

# National Report on Regional Sustainable Development

## Austria



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# Introduction

This National Report on regional sustainable development in Austria has been written as part of the REGIONET project. REGIONET (Strategies for Regional Sustainable Development: An Integrated Approach beyond Best Practice) is a research project funded under the EU's 5th framework programme for research. The main objective of the project was to provide an integrated and interdisciplinary approach to support the implementation of sustainable development in regions across Europe.

The project team of REGIONET consisted of sixteen partners coming from fourteen different European countries (current and new Member States). Early on in the project's running time, the idea came up to use this opportunity and develop a comprehensive study about regional sustainable development in Europe. The high number of project partners (plus three associated partners) allowed us to have seventeen storylines and a comprehensive picture of regional sustainable development policy-making across Europe.

In order to ensure comparability, the project team developed a concept for analysis. This concept was used by each national team as a template to carry out the review about regional sustainable development in their country. Out of the project's general objectives, the following main sections are covered within each National Report:

- National background on regional development: this includes not only the history of regional development in the country but also the political and administrative system and hierarchies as these are of major importance in giving a framework for policy-making. This section also includes a reflection about national initiatives for sustainable development.
- Regional sustainable development: in here, the National Reports reflect upon national and regional initiatives for regional sustainable development. An important aspect, too, is the role of Structural Funds in fostering sustainable development at the regional level and what the experiences of the regions are with Structural Funds programmes and Community Initiatives.
- Multi-Level governance: this section elaborates on the involvement of the different political/administrative levels in policy-making – from the EU, to the national and regional level – as well as the multi-level interaction between the different stakeholders. Additionally, it is analysed how cross-sector policy integration in regional sustainable development is carried out by the different levels.
- Evaluation methods and tools for regional sustainable development: the current evaluation methods, tools and indicators are described in this section. It also reflects upon the different types of measurements for regional sustainable development, and if a harmonization of the various methods and tools already takes place in Europe.
- Analysis of regional sustainable development: summarizes the practical experiences with regional sustainable development across Europe. This section will also evaluate the general trade-offs, top-down and bottom-up relations as well as the future of European regional policy for the period after 2006 when new Structural Funds regulations will be implemented.

Therefore, this National Report of Austria gives a comprehensive overview of regional sustainable development. Together with the other reports, it makes up what is the first comparative study of regional sustainable development in Europe. In 2004, a book publication which will include all National Reports, together with an introduction and conclusion chapter, is planned. Please find further information and ordering details about this forthcoming book on the REGIONET project homepage: [www.iccr-international.org/regionet](http://www.iccr-international.org/regionet).

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## 2. List of abbreviations

EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FPÖ	Austrian Freedom Party
LA21	Local Agenda 21
NAP	National Action Plan for Employment
NEP	National Environmental Plan
NUTS	Nomenclature of territorial units for statistics
ÖROK	Austrian Spatial Planning Conference
ÖVP	Austrian People's Party
R&D	Research & Development
RDA	Regional Development Agency
RSD	Regional Sustainable Development
SPÖ	Austrian Social-democratic Party

### 3. National Report on Regional Sustainable Development in Austria

#### NATIONAL BACKGROUND ON REGIONAL DEVELOPMENT

##### Political and administrative system and hierarchies

Austria is a federal republic with a population of some 8 million citizens. After being the centre of the Habsburg Monarchy for hundreds of years, political democracy in Austria came into being with the ‘First Republic’ (1918-34). In 1934, the First Republic was abolished and an authoritarian regime, the *Ständestaat*, was established on a federal basis. During this time the state was politically led by representatives of the various professions (*Stände*) rather than a parliament. Between 1938 and 1945, Austria was part of the Third Reich of Hitler Germany. Austria regained its independency in 1945 after the end of World War II. But it was not until 1955 that the country achieved its full sovereignty after ten years of control by the allies, although Austria had a parliament and a government elected by its citizens during this time. The current ‘Second Republic’ was set up after World War II and was founded on the constitution of 1920 and its amendments from 1929. Throughout the Second Republic, Austria became a stable democracy, developed a strong economic boom in the late 1950s and 1960s (in Austria referred to as *Wirtschaftswunder*), and became a country with an extensive social welfare system. Austria’s accession to the European Union on 1 January 1995 was widely supported by all major groups in the Austrian society and by all Austrian *Bundesländer* (Bullmann, 2001; Faßmann, 1997a; Hanisch, 1997; Schaller, 1997; Weber, 1997).

The sub-national political entities are the nine *Bundesländer* (regions) and the *Gemeinden* (local authorities). There is a third sub-national level, *Bezirke* (districts), which are, however, only administrative entities and are not legitimised by the

citizens. The table below gives an overview of the sub-national political entities in Austria:

**Table 1: Administrative division of the federal territory of Austria**

Regions	Area km <sup>2</sup>	Districts	Local authorities
Burgenland	3,966	9	171
Carinthia	9,533	10	132
Lower Austria	19,174	25	573
Upper Austria	11,980	18	445
Salzburg	7,154	6	119
Styria	16,388	17	543
Tyrol	12,648	9	279
Vorarlberg	2,601	4	96
Vienna	415	1	1
<b>Austria</b>	<b>83,858</b>	<b>99</b>	<b>2,359</b>

Source: Statistik Austria, 2003 ([www.statistik.at](http://www.statistik.at))

From this sub-national political entities, only the regions correspond with a NUTS level from the classification of territorial units in the EU (Eurostat, 1999). Regions correspond with the NUT 2 level. The NUTS 1 level corresponds with a geographical grouping of regions, i.e. Eastern Austria (Vienna, Lower Austria, Burgenland), Southern Austria (Styria, Carinthia), and Western Austria (Upper Austria, Salzburg, Tyrol, Vorarlberg). The NUTS 3 level corresponds with the districts or groups of districts.

The Austrian *Bundesländer* are political-administrative entities since the end of World War I. However, most of the *Bundesländer* have deep historical roots and were historically always characterised by a high degree of sovereignty. The same holds true for many of the Austrian local authorities (Bullmann, 2001). Therefore, the *Bundesländer* are used synonymous with ‘regions’ in Austria.

The political system in Austria has the following structure and characteristics: On the federal level, the *Nationalrat* (National Council) is elected by the citizens every four years. The National Council has 183 seats and is currently composed of four parties: People’s Party (ÖVP), Social-democratic Party (SPÖ), Freedom Party (FPÖ), and the Greens (Grüne).

The Austrian Federal Government (*Bundesregierung*) is elected by the National Council. The Federal Government consists of several ministers and the Federal Chancellor (*Bundeskanzler*) as a *primus inter pares* within the government. This means that the Federal Chancellor leads the meetings of the Federal Government but is not allowed to give direct advice to the other ministers. (Adamovich, 1973). However, the Federal Chancellor has a superior role within the government because he is, first, the leader of the strongest party, and, second, has the capacity to control the formation of the Federal Government (Müller, 1997).

On the regional level, principally the same system applies as on the federal level. The Regional Parliament (*Landtag*) is elected directly by the citizens. In most regions in Austria, the four parties which are included in the National Council, are also the leading parties in the *Landtag*. The Regional Parliament elects the Land Government (*Landesregierung*) and the Regional First Minister (*Landeshauptmann*). However, in most Austrian regions – the exceptions are Vienna and Vorarlberg – a proportional system is in place, which means that each party with a certain number of members in the Regional Parliament has the right to nominate a minister (*Landesrat*). This system was heavily criticised in recent years for not being able to establish a clear distinction between government and opposition as well as for creating a very slow system of policy-making.

In the Austrian political system, it is necessary to point out the strong role of the Regional First Minister. Although legally not more than a *primus inter pares* in the Land Government (like the Austrian Federal Chancellor on the federal level), the actual power of the Regional First Minister is characterised by four areas of influence: head of Land Government; head of the Regional Administration; part of the collateral federal administration (“*mittelbare Bundesverwaltung*”); and represents a region on all different political levels and signs legal contracts. What is more, the First Minister has traditionally the role of a ‘sovereign’ (“*Landesvater*”) with the image to take care of the interests of all citizens in the region.

The Regional Parliament also elects the members to the second chamber of the Federal Council (*Bundesrat*). The limited power of the Federal Council points to the weak constitutional position of

the Austrian regions. The Federal Council can influence the federal legislative process by using its suspensive veto power which can postpone regulations, however, the veto can be overruled by the National Council.

Generally, the Austrian federalism has certain weaknesses. One important indication of this is the centralised system in the allocation of rights and duties. The predominant part in the legislative process is carried out by the federal state with the regions only being supplied with the remaining competencies. One can distinguish three competences of the Austrian regions in the legislative process:

- Implementation competence: the federal state is responsible for the legislation and the regions for the implementation.
- Executive competence: the federal state issues the framework legislation and the regions provide the specific legislation and implementation.
- Regions have the legislative and implementation competence.

