

# Deliverable 4

Public



## REGIONET

*(Strategies for Regional Sustainable Development:  
An Integrated Approach Beyond Best Practice)  
Contract No. EVG1-2001-20003*

Work Package 2: **Regional Sustainable Development: Strategies for Effective Multi-Level Governance**

Deliverable 4: **Conference proceedings WS2, Conclusions, and Recommendations**

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## 1 Preface

REGIONET (Strategies for Regional Sustainable Development: An Integrated Approach beyond Best Practice) is an EU thematic network project, funded by DG Research under the 5<sup>th</sup> Framework Programme. The overall objective of REGIONET is to provide an integrated and interdisciplinary approach to support the implementation of sustainable development in regions across Europe. REGIONET has the aim to bring together stakeholders with experiences in the study and/or implementation of regional development plans to discuss the experiences made so far as well as the new needs and challenges being faced.

The promotion of regional and social cohesion, as well as of environmental protection and sustainability, are among the most important Community objectives. REGIONET contributes knowledge that helps better integrate environmental concerns in regional development plans and management (as needed for the Structural Funds proposals) and helps integrate environmental protection with economic development and employment. REGIONET links science and policy with the aim to provide research findings for regional sustainable development policy-making.

REGIONET organises four workshops on the following topics: (1) Regional sustainable development and the role of the Structural Funds; (2) Strategies for effective multi-level governance; (3) Evaluation methods and tools for regional sustainable development; and (4) Cross-fertilisation and integration of results of regional sustainable development research. The outcomes of the workshops will give an extensive overview about research into the above mentioned topics.

## 2 Introduction

The second workshop of REGIONET, which was held in Lillehammer, Norway, on 29-31 January 2003, brought together more than 55 experts from twenty-one European countries: *Austria, Czech Republic, Germany, France, Hungary, Italy, Ireland, Norway, Poland, Rumania, Russia, Slovakia, Bulgaria, Greece, Sweden, Finland, Iceland, Estonia, Latvia, Spain and the UK*. The participants came from various academic disciplines, but also included representatives from regional and municipal administrations, business, and voluntary organisations.

The aim of the Lillehammer workshop was to explore how the regional aspect is affected by the multi-level structure of governance within and across the European Union, and to improve our understanding of the strengths and weaknesses of the multi-level system with respect to the need for regional sustainable development. The workshop programme was designed to highlight the different themes of the REGIONET network from the point of view of the problem of governance, and to provide continuity with the discussions and results from the first workshop in Seggau, Austria.

The workshop was structured by a separate “position paper” (below) which outlined five major themes. The paper and themes were discussed by the network’s steering committee (with representatives from 18 partners) at the project’s internal meetings in Corfu and Barcelona. Five “keynote” presenters, one for each of the five themes, were commissioned directly by the workshop organizers (ProSus). All other papers were chosen by a separate Selection Committee on the basis of an independent “call for papers”. The call was circulated broadly within and through the REGIONET network, as well as through several cooperating organisations and networks. The call resulted in more than 35 proposals, and 15 of these were selected – three for each of the five themes. In addition to the five keynoters and fifteen papergivers, five stakeholder experts – one for each theme – were invited as commentators. Numerous attempts were made to secure participation from the European Commission and the Committee of the Regions, but this proved impossible.

### **3 Position Paper for Workshop 2**

The purpose of the position paper was to focus key issues for discussion at the Lillehammer Workshop. Its aim was to provide a schematic outline of the most important questions to be addressed at the workshop, with the intent of focusing relevant scientific and policy issues, and to provide continuity with the Seggau Workshop.

The text of the position paper was as follows:

#### **3.1 Introduction**

At the first workshop of the REGIONET network in Schloss Seggau, Austria, emphasis was placed on the relationship between Structural Funds and the goals and standards of regional sustainable development. The workshop clearly revealed both the barriers to, and potential for, Structural Funds as an instrument for promoting regional sustainable development. The papers and discussions at Seggau clearly documented important differences as to how the funds are being applied, as well as the effects they are having

on regional development in general and sustainable development in particular. The meeting also highlighted crucial differences in the thresholds and long-term functionality of the funds for accession countries.

Underlying the issues taken up in Seggau, were numerous questions as to how the regional aspect is affected by the multi-level structure of governance within and across the European Union. The overall purpose of the Lillehammer workshop is to explore these issues in greater detail, aiming to improve our understanding of the strengths and weaknesses of the multilevel system with respect to the need for regional sustainable development. Given the fact that governance must be executed in and through the existing layered system of political-administrative domains – from the most comprehensive level of the EU itself, through national and meso-levels, down to the governments of local communities – the overriding issue for discussion in Lillehammer is the relationship between regions and sustainable development within this system of governance.

It is a basic premise of the REGIONET problematic that the notion of “region” implies a geographical identity of interests which in one way or another challenges the functionality of existing administrative boundaries and governing communities. While some “regions” have their own administrative apparatus and governing body, most do not. This is why the idea of a “Europe of the Regions” was given such prominence in the debates leading up to the Maastricht Treaty, resulting in the establishment of the Committee of the Regions (CoR). The underlying notion here is that regional identities represent an important trans-national and sub-national phenomenon, which balances national identities and represents an alternative source of cultural and economic mobilization which both tempers “negative nationalism” and nurtures “positive Europeanism”. The regional aspect is, in this context, thought to be “innately deconstructive” of the identities and interests attaching to political-administrative units steeped in historical conflict and competition.

This is the “political-cultural” side of the EU regional policy; a relatively under-nourished and neglected sibling to the more pampered and well-supported “economic-social” member of the policy family. While Structural Funds are the innate driving force of the latter, the Committee of the Regions is the dormant potential for the former.

It is important to point out, however, that, regardless of its weak institutional and administrative position within the EU system, the Committee of the Regions is the only body that accords direct representational status to regions and local communities as political actors (rather than economic and social recipients). Given the fact that the “new” principle of subsidiarity places such emphasis on decentralized decision-making (“as close to the citizens as possible”), this means that the business of CoR is crucially related to the principle and practice of subsidiarity. That this has proved *not* to be the case – that CoR has apparently contributed little of substance for the political ideal of a “Europe of

the Regions” – is a major unrealized goal of Maastricht; and a key issue for discussion in Lillehammer.

As for sustainable development, it has been a major premise of the ENSURE network (forerunner to REGIONET) that the “open”, trans-boundary nature of the region concept is of particular importance for achieving sustainable development<sup>1</sup>. Ecosystems and the effects of environmental pollution are “blind” to political-administrative borders. While “nation-states”, “provinces”, “counties”, “municipalities”, “towns” and “villages” are bounded by historically-conditioned lines on maps, the limits and carrying-capacity of nature are unaffected by such demarcations. Insofar as “region” implies an identity and a commonality that is less bound by political-administrative membership (and group loyalty), it is at least *potentially* more open for the values and concepts of ecological sustainable development. If it can be argued that the “self-centred” nature of most existing political units poses a challenge to effective governance for sustainable development, there are then good reasons to focus on the positive potential of regional identity and enterprise vis a vis the sustainable development programme<sup>2</sup>.

In sum, it is the purpose of the Lillehammer Workshop to document and discuss the interaction between the existing multi-layered steering structure within the EU (and its sphere of influence), and the goal of promoting sustainable development through regional mechanisms. The five themes of the workshop are designed to enlighten this problematic from perspectives that point towards more positive and effective exploitation of the region sustainable development potential. The principal means of “enlightenment” will be the presentation and discussion of the commissioned keynote addresses and submitted papers. In line with the practice established in Seggau, however, we pose below a series of more general questions for the guidance, and subsequent summary, of the deliberations.

