s consideration (Council of the EC, 1999, 1). Postponed for two years, the Regulation revision process started in 1997. It had the potential to develop organisational learning and push the EEA in two contrasting directions: (a) a mechanism for expanding EEA powers, as some actors intended the original compromise; (b) or a monitoring tool for the principals concerning performance and the constraint of those tasks. Without adequate support of clients/principals, the review could become negative, leading to constraints or even reduced powers.

The resulting Regulation 933/1999 did not dramatically change the EEA’s path but added important nuances. The Revised Article 2 changed the aims ‘to provide the
Community and the Member States with the objective information necessary for framing and implementing sound and effective environmental policies’ (Council of the EC, 1999, 2). This gave scope to the understanding that the EEA was not merely a collector of databases but had an explicit policy function. The Regulation specified that the Agency utilise the data generated by Eurostat and the national statistical offices, underlining the EEA’s position merely as one collector of environmental data. This revised Regulation prompted the Agency to become more focused on reforming (i.e. streamlining and systematising) the information systems and focusing on sectoral integration and prospective analysis (IEEP and EIPA, 2003, 26). It also required internal reviews of the agency’s performance and efficiency; it further mandated the submission of a 2003 report to the principals (the Commission, Council and EP), assessing the Agency’s progress regarding the ‘Community’s overall policy on the environment’ (Article 20, Council of the EC, 1999, 2).

The consultants, Arthur Andersen, conducted the 1994-2000 evaluation of performance and efficiency, importantly affirming the need for the Agency and EIONET. The evaluation praised the network for linking the agency to capacity-building at the national level (IEEP and EIPA, 2003, 26-7). It argued that the Agency’s work needed to fit more closely with the principal clients’ needs, but that it could not serve all users and policy areas given extremely limited resources. Acting as a monitor for the principal-agent linkage, the review argued that the EEA’s role needed to shift from supplying stand-alone products (such as reports) to providing services to the policy-making actors. Such a recommendation could encompass a strong element of task expansion to include influencing the policy process. The 2003 Review (IEEP and EIPA, 2003) also led to an explicit Council statement enshrining
the EEA role as serving the entire EU as an independent body (EEA Interview, 2007; Council, 2003).

Another potential controlling device for the principals was the EEA Management Board, which incorporates directly the various principals (member state representatives, Commission officials and EP appointees). While the Board must approve the EEA work programme and various organisational/staffing decisions, this is more a negative form of control rather than ability to manage the EEA’s direction. Furthermore, the Board’s increasingly large size (with enlargement) exacerbates these limits. The Board acts as information conduit and network for the EEA and its principals.

The core principal-agent relationships are evolving. The relationship with the DG Environment, the key interlocutor between the Commission and the EEA, has ambiguities given the Commission’s role as guardian of the treaties and the location of the EEA budget within the DG Environment Budget. The DG has special control over it and can make proposals. This has nurtured a perception among some DG officials that the EEA takes its money and should do its bidding (EEA interview, 2007; IEEP and EIPA, 2003, 62-3). A 1990s effort of the EEA leadership to enlist the EP as a counterweight principal to the Commission created further difficulties; it did not transform the generally tepid MEP interest (EP official interview, 2007).

Since 2000, however, both the Commission and the EEA have built a more collaborative relationship despite some continued differences in opinion about the EEA role in policy implementation and effectiveness (IEEP and EIPA, 2003, 42-3). This partly reflects a politically more discrete and sensitive EEA approach and relationships to the DG, compared to relations between senior management in the 1990s (EEA and EP official Interviews, 2007; IEEP and EIPA, 2003, 60-62). Regular
interaction at both the top and lower management levels has aided mutual communication and understanding (EEA Interviews, 2007).