In the literature, the Austrian federal political system is often characterised as ‘*implementation federalism*’ (Fallend, 1997). This assessment is correct when the focus is on the real legal and constitutional competencies provided for the regions. However, one should not forget the ‘real’ influence the *Bundesländer* have, especially in the day-to-day policy-making process. This means, the *Bundesländer* – and in particular the Regional First Minister – can obtain a much stronger influence in the policy-making process: regarding policy issues that are important for a region; policy fields in which regions have the legislative competence; the ‘bargaining capacity’ of the regions with the federal or EU level; and the political skills in times of ‘creative tensions’ (Luther, 1997). What is more, the informal relationship between the federal and the regional level are of prime importance in Austria.

This has mainly to do with the *Austrian political culture* which is characterised by a bargaining process, including the most important stakeholders (policy-makers from the federal and regional levels and interest groups, like the social partners), in closed sessions with the aim to gain a consensus in difficult policy issues. Although this *corporatism* has been weakened in recent years (mainly due to the determination of the grand coalition and a more differentiated policy-making environment since

Austria joined the European Union in 1995), it still lies at the heart of the Austrian approach towards policy-making. Regions – and, again, mainly the Regional First Ministers – have an influential position in this informal relationships, not least because they have a strong position within their political party. Furthermore, the Regional First Ministers have established the “Conference of the Regional First Ministers” (*Landeshauptleutekonferenz*) with the aim to coordinate and strengthen their positions in relation to the federal level.

On the local level, the municipal council (*Gemeinderat*) is directly elected by the citizens every four to six years, depending on the different regions. The mayors (*Bürgermeister*) are either elected by the council or directly by the citizens which also depends on the regional legislation. The only sub-national level which is not democratically elected are the districts (*Bezirke*). As defined in the Austrian constitution, the level of the districts is a solely administrative one. The districts are responsible for a great part of the operational administrative duties. Therefore, the citizens are in permanent contact with the districts on issues like social welfare, real property, driving licences, etc.

Most recently, a discussion about a new structure of the Austrian multi-level governance system was initiated by the Austrian People’s Party (ÖVP), particularly regarding the relationship between the federal and the regional levels (Die Presse, 13 January 2003). The idea is to develop a new distribution of power between the federal level and the regions. The legislative competence should be centralised at the federal level. In return, the regions should be provided with all administrative competences (except fiscal issues) and they should be responsible for implementing the laws made at the federal level. It was also discussed to abolish the Federal Council (*Bundesrat*).

However, the government programme of the new Austrian Federal Government (2003) does not indicate a re-structuring of the multi-level governance system in the way the discussion was initiated only one month before the new government (between the Austrian People’s Party and the Freedom Party) was sworn in. Under Article 1 of the government programme, ‘Democracy and State Reform’, an Austrian Convention (similar to the European Convention) is suggested to negotiate a new version of the Austrian constitution. The government

programme lists as important issues for this new constitution: clear competencies between the different levels of government; the principle of subsidiarity; strengthening the rights of the regions; application of Article 15a of the constitution, i.e. the ‘procedure for participation of the regions’ (*Länderbeteiligungsverfahren*); strengthening the role of the regions in fiscal policy. The following years will show, therefore, what shape the multi-level system of governance will take in Austria and how the relationship between the federal and regional level will be (re-)defined.

## History of regional development

In Austria, the German term *Region* is rather unspecific and is mostly used to describe spatial entities or geographical areas of various sizes. This ranges from skiing regions or thermae regions to the eastern or western regions of Austria which comprise two or more *Bundesländer*. Nevertheless, in the debates about multi-level governance and subsidiarity, ‘region’ refers to the Austrian *Bundesländer*, that is the political-administrative entities below the nation state. Therefore, ‘region’ in Austria is a clearly defined geographical area with political and administrative competencies. What is more, regional identity in Austria is an identity based on the *Bundesländer*. The reason for this is that the Austrian *Bundesländer* have deep historical roots and were historically always characterised by a high degree of sovereignty.

Regional development in Austria has been largely dominated by a planning approach up to the mid-1990s. Spatial planning was at the heart of regional development with goals like equal opportunities for regions in economic terms as well as equal access to education as the main orientations for development.

Due to the federal structure of the Austrian political system, spatial planning (and hence regional development) falls under the competencies of the regions. On the federal level, co-ordination is achieved through the (non-binding) “Concepts for Spatial Development” (*Österreichische Raumentwicklungskonzepte*) which are issued every ten years and which set out the agenda for spatial planning as well as regional development. Since 1991, sustainable development features prominently in these concepts, with even an increased importance in the latest edition of these concepts from 2001. The “sparing and respectful use of land and environment”

(ÖROK, 2002, 21) is one of the strategic goals which are set out by the current “Concept for Spatial Development”. The concept defines this strategic goal (ÖROK, 2002, 21-23) and, therefore, includes the concept and thinking of sustainable development into the Austrian spatial development strategy.

During the 1980s, the new concept of ‘endogenous regional development’ influenced the approach to regional development in Austria. The idea of this concept was to take the regional potentials as a starting point for development. This included natural as well as human and cultural factors. Generally, the concept was a first deviation from the more rigid planning approach in regional development as it directly called for integration of regional actors in the development process. In a way this concept can be seen as a direct ‘precursor’ to regional sustainable development. Although the concept did not have a great direct impact in the form of concrete regional development strategies, it clearly influenced the conceptual base of regional planning in Austria.

This must also be seen in the context of the discussion about ‘eco-social market economy’ during the late 1980s and early 1990s. This political concept, favoured by the Austrian People’s Party (ÖVP), was an early attempt in Austria to include core elements of sustainable development in mainstream politics. The high profile of this ‘endogenous’ brand of sustainable development in Austria, however, hindered the adoption of processes like Local Agenda 21 that rooted in the international debate on sustainable development and the Rio accords.

An important shift in the approach towards regional development in Austria came with the accession to the European Union in 1995. This will be discussed in more detail in chapter 2.3 on Structural Funds and sustainable development.

Today regional development in Austria faces considerable challenges that have to be tackled. Prominent among them are:

- *Austria’s small scale structure:* The topographical situation of Austria results in regions which are considerably smaller than the European average. However, preserving those regions and their cultural and natural characteristics is important, not least because they also play an important role in tourism which is one of the most dynamic economic sectors in Austria.

- *A ‘democratic gap’ on the sub-regional level:* An important regional development basis in Austria are the districts (Bezirke) as the smallest regional administrative unit. A drawback, however, is that on this level there is no democratically legitimated polity which severely impedes participatory decision-making processes.
- *EU enlargement:* Austria will be severely influenced by the enlargement process of the European Union. This actually poses two different, but interlinked challenges. On the one hand, Austria will be propelled from a country at the fringes of the European Union into its centre with all problems faced by a classical transit country. On the other hand, the enlargement process calls for direct partnerships in regional development across existing national borders.

## National initiatives on sustainable development

Generally, environmental policy-making in Austria is largely carried out by punctual regulatory measures. There is no general environmental law like in some other countries. The responsibilities of these environmental laws are divided between the federal and regional levels. This division of responsibilities also applies for the implementation (Lauber 1997a, 1997b). In recent years, there has been a trend towards greater policy integration with more comprehensive measures that cut across different fields (laws on environmental information, environmental impact assessment, environmental auditing, and, to some extent, waste management).

These efforts for more policy integration inspired strategic environmental policy planning in Austria and resulted in the National Environmental Plan (NEP) in 1995 (and an amended version in 1997) and the Austrian Strategy for Sustainable Development (2002).

Overall, the policy innovation from the sustainable development debate lies in the emphasis placed on setting long-term goals on a broad political and societal basis, the integration of environmental policy objectives into other policy areas (cross-sector policy integration), a cooperative target groups policy, and the

mobilisation of additional decentralised (or sub-national) capacities. In this context, a large number of industrial countries had introduced some kind of strategic sustainable development planning (Jänicke and Jörgens, 1998).

### National Environmental Plan (1995/1997)

The National Environmental Plan (NEP) was initiated by the Ministry of the Environment, Youth and Family Affairs after the UN Conference in Rio in 1992 with reference to ‘Agenda 21’ on the duty of national governments to take up the responsibility to implement sustainable development. The Ministry created seven expert working groups with participants from other ministries (on the level of civil servant experts), researchers, and the social partners (representatives from the business association and trade unions). The NEP has been criticised for having excluded environmental organisations during the initial drafting process (Jänicke and Jörgens, 1998). The eventual goal was to devise a long-term strategy for sustainable development in Austria. Overall, the NEP is to serve as a “binding frame of reference for all concerned”, and is aimed at helping to “bring about the necessary structural changes” (Federal Ministry of the Environment, 1997).

In 1995, the NEP was published by the Ministry of the Environment. However, the public awareness of the plan was only very slight as a result of the very low-key media coverage and little effort of the environmental administration to publicise the ongoing process. In 1997, the NEP has been given a legislative basis through a binding parliamentary decision in an effort to give a boost to the plan. However, the NEP does not contain any legally binding implementation plans. All goals and suggestions are merely suggestions for the competent authorities. There are several proposals for cooperation between the different tiers of government, but all of them rely on the initiative of the actors involved (Ney and Schmidt, 2001).

