

The Role of Environmental NGOs in Shaping Transport Policies: The Example of Hungary

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Introduction

Since it was established in 1988, the Clean Air Action Group (CAAG) has been working both in Hungary and also internationally for environmentally sustainable development. It is an umbrella organization composed of 71 Hungarian environmental groups. In 1991, CAAG established the Hungarian Traffic Club, specializing in transport and environment issues. The Club is also a member of the European Federation for Transport and Environment (T&E). As a result, CAAG has plenty of experience of NGO activities in the field of transport, some of which are described in this article.

Railway companies are in the business of operating, maintaining and developing railway services, which is as it should be, because that is what they were established for. However, as is well known, development of railways does not depend only on railway companies. For example, fair pricing, and internalization of external costs, taking into account the environmental costs of different transport modes are also tasks for local authorities, national governments, and international bodies. Public opinion can also assist or undermine railways, and NGOs can play an important role in all these cases.

Hungarian NGO Activity to Promote Railways

Some important CAAG activities are raising public awareness and advocacy. Since 1989, CAAG has been pushing for an environmental fuel tax to finance environment-friendly transport modes. Finally, in 1992, the Hungarian parliament passed the legislation and now nearly 2% of the price of fuel for autos goes to the Central Environment Protection Fund (CEPF) which helps fund investment in railways. Another example is discussion of new transport policies with the Hungarian

government. In 1996, most of the CAAG proposals were incorporated into the new Transport Policy, making it much more environment friendly than the original. Although some environmentally harmful directives still remain, at least the new Policy provides choice.

When the government proposed closing branch lines that formed nearly half the entire Hungarian State Railways (MÁV) network, CAAG was able to demonstrate that closing these lines would actually worsen the railway's financial situation and increase the burden on the state budget. The branch lines were saved by the CAAG campaign in cooperation with other NGOs, local governments, and railway trade unions.

Of course, lobbying ministries and parliament is not sufficient in itself—public opinion must be on our side if we are to succeed. For example, when CAAG began lobbying to save the branch lines, we started a nationwide campaign, distributing leaflets with a letter to be signed and sent to the prime minister. We prepared posters which we put up—with the help of the railway trade unions—in many railway stations. We also organized forums and press conferences.

CAAG has also worked to substantially

increase the fees for heavy lorries transiting Hungary, and in 1992, the Transit Fee was increased tenfold. However, following strong protests from EU-based hauliers and enormous pressure from the European Commission, the Hungarian government gave in, and practically all EU lorries and lorries from some other countries are now exempt from the fee. Although 90% of foreign lorries passing through Hungary pay no fee, CAAG showed that it is possible to use economic instruments to decrease environmental pollution from road freight transport and at the same time improve the competitiveness of railways. Over the past few years, we have been continuing our work together with our partners in other countries to raise the prices of road freight transport. We completed a study showing that international road freight transport each year causes about 100 billion Hungarian forints (Ft210 = US\$1) damage (environmental pollution, structural damage to roads and buildings, accidents, etc.) in Hungary while the revenue to the state is only about Ft10 billion. CAAG has been campaigning for a weekend ban on heavy lorries and for development of combined transport. A weekend ban was introduced in 1996 and investment in combined transport has increased.



Class M62 diesel loco of MÁV hauling passenger carriages on electrified track

(Ferenc Joo)

A major part of our activity is improving suburban railways in major Hungarian cities, especially Budapest. For example, when the Budapest Municipality decided to build a very costly new underground line, we showed it would not really improve transport in and around the capital by proving that most problems are caused by cars from the outskirts and suburbs of the capital. A much better result could be achieved at lower cost by modernizing the suburban railway lines and increasing their capacity. In 1996, we organized a campaign for better public transport including suburban railways in Budapest and collected 20,000 signatures. In 1998, we organized another big campaign with the same aim and more than 100 environmental and other NGOs, as well as trade unions, signed the petition to the mayor of Budapest.