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<sup>1</sup> ENSURE is the acronym of the European Network for Sustainable Urban and Regional Development Research. The goals and membership of the network are available at: <http://www.european-association.org/ensure/>

<sup>2</sup> See the contribution by W. M. Lafferty to the ENSURE-SUSTAIN symposium, Schloss Seggau, Nov 13-14, 2000: <http://www.european-association.org/ensure/>

## 3.2 Key questions for discussion

### **Session 1: Subsidiarity and the constitutional premises for “regional governance” in Europe**

- 1.1 What is the current status of regional representation and the promotion of regional interests within the EU decision-making structure?
- 1.2 How does the principle of subsidiarity affect the potential for strengthening sustainability in and through regional development?
- 1.3 How are the goals and values of sustainable development coordinated (enhanced or retarded) across the different levels of government within the EU sphere?

### **Session 2: Regional sustainable development as a challenge for sectoral policy integration**

- 2.1 To what extent has “sectoral policy integration” been defined and operationalize as a principle of governance for sustainable development?
- 2.2 Can a stronger focus on regional sustainable development provide lessons for improved sectoral policy integration?
- 2.3 What is the relevance and impact of the “Cardiff Process” for overcoming “problems of scale” in relation to regional sustainable development?

### **Session 3: Local and Regional Agenda 21 as impulse and model for regional sustainable development**

- 3.1 What are the critical lessons learned from Local Agenda 21 for the promotion of regional sustainable development?
- 3.2 How will Local and Regional Agenda 21 be integrated and supported within the European strategy for sustainable development?
- 3.3 What are the key variables for explaining the relative success of Local Agenda 21 within the UNCED programme for sustainable development?

### **Session 4: Regions, climate change and water: Problems of scale in impact vulnerability, adaptation, environmental justice and governance**

- 4.1 What are the major challenges for adapting the findings of climate-change research to local and regional political programmes?
- 4.2 How can governance for regional sustainable development improve conflict resolution related to disputes and inequalities deriving from conflicts over water in the EU sphere?

- 4.3 How can scientific ambiguities and risk assessments related to climate change and natural disasters be effectively institutionalized in multi-level governance?

**Session 5: The role of business and industry in promoting and realizing regional sustainable development**

- 5.1 Clarifying the difference between “sustainable regional development” and “regional sustainable development”?
- 5.2 Facilitating partnerships, networks and win-win solutions: Can “business as usual” be made sustainable by “politics as usual”?
- 5.3 Global business and regional identity: Can “corporate social responsibility” incorporate regional sustainable development?

## **4 Conclusions of the workshop**

### **4.1 On subsidiarity and the constitutional premises for “regional governance” in Europe**

*Subsidiarity* means that political action takes place at the level most appropriate to the issue in hand, and thereby regulates the relationship between the different levels of government. The workshop discussed the implications of *negative and positive understandings* of subsidiarity in Europe. The traditional negative understanding of subsidiarity is based on three assumptions:

- i) Subsidiarity is a constitutional principle for allocating competencies between different levels of government; ii) Subsidiarity protects subordinate levels of government against centralization; and iii) Subsidiarity promotes democracy in a system of multi-level governance.

It was pointed out that today there is a need for *reinventing subsidiarity*, by focusing on mutual respect and support, rather than “ring-fencing” regional responsibilities against interventions of the EU and/or the central state. A more positive perspective of subsidiarity should emphasise: i) mutual respect – ensuring autonomy for regional governance; and ii) mutual support – enhancing capacity for regional governance. This latter point does not imply the transfer of money only, but also the strengthening of competence and mediation of information.

The workshop contributions and expert discussions also lead to the conclusion that subsidiarity should not be understood as rigid competencies. It was suggested that the introduction of more of an *objective-oriented policy*, like in the Structural Funds, could better give guidance at all levels and then make subsidiarity work in the EU. Within this approach, however, major challenges would arise with regard to conflicts of interest when it comes down to establishing policy objectives. The legitimacy of this process would then rely on the ability to ensure the necessary transparency.

The workshop participants emphasised that the debate of the subsidiarity principle in the EU and other European countries should also take into account the power relations between governments and the market. Today, there is an ongoing transfer of power from the public to the private sector, by way of market liberalisation and privatisation of public tasks. The nation states are limiting their capacity for market regulation, reducing it to capacity for market *making* only. Positive subsidiarity should intervene with the market and make state intervention with market possible to ensure public goods and services.

#### **4.2 On regional sustainable development as a challenge for sectoral policy integration**

Sustainable development and sectoral policy integration, as recommended by the Brundtland Commission in “Our Common Future” (1987), imply the assessment of and governance for limiting the social/economic systems’ burden on natural resources and ecological systems. Workshop participants pointed out that in order to achieve sectoral integration at the *regional* level, cooperation, conflict resolution and room for interaction to develop new partnerships are required. Case studies were referred to as showing that comprehensive sectoral integration in the governance system depends on political will and support of such processes.

Concerning sectoral integration in a multi-level perspective, some found it relevant to ask at what level sectoral policy integration should initially be promoted to best achieve overall policy integration. The national level may not be the most efficient level in this regard, it was held. Sectoral integration could be more likely achieved at lower levels where actual policy implementation takes place; at the regional and local levels. Some maintained that we are more likely to obtain real policy integration at national level if it could be based on the experiences of regional and local integration.

The workshop emphasised the need for further studies within the field of sectoral integration, and especially the role of the EU in sectoral integration at the regional level has to be explored further. It could be the case that sectoral integration would be more successfully implemented by way of EU *regulation*, as shown by the experiences in the

case of the Habitat directive. Both the Structural Funds and other EU directives could facilitate and strengthen the sectoral integration at lower levels.

#### **4.3 On Local and Regional Agenda 21 as impulse and model for regional sustainable development**

The presentations and discussions on the experiences of Local Agenda 21 (LA21) in Europe highlighted key aspects of importance for the use of LA21 as a model for regional sustainable development. LA21 has been described as the most successful follow-up area of the UNCED process, although the status and progress of implementation differ across Europe. The experiences of member states and accession countries might give different perspectives on the future role of LA21 in both local and regional sustainable development.

Firstly, the question of what happens after the mobilising stage of LA21 in European local communities was identified. The critical phase seems to be that of *transforming LA21 into real politics*. Often LA21 projects are not “the important ones” with regard to environmental policy and efforts for real change in the direction of sustainable development. LA21 is often experienced as operating at the side of “real business”.

Secondly, on the aspect of *participation*, it was pointed out that local authority efforts on LA21 have occasionally been described as initiatives for “keeping people happy”, rather than being real processes for local community involvement in policy-making. Also, a general trend is a shortage of people wanting to participate in such processes. Some feared that Regional Agenda 21 processes most likely will meet even greater challenges with regard to participation, and mobilisation in general.

The future of LA21 at the regional level was viewed as depending on the characteristics of the region. LA21 could function as a *regional “mediator”* or more of a model/process for conflict resolution when introducing the sustainable development perspective in regional development processes. This function of LA21 has been experienced in regional Agenda 21 processes in accession countries.

The workshop felt that the ongoing national development processes in accession countries for meeting the criteria for EU membership would be a timely opportunity for the EU to focus on local/regional sustainable development, by way of using the perspectives of Local and Regional Agenda 21. Today, this is not part of the preparatory processes.

#### **4.4 On regions, climate change and water: Problems of scale in impact vulnerability, adaptation, environmental justice and governance**

The session raised the issue of changes in nature as a consequence of climate changes, and how this represents new challenges for regional sustainable development. The research contributions and discussions revealed a need for new perspectives on regional governance when including these aspects of regional challenges, something which in reality often is ignored. It was stated that the issues of risk and hazards demand multi-level governance. Today, local risk management is common, but this is in most cases separated from the global issues and the perspectives on long-term vulnerability and the need for adaptation to climate change.