The NEP includes a reference to the principle of subsidiarity. It is argued that “regional authorities are more in touch with local social and ecological conditions and are, thus, particularly suited to implement and follow up measures” (Federal Ministry of the Environment, 1997). The plan

also refers to intermediary institutions which should be established to foster regional sustainable development: “What is required is the establishment of suitable regional and provincial institutions that can act as mediators in promoting regional sustainable development. They should strengthen the cooperation between the federal and provincial levels as well as between the provinces themselves.” (Federal Ministry of the Environment, 1997)

The NEP offers a strategic approach for mainly environmental policy-making. Even though the plan refers to the concept of ‘sustainable development’, as outlined by the Brundtland Report (1987), as framework, the plan must be understood as strategic environmental plan. That is, it is mainly concerned with the issue of environmental protection, without integrating an analysis of its proposals for economic and social matters. However, from a purely environmental point of view, this was a promising approach (Ney and Schmidt, 2001).

The structure of the NEP attempts to develop a transversal and holistic approach to sustainable development. The first two parts, ‘resource management’ and ‘consumers’ constitute horizontal themes which cut across all sectors of the economy. The other five parts are target sectors and follow a vertical approach: ‘energy’; ‘industry and trade’; ‘traffic and transportation’; ‘agriculture, forests, and water’; and ‘tourism and recreation’. Each of these seven sections consists of differentiated descriptions of the problems, targets and measures to be taken.

However, the NEP has been criticised of formulating very general goals and very few concrete quantitative targets. That is, quantitative targets combined with accurate timeframes and a detailed description of the measures to be taken are rare in the plan (Jänicke and Jörgens, 1998). Generally, one can argue that the NUP is a huge document with potentially interesting policy intentions, however, it had very limited influence on environmental policy-making in practice.

### Austrian Strategy for Sustainable Development

The latest development in terms of national initiatives on sustainable development in Austria

is linked to the EU Gothenburg Council Meeting in 2001. At this meeting, the Austrian Government presented the Green Book “A Sustainable Future for Austria”. It was created on behalf of the Austrian Government by a group of experts coming from the federal ministries, social partners, and selected scientists. This Green Book was intended as a first step to build up to the Austrian Strategy for Sustainable Development.

Based on the Green Book, the “Austrian Strategy for a Sustainable Development: Building Our Future” (Federal Ministry of Agriculture, Forestry, Environment and Water Management, 2002) was adopted by the Federal Government in April 2002. The Austrian Strategy was prepared in dialogue with different societal groups. The idea was to structure the intended goals more clearly and quantify wherever possible, to describe the implementation process in more detail, and to emphasize the key issues more strongly. The Austrian Strategy was prepared by a working group of about 40 representatives from the ministries, regions and local authorities, the social partners, interest groups and NGO platforms. The main focus of the working groups was on discussing and formulating concrete principles, defining an efficient and transparent implementation process, and defining indicators for measuring progress.

In contrast to the National Environmental Plan – which is outlined above – the structure of the Austrian Strategy is neither based on environmental problem areas, nor is it structured along the lines of the three pillars of sustainable development (Martinuzzi and Steurer, 2003). In an attempt of conceptual integration, the Strategy distinguishes four fields of action and five key objectives within each field. The four fields of action are:

- Quality of life in Austria: social cohesion, gender equality, education and research.
- Austria as a dynamic business location: innovation, correct prices for resources and energy, eco-efficiency, sustainable products and services.
- Austria as a living space: environmental protection, landscape preservation, land and regional development, sustainable mobility.

- Austria’s responsibility: global sustainable economy, international cooperation, sustainable EU policies.

The Austrian Strategy points out that “all the decision-making levels and actors must be involved in the implementation” (Federal Ministry of Agriculture, Forestry, Environment and Water Management, 2002, 100). The regional and local levels should be further strengthened as the central levels for implementation. The local authorities and the districts as well as the networks at the regional level are particularly called upon as dialogue partners for the federal level. Generally, the interfaces between the federal and regional levels should be established in accordance with the principle of subsidiarity. In the chapter on ‘Participation, Information and Communication’, the inclusion of the regional and local levels is outlined more thoroughly:

“Planning and decision-making processes at the *regional and local level* have direct impact on the living spaces of humans. It is precisely here that the involvement and concrete participation opportunities for large and diverse parts of the population are of particular importance for the development of concepts in their communities or region. A key instrument thereby is the Local or Regional Agenda 21 (...). In regional planning, application of the strategic environmental impact assessment opens up new participation opportunities.” (Federal Ministry of Agriculture, Forestry, Environment and Water Management, 2002, 106)

The new Austrian Strategy is not only more ambitious in developing a greater scope for participation of government levels and societal groups, but also in highlighting the integrative capacity of the concept of sustainable development to become successful. On the one hand, sustainable development should become a core element of all policies and should be integrated at the beginning of policy design and decision-making processes. On the other hand, its attempt to conceptual integration means that all three pillars of sustainable development (economic, environmental, social) are taken into account, however, they are not separated in the definition of key fields of action. The objectives defined in the strategy form an “interlinked, consistent and verifiable target system” (Federal

Ministry of Agriculture, Forestry, Environment, and Water Management, 2002, 21).

As outlined in the Strategy, the Austrian Government seems now also keen to evaluate its process and implementation. For this purpose, the ‘Committee for a Sustainable Austria’ was set up by the Government. The federal ministries and interest groups can nominate one or two people respectively into the Committee. The regions can also delegate four representatives from the Expert Conference of Sustainability Coordinators to this body. The Committee was constituted in May 2002 and will accompany and coordinate the implementation of the Strategy. It will prepare annual progress reports about the implemented activities based upon the indicators presented in the Strategy. It is crucial for the Strategy that it formulated quantitative values for the issues formulated in the key objectives as well as indicators for which the database is already secured and which allow an international comparison. The first progress report of the Committee will be presented in January 2004.

The other important institution which was created is the ‘Forum for a Sustainable Austria’ which is an advisory body to the Committee and has the aim to contribute to the quality and efficiency of the implementation process of the Strategy. The Forum consists of a group of about 40 scientists and other experts appointed by the Committee and various NGOs. What is more, an external evaluation of the implementation activities and results achieved in relation to the key objectives will be conducted by an interdisciplinary group of independent scientists in autumn 2005. This evaluation will then form the basis for further developments and modifications to the current Austrian Strategy.

What has been achieved so far? Since summer 2002, the Committee for a Sustainable Austria is working on a working programme for the Austrian Strategy which will be annually adapted by the Federal Government. The first annual working programme has been adapted by the Council of Ministers in July 2003. This also included the first report of the Forum. The following issues are included in this first annual working programme:

- The development of more than 200 measures for a sustainable Austria which

are either already implemented, decided or planned. In so doing, it should specify and schedule projects and detailed measures for the 20 key objectives every year anew.

- The identification of priority areas which should be the basis for the development of new measures for the planning period 2004.
- Review of the process related and institutional innovations which have been initiated by the Austrian Strategy.

From the point of view of regional sustainable development this strategy is a clear boost. Some of the guiding principles (e.g. the strengthening of regional level and subsidiarity as well as the emphasise on participation) are in line with goals of regional sustainable development. On top of this, regional development plays a significant role in activities devised by this strategy in all four fields of action and will become a cross-cutting issue in the work of both the Committee and the Forum in the next year. Moreover, in the section on implementation of the strategy, there is a clear reference to the regional level as a key to success with other key elements (coherent and co-operative policy structures, transparency through monitoring, participation) also in line with requirements for regional sustainable development. The strategy, therefore, may be seen as a solid base for further activities in regional sustainable development. Its successful implementation remains to be seen.

From the international experience with strategies and policy documents there is, however, not much hope that concrete policies will follow from the presented measures in the Austrian Strategy any time soon. Generally speaking, such strategies are not, as Martinuzzi and Steurer (2003, 114) argue, “functionally similar to a governing or a coalition program” as they do not receive the same attention and, therefore, do not have the same binding element as government programmes. What these strategies are, however, is a new attempt to develop new proposals of how to bring about sustainable development policies. That is, they are a political space where ideas can be initiated. In the political reality, most new proposals get criticised and are hardly successful the first time around. However, the longer these proposals are discussed and formulated in

strategies, the more likely it gets that they become accepted or even common-place. This form of *political soaking* can be seen in many policy proposals for sustainable development. Therefore, the Austrian Strategy is not to be seen as an end product but as the starting point for deepening discussions and implementation processes. Strong political commitment for the Austrian Strategy may well be the most crucial element for its implementation. Although the Strategy declares that its implementation will be “an issue of top priority” for the government, the first annual work programme by the Committee shows that the implementation is more administration-driven rather than government-driven. Many of the 200 proposed measures are still either vaguely formulated or have been proposed already, although in different political contexts. This points to an important function of the Strategy as it may provide a platform for learning and a push towards more comprehensive and cooperative approaches on the administrative level.