This suggests substantial Agency organisational learning over time about discerning the boundaries of its roles (EEA Interview, 2007). A key example was the EEA commitment to the Environment Data Centre; the high level Commission leadership generated this idea to share database management amongst the EEA, DG Environment, Eurostat and the Joint Research Centre. The EEA conducted an internal reorganisation to solidify its co-operation (EEA, 2006, 50). One core internal EEA change has involved restructuring its teams and mid-level management and increased focus on technical and management training (EEA Interview, 2007). The 2001-2004 restructuring increased mid-level management to supervise project managers and to provide more focused groups for studying issues, as well as data integration across policy sectors and environmental themes (EEA, 2004, 26-8). This move partly signalled to the principals the EEA commitment to fundamental aims-centred data collection and interaction with the Commission, Eurostat and other institutions.

The Commission’s thinking also evolved. Its 2003 review acknowledges the importance of EEA’s role and accepts a potential extension of EEA support activities ‘along the entire range of stages of the policy cycle’ (CEC, 2003, 10; EEA interview, 2007).

The EEA has also developed gradually stronger links to the Council and like-minded member states (IEEP and EIPA, 2003, 42). The EEA has undertaken a various collaborative efforts, including the development of conferences and the provision of background notes. The EP Environment Committee perceives itself as a client/principal and has asked the Agency for numerous ad hoc reports. The Committee emphasised the need for background material on Commission legislative
proposals and related member state activity. This request was partly a conscious EP effort to boost the EEA scope to conduct discrete, limited policy analysis. Memoranda of understanding between the EEA and EP concretised this effort (EP official interview, 2007).

The policy role has been integral in the EEA evolution from report writing and maintaining information integrity. In the 1990s, the Director Generals of DG Environment viewed themselves as the chief client and actor responsible for policy; the EEA’s main focus should be data collection. The 1998 and 2000 budget discussions triggered a heavy DG push for the EEA to downgrade lower priority tasks (IEEP and EIPA, 2003, 38-40, 61-2). Nevertheless, the EEA actors understand that data gathering and the provision of environmental information are ambiguous and not a neutral activity. Even mere data organising raises issues of policy problem perception and of how policy works (EEA Interviews, 2007).

Changing EU policy demands have supported this organisational and instrumental learning (IEEP and EIPA, 2003, 28-9). Thus the Cardiff process and the Sixth Action programme generated particular policy requests (by the clients/principals) that the Agency could respond to with specific information. Since 1998, the EEA has worked with the Commission and Council Presidency in actual policy development in such areas as the Greenhouse Gas Monitoring Mechanism. EEA staff have presented to the informal Environment Councils (IEEP and EIPA, 2003, 32).

The EEA has exploited its network agency role to build closer ties with actors inside and outside the EU process. The EEA management have stressed the importance of staff networking, which sometimes challenges EEA officials from highly technical backgrounds. The EEA officials carefully follow the Regulation, which has the ambiguity to allow limited task expansion (EEA Interviews, 2007). For the EIONET
to function properly, the EEA must interact with member state officials, scientific experts, civil society stakeholders and the EU institutions.

EEA officials observe the Regulatory requirement to engage with international organisations without duplicating effort. They engage with third countries and international institutions in order to showcase policy knowledge and networking and data collection ideas, based on EU experience (EEA Interviews, 2007).

Although the EEA has embedded itself in an extensive policy network and has moved towards policy assessment, this ongoing process can still meet resistance from various quarters. Accordingly EEA officials focus on discrete and restricted aims. Nevertheless, public criticism can be swift. The EEA made two initial efforts to assess the policy effectiveness of directives (reports on packaging waste implementation and on urban waste water treatment). The waste report encountered substantial industry criticism (Consultant Interview, 2007). The EEA’s careful response to this criticism fits with its broader organisational approach: to remain careful about the data, its analysis and the resulting claims (ENDS, 2005a; ENDS, 2005b).

*The EA Evolution*

Since its 1996 creation/amalgamation, much of the EA learning has been internal (Scenario C). The EA involved a complex new structure and new features (e.g. matrix structures). Numerous staff from the HMIP and WRAs perceived the new organisation as essentially a NRA ‘take-over’, forcing a considerable management adjustment on their part (McMahon, 2006, 156-7). The 1996-1998 transition also saw a lack of management consensus about agency tasks and processes. The communication and co-ordination problems and newness generated a substantial period of low morale (EA interview 2007; House of Commons Select Committee on
Environment, 2000). Many EA staff complained that the move had destroyed their sense of mission (EA interviews, 2007).