The question of local adaptation to climate change was viewed as one of horizontal regional cooperation, i.e. cooperation between neighbouring regions experiencing the same impact of climate changes, and coping with uncertainty and changing situations. In this setting, one will face a situation of winners and losers, where local and regional adaptive capacities determine a region's "fate" in this respect. Differences in adaptive capacity might create the basis for regional development and subsequent competition between regions. In this situation, the workshop participants identified the need for the formation of institutional capacity for conflict resolution.

Experts at the workshop clearly stated the need for more sophisticated climate models that reduce the overall uncertainty of predictions. This was regarded crucial to the potential for local mobilisation and the development of local adaptive strategies on the basis of climate change predictions. Also, actual local events that could be ascribed to climate change should be exploited for local and regional mobilisation. At this stage real local impact of climate change, both ecological and economic, might be of greater relevance for local efforts than the present climate models. The development of both adaptive strategies and mitigation efforts could be spurred by this approach.

It was highlighted that the Structural Funds could play a role in promoting adaptation to future risks, both short-term and long-term impacts of climate change.

#### **4.5 On the role of business and industry in promoting and realizing regional sustainable development**

The workshop addressed the aspect of business and industry in processes for regional sustainable development by discussing the possibilities for facilitating partnerships, networks and win-win solutions at the regional level. The research contributions showed

that a major challenge is the difference in objectives between private and public sectors at the regional level. Economic motives form the basis of private companies' efforts, while the public sector are searching for contributions from the private sector that are needed to fulfil overall regional developmental visions. Also, studies of public-private partnership situations revealed a clear lack of trust among businesses towards the involved authorities. Asymmetric power-relations could be clearly identified in case studies.

As pointed out, the majority of regional partnerships and formal networks are initiated by local or regional authorities as part of their strategies and visions for sustainable development. The authorities' success rate for creating well-functioning partnerships is a question of trust, but will also rely on their ability to see beyond their own needs and seek to understand the needs of the business sector. The workshop contributions and expert discussions emphasised the need to establish incentives for the business and industry to engage in the regional processes. The public sector has to offer competence or facilities that represent useful supplements to the existing capacity of the regional business sector. This would eventually create the basis for voluntary efforts.

Participants said that it is uncertain to what extent the effects of business sector's efforts are in control of the involved authorities, and to what extent efforts that lead to change are the outcome of partnerships and cooperation. It has to be further explored how and to what extent voluntary partnerships and formal networks could result in process changes and de-coupling of environmental pressures from economic growth, rather than only end-of-pipe solutions that satisfy local/regional authorities in the short run.

Case studies presented at the workshop identified benefits of introducing a "*cooperation broker*" in overcoming non-technological, rather than technological, barriers for more effective implementation of more sustainable and resource-effective goods and production. SMEs could by means of a broker manage to make the leap from business as usual to applying sustainable development principles as a basis for their activities. But the question is then, who should take the responsibility for introducing a broker function in regional development processes? The aspects of democratic and participative backing of the broker then need to be considered. Establishing a broker function is also a question of available resources. SMEs do not necessarily have the financial basis for this. It was suggested that the Structural Funds' potential role in this situation be further explored.

## 5 Recommendations

Though the principal purpose of the network and workshop is to promote a better scientific understanding of the relationship between regional policies and sustainable development, it is also of key importance that the discussions among scientists, public authorities and stakeholder groups be viewed with an eye toward policy recommendations. In addition to the specific discussions following each presentation and

each thematic session, there were plenary discussions at the end of each day, and a final plenary discussion at the conclusion of the workshop. The following is a brief list of policy-relevant implications emerging from the proceedings. The list is based on summary perspectives of the minutes prepared by ProSus reportorial staff:

- By way of strengthening and expanding on the conclusions and recommendations of the Seggau Workshop, the discussions in Lillehammer point towards an active and goal-directed *revision of the potential of Structural Funds to promote regional sustainable development*. Specific administrative contacts should be established with the responsible Commission offices for integrating the substantive issues raised by REGIONET into structural-fund policy.
- Greater attention should be given to a *renewal of the subsidiarity discourse within the EU*. Subsidiarity should not be seen as primarily a safeguard against EU incursion on member-state prerogatives; or as a special license for a transfer of policy-specific supra-national powers to the European Union. From the point of view of promoting regional sustainable development, subsidiarity is a necessary operational principle for optimizing goal-specific interactions among interdependent domains of authority.
- The Committee of the Regions can and should take a more active initiative for demonstrating *the necessity of subsidiarity for achieving trans-boundary coordination of both sustainable regions and regional sustainable development*. The broad and widely acknowledged success of Local Agenda 21, and the obvious potential of promoting Regional Agenda 21, provide the Committee of the Regions with a solid basis for enhanced programme activity in this area.
- Viewing the challenge of regional sustainable development within the context of “*management by objectives*” + *subsidiarity*, allows for a fruitful coupling of the specific objectives of the Rio action plan for sustainable development (Agenda 21), with the specific conditions of multi-level governance in each state of the European Union. Such a coupling can be specifically designated as an implementation mode for achieving the goals of the EU Strategy for Sustainable Development.
- Given the advanced work being done on applying the “precautionary principle” in the environmental policies of several EU member-states (most specifically Germany, Sweden and the Netherlands), work should be promoted by the Commission to raise the awareness of the principle, and to strengthen its administrative procedures and standards of application. *A more concentrated focus on the precautionary principle* can also be seen as providing at least one instrument for resolving trade-offs related to sectoral policy integration.

- Regional projects with a sustainable development focus provide rich empirical materials for *demonstrating how sectoral policy integration can be achieved in a context-driven, “bottom-up” perspective*. Such cases and lessons generate insights as to how sectoral integration can be achieved at “higher” levels of governance, and should, therefore, be viewed as a rich supplementary level of information for the conclusions of the Cardiff Process.
- The regional focus on sustainable development provides a crucial perspective on *the challenge of impacts induced by climate change*. Impacts from climate change increasingly are focused on the effects of extreme events, and these effects are virtually always regional. Greater efforts should be made by the EU to both promote more refined climate-change models in the context of “scaling down” predictions of impacts, and enhancing the overall “resilience” of regions and local communities in adapting to – and mitigating – the effects of climate change.
- Specific EU directives can also be used to demonstrate the challenges and potentials of achieving more effective governance for sustainable development at the regional level. The implementation of the EU Water Basin Directive – where regional management structures must reflect natural and ecological conditions for effective implementation – provides concrete evidence of *how a regional emphasis can demonstrate the effectiveness of specific instruments for sustainable development*. More attention should be given to the study and systematization of case materials in this area.
- Efforts to achieve regional innovation by business for normal economic and welfare goals are providing key lessons for achieving regional sustainable development. Case studies from several member states reported at the workshop provide concrete examples of how regional identities and cultural symbols can re-orient business in a more locally interdependent direction, often reducing major costs of transportation and communications. These processes in turn provide a “natural” basis for “re-coupling” business and the environment within a context of regional sustainable development. Renewed efforts should be made by the Commission, therefore, *to join the values and lessons of regional sustainable development to the aspirations of innovation policy for regional economic development*.

## Annex 1: Summary of proceedings – REGIONET Workshop II

### Session 1

#### ***Subsidiarity and the Constitutional Premise for “Regional Governance” in Europe***

Chair: William M. Lafferty (ProSus, University of Oslo, Norway)

**Key-note speaker:** Tania A. Börzel, Institute for Social Sciences, Humboldt University Berlin, Germany

Tania A. Börzel started off by defining *Subsidiarity* as implying that “political action takes place at the level most appropriate to the issue in hand” and it thereby regulates the relationship between the different levels of government. The subsidiarity principle promotes democracy, but it legitimises both decentralisation and centralisation. Also, different results of the Europeanization occur among the member states – depending on the different national governmental systems. Large and well-established EU member states would strive for more power at the national level, while weaker EU member states and accession countries would want a stronger EU as a substitute for limited national governance capacity.