However, many crucial and disputed measures for sustainable development “can’t be administered, they need to be governed actively” (Martinuzzi and Steurer, 2003, 119), an opinion strongly supported by the Forum and its report to the government. This points towards another important function of the Strategy: the identification and reiteration of crucial measures for the implementation of sustainable development within the political discourse, more than being a binding covenant for sustainability. Nevertheless, the extended indicators, periodic reviews, and the cyclical implementation process provide some expectations that the Austrian Strategy will have a greater influence on policy-making than the National Environmental Plan had.

### A Common Austrian Definition of Sustainable Development

In the light of the length of discussion about sustainable development in Austria, one could expect a strong and reliable definition of sustainable development. Indeed, Austria has had its share of discussion about the right definition of sustainable development, mostly among experts. What is more, the translation of the very

word ‘sustainable’ (*nachhaltig* in German) is somewhat awkward and narrowing the scope.

The starting point for this discussion in Austria was the definition of the ‘eco-social market economy’ in the late 1980s as a system which has an innovative and efficient economy as a basis on which the two pillars of social equity and environmental protection rest ([www.oesfo.at/oemw/modell.htm](http://www.oesfo.at/oemw/modell.htm)). This definition clearly links up with the long tradition of corporatism in post-WWII Austria, including environmental concerns into the overall bargaining process so characteristic of the Austrian political system. Although this concept has several shortcomings (e.g. nor or only vague references to inter-generational equity or global solidarity), it certainly included key issues of sustainable development.

With the decrease of importance in the ‘home grown’ variety of eco-social market economy during the 1990s, definitions of sustainable development in official Austrian policy documents followed the definition of the Brundtland Report: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED, 1987, 43) However, in all relevant documents this definition is then operationalised and put in a specific context.

An interesting contribution to this discussion offers the (non-binding) “Concept for Spatial Development” (ÖROK, 2002), both in terms of content and importance for regional sustainable development. Although it does not directly allude to the Brundtland definition, it clearly states that sustainable development is a key criterion for spatial development in Austria. Already the title of the documents points towards an interesting shift in the understanding of regional development: in contrast to earlier concepts which had as title “Concept for Spatial Planning”, the emphasis has now clearly shifted towards ‘development’.

The concept defines the goal of spatial development as

- sparing and respectful use of land and environment;
- development of society in the space; and

- active participation (of the citizens) in the process of change.

Although this is no real definition of regional sustainable development, it nevertheless is a nationally approved definition which covers important aspects of regional sustainable development.

## REGIONAL SUSTAINABLE DEVELOPMENT

### National initiatives linked to regional sustainable development

Due to the federal structure of the Austrian political system, the direct influence of the national level on regional sustainable development is limited. It consists mainly of supporting measures, financing pilot cases, but there is no direct programme relevant to regional sustainable development available on this level.

One of these initiatives, however, deserves to be mentioned here: the introduction of the ‘Round Table for Sustainable Development’. This round table is a biannual meeting which brings together different actors from the administration (national, regional and local) and research in order to discuss questions of sustainable development. The main purpose of this forum is the exchange of experiences with implementation strategies for sustainable development on the national and regional levels. This platform has a sort of loosely coordinative function in the Austrian regional sustainable development arena. So far, eight round tables have been organised. The organisation is administrated by the Austrian Institute for Sustainable Development.

### Regional initiatives linked to regional sustainable development

The regional level is certainly the most important level for actions for regional sustainable development initiatives in Austria. Generally, the regions provide frameworks as well as direct support for regional initiatives which are in some cases linked to Structural Fund activities described below. The prominent role of regions also accounts for widely differing levels of activity in the field of regional sustainable development in Austria, with Upper Austria, Lower Austria, Styria and, to some extent, Burgenland being most active. The city (and region) of Vienna is a special case, where Local Agenda 21 activities gain much prominence (Astleithner and Hamedinger, 2003).

On the level of regions, supporting measures mainly consist of providing institutional

frameworks for regional development. One such measure was the institutionalisation of ‘regional development agencies’ (RDAs) which, in some cases, are crucial for regional sustainable development. Other examples are institutions which provide know-how and advice to regional initiatives. Interesting and active examples of these are the Regional Environmental Academy of Upper Austria (*Landesumwelt Akademie Oberösterreich*) and the initiative Ecological Rural Development (*Ökologische Landentwicklung*) in Styria.

At the moment, there are many interesting regional development processes going on in Austria that certainly would merit closer inspection here. As an example for a sophisticated and advanced process the development of the *Steirische Vulkanland* will be briefly described as it points toward some characteristics of such processes in Austria.

The Vulkanland is a sub-region of Styria in the south east of Austria, bordering Slovenia and Hungary. The process started with a visioning process in the district of Feldbach. A result of this process was the strong potential of identification with landscape which consequently led to the definition of the sub-region along landscape characteristics, namely the landscape shaped by volcanic activity. This, in turn, transcended the borders of the sub-region which entered the development process as an administrative unit to a sub-region defined by common landscape, located across two districts (Felbach and Radkersburg, see map). One interesting side effect (which may also be seen in a number of other processes) is that this definition of the sub-region actually succeeded in focussing the identification of citizens. On top of that, the regional development gave rise to a brand name (*Vulkanland®*) that proves to be successful on the regional as well interregional markets. In a way citizens ‘vote with their wallets’ according to their new found regional identification.

The institutional basis for the development process is a regional development agency that coordinates endeavours towards regional sustainable development. Within a LEADER2+ initiative, a specific planning and implementation process has been started that is based on topical focus groups (*Zukunftswerkstätten*) where

citizens define the projects that will be implemented in the course of the process.



Fig. 1: map of the Steirisches Vulkanland

Although the development process is still dependent on public and EU funds, the aim is that until 2006 this process can be self-sufficient.

Another important feature of this process is the creation of an internet knowledge base that, on the one hand, offers information about the region as well as ongoing projects and, on the other hand, allows for transparency in the decision-making process and gives citizens the possibility to raise their voice and give input to the projects and planning processes within the sub-region.

Actions within this development process are subject to continuous evaluation that will be described below in more detail. This evaluation process is based on a laymen council that provides the development agency with (non-binding but publicised) recommendations.

Although it is certainly too early to evaluate the success of this initiative, the dynamics initiated by the development process can clearly be seen. Cooperation, as well as morale, have risen considerably, as has the volume of private and public money invested in this region.

## Structural Funds and sustainable development

### National context

For the period between 2000-2006, Austria receives € 1,827 Mio. from the EU Structural

Funds. Compared to the previous funding period (1995-99), the EU contribution for Austrian regional development policy has increased – on the basis of an annual average – by around 13 per cent. The funded regions under Objective 2 were reduced by about 1/3 (based on the population in the funded regions) in comparison with the previous funding period, however, the intensity of funding in the remaining Objective 2 regions increased by 61 per cent per capita and year. The withdrawing former Objective 2 and 5b regions will receive support until the end of 2005. A break down of these funds is given in tab. 2, the geographical situation can be seen from the map in fig.2.

Tab. 2: Break down of structural funds for the time from 2000 to 2006 for Austria (in Mio €)

Objective 1	261
Objective 2	680
Objective 3	528
<b>Total for Objectives</b>	<b>1.469</b>
INTERREG IIIA	142
INTERREG IIIB	30
INTERREG IIIC	11
LEADER +	71
EQUAL	96
URBAN II	8
<b>Common initiatives total</b>	<b>358</b>
<b>Total</b>	<b>1.827</b>

In Austria, the competencies between the federal state and the regional governments with regards to the implementation of regional development programmes under EU Structural Funds regulations are set out in a declaration between these two parties. This declaration became a federal law in December 2001 and aims at carrying out the implementation in partnership between the federal state and the regions.

What is new with the current Structural Fund regulations is that they call for a clearer structure of responsibilities between the different institutions. What is referred to as ‘partnership’ includes the division in managing authorities, paying authorities and monitoring committees. Moreover, the Member States must ensure that the appropriate partners (regional and local governments, economic and social partners and other relevant bodies) are involved in each programming stage.

The *managing authorities* are responsible for supervising the implementation, ongoing management and effectiveness of each regional development programme which receives structural funding. In Austria, the managing authorities for the Objective 1 and 2 regions are the offices of the land governments. The only exception of this is Carinthia where the Carinthian Economic Promotion Fund (*Kärntner Wirtschaftsförderungsfonds*) acts as the managing authority. For the Objective 3 regions, the Federal Ministry for the Economy and Labour is the managing authority.

The *paying authorities* are designated by the Member States for the purpose of drawing up and submitting payment applications and receiving payments from the Commission. The paying authorities for the different Structural Fund programmes in Austria are: the Office of the Austrian Chancellor for the European Regional Development Fund (ERDF); the Federal Ministry for the Economy and Labour for the European Social Fund (ESF); the Federal Ministry of Agriculture, Forestry, Environment and Water Management for the European Agricultural Guidance and Guarantee Fund (EAGGF).