Some of our most important achievements in 1997 and 1998 are outlined below:

- Elimination of subsidies of roughly Ft5 billion to Hungarian Air Transport and Airport Agency. As a result, taxpayers no longer directly subsidize highly polluting air transport, making more funds available for railways.
- Lobbying parliament to pass a new act concerning Excise Duties. This new act includes several measures promoted by CAAG for years. In the future, it will be much more difficult to use illegal fuels, thereby eliminating a major source of environmental pollution in Hungary. This will increase the prices of road transport and make railways more competitive. In fact, Hungarian Railways already believes this measure is having a positive effect on company revenue.
- Lobbying the Hungarian government to secure substantial loans from the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) for refurbishing suburban train carriages and procuring new cars for branch lines.
- Persuading CEPF not to support the build-

ing of bypass roads, and to declare that it will no longer support retrofitting catalytic converters to old cars. Retrofitting catalytic converters has long been criticized by CAAG because it is very inefficient both environmentally and economically. At the same time, CEPF included more support for renewal of suburban railways, making more money available for railway investment.

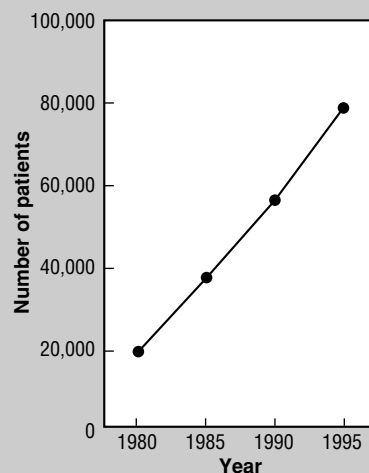
- Lobbying the Budapest Municipality to prepare a study giving priority to public transport on Budapest streets. This study has been completed and some of its recommendations are already being implemented. This is important for improving the attractiveness of railways, because 80% of the people coming by rail to Budapest use local public transport too.
- Campaigning for traffic calming, an overall transport policy which includes reduction of motor vehicle speed, and a strong promotion of pedestrian, public and bicycle transport. As a result, the Budapest Municipality ordered a study on the possibilities of traffic calming. The general part is completed, and

new studies are being carried out on concrete areas within the capital. If implemented, these measures will reduce car use and stimulate more people to use railways.

- Persuading the Budapest Municipality to study improving public participation in the transport decision-making process. As a result, a draft decree on public participation in transport decision-making has been prepared and is now being discussed by the Municipality.
- Introducing an environmental fee on lubrication oil from 1 January 1998 to reduce pollution from waste oil. The fee will contribute nearly Ft5 billion annually to CEPF, increasing the Fund's revenues by approximately 25%. This new income will be used largely to support investment in public transport and railways.

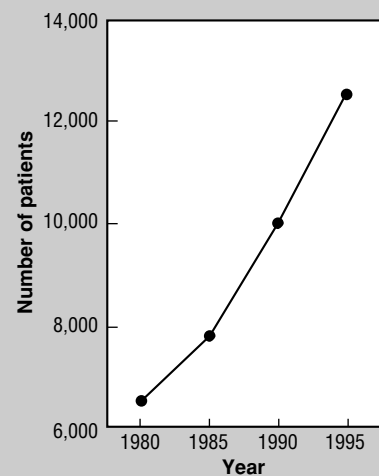
CAAG and the Hungarian Traffic Club played an important role in achieving these results through substantial research, advocacy, and campaigning. Laszlo Miklos, member of the State Budget Committee and president of the Excise Duty