Börzel continued by focusing on *Europeanization and Regional Governance* and said that the Europeanization of today limits the capacity of the regions for autonomous action. There has been a shift in policy: centralization is occurring as legislation is shifted to the EU level. Regions depend on their central government to get formal access to the EU decision-making processes, while they are the main implementers of EU policies. Implementation is decentralised, while decision-making power and policy are centralised at EU level. Regions thereby increasingly rely on the central state to share the costs. This creates the basis for mutual dependence and interest for intergovernmental cooperation between central and regional actors on European issues.

Börzel introduced the perspectives of *positive and negative subsidiarity* in relation to regional governance and EU. She stated that the two perceptions often are present at the same time. The traditional “*negative*” understanding of subsidiarity is based on three assumptions: i) subsidiarity is a constitutional principle for allocating competencies between different levels of government; ii) subsidiarity protects subordinate levels of government against centralization; and iii) subsidiarity promotes democracy in a system of multi-level governance. Today there is a need for reinventing subsidiarity, by focusing on mutual respect and support, rather than “ring-fencing” regional responsibilities against interventions of the EU and/or the central state: i) mutual respect – ensuring autonomy for regional governance; and ii) mutual support – enhancing capacity for regional

governance (not only money, but also competence, information etc.). This represents a more “*positive*” understanding of subsidiarity.

**Commentator: Ragnar Lie**, ARENA, University of Oslo, Norway

Lie raised a question on the use of key concepts in discussions of Europeanization, governance and subsidiarity. He argued that the key concepts are originally developed with the purpose of describing national policy systems, and that the reality may be way ahead of the concepts in use. What we are facing today is an ongoing political experiment. Concerning e.g. the use of the concept of *centralisation* with regard to EU, it is misleading in different ways: 1) EU is poly-central, rather than centralized, consisting of a range of bodies, localities, levels etc.; and 2) centralisation implies that decision-making happens further away from the citizens, but the world has changed; people have more access to information and a higher level of education.

Also, increased decision-making powers at EU level does not necessarily mean *less* decision-making powers at national and regional levels. There are constantly more areas of concern for policy-making and governance. Concepts such as ‘autonomy’, ‘power’ and ‘independence’ are then problematic at the EU-level; it is not a zero-sum game – maybe everyone has gained more influence?

Replying to this, Börzel agreed that we should go beyond “methodological nationalism”. There are certain limits to national state concepts – but concepts are also much older than Lie is indicating. They are even older than the nation state.

Concerning e.g. centralisation; regions have a feeling of losing powers and it represents a major challenge for regional autonomy. New policy structures keep out marginalised groups – such as the regions. It is true that the system is more pluralistic and open, but studies show that not all citizens have the same access.

#### **Papers:**

**“Multi-level governance and sustainable development in Wales” – Andrew Flynn and Alan Netherwood**, Cardiff University, UK

The Welsh Assembly’s (est. 1997) Government of Wales Act, Section 121 states: “*The Assembly shall make a scheme setting out how it proposes, in the exercise of its functions, to promote sustainable development*”. Flynn and Netherwood’s paper address two among many challenges for the Assembly raised by this section: i) how can the Assembly develop new relationships to help realise its responsibility, and ii) how can it access expertise to help it promote sustainable development?

Section 121 is unique for assemblies in Europe, and must be seen as a result of strong lobbying efforts, by a partnership of stakeholders – NGOs, and actors both inside and outside of the Assembly. However, the aim of putting sustainable development high on the regional agenda has met surprisingly strong barriers and resistance. When it comes to the actual implementation of the section, it clashes with procurement rules when meeting “London” (the central state), and the latter wins. There is an evident clash between environmental goals in Wales and constrains for economic development in UK, as well as at EU levels.

Today, the Welsh Assembly does not want to publicly unveil the fact that the process of implementing Section 121 is meeting the above mentioned barriers, since it clearly illustrates weaknesses with regard to the Assembly’s scope of influence. The Assembly already lack credibility.

**“French regions as relevant policy actors” – Emmanuel Brillet and Elise Féron, CIR, France**

Processes for the improvement of regional development have been initiated at both EU level and national levels, and they are partly overlapping. The paper and presentation of Brillet and Féron evaluated the degree of harmonization between these two processes, and examined the way in which they articulate with each other, based on the case of France. France is at this moment going through important changes in the organisation and structures of the state, towards a more decentralised model, a model already widespread in Europe. Today’s changes are due to both the need for complying with European structures, as well as a need for further proximity between citizens and decision-making power. Some regions are actively taking part in the process of restructuring. In the wake of WSSD, the contact *between* regions in the area of sustainable development has increased, due to the formation of the Regional Government Network in Johannesburg.

**”Multi-level governance leads to the necessity for high proficiency in vertical integration” – Oldrich Jetmar, University of J.E.P. in Usti nad Labem, Czech Republic**

Jetmar’s paper presented the process of reorganisation of regional and local structures in the former communist Czech Republic. The past regime in the Czech Republic did not build on vertical disaggregating of decision-making power, but today the country has initiated a process of reorganisation of local and regional structures that would better enable the governing powers to deal with the external environment, by initiating programmes based on the transparent structure of the Structural Funds system.

## Discussion:

### *Negative versus positive subsidiarity*

Concerning a negative and positive understanding of subsidiarity; the point was made that we must leave the understanding of subsidiarity as rigid competencies – but rather look at corporate management for new perspectives. More of an objective-oriented policy (management) approach to multi-level governance, like in the Structural Funds, could be useful. This could be an important guidance at all levels - we need a common instrument which is widely applicable. There will be conflicts of interest; transparency on the local level often leads to clashes.

Comments were made that the perspective of objective-oriented policy/management might make subsidiarity work in the EU, but that it needs more exploring. There will be conflicts of interest. Objectives are nice - but how can one set objectives that are not too broad, and what should one do with non-quantifiable objectives? It would also be important to ensure a long-time perspective, and especially within the accession countries there is a need for competence to do this well.

### *Subsidiarity and the business sector*

A critical point was made on the aspect of subsidiarity and business in Europe today. There is an ongoing transfer of power from public to private sector (the market). This trend should be included in the subsidiarity discussion in EU/Europe. Liberalisation is pushed in Europe, but (to a certain extent) the nation states try to prevent the transfer of powers. In reality, what happens is deregulation and the nation states have no capacity for market regulation – only market *making*. It was emphasised that *positive* subsidiarity should intervene with the market, and make state intervention with market possible to ensure public goods and services.

### *Why regional reconfiguration now?*

The workshop also discussed the driving forces of regional configuration today. Is it based on an objective of sustainable development or the development of competitive advantages between regions? It was stated that the latter is most likely the case.

In the case of *France* – the reconfiguration is not due to sustainable development perspectives, although sustainable development, among other things, is an element of competition between regions. But all in all, it is not the basic reason for restructuring of regions.

In the case of *Czech Republic* – the initial reason for restructuring of the regional system is the need to do so to receive funding and support from the EU.