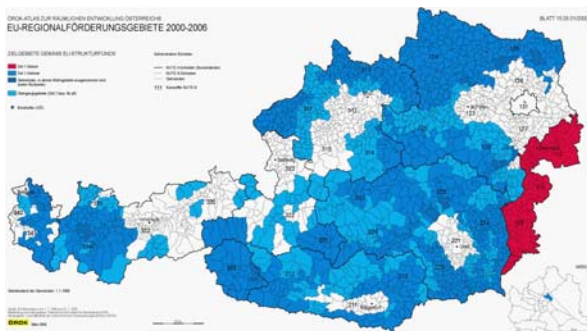


Fig. 2: Regions eligible for structural funds in Austria (blue: Objective 2, red: Objective 1)

The *monitoring committees* are designated to supervise each Community support framework or single programming document and each operational programme. The monitoring committees meet once or twice a year and are chaired by a representative of the managing authority. The members include representatives from national funding authorities, the social partners and representatives of NGOs (especially those which represent environmental and gender issues). A representative from the European

Commission holds an advisory function. The main task of the monitoring committees is to confirm or adjust the programme complement, to periodically review progress, and to examine the results of implementation.

The new Structural Fund regulations clearly indicate that the responsibility for *financial control* lies primarily with the Member States. The financial control of Structural Fund programmes in Austria lies with federal ministries. For the ERDF the responsibility lies with the Office of the Federal Chancellor, for the ESF with the Federal Ministry for the Economy and Labour, and for the EAGGF with the Federal Ministry for Agriculture, Forestry, Environment and Water Management. The coordination of all financial control duties lies with the Office of the Chancellor.

### The three priority Objectives

Overall, the European Union’s regional policy is based on financial solidarity inasmuch the Community budget goes to the less prosperous regions and social groups. For the 2000-2006 period, these transfers will amount for one third of the EU budget, that is € 213 billion. From this total budget, € 195 billion will be spent by the Structural Funds and € 18 billion by the Cohesion Fund. From the Structural Funds budget, about 94 per cent are distributed to measures within the three priority Objectives:

- Objective 1 promotes the development and structural adjustment of regions whose development is lagging behind;
- Objective 2 supports the economic and social conversion of areas facing structural difficulties; and
- Objective 3 supports the adaptation and modernisation of policies and systems of education, training and employment.

As the Council Regulation (EC No 1260/1999) about the ‘general provisions on the Structural Funds’ lays down in Article 1: “In pursuing these objectives, the Community shall contribute to the harmonious, balanced and sustainable development of economic activities, the development of employment and human resources, the protection and improvement of the environment, and the elimination of inequalities, and the promotion of equality between men and

women.” Thus, the *sustainable development paradigm* is included in the Structural Funds regulations. What is different with the new Structural Funds regulations is that ‘environmental sustainability’ and ‘equal opportunities’ are now horizontal themes. That is, they should not be restricted to particular parts of the development plans (i.e. individual priorities or measures), but should rather be mainstreamed, which means they are to be systematically integrated into every phase and level of a regional development plan.

Regarding the regional development programmes within the Structural Fund regime, Austria has one Objective 1 programme, eight Objective 2 programmes, and also conducts different measures under Objective 3.

The regions covered by Objective 1 are regions which correspond to the NUTS II level and whose per capita GDP is less than 75 per cent of the Community average. In Austria, the region of Burgenland gets Structural Fund assistance under the Objective 1 programme (Office of the Burgenland Land Government, 2001). The region lies in the eastern part of the country. Its overall unemployment rate is lower than the Austrian average, mainly because one third of the labour force works outside the region. However, low-mobility groups and groups located in peripheral parts of the region have very limited access to the labour market in other regions. Development disparities exist within Burgenland itself. The northern part of the region, which is the most prosperous one, benefits from its close proximity to Vienna and its central position between economic growth areas in Austria, Hungary and Slovakia. The central and southern parts have less scope for economic development. The main goals of the programme are to make Burgenland a modern Central European region and to reduce internal disparities. To achieve this, the programme is designed to improve the region’s economic performance and the competitiveness of its businesses. The focus will be on innovation, technology transfer, and the development of business corporation networks. One priority focuses on research, technology and development. Within this priority, research and development projects with a main focus on energy and environmental projects are funded. From a sustainable development point of view,

two priorities of the programme are interesting. Priority 4 focuses on agriculture, forestry, fisheries and nature conservation. The most important issues covered are the protection of the natural environment, development of technologies and systems for renewable energy use, preservation of rural heritage and village renewal, utilisation of regional renewal resources for manufacturing, and sustainable agriculture. Priority 5 has as the main theme human resources. This priority aims at reducing unemployment, promoting equal opportunities, and combating social exclusion. The total volume of the regional development programme of Burgenland is € 864 Mio. with a contribution from the Structural Funds of € 271 Mio. (31.4 per cent of the total volume). This Objective 1 programme is clearly directed towards the development and structural adjustment of the region with a main focus on innovation, technology and tourism. Even though sustainable development is mentioned as a cross-cutting theme, within the priority measures it appears as not more than an add-on issue, informing only parts of the priorities. In the interface between economic development, environmental protection and social cohesion, the economic topic is of prime importance and influence.

All the other eight Austrian regions (NUTS II) have regional development initiatives funded under the Objective 2 programme. Looking at the programmes and plans under Objective 2 in Austria, one can recognise the introduction of the broad theme of sustainable development (economic development, environmental protections and social cohesion) into the regional development plans. What is more, the horizontal themes within the current Structural Funds regulations, ‘environmental sustainability’ and ‘equal opportunities’ are also included in the programmes. However, there are some differences between the individual programmes as to what extent they include these issues into their regional development initiatives. Overall, one can argue that sustainable development is still an ‘add-on’ issue in the Objective 2 programmes in Austria, and the ‘horizontal themes’ do not really cut across the different measures and priorities but are rather taken into account on different single levels.

When looking at the most important initiatives to be supported in these regional development programmes, three issues are of main concern: innovation and technology as well as R&D measures, business start-ups, and tourism. These issues run through nearly all eight Objective 2 supported regional programmes in Austria. Overall, this comes as no surprise as these issues are also of prime importance on a national basis. The Austrian Government is particularly keen to increase the R&D activities of companies and research institutions leading to more innovation and technology measures. Furthermore, tourism is one of the mainstays of the Austrian economy and is particularly important in the Western and Southern parts of the country, e.g. Salzburg, Tyrol and Carinthia.

When looking at the broad topic of sustainable development, the most important initiatives in the programmes for environmental protection are: cleaner production and eco-efficient production, alternative or renewable energy sources, business and the environment (including environmental management systems), waste management and waste water treatment. The most prominent initiatives in the programmes for social/cultural issues are: quality of life (including initiatives for town and cities), equal opportunities (including child care provisions), better education, regional networks and regional management, initiatives to strengthen regional cultures and identities. Most of these initiatives can be found, at least to some extent, in all eight regional development programmes which are supported under Objective 2 of the Structural Fund regulations.

As mentioned above, there are clearly some differences between the individual regional development programmes of the eight Austrian provinces. Generally, one can divide the regional development programmes into three categories:

- 1) Regions which include sustainable development more holistically into their regional development plans, like Lower Austria, Upper Austria, and Tirol
- 2) Regions which include sustainable development in their regional development plans, but do not employ the holistic approach of the concept, like Styria, Salzburg, and Vienna.
- 3) Regions which include sustainable development in their regional development

plans, but do this on a shallow basis. The Austrian regions of Vorarlberg and Carinthia fall under this third category.

Austria also employs an Objective 3 programme which is funded under the European Social Fund (ESF). The ESF promotes the return of the unemployed and disadvantaged groups to the labour market, mainly by financing training and systems of recruitment aid. In this, it differs from Objective 1 and 2 above which are both territorial, whereas Objective 3 is a thematic objective. Overall, the ESF is the financial instrument of the European Commission (EC) for supporting the implementation of the National Action Plans for Employment (NAPs). The focus points of the Austrian Objective 3 programme are the following (Federal Ministry for the Economy and Labour, 2000): prevention of adult and youth unemployment; equal opportunities and combat of exclusion on the labour market; promotion of lifelong learning and strengthening the employment potentials in research, science and technology; flexibility on the labour market; and territorial and local employment initiatives. The programme formulates the aim to obligatory increase the proportion of women in the above mentioned focus points to 50 per cent. Thus, equal opportunities is formulated as a horizontal theme. The Objective 3 programme also forms the framework for employment for the Objective 1 and 2 programmes. What is more, there is a direct connection to the community initiative EQUAL.

### Community Initiatives

The Structural Funds regime also includes four Community Initiatives which seek common solutions to specific problems. From the total Structural Funds budget, 5.35 per cent are spent on the following initiatives:

- Interreg III aims at cross-border, transnational and interregional cooperation;
- Urban II aims at sustainable development of cities and declining urban areas;
- Leader + aims at rural development through local initiatives; and

- Equal aims at combating inequalities and discrimination in the access to the labour market.