One particular EA challenge was overcoming this view and building organisational cohesion. Another complexity involved the principals that the EA answers to. The EA principals include the Government, particularly DEFRA, in London and the relevant House of Commons and the Welsh Assembly bodies.

From 2002 to 2009, the EA has undergone considerable changes. People have moved around and out of the EA; over time the tensions have eased if not completely disappeared (EA interviews, 2007). The Head Office sets agency policy and defines how localities interpret legislation, but the regions conduct the direct regulation. The EA management restructured the headquarters into 3 strands: the policy setting unit, the unit translating policy into detailed regional instructions and the Science Department. The reorganisation’s focus was ensuring that a consistent policy and set of instructions trigger a uniform decision-making process at the regional level (EA interview, 2007; House of Commons Environment Committee, 2006, 16-7).

Simultaneously, facing significant budget constraints and concerns about agency priorities, EA management changed the focus of priorities for the scientific team several times, abolishing national centres and altering the balance between priorities. This pressure on budgetary resources reflects a larger policy pressure on the agency. In 2007, the Agency had to implement a five percent government efficiency savings target and a short-term severe DEFRA spending cut to meet a recent agriculture overspend (EA, consultant interviews, 2007).

National pressures are not solely budgetary: the UK government has set a premium on quantifiable targets to demonstrate agency efficiency. The last two years have witnessed the Agency considering how to make long-term cuts in various areas.
However, some areas, e.g. increased flood defences (arguably reflecting a new kind of policy problem), are ring-fenced but also an enormous drain on agency resources and effort (EA official, consultant interviews 2007). Such external constraints as the 2007 flooding and the DEFRA budgetary crisis have disrupted EA planning.

The EA displays evidence of an instrumental learning with social learning elements: one example is the major rethink of how the agency regulates industry. This is most concretely demonstrated by the modernising regulation initiative, which existed within the Agency even before becoming a Blair government priority.

This is partly recognition that the management of regulation must be done to maximise efficiency, given the kind of constant resource constraints mentioned above (DEFRA 2003, 12-6; House of Commons Environment Committee 2006, 13-5).

There is some evidence of organisational learning, with the EA leadership and representatives working hard to shape both international and regional networking and thinking. The EA Chief Executive Harman gave considerable attention to the Networks of the Heads of Environmental Protection Agencies; the EA was one of the network’s primary leaders. The network discusses various issues and experiences, including how agency leaders conduct both political and policy strategy within their respective contexts (EEA actor interview, 2007). The EA has steered some of the network’s stances, including the 2006 Prague meeting’s emphasis on regulation’s positive impact. With DEFRA, the EA is also very active in the Implementation and Enforcement of Environmental Law (IMPEL) network and the EEA networking activities. The EA pushed the better regulation agenda heavily in these fora (EA interviews, 2007).

The EA’s EU and International Relations office undertakes a number of international networking projects. Multilateral and bilateral networking is a priority to extend the
EA impact. One must avoid overstatement as the relatively small staff and budget must highlight large national priorities (e.g. flooding; EA interview, 2007).

The recognition that the EA is a competent authority for implementing EU regulations necessitated Agency involvement in discussions concerning new EU measures. However the policy community recognised that the EA involvement varied significantly depending on the policy area and generally has been relatively reactive and less strategic before 2000 (Consultant interview, 2007). Gradually the Commission has learned to listen to the Agency and recognise that it has a significant voice distinct from the government (Consultant, EA interviews, 2007).

This separateness from the principal, the UK government, has been recognised internationally. The Commission finds useful the Agency’s evidence-based approach to its argumentation; the EA also pushed the better regulation agenda in EU discussions (EA interviews, 2007). The EA influenced the EU process that formulated, for example, the general structure and specific (e.g. groundwater) provisions of the Water Framework Directive (EA official interview, 2007).