## **Session 2**

### ***Regional sustainable development as a challenge for sectoral policy integration***

Chair: Ronald Pohoryles (ICCR, Austria)

**Key-note speakers: David Gibbs and Andrew Jonas** (and Aidan While), Department of Geography, University of Hull, UK

Based on ongoing research in six case-study areas in England, Gibbs, Jonas (and While) presented an assessment of how environmental considerations are influencing the policies and politics of economic development in the country. *How does the transformation of local politics and economic development combine with local environmental policy and politics and conservation planning?*

- i. Looking for the traces of “eco-state-modernisation”, the authors found little evidence for major transformations in local regimes of accumulation or modes of governance, but rather weak forms of ecological modernization.
- ii. Local outcomes are conditioned by locally specific struggles among relevant actors, with difference with regard to local dependence (e.g. manufacturing, “green tourism” etc.).
- iii. Additionally, international and national policy frameworks set parameters for local economic and environmental governance in England (e.g. through funding schemes); environmental governance is becoming multi-scalar, where the scales are redefined and contested continuously.
- iv. There is a continuous problem of policy integration across economic development and environmental policies. Environmental policy is still relatively underprivileged in relation to economic policy, with the exception of situations of clear “win-win” solutions (ecological modernization perspective).

**Commentator: Ruggero Schleicher-Tappeser, EURES, Germany**

Schleicher-Tappeser stated that the UK case presented by the key-note speakers confirms the *European* experiences on sectoral integration. In his opinion, sustainable development meant the integration of the three dimensions; economic, social and ecological, but sectoral integration is usually only a question of *environmental* instruments/policies.

The multi-*scale* perspective was seen as useful, rather than only a multi-level perspective, discussing nature regions where local actors shape the processes. It is useful to have an analysing framework to understand local reactions. But it is also important to look at cultural factors that differ between regions. These factors are difficult to change, which is not an aim, but something most certainly to take notice of. What can we learn from the local level in how to shape the right questions and actions?

#### **Papers:**

***“Indicators for regional environmental policy evaluation: A green accounting perspective”*** – Maria Bonnaventura Forleo, University of Molise (Alessio Capriolo, APAT, Valeria Constantini, ENEA and Mauro Mellano, University of Rome La Sapienza), Italy

The Italian team has adapted the Eurostat’s classification scheme for national level, *Classification of Environmental Protection Activities* (CEPA), at regional level, for the purpose of *analysing information on public environmental expenditures*. According to the authors, assuming environmental expenditures as a proxy of the value of natural resources that policy-makers give to regional environment, a compared analysis could be useful for multi-level coordination and for sustainability evaluation of public expenditure.

***“How to increase the success factors influencing sustainable development in the Ida-Viru County in the north-eastern Estonia?”*** – Atho Oja, SEI-Tallin, Estonia

Oja did not provide a full paper for the workshop.

***“Sectoral policy as a means for regional sustainable development: the case of Galicia, north-west Spain”*** – Santiago Urquijo Zamora, Galician Ministry of the Environment, Spain

The Galician Ministry of Environment has established a general Directorate Centre of Sustainable Development (DG CSD) with the purpose of strengthening the horizontal environmental policy integration and holistic perspective of environmental variable and development. The first task has been to develop a Sustainable Development Strategy (SDS) for Galicia. Starting off mainly as an internal process within the administration, the second phase includes the involvement the public and especially key stakeholders.

## Discussion:

### *The case of Galicia*

The case of Galicia was received with great interest. It was seen as a best case with regard to the follow-up of international criteria for strategic work for sustainable development. The question of regional political support of such a comprehensive process was raised. How can this kind of a process be developed within the regional context?

Even prior to the establishment of the DG CSD, the Galician Ministry of Environment had a committee of environmental coordination and integration. The objective has then right from the start been environmental policy integration. The committee initiated the process without political support or involvement (first phase), progressing only by means of administrative efforts. The second phase – the development of a sustainable development strategy – has been provided by more political support and visibility, e.g. by the Minister of Environment.

And what about regional mobilisation; public participation, the sense of regional ownership and awareness of the public and stakeholder? This is in most cases seen as crucial for successful implementation, due to the pressure put on the regional government for further progress and political support. In the Galician case, however, the first phase has not included a broad based mobilisation of local or regional population or stakeholders. DG CSD has only worked towards the regional government. For the second phase, the involvement of stakeholders is seen as crucial for a successful implementation of the strategy. This is done not only to legitimise the process, but stakeholders should get involved with the purpose of contributing to development and change along the lines of the regional strategy. It was seen as important to involve people in a way that enables them to notice change and see how their involvement makes a difference.

### *Sustainable development and sectoral policy integration – what does it mean?*

The workshop experienced a kind of a dispute on the issue of integration; does it mean environmental policy integration or the integration of the three dimensions of sustainable development – as raised by the commentator? Other participants highlighted the fact that the Brundtland Commission's report emphasised the integration of an ecological perspective to promote sustainable development. The question is: *How do social/economic systems burden natural resources/ecological systems?* And in this approach, the Galician case is an outstanding example of the expected follow-up of the recommendations in Our Common Future.

According to the Galician representative, in the case of Galicia, integration of an ecological perspective is seen as a basic way of thinking – not only in the meaning of protection of nature, but it is rather a way of governing. This practice was seen as corresponding with the international understanding of sectoral policy integration and sustainable development.

It was emphasised that sectoral integration does not only mean environmental issues, but an integrative approach to governance, like the perspectives of the Structural Funds. It implies cooperation, conflicts and room for interaction to develop new partnerships.

*There is an aspect of conflicts in interest*

One example put forward was that UK has no spatial strategy, representing a basis for conflicts of interest, between the different levels and scales. In the development of regional agendas, a prominent question is then: how do we solve conflicts? Regional scales and national scales do not always fit, as exemplified in the key-note presentation of session two. Both EU and the nation states want to put explicit territorial borders at the regional level – but regional governance should relate to many different territorial regions, depending on the issue in question. The aspect of space is then more useful than territory.

It was also mentioned that further study of the role played by the EU level on the issue of sectoral integration at regional levels is important.

In general, it is important to understand why positive processes develop, as well as asking the question of whether there are lessons to learn from region to region. The aspect of culture is then important and interesting – but difficult to fully understand. The involved actors are also looking for win-win solutions. Another key issue is social involvement.

*Environmental policy integration – at what level?*

A critical remark was made concerning what level environmental policy (sectoral) integration should be emphasised at. Maybe the national level is not the primary level with regard to sectoral integration; perhaps integration could be more successfully obtained at lower levels where the actual implementation takes place – at the regional and local levels. We are then more likely to obtain real policy integration at national level based on the experiences of regional/local integration.

It was also remarked that sectoral integration is more successful by way of *regulation* – e.g. like the experiences in the case of Habitat show.

### *Knowledge and environmental policy*

Aspects on the availability of necessary knowledge and information for policy-making were highlighted. There might be a gap of information. The questions are then – where do we lack information, and how are experts within different disciplines working together to establish the knowledge needed? Others stated that it is not a question of *lack* of knowledge, rather than one of the *transferring* of existing knowledge. We already have enough information and knowledge to start politics.

In the case of Iceland, it was claimed that a problem is that policy-makers do not seem to understand the processes they are working on or what they are protecting. In this perspective, indicators must make up a baseline for policy-making. Also, public involvement should be ensured to put pressure on policy-makers, e.g. with regard to balancing short-term gains with long-term considerations in sectoral integration (environmental policy vs. economic/energy policies).

### **Summation day one:**

- The first day's discussion was by one of the participants characterized as *creative deconstruction*; in Europe we see a shift in executive power. We have an old subsidiarity system, but new emerging systems of governance differ from the existing ones. A key question is then: How should we analyse this process? The discussion also put the spotlight on two emerging processes: an emerging regionalism within the EU and an emerging new paradigm of sustainable development. The question is: what is the connection between the two and what do they mean?
- A point was made on the differences in approach between efforts for regional development and efforts for sustainable development – the first representing a top-down approach and the other a bottom-up approach. There is then a mismatch between NUTS I and NUTS II levels. We must also realize the need for different solutions across the different countries – e.g. different solution in EU member states and in accession countries.
- On the issue of *democracy and subsidiarity*, it was commented that regions are important, but maybe not the most important level for subsidiarity. There are different choices and different objectives at different levels. Elected bodies at each level relate

to these objectives. Democracy is then a difficult issue - there will be a need for trade-offs and political choices and we then need to find a way of doing this.