Interreg III is made up of three strands: Cross-border cooperation (Stand A), transnational cooperation (Stand B), and interregional cooperation (Strand C). Austria has nine Interreg III programmes in operation. Seven of them fall under Strand A which aims to develop cross-border social and economic centres through common development strategies. From the other two, one falls under Strand B and one under Strand C. Areas eligible under Interreg III are all NUTS III areas situated along the internal and external borders of the European Union. The general principles of Interreg III are ([http://europa.eu.int/comm/regional\\_policy/interreg3/index\\_en.htm](http://europa.eu.int/comm/regional_policy/interreg3/index_en.htm)): economic and social cohesion; balanced and sustainable development; and territorial integration with candidate and other neighbouring countries. The Interreg III programmes that Austrian regions operate with the candidate countries fall under the PHARE programme for the latter.

From the seven Interreg III programmes in operation under Strand A, four are in cooperation with all the neighbouring candidate countries (Czech Republic, Slovakia, Hungary and Slovenia). The other three are in cooperation with the remaining neighbouring countries (Germany, Italy and a programme involving Austria, German, Switzerland and Liechtenstein). Cross-border economic cooperation and development is the most important aim of these Interreg III programmes. All programmes have the aim to boost economic development in the border region. The most important activities in this context are technology transfer, industrial production and innovation, and tourism. Also very prominent initiatives are infrastructure networks (including transport, information and telecommunication infrastructures), and human resource activities (common labour market policy, education and training). Sustainable development is also very prominently referred to in the Interreg III programmes. Each programme has one priority designated to the aim of regional sustainable development. The most common activities formulated in the programmes are environmental planning (cross-border coordination), environmental protection

measures, sustainable resource use, renewable energy use, and the development of cleaner production technologies. As with the three priority Objectives, sustainable development is now an integrated part of the cross-border cooperation regional development plans, however, it is still not a cross-cutting theme which is fully integrated into each priority.

The Strand B programme is called ‘Alpine Space’. The participating countries include Austria, France, Germany and Italy in the European Union, and Slovenia, Switzerland and Liechtenstein. The objectives of this programme are the promotion of the Alpine space as a competitive and attractive living and economic space; the development of sustainable transport systems; and the smart management of nature, landscapes and cultural heritage. The programme under Strand C is a cross-border cooperation between Germany, Austria, Italy and Greece, and between these countries and other regions of the EU and candidate countries. The overall aim is to improve the effectiveness of policies and instruments for regional development and cohesion through networking ([http://www.interreg3c.net/web/east\\_en](http://www.interreg3c.net/web/east_en)).

Urban II is the Community Initiative for sustainable development in declining urban areas throughout the European Union funded by the ERDF. This Initiative has a budget of € 728.3 Mio. for the 2000-2006 period. Urban II has the following objectives:

- to promote the design and implementation of highly innovative strategies of economic and social regeneration in small and medium-sized cities and declining areas in major conurbations; and
- to reinforce and share knowledge and experience on regeneration and sustainable urban development in the EU.

From the 70 cities and urban districts included in Urban II, two Austrian cities receive funding through this initiative. Graz West has the overall aim to develop the industrial belt in the Western part of the city of Graz into a future-oriented urban sector (i.e. information society) with a dense texture of urban functions (<http://graz.at/urban/>). The Urban II programme

of Graz West consists of three priorities: Priority 1 focuses on ‘Development of the potentials of the information society’ with the main aim to re-structure this urban area into a high-tech site, including a better access to information technology for the district’s population. Priority 2 focuses on ‘Future-oriented development of the urban sector’ and aims at sustainable, ecological urban development in the fields of traffic, relaxation areas, production, and housing. Priority 3 has the aim to ‘Monitor the progress’. An interactive monitoring process about the process of change in the district will be initiated with the participation of interested citizens.

Vienna Erdberg has the objective to inject new life into the local economy, to create jobs and to develop urban plurality ([http://www.wien.gv.at/meu/urban2\\_ideensuche1.ext.htm](http://www.wien.gv.at/meu/urban2_ideensuche1.ext.htm)). Priority 1 aims at the development of the area’s economy and focuses on innovative economic initiatives (i.e. settle SMEs with medium and higher technological levels as well as research and development facilities). Priority 2 tries to create urban plurality by developing the area into an attractive, vivacious urban sector equipped with a wide variety of urban facilities (i.e. green areas and open spaces). This priority also focuses on the integration of immigrants and the promotion of equal opportunities. The Urban II Community Initiative is explicitly directed towards sustainable development of declining urban areas. In so doing, the Austrian Urban II programmes embrace the theme in a more integrated way than is the case in the priority Objectives and the Interreg III programmes.

Leader + is the new Community Initiative for rural development. The total EU contribution is € 2,020 Mio, financed by the EAGGF. Leader + will not simply be a continuation of the Leader II Initiative but should be more ambitious. It is aimed at encouraging and supporting high quality and integrated strategies for local/rural development. It will also put a strong emphasis on cooperation and networking between rural areas. All rural areas (communities with less than 20,000 inhabitants) are eligible under Leader +. The financial framework for the Austrian Leader + programme is € 161.5 Mio with an EU contribution of € 75.5 Mio. This programme will allow the support of 70 local groups. Currently, there are 56 Austrian Leader + programmes in

place. The programmes have to be developed around one of the following topics:

- the use of new know-how and of new technologies to produce more competitive goods and services;
- the improvement of the quality of life in the rural areas;
- the enhancement of the local value of the products; and
- the development of the natural and cultural resources, including the site development of the Community Natura 2000 programme.

The guidelines to the Austrian LEADER + programme formulate that projects which develop an individual regional strategy, taking into account the regional development potentials, and which enable cooperative development strategies are of prime interest (Federal Ministry of Agriculture, Forestry, Environment and Water Management, 2001b). The LEADER + method has four characteristics: (i) bottom-up approach; (ii) willingness of local actors to collaborate in the development strategy; (iii) networking of activities within the region; and (iv) transferability. Sustainable development is incorporated in the LEADER + programme and should be integrated into each individual programme.

Equal is part of the EU’s strategy for more and better jobs. This Community Initiative is funded by the European Social Fund (ESF) and will test new ways of tackling discrimination and inequality experienced by working population and by those looking for a job. The key principles of EQUAL are: transnational cooperation, innovation, empowerment, thematic and partnership approach, dissemination and mainstreaming to ensure that EQUAL informs policies and practice. EQUAL will co-finance activities in all EU Member States. The EU contribution will be € 3,026 Mio. The responsibility for the implementation of this Initiative in the Member States lies with the national authorities. Overall, EQUAL has an experimental character. This implies that the success is not to be measured in the number of jobs created. The aim is to develop new and innovative approaches for the complex issues EUQUAL is about to tackle and to transfer positive results into policy measures. Strategically,

EQUAL builds on the national action plans for employment and the experiences of the previous ESF funded programmes EMPLOYMENT and ADAPT. The focal points of the Austrian EQUAL programme are (Federal Ministry for the Economy and Labour, 2001): (1) Better access to the labour market; (2) Activities against racism on the labour market; (3) Improving the quality of jobs in the social economy; (4) Advancement of life-long learning and development of integration-friendly work places; (5) Equal opportunities between women and men; and (6) Activities for asylum seekers. The cross-cutting themes are information society and equal opportunities. EQUAL is an important Community Initiative with regard to sustainable development. Particularly the aspects of social welfare and social cohesion within SD is likely to be promoted through this Initiative.

#### General Impact of Structural Funds on Regional Sustainable Development

Generally, the impact of Structural Funds on regional sustainable development has been low in terms of ‘real’ sustainable development projects. The main thrust in terms of projects has still been economic development of regions, however, there is a certain increased visibility of environmental concerns in the projects supported by Structural Funds. In current projects, sustainable development is still more an add-on issue which forces project applicants to include a discussion about sustainability into project proposals that are clearly driven by economic considerations.

The situation is different for Community Initiatives, like Interreg III, Urban II, and Leader+. Within the framework of these programmes, a number of highly ambitious projects, which are focused on sustainable development, have been realised. The above mentioned initiatives of ‘Steirisches Vulkanland’ (a Leader II project) and the Urban II project in Graz and Vienna are good examples of such projects. Overall, Community Initiatives seem currently to be the major driving force for sustainable development in the Austrian regions.

One of the more intriguing impacts of Structural Funds in general, and of Community Initiatives in particular, can be seen in the Austrian case in the field of capacity-building. Due to the special case

of non-coincidence of existing administrative regions in Austria with the NUTS III level regions as defined by the European Commission, the necessity for additional regional administrative units dedicated to implementing Structural Funds projects has risen. As a side effect, many projects (again, especially those funded by Community Initiatives) have rise to regional change agents in the form of regional development agencies (RDAs). These RDAs have, in the course of the projects, acquired capacities to apply for and implement projects supported from other funding sources as well. On top of that, some projects have also had a considerable impact on the capacity of regional actors to formulate and implement projects of their own (e.g. ‘Steirisches Vulkanland’, but this is not the only example).