Figure 1 Registered Bronchial Asthma Patients in Hungary, 1980-95



Source: Korányi Institute for Tuberculosis and Pulmonology

Figure 2 Registered Lung Cancer Patients in Hungary, 1980-95



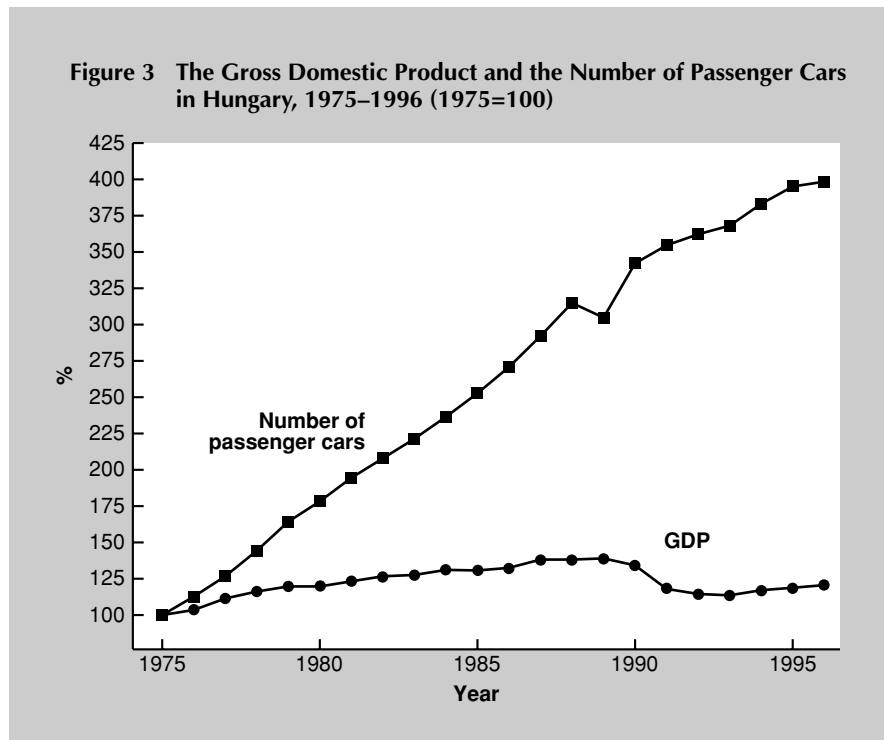
Source: Korányi Institute for Tuberculosis and Pulmonology

Council, and Robert Kiss, former vice-president of the parliamentary Environmental Committee mentioned the decisive role of CAAG in achieving some of the above results.

Working with International Institutions

CAAG and the Hungarian Traffic Club also work internationally. For example the European Federation for Transport and Environment helped us contact Directorate General VII (Transport) of the European Commission in Brussels, who confirmed in writing that the EU has never told and would not tell Hungary that motorway construction is a pre-requisite to joining the EU. This helped greatly in our campaign against motorway construction in Hungary, and in promoting reconstruction and development of Hungarian railways. Joining the initiative of our British colleagues at the Transport Research and Information Network (TR&IN), CAAG is working to help revive branch railway lines in Hungary. This project created links between Hungarian Railways, local authorities, businesses, trade unions and NGOs, uniting them in a common cause. Another good example is our cooperation with the Institute for Transportation & Development Policy (ITDP) based in New York. With the help of CAAG and the Hungarian Traffic Club, ITDP has been instrumental in helping the World Bank formulate a more environment-friendly public transport policy. It is instructive to learn how this was achieved, so it is described in more detail below.

ITDP is a non-profit organization dedicated to promoting environmentally sustainable and equitable transport. Many of ITDP's founder members had long been active in the US campaign to reform domestic transport policy and promote public transport, cycling, and walking. Unfortunately, the USA is very dependent on private autos, and moreover, exports



this policy to Central Europe and developing countries through its powerful influence on the World Bank and other international institutions. To help change this, ITDP joined *50 Years is Enough*, a large US-based campaign to reform the World Bank, and became the campaign's transport expert. They organized many leading transport planners and engineers to help the World Bank develop a rational transport policy, especially regarding loans for highway projects that many critics felt had bad environmental and human consequences.

A meeting in Budapest was organized in 1994 hosted by CAAG for central and east European NGOs to discuss an early draft of the World Bank's new Transport Policy. The Bank made efforts in good faith to incorporate the many diverse comments, and the final policy is quite good. As a result, there has been a sea change in the Bank's Transport Policy. For example, in the late 1980s, the Bank published reports on urban transport in China where the word 'bicycle' was never mentioned, despite the fact that bicyclists represent more than 70% of road traffic in many Chinese cities. However, the Bank's new policy

explicitly recognizes the importance of bicycling and walking.