- Finally, the workshop was presented with a more critical view of the importance of the regions in efforts for sustainable development. In general, regions have a role to play in implementation, and maybe also in initiating policies. There might also be an increasing importance of the regions in the work for sustainable development, e.g. by representing more effective problem-solving. But this does not necessarily represent a strengthening of democracy. More regional power might actually represent *less* democracy: regional governments (bodies/units), not parliaments, are represented at EU level (i.e. by way of the Committee of the Regions). How can democracy be ensured when there is no strong parliament at the regional level? E.g. what about other social participation? This perspective should be brought into the discussions about democracy in the EU and regional processes for sustainable development.

### **Session 3**

#### ***Local and regional Agenda 21 as impulse and models for regional sustainable development***

**Key-note speaker:** Marta Poblet Balcell, Law and Political Sciences Department, Open University of Barcelona, Spain

In the presentation, Balcell pointed at key strengths and weaknesses regarding the processes leading to the adaptation of local "Agendas 21", and on this background, she presented specific actions that might be taken to advance regional sustainable development (see paper for listing).

**Commentator:** **Thomas Byrne**, South East Regional Authority, Ireland

Byrne saw the need for institutional structures to meet the needs of the stakeholders, NGOs, social institutions and other groups. E.g. access to information might result in broader public participation and involvement, supporting the further implementation by establishment a feeling of local/regional ownership.

The development of political interest for sustainable development efforts is always a problem, but political leadership is of crucial importance. The perspectives of LA21 should be brought to the political leaders to help them realize the barriers to change and the need for strong political leadership. One must strive to make them see the importance of sustainable development and the long-time perspective in regional development.

Byrne suggested that the “polluter pays” principle may work at the local/regional level.

One should encourage social partnerships – this has been a success in Ireland, both at national and local levels.

Byrne concluded about the future for LA21 with an appeal for giving it a legal basis, e.g. as part of the planning act like in Denmark.

#### **Papers:**

##### ***“Tipping the scales towards sustainable development? Questions for European regions posed by the Irish case” – Gerard Mullally, University College Cork, Ireland***

Mullally highlighted the Irish experiences with regard to regional sustainable development and LA21. It is not presented as an “ideal-case”, but due to its “coping strategies” adopted at different scales of governance – adaptations of externally defined concepts and initiatives to a specific context. In looking at Ireland as a model for development (the Celtic Tiger), there are two predominant aspects: the role of the *social partnerships* and *local experimentation*.

##### ***“Rethinking the local and regional – participation in the LA21 in Helsinki” – Vivi Niemenmaa, University of Helsinki, Finland***

Niemenmaa presented experiences in the field of participation and LA21 in Helsinki. Her studies show that sustainable development planning has a potential to open up new ways of thinking about local and regional as concepts. The LA21 process in Helsinki has been strongly connected to the local administrative unit and to what local authorities can do, and not so much attention has been given to coordination or the encouraging of activities from other actors.

Niemenmaa said that although the citizens of Helsinki have been invited to take part in discussions on neighbourhood level only, they seem willing to participate in discussions concerning strategic issues and they identify the need for looking across local administrative borders and seeing future development in a regional perspective.

##### ***“Sustainable consensus for North-Kurzeme Coastal Region Development: Agenda 21 process application” – Raimonds Ernsteins, University of Latvia (and Alanda Pulinaa and Gunars Laicans, Dundaga Municipality), Latvia***

Ernsteins presented the experiences of regional cooperation and development in the Latvian North-Kurzeme Coastal Region since 1997. The aim of the inter-municipal cooperation has been to minimize the impact of different activities on the environment of

the coastal zone and to achieve sectoral integration of the sustainability perspective. An Agenda 21 planning process has been initiated, but there is a lack public participation and broad based collaboration between regional institutions/stakeholders and municipalities. However, a Regional Agenda 21 approach is seen as a useful model for further cooperation and conflict resolution.

### **Discussion:**

#### *LA21 in the Baltic countries*

Baltic 21 was featured as an interesting case of international cooperation on LA21. The Baltic 21 process - a regional Agenda 21 initiative for the Baltic Sea Region – is based on bilateral cooperation (between Nordic and Baltic countries) within different sectors. However, there is no cooperation in the area of sustainable development/LA21 *between* the three Baltic countries – Estonia, Latvia and Lithuania.

The question was raised of whether it would be possible to include the sustainable development perspective in the ongoing national development processes in the Baltic countries for meeting the criteria for EU-membership. The development in the Baltic/accession countries could be a good opportunity to focus on the environmental consequences of growth, especially of “growth as fast as possible”. In the case of Latvia, environmental issues are on the agenda in the discussions with EU, but this is not labelled sustainable development/LA21/Agenda21.

#### *What happens after the mobilising stage of LA21?*

The question is – what happens after the mobilising stage of LA21? Does LA21 result in any real politics, or only small-scale projects? It was stated that experiences from implementing LA21 most certainly will have consequences for LA21’s function as a model for regional sustainable development. LA21 might prove to be most successful at the *local* level, and maybe not at the regional level.

In the UK case, LA21 has in some cases been taken over by local radical groups, transforming LA21 into a mobilizing campaign against the local authorities. The local authorities have then been forced to close down LA21. Other examples showed that local authorities are developing LA21 to “keep people happy”. Then LA21 operates at the side of “real business”. This is also the experience from Finnish cases – a multitude of LA21 projects are initiated within the local communities, but they are not “the important ones” e.g. with regard to local environmental policy. However, some LA21 ideas have been included in the ongoing modernization of local authority system in the UK.

In general, there is a shortage of people wanting to participate. It was felt that Regional Agenda 21 processes will most likely meet even greater challenges with regard to participation.

#### *EU level and the development of LA21/RA21*

The question of whether the EU level influences on the development of LA21/RA21, was raised.

In the case of Ireland; being able to document LA21 activities might be important for the receiving of EU funding. It represents one out of several criteria. On the other hand, in regional processes, LA21 does not play a role towards the EU. EU has a strong influence in general in Ireland – e.g. on planning.

In the Baltic countries, EU signals are of importance for the organisation of the public sector/government system. However, no explicit references are made to sustainable development or LA21.

#### *The future of LA21*

One conclusion suggested that the future of LA21 at the regional level depends on regional characteristics. LA21 might function as a regional “mediator” or more of a model/process for conflict resolution when introducing the sustainable development perspective in regional development processes. This function of LA21 has been experienced in the LA21 process of the Latvian North-Kurzeme Coastal Region (Latvia).

## **Session 4**

### ***Regions, climate change and water: problems of scale in impact vulnerability, adaptation, environmental justice and governance***

**Key-note speaker: Karen O’Brien**, Centre for International Climate and Environmental Research, CICERO, University of Oslo, Norway

O’Brien reviewed key issues surrounding problems of scale in relation to climate change and water, with an emphasis on differences in vulnerability and adaptability. She also highlighted the aspect of winners and losers in terms of climate adaptation; climate

impacts and adaptation pose dilemmas of justice and compensation to the international community. Most adaptive responses to climate change will involve governance at multiple scales.

On the argument that “scale matters”, O’Brien stated that scale issues pose considerable challenges to both global change scientists and policy makers, whether it is scenario development, identifying vulnerable regions or groups when it comes to negative consequences of climate change, forming adaptation strategies or coping with resource management under new and uncertain conditions. The issue of water may thus be seen as the real test of sustainable development.