This capacity-building impact has, of course, repercussions on the dynamics of the development of regions in general. It is save to say that Structural Funds have had an important impact on bringing disadvantaged regions closer to the development levels of other regions in Austria. This can be seen especially in the case of Burgenland which has an Objective 1 status. Economic development in this region has been increased to a great extent due to the Structural Funds projects, however, the sustainable development quality of this boost remains rather weak. In other regions, which have seen an increase in capacity through the creation of RDAs, development dynamics are clearly faster than in others which have not taken advantage of this side effect of Structural Funds and Community Initiatives.

Together with the creation of regional change agents, there is a visible trend of an increased regional identity. Although these change agents are not the only factor responsible for this increase, they often act as important driving forces for projects that induce identity on the regional level. One important measure in this respect is the creation of regional trade marks which make regions more visible on the (regional) markets and have also impacts on the regional identity. Most of these trademarks transport not only the idea of the region itself, but also emphasis sustainable development aspects in terms of regional stewardship for environmental concerns and/or regional economic initiatives,

reduction of transport requirements, and long-term regional development.

As this point in time, most initiatives as well as most regional change agents are still highly dependent on external funding, either from the Structural Funds or other sources. There is a definite change that curtailing funding will lead to severe restrictions in the function of these change agents and, as a result, to a backlash in terms of regional sustainable development in general. There is no question that the impact of these change agents will have a lasting impact on the development of regions as capacity-building has reached a higher number of actors in the respective regions. However, the role of these change agents is far from finished and they are still necessary focal points for maintaining the dynamic within regions. A general solution to this problem on the national level for the time period 2006+ is not in sight in the Austrian context.

## MULTI-LEVEL GOVERNANCE

### Regional issues and cases which involve EU, national and sub-national co-ordination

One of the most intriguing aspects of Structural Funds is how they have changed the general climate of regional sustainable development in Austria. Essentially, they contributed to an empowerment of regions and helped open the way for more bottom-up development processes.

Two factors are important in this respect. The first concerns the pattern for regions eligible for structural funding. Although the NUTS system is relatively flexible (there are NUTS II regions in the EU which are larger than the whole of Austria!) it did not readily correspond with existing administrative structures in Austria. Given that Austria qualified as NUTS I level, the choice of the NUTS II level logically coincided with the regions. However, Austria lacked a reasonable NUTS III level as the districts are too small for this task. This gave rise to a new form of institution, regional development agencies, which have the prime objective to act as a link between EU funding and stakeholders in the regions. Depending on personal commitment of the regional managers, these institutions evolved into veritable ‘parallel structures’ of planning and development, some of them even taking up Regional Agenda 21 processes in order to allow for participation and legitimisation (e.g. the Regional Management Ost in Styria). As these regional development agencies gained actual power (e.g. they co-ordinated funding applications as well as projects) they took centre stage in the arena of regional development. Never before has there been an institution in Austria which directly addresses the needs for regional development but which is located outside the traditional administration and which proved flexible as well as financially attractive (albeit only by handling applications to the EU).

On top of this ‘institutionalisation’ of regional development on the NUTS III level, the new pattern helped to break the mould of old administrative regional entities. As a new orientation was necessary anyway, new regional entities emerged that were defined by other than administrative considerations. This is crucial for

regional identity which, in turn, is a *conditio sine qua non* for successful regional sustainable development. However, a democratic dilemma is faced on the sub-regional level (NUTS III): in Austria, the districts are an important level for regional sustainable development but lack democratic legitimisation and accountability. This is the only level in the Austrian political system which is not legitimised by the citizens. Therefore, the newly emerging importance of sub-regional institutions and stakeholders clearly bears some democratic problems.

Another interesting factor is the direct link that European funds create for regions. Although they are of course still managed on a national level (and rather complicated in the Austrian case, as can be seen from the preceding sections), they still offer regions new alliances on the European level. This resulted in vivid cooperation within European projects with other regions in Europe as well as with other layers of administration than those of the regional level which hitherto have been the *vis-à-vis* for regional actors. On the one hand, this broke (at least to some extent) the planning hierarchy allowing for new constellations of actors within the regions as well as in other administrative layers and other regions. On the other hand, this empowered newly emerging regional development institutions (like the ‘Vulkanland’ association) to start bottom up, participatory development processes.

Here we enter the field of multi-level governance, which in many ways is as new to Austria as it may be to other European states. This gives rise to an interesting argument, namely that subsidiarity and multi-level governance are, of course, linked concepts but are also different. Whereas Austria, with its long and successful federal tradition, is fairly well acquainted with subsidiarity in decision-making processes, it is still a novice to multi-level governance. In more general terms, the Austrian federal system is still a very hierarchical political system that does not easily allow for cooperation between different levels of governance than those which are adjacent in the hierarchy. Regional development, especially in the context of European integration, is a challenge to this system.

This might be underlined with an example that sheds some light on decision structures in regional sustainable development in Austria. Regional sustainable development in Austria still faces the problems of conflict between the existing administrative system versus emerging regional development initiatives. The conventional planning structure still regards bottom-up initiatives with a certain amount of conspicuous paternalism. A case in point is the ‘Vulkanland’ initiative where regional planning administrations drag their feet vis-à-vis a bottom-up controlled process. This led to the situation that the European Union administration was called upon to decide if the process actually is in line with the funding guidelines. This points to an existing dilemma where conventional decision-making structures are increasingly caught between bottom-up initiatives, top-down planning strategies and European Union funding policies.

If we now focus on the decision-making structures in regional sustainable development processes in Austria, we see a clear dependency on institutionalised players. These might either be development institutions like regional development agencies (as in the case of the ‘Vulkanland’) or consultants that counsel regional decision-makers. These actors decide about the course of development through an array of instruments like direct counselling, project management or co-ordination of actors. It is these actors who are actually in the driver’s seat in regional sustainable development and they may go about their business either in participatory ways or in conventional planning ways. In most cases, these institutional players are in turn dependent on persons who drive the process by force of their personality or charisma. Basically, however, this set of decision-makers or key players of sustainable development are relative newcomers to political decision-making processes which is a drawback for their initiatives. A surprisingly high number of these active and defining key actors actually come from administration and policy-making. Examples are the Regional Agenda 21 of the Bezirk Kirchdorf an der Krems in Upper Austria and the ‘Vulkanland’ initiative that are driven by passionate administration officers and/or politicians.

The decision-making structures for regional sustainable development in Austria are always outside the conventional administrative structures. They are mostly based on ‘parallel structures’ which form an external link between citizens and regional stakeholders on the one hand, and administrations and funding organizations on the other. They can only stabilise their own existence as well as the continuation of the process of regional sustainable development by success. A success in regional sustainable development critically depends on integrative solutions. However, in many cases, these development institutions (and their key players) come in conflict with conventional sectoral administrations which still wield great power by way of regional development planning as well as in their purely administrative capacities.

It is save to say that there is still no generally accepted way towards regional sustainable development in Austria and that sustainable development initiatives in regions are still the exception than the rule. Relations between newly emerging parallel structures and existing administrations are uneasy. This uneasiness is one of the driving forces behind linking up with other levels of governance, especially with the European level. It is also a reason for interregional, often international cooperation of regional development actors which is also clearly advanced by European Union projects.

Although international co-operation is thus a fixed element of Austrian regional sustainable development processes, direct cross-border cooperation with regions in accession countries is still relatively scarce. A reason for this is a lack of knowledge about counterparts for regional development in these countries. Contacts between Austria and these countries are usually quite cordial on the level of citizens as well as on the regional level. As those institutions which pursue regional sustainable development are not an integral part of the traditional political and administrative game, their access to information about actors across the borders is limited.

This is, however, not to say that there exist no cross-border projects on the regional level. There is no shortage of cross-boundary projects between Austria and its neighbouring accession

countries. However, most of these projects are initiated at other levels than the sub-regional, namely the regional level (using e.g. INTERREG funds) or the local level using existing family and business ties.

### **Multilevel interaction among the different shareholders**

The activities of key actors would not be possible without the support from stakeholders in the region. Regional sustainable development processes are increasingly seen by actors from different sectors as possible arenas to implement new ideas that otherwise would get stuck in conventional implementation routes or that need special configurations for the cooperation with other stakeholders in the region. Most of the activities are, however, aimed at their own region, with interregional co-operation being the exception.

One interesting aspect to this is that one set of conventional institutions for interregional and multi-level interaction of stakeholders in the Austrian context are absent from regional sustainable development processes: these are the social partners in the form of the various chambers. None of these institutions, neither on the agricultural side nor on the side of commerce and industry up to now has entered the arena of regional development. A possible exception are employees associations, which are more interested partners of regional development in a number of cases.