Similarly, the EA has promoted the UK emphasis on risk-based calculations in formulating environmental management, such as the Contaminated Land Directive (EA interview, 2007). Although the EA has an EU strategy and a Concordat of Understanding to undertake various roles at the EU level, DEFRA, which is both a principal and a competing agent in these circumstances, prescribes EA policy engagement with the Commission (EA interview, 2007; House of Commons Environment Committee 2006, 29). DEFRA is protective of its policy-making and EU representative role; it takes Agency people to support its Council negotiations, but the Agency would not solely represent the UK. Similarly, DEFRA prevents the EA
from being the main interlocutor in the EEA network. Finally, the EA must follow the Ministerial/principal line (EA interviews, 2007).

Conclusions

The comparison of these two agencies always must acknowledge their fundamental differences. The EEA is an information and network agency while the EA has strong regulatory powers. Ignoring CORINE, the EEA started from scratch; the EA amalgamated the NRA and other bodies within the UK system. Nevertheless, interesting similarities appear. Both agencies started as political ideas for limited organisations that were rendered more complicated during negotiations by the widely disparate decisional actors’ interests; both histories conform strongly to Moe’s depiction of the structural choices and negotiations that occur at the start of an agency’s history. This theoretical explanation dominates the findings as well as the individual histories, posing challenges for the agencies to overcome. The dynamics these initial decisions create accord substantially with the path dependent expectations of the historical institutionalist approach. For example, the EEA has scrupulously followed the dictates of its founding Regulation.

The evolving histories make a substantial if secondary case for learning concepts. This also may reflect the nature of environmental governance where there is some convergence in an isomorphic sense towards information and informal/formal networking; such processes are occurring in other significant agencies, including the United States Environment Protection Agency (Hoornbeek, 2000). Political and budgetary constraints also may be forcing agencies down particular paths. There is strongest evidence for organisational learning and lesson drawing as expected in Scenario C. Both agencies underwent substantial management and
organisational changes that reflect agency adjustment to internal developments and external pressures. Simultaneously both agencies have invested heavily in networking and building relationships with the principals that require the heaviest engagement. The EEA has advanced farther in this task expansion - partially because it had the greater distance to travel: its growing presence in policy analysis compares starkly with the EA’s large, inherited regulatory responsibility. The latter has sought to build a reputation at the EU level. Inherent in this organisational learning was an increased appreciation of the role of networks and information, indicating an increased understanding of how to use instruments to advance organisational aims (both organisational learning and lesson drawing). Both agencies seem involved in social learning, but a definitive statement needs systematic research across all policy areas. The example of the EA pushing hard for new understandings of regulations, necessitating some re-thinking of policy values and principles, is suggestive. It is arguable that the strongest social learning was embedded in the creation of both agencies, recognising the different implementation problems in the EC and UK systems.

The question of whether or not the agency-principal relationships reflect the principal-agent model requires further systematic study across policy areas. In the historical overviews, key principals have monitored and controlled agency behaviour. The EEA history highlights periodic EEA reviews, the Management Board, and the founding Regulation. DEFRA controlled the policy decisions, the EA budget and EU access. Both agencies have shown a concerted effort to improve their internal organisation but also to reach out to their specific principals and other actors through networking (organisational learning). This suggests that some expansive coalition building is
altering relations. These changes are closer to notions of shirking than actual
transformation of the principal-agent relations in both cases.

One dynamic that gives scope to both shirking and the potential for transformation is
the reality of multiple principals and multiple agents. Both agencies have to negotiate
carefully their relations with other competing agencies and principals. In particular,
where institutions are both the competing agent and the principal (i.e. DEFRA and the
Commission) this creates a particularly difficult context for the agency to transform.
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**ACKNOWLEDGEMENTS**

The author thanks the Leverhulme Trust and the British Academy for their support of this research project, and thanks Chad Damro, Michelle Egan, two anonymous policy officials, and two anonymous referees for their comments.

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