**Commentator: Michael Narodoslowsky**, Graz University of Technology, Austria

Narodoslowsky emphasised that changes in nature, as a result of climate changes, create a new basis for *regional sustainable development*. Humans influence the vulnerable parts of nature. As O’Brien also stated, cross-boundary effects of e.g. water makes cooperation – in this case horizontally water management - necessary for coping with uncertainty and changing situations. There will also be a question of winners and losers, and Narodoslowsky held that we will most certainly have both. Different regions have different capacity for adaptation. This might also represent a potential for competition between regions, since different approaches to adaptation could give basis for regional development.

Commenting on the questions for Session 4 posed in the Position Paper (see above), Narodoslowsky stated that until today, the issue of climate change has been treated separately from the perspectives of regional sustainable development. Also, he said, we do not have institutional traditions for conflict resolution related to disputes and inequalities deriving from conflicts over for example water in the EU sphere, but this will be enforced on us. Finally, the existing scientific conclusions with regard to climate change, e.g. from ICCP, include large margins, creating problems for real local and regional policy making for adaptation. But climate changes will come, and adaptive solutions have to be developed.

#### **Papers:**

**“Regional governance and the EU Water Framework Directive: a study of institutional fit, scale and interplay” – Timothy Moss**, Institute for Regional Development and Structural Planning, Germany (not present)

Moss’ paper looks at the EU Water Framework Directive as an instructive example of “top-down” induced institutional change, attempting to resolve problems of unsustainable and inefficient use of water. It encourages more participatory and collaborative forms of

governance at the regional level, within ecologically defined regions (river basins and sub-basins). The regional governance should be based on the subsidiarity principle.

Due to illness of the author, the paper was not presented at the workshop.

**“Multi-level governance, the case of local climate policy planning in Norway” – Carlo Aall and Kyrre Groven, Western Norway Research Institute, Norway**

Aall and Groven presented experiences from Norway of working with climate policy at the local and regional level of governance. They highlighted three aspects of these efforts: i) how has local policy become part of local environmental policy in Norway? ii) what has been the content and output of recent local climate planning processes? and finally iii) what are the problems and prospects of local climate policy in Norway?

**“Natural hazards and sustainable development: responsibility of governments to initiate strategies for sustainable hazard mitigation” – Björn Gunnarsson and Maria-Victoria Gunnarsson, Environmental Research Institute, Iceland**

By pointing at the annual global costs of natural disasters (expected to top 300 billion USD in 2050), in addition to the loss of lives and resources, Gunnarsson and Gunnarsson argued that this severely inhibits efforts of nations to achieve sustainable development. Society is also becoming more and more vulnerable to impacts from hazards, due to physical, social, economic and ecological factors. This increase has to be countered by building disaster resilient societies through multi-level governance. An institutional framework consisting of organizational bodies for the coordination of policies and procedures for hazard and risk management has to be adopted and the development of national, regional and local strategies for hazard mitigation.

**Discussion:**

*Risk management and governance*

Some held that comprehensive risk management at local/regional levels is a question of power relations – who decides what? Others stated that it is rather a question of price, though in the long run, doing nothing will be more expensive. Risk management should therefore be more of a top-down decision, and there is thus a need for making difficult decisions and priorities. Insurance companies have and will also play a role – representing a key actor for reacting to climate change/risk, by putting a price on the implications of changes.

The issues of risk and hazards demand multi-level governance. A common problem is that local authorities separate the handling of global issues, such as climate change and

energy policy, from local risk management. But it is part of the same issue, and should therefore be treated thus.

The question of local adaptation and risk management is also one of good training in regional cooperation on vital aspects of local society, as well as it being a question of environmental justice. And it is a question of equity – how to design a social risk system?

#### *Climate models and local adaptation and mobilisation*

A question was raised on how sophisticated the existing climate models are, in relation to local/regional policy-making for adaptation. Is it possible to make them policy relevant in local/regional terms? Some of the existing climate models can be scaled down to 50x50 km, but the predictions are characterised by great uncertainty. In general, pessimistic perspectives were presented on the potential for mobilisation at the ground based on today's predictions. Today, the climate models are good for global systems, but we also need better global models, especially with smaller margins.

Concerning adaptation – the question is adaptation to what? Today this means adaptation to uncertainty. We are presented with a spectrum of scenarios, and it is difficult to operationalize the precautionary principle at local and regional levels, as well as the national level. We have to ask: do we have the necessary knowledge?

By others it was pointed out that real local happenings (registered events and changes) would probably be of greater importance for local efforts (adaptation and risk management) than climate models. Real local consequences will trigger local reactions. Earlier, the insurance companies did the job for us – but now we are asking the question: are the experienced weather changes real climate changes? Then we will experience mobilisation – both for adaptation and mitigation. We will not be able to rely on insurance, but must do so on multi-level governance. It was suggested that the Structural Funds could play a role in reacting to and coping with new risks, both short-term and long-term consequences.

Finally, it was suggested that mobilisation could be attained by showing probability of risk and also the economic impact of climate change for the regional business sector.

## **Session 5**

### ***The role of business and industry in promoting and realizing regional sustainable development***

**Key-note speaker: Reimar Molitor, Regionale 2006 and IÖW, Germany**

Molitor emphasised the need to make connections between regional sustainable development and sustainable regional development. A recent study shows that important stakeholders, such as business and industry, do not very much involve in projects on regional sustainable development. His paper tried to identify reasons for this lack of involvement, at the same time as he tried to suggest ways of establishing links between the individual development strategies of businesses and industry and regional sustainable development.

As Molitor saw it, the two ongoing developmental trends at the regional level - regional sustainable development and regional economic development – have evident commonalities, but they are usually separated at the ground. Why is that?

Molitor states that there is a need for a new holistic understanding of regional development which incorporates respect among the different regional actors involved for their individual needs and aims concerning the development of the region. Short term needs in the economic sector and long-term strategic demands for securing socio-cultural and environmental regional issues have to be brought together, even while causing conflicts at the regional level, to reach the goal of regional sustainable development.

**Commentator: Audun Ruud, ProSus, University of Oslo**

Ruud remarked that there is a need for more of a multi-level approach. There is also a need for conceptualising of regional sustainable development, in regard to eco-efficiency. Regional sustainable development should not only imply eco-efficiency. And then what about the concept of decoupling within Molitor's approach to regional sustainable development?

Ruud found the two-step approach towards businesses and industry presented by Molitor, where the philosophy is "*give something before demanding*", challenging. Would the business actors eventually be able to undertake new objectives? And if so, not just end-of-pipe solutions, but rather procedural and more radical changes? He then expressed his point of view by presenting the case of Norwegian aluminium industry (Norsk Hydro): Approached by the local community complaining about the local consequences of its production, Norsk Hydro solved the local problems regarding emissions, but did not implement changes that would reduce the CO2 emissions. But the

local community was pleased. The challenge is then – how to ensure that businesses make the global step in this perspective?

Responding to Ruud's comments, Molitor agreed that radical changes are difficult to achieve within the two-step approach to regional sustainable development. The approach rather creates responsibility for the future of the region of the businesses, based on a sustainable development perspective. Eco-efficiency is easy to introduce after the establishment of trust and mutual understanding between local authorities/mediators and the local businesses. This is first of all achieved by meeting their basic needs.

#### **Papers:**

##### ***“Sustainable regional economic development requires new forms of coordination”*** – **Martin Tischer**, B.A.U.M. Consult, Germany

Tischer's paper focused on overcoming non-technological, rather than technological, barriers for more effective implementation of more sustainable and resource-efficient goods and production. As the title indicates - sustainable regional economic development implies new forms of coordination, both vertically and horizontally at the regional level, and he introduces the concept of *“cooperation brokers”*. Cooperation by means of a mediator might result in companies managing the leap from business as usual to sustainable principles as basis for their activity.