ITDP realized that they could never help reform Bank policies unless there was a clear understanding of how the Bank made its loan decisions. Because of the good cooperation with CAAG, ITDP decided to make a case study out of the World Bank's loans to Hungary. They found that the World Bank tended to favour loans to the highway sector over loans to the public transport sector. As one example, the Bank made two key loans to fund a ring road around Budapest. The loan justification was based on a cost-benefit analysis showing that the ring road would save motorists millions of dollars in fuel because many motorists could make much shorter trips, and these fuel savings justified the investment. Of course, the road generated traffic and traffic did not diminish significantly even on roads where it should have. And the damage to the environment remained the same. In other words, subsidies to road transport increased, Hungary's debt problem increased, and traffic and environmental problems remained unsolved. At the same time, another loan was being

considered to improve Budapest's buses and trams. There was internal dissent at the Bank with some people believing public transport was doomed and because a cost-benefit analysis gave a lower return than the ring road. The loan finally went forward after ITDP critiqued the analysis and showed how it favoured motorists. One condition of the loan was a reduction in the level of subsidies to the Budapest Public Transport Company (BKV) from 70% to 50%, despite ITDP and CAAG data on subsidies in the US and many west European countries showing levels higher than 50%.

Due to this background, the loan was finalized 1 year later than planned and at half the original level. ITDP and CAAG subsequently launched a publicity campaign pointing out that despite moves to reduce subsidies to public transport, there is very little pressure to reduce the level of road transport subsidies, despite the considerable full-cost accounting data showing that the car causes the greatest environmental damage, etc.

Clearly, car owners are richer than public transport users and the World Bank's primary mandate is 'to reduce poverty'. ITDP's point that the Bank favoured motorists was presented to senior Bank officials in the fall of 1995, stimulating a debate of several months duration, which finally admitted that ITDP and CAAG were right. The World Bank is now playing a much more even-handed role in funding transport policies in Hungary, but their position is being undermined by the increasing involvement of the EU institutions, like the EIB. For example, a thorough Bank review of Hungary's highway needs showed it was economically much more important for Hungary to improve maintenance of existing roads rather than build more new roads because poor maintenance is costing the economy billions of forints each year in additional vehicle operating and maintenance costs. In contrast, the economic importance of several of



Local Budapest residents and CAAG demonstrating against heavy truck traffic

(Author)

Hungary's new motorway plans, particularly the M3 leading from Budapest to the Ukrainian border, are dubious at best. Unfortunately, the World Bank's rational position was undermined by the EIB and the German bank, Kreditanstalt für Wiederaufbau (KfW), both of whom were willing to finance a 40-km section of the M3, although the impact of the M3 on the railway line in the same transport corridor was never analyzed.

We have seen a similar pattern in other parts of central Europe, with the World Bank behaving responsibly, and with EU financial institutions willing to fund anything, no matter how economically unwise for already heavily-indebted countries. As a result, we have shifted our attention to persuading our west European colleagues to focus on helping the EIB reform its policies. In September 1996, ITDP worked closely with CAAG to prepare a case study of the M3 loan, which we presented to the EIB. The EIB admitted that they had funded the road

despite the lack of public hearings required under EU guidelines, and despite the fact that the economic rate of return was barely sufficient to cover the capital cost. They also said that they will not finance another section of the M3. However, the EIB still remains virtually unaccountable.

Nonetheless, the close cooperation between ITDP and CAAG has helped the World Bank adopt responsible policies the world over, and hopefully the EIB, EBRD and KfW will learn this lesson.

Conclusion

As can be seen, environmental NGOs can often support railways constructively, and railways can help NGOs by providing information and financial and technical help. We hope that the mutual cooperation between environmental NGOs and railway companies will develop and strengthen worldwide. ■



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András Lukács is a founding member and President of the Clean Air Action Group (CAAG), one of the best known environmental NGOs in Hungary. He is author and co-author of a number of studies on transport and the environment. His new book, *Green Budget Reform*, describes practical proposals to create fair and efficient prices in all spheres of the Hungarian economy, including transport, based on the experience of CAAG over the last 10 years.