In cases where company owners and managers do not possess the capacity to initiate cooperative initiatives or do not have the capacity of making long-term strategical changes to the production system (usually being the case in SMEs), non-commercial organisations might link enterprises that “under normal circumstances” would not get together. Studies identify different forms of cooperative brokers: some are founded specifically for this purpose, while also existing organisations can take on the role of a cooperation broker.

##### ***“On public/private partnerships for regional sustainable development”*** – **Fredrik Burström von Malmborg**, Linköping University, Sweden

Based on the statement that SMEs should be considered to be of particular interest for local and regional partnerships with focus on environmental management and sustainable development, Burström has studied public/private collaboration in partnerships in two Swedish regions. His paper tries to elucidate the conditions for effective collaboration on sustainability issues in partnerships with different local and regional actors.

His studies revealed that the local and regional partnerships and formal networks are all initiated by local or regional authorities, as part of their visions and strategies for sustainable development. Burström claimed that there seems to be an initial asymmetry among the actors in the regional public/private partnerships. This pattern also implies asymmetric power-dependence relations within the partnerships, since the local/regional authorities need the SMEs, while the SMEs have not expressed the same need back. In general, limited confidence and trust in local/regional authorities seem to be major obstacles for successful collaboration.

***“The role of clusters in setting up regional governance in Poland”*** – Stanislaw Walukiewicz, Polish Academy of Science (and Barbara Szymoniuk, Technical University of Lublin), Poland

The Polish paper presented a strategy for making use of Porter’s cluster approach in regional cooperation and trust building processes in Poland. Clusters are seen as loose business organisations, in which cooperation of partners creates synergy effects over relatively short time. The paper presented a critical evaluation of the existing policies for regional sustainable development put forward by the regional authorities, and suggestions for how regional clusters could represent a more appropriate approach to regional cooperation between the public and private sectors.

#### **Discussion:**

##### *Making use of cluster theory in regional sustainable development*

Different points were made on the aspect of making use of Porter’s cluster theory in practice. The cluster theory is based on cases rooted in local skills, traditions, culture, talents etc. – clusters should be based on what we have. The question is how to make use of this e.g. in Polish regions? In some areas these local/regional characteristics might not be present or represent a basis for cluster formation. And if not present, should we uphold the local infrastructure in all regions?

A question was raised on how to ensure technology transfer across companies in top-down introduced clusters. How will e.g. transnational companies operate in clusters in this regard? To what extent will regional authorities be able to influence on their practice. The success of clusters is also a question of distribution of power and the importance of different actors. And what about the state-owned enterprises in the case of Poland? The characteristics of the regional business sector will influence on the cluster formation.

The aspect of democracy and clusters was also highlighted - clusters might not necessarily be democratic due to different power relations between the different actors involved. How will sustainable development in this setting be ensured?

In general, the critical element is how to make use of experiences of clusters and regional development, across regions and countries. It is difficult to create models transferable to different contexts. Regional development processes must be seen as a result of regional specific characteristics – culture, traditions, locally embedded knowledge. The formation of clusters should be seen as bottom-up process evolving from the local qualities.

#### *Differences in objectives between private and public sectors at the regional level*

Business and industry have their own reality and objectives for their activity, and there are two aspects of their environmental efforts worth noticing: 1) sustainable development in businesses, and 2) regional processes including a feeling of regional belonging and participation. But this also represents a dilemma: the effects of the efforts are uncontrollable due to economic motives as basis in companies.

A critical remark was also raised on whether voluntary efforts are sufficient. This is also a question of trust and power structures. Maybe EU/national authorities should create minimum standards for business and industry?

In general, the key challenge is how to create a situation of trust between the private and public sectors. The Swedish study clearly identifies the businesses' lack of trust towards the public sphere as a key barrier for well-functioning public/private partnerships at the regional level.

### **Concluding session**

**Guttorm Grundt** (Department of Environmental Affairs and Transport, City of Oslo, Norway): ***Challenges for regional cooperation for sustainable development***

Guttorm Grundt, as Coordinator for Environmental Affairs in the central administration of the City of Oslo, presented the local experiences of challenges and barriers for regional sustainable development in the capital region. The capital region comprises several counties and municipalities, in addition to the City of Oslo. The City itself functions both as a municipality and a county. This creates uneven and challenging power relations across the region. Also, different regional organisations occur within different areas of concern, such as hospital management, water management, road and traffic administration etc. Processes at the European level, such as the implementation of the Water Basin Directive, create additional barriers for coordinated planning and regional development.

In concluding, Grundt raised the prospect of a possible reorganisation of the regional administrative structures of the capital region, emphasising the forming of regional administrative bodies covering more of the cross-boundary urban pressure areas within the region.

### **Concluding discussion and perspectives for policy brief:**

The concluding session of the workshop sought to sum up the main conclusions and key perspectives of the discussions, for the purpose of highlighting perspectives for the forthcoming EU policy brief.

- *The aspect of subsidiarity and the perception of it* – the perspectives of positive and negative subsidiarity, presented in Session 1, clearly establish the need for “re-discussing” the subsidiarity principle’s implications for the regional level of governance.
- *The aspect of risk* – as presented and discussed in Session 4, represents an often neglected condition for regional sustainable development. The aspect of risk puts additional pressure on the regional development processes – by change in nature. This makes it more complex – the situation is not static anymore. It should most certainly be integrated in regional development processes and planning. Climate change, water management and the aspect of different scales also complicate local/regional governance within existing administrative units.
- *The “broker” function* should be further explored. Several questions need to be answered: who takes the responsibility in regional development processes including a broker function, and then what about democratic and participative backing of these? Establishing a broker function is also a question of available resources. Could the structural funding create the broker?
- *The role of the regions in EU* – regions are today recipients, without political power towards the EU. We experience a process of regionalisation on implementation, but no political power transfer. Maybe the EU strategy for sustainable development could function as strengthening of the regions positions?

Concerning the status of the regions in today’s EU: this is also a question of what we want. The cultural/social basis is necessary, but not sufficient for regional sustainable development. The regionalisation of business and production is another important aspect. We should increase the understanding of the processes and success factors at the

regional level, as well as the possible position of the regions in the multi-level governance system.

- *The role of local/regional public administration* - should be looked at and understood in the local contexts. A critical aspect in today's situation is that the local entrepreneurs usually are more powerful than local authorities. There is a clear lack of trust from businesses and industry towards the local/regional administration.
- *The precautionary principle* – would it be possible to transform the precautionary principle to something more of a principle for what should be done at local and regional levels? Climate change and risk management (safety) might then be key areas in which this principle could come in use. E.g. the 6<sup>th</sup> Framework Program could be formed to fit this.
- *Dissemination of information across sectors* – regional sustainable development process should emphasize the support of interaction between the business sector and the public sector. Conflict resolution could also represent a key function of the regional processes.
- *Regional structuring via EU directives* - the example of the Water Basin Directive (where regional structures have to fit with water basins – and regional changes already have taken place) shows the power of EU directives with regard to regional organisation. Why not impose a regional structuring for sustainable development via EU directives? However, critical remarks were made on this top-down perspective, as it is seen as problematic with regard to democratic and participatory aspects. The realities within each locality should be considered when structuring regions, and a more bottom-up based process is then needed.
- *EU directives and sustainable development* – after 2006 changes will be made in the EU funding priorities. What about linking framework programmes at sub-national levels with EU directives, such as the Water Basin Directive? Then the inclusion of a sustainable development perspective in the overall framework for regions could be suggested.

## **Annex 2 – Papers and Presentations presented at the REGIONET Workshop 2**

The long versions of the papers can be read from the CR-ROM that forms Annex 2 of this document.