This has two direct consequences. On the one hand, this situation is an barrier for multi-level interaction between stakeholders as it is necessary to build up additional channels for cooperation and interaction. On the other hand, this leads in many cases to the confrontation between regional development actors and the social partners which are traditionally very strong in Austria. As innovative actors regard regional development as an interesting arena to implement their ideas, existing (and more inflexible) institutions increasingly become irritated by losing their 'clients'. This confrontation is certainly a major problem for regional sustainable development not only in the view of multi-level interaction between stakeholders (which largely is still restricted to a case by case, project

oriented co-operation) but also for the success within regions.

### **Cross-sector policy integration**

Cross-sector policy integration is at the heart of regional sustainable development. However, it is pursued with varying intensity in most development processes throughout Austria. Many of the success stories in Austria's examples of regional sustainable development have their roots in cross-sector cooperation. As the greater part of Austria's sustainable development processes are still restricted to rural areas, cooperation between agriculture, forestry and other sectors (e.g., business, industry, consumers) play the greatest role in cross-sector integration of actors. Currently, however, the integration of business and industry still lags behind in Austria.

Besides the problems in getting the business sector on board for regional sustainable development, many Austrian regional development initiatives face the problem that solutions which are developed in the region as result of integrated approaches to policy-making subsequently get stuck in traditional bureaucratic and political structures which are still formed along sectoral lines. This is one of the more serious problems for the success of regional sustainable development processes in Austria. The Austrian federal system (with the notable exception of local authorities in rural areas) is strictly organised according to sectoral policy issues. In contrast to that (and in accordance with both the general goals of sustainable development and the specific Austrian strategy for sustainable development) regional development processes try in many cases to find integrated solutions for development issues. This leads to the fact that there is no sector of the conventional administration system that actually feels responsible for these processes. It is often the environmental departments (on all levels) which are then held responsible for regional sustainable development, more or less by default. As these departments are usually not the most powerful ones in an administration, this situation leads to a weak presentation of regional sustainable development within the conventional political and administrative system.

A side effect of this ‘default orientation’ towards environmental departments is that regional sustainable development initiatives seldom have direct and effective influence on sectors that actually define the way of development in regions. Prominent among these ‘key sectors’ that are out of reach for most regional sustainable development processes are infrastructure and transport. In the Austrian context, these sectors also include issues of water management and even waste management. These issues are the realm of community associations (Wasserverbände, Abwasserverbände, Abfallwirtschaftsverbände) that take over the responsibilities of proper water management as well as waste and waste water disposal from their member communities. These associations are usually narrowly focused on their respective duties and technocratic in their approach. As a consequence, these issues which may, under different circumstances become driving forces for policy integration, are in the Austrian context bastions of a sectoral administrative and political system. It remains to be seen if the European Water Basin Management Directive, or the recent flooding in large parts of Austria, will change this general situation and lead towards more holistic and integrative political approaches. At least at the moment, increasing water shortages in many regions (especially in the east and south-east of Austria) tend to strengthen the existing institutions as they are seen as the most effective short-term remedy to an immediate problem.

This inadequacy to deal with key issues directly and in an integrated way clearly limits the long-term efficacy of regional sustainable development in Austria. It is safe to say that as long as integration of policy sectors on the levels above the sub-regional one (namely the regional and the national one) regional sustainable development in Austria will hit a ‘glass ceiling’. It may still be an active element in the overall endeavour to achieve sustainable development. However, as long as the result of policy integration on the regional level meets a sectorally fragmented bureaucracy on higher levels in many questions of implementation, this will lead to frustration of citizens active in these processes and severely limit efficacy of the general implementation of sustainable development in Austria.

## EVALUATION METHODS AND TOOLS FOR REGIONAL SUSTAINABLE DEVELOPMENT

### Existing evaluation methods and tools (including indicators)

In the past years, evaluations have become compulsory in many policy areas on the European, national and regional levels. Prominent examples are evaluations about the effectiveness and efficiency of the use of Structural Funds. Consequently, the need for evaluations has grown substantially in Austria. Also evaluations of local processes of sustainable development (e.g. LA21) – although mostly internal and of rather poor quality – are done more frequently (Langer, Schön and Egger-Steiner, 2003).

In the context of sustainable development, evaluations have particularly high relevance. With a large coverage of subjects, evaluations enable continuous improvement in social processes. They serve as an instrument for the integration of social, economic and environmental policies and can assure compatibility of programmes on different political levels. Finally, evaluations play an important role as a catalyst for institutional innovation (Langer, Schön and Egger-Steiner, 2003).

The evaluation of sustainable development does, in principle, not differ from any other evaluation approaches. The difference is the object of evaluation which is a very unique form of interrelated policy issues. Therefore, an evaluation process for sustainable development would ideally include the following aspects:

- It requires the comprehension of a complex and multi-dimensional concept (similar to other complex issues like globalisation and equity);
- It needs to deal with an integrated development concept (as it is known, e.g. in planning theory and within the assessment of health systems); such a broad integration is the qualitative difference to evaluations of single topics; and

- It needs to deal with a multitude of stakeholders with different points of view.

Langer, Schön and Egger-Steiner (2003) were screening 21 evaluation reports of sustainable development in Austria. Their findings concern the national level but are, nevertheless, important for giving an overview about evaluation in Austria. More than 50 per cent of the evaluations of sustainable development were on policies and programmes, 40 per cent on projects, the rest were on processes. About 90 per cent of these evaluations dealt (primarily separately) with environmental issues, 70 per cent with economic, and 50 per cent with social issues. A rather sobering result was obtained when dealing with the question of how sustainable development was understood in the evaluations: almost 70 per cent did not methodologically reflect on the issue of sustainable development; only some 30 per cent considered sustainable development for the choice of the methods used. There was a broad range of methods used. More than 90 per cent of the cases used personal interviews, questionnaires, already available data, and group discussions or workshops as the main method for data collection. Also secondary analysis of data and literature or, in some cases, cost-benefit analysis was conducted. Finally, there were methods like statistical analysis, telephone interviews or indicators which were used only once in single cases.

The evaluation of regional sustainable development is still a field of intense discussion among practitioners and scientists in Austria. As can be seen from the above study, there is no such thing as an ‘Austrian’ methodology for measuring sustainable development, neither on the national nor on the regional level. At the moment one cannot even discern a clear strategy on how the evaluation of sustainable development should be made, what instruments should be used, and what (if any) role evaluation should play in pursuing sustainable development. At the moment, regional development evaluation (and to an even larger extent regional sustainable development evaluation) has still not moved out of the academic circles. There is no shortage of interesting (mostly science driven) methodological approaches in Austria, many of them intriguing and far advanced. However, there

is no ‘real’ impact from evaluation on neither decision-making processes nor information of citizens.

## Types of measurement

In this way every Austrian regional development process runs its own course, being a pilot region for its particular method of evaluation and of using evaluation in the process. The importance of evaluation got a considerable boost from the requirement to supply evaluation in the course of EU Structural Funds applications. Although this still has not led to harmonisation of approaches it brought an increase in the interest for sustainable development evaluation on all levels. This also led the Austrian ministry for the environment to commission case studies for ex-ante evaluations of regional development processes in the light of Structural Fund requirements.

One interesting case study involved the already cited ‘Vulkanland’. This evaluation approach involved citizens to formulate key issues, goals and necessary means to achieve these goals in open workshops. The results of these workshops were subsequently used to formulate broad strategies that were then substantiated with key projects that would help to support these strategies. These projects were subjected to evaluation from the ecological, economical and social perspective. The results of this evaluation process were then brought to the attention of those who participated in the workshops as well as of regional decision-makers. Their comments and reactions were used to decide between different strategies and to fine-tune the measures within the strategic lines. This set of strategies and measures is still the guideline for the development process in this sub-region.

In the course of the project it became clear, however, that evaluation has to be a continuing activity, accompanying the development process. Therefore, this evaluation exercise was transformed into an evaluation process that will be used to steer the development process itself. For this process, a panel of laymen will be installed that will be confronted with a set of indicators established by a regional research institution. The set of these indicators has been established partly with the results of the pilot study in mind, partly integrating the comments

and recommendations of the persons involved in this pilot project. The set covers ecological as well as social and economical aspects of the state of the region, impacts from projects initiated and measures taken in the course of the development process.

The lay panel will hold deliberations about the supplied basic material as well as hearings with decision-makers in the process. Out of this, the panel will form an opinion on the state of the region, the appropriateness of the intended strategies and measures and about necessities to change goals in the development process. This opinion will then be disseminated through regional mass media.

## Harmonisation

As already mentioned there is currently no harmonisation between different evaluation systems for regional sustainable development processes. This may only come about if there is considerable pressure from either the national level (via planning instruments) or the European level (via harmonisation of Structural Fund requirements for evaluation). Currently, none of these levels sends strong signals that could lead to harmonisation efforts for regional sustainable development evaluation.

## ANALYSIS OF REGIONAL SUSTAINABLE DEVELOPMENT IN AUSTRIA

### Experience with regional sustainable development in Austria

The regional level, as an active arena for sustainable development implementation, currently experiences a huge increase in interest in Austria. This is, on the one hand, due to the impact of Structural Funds which allow new actors to enter the arena and, on the other, to a general increase of the importance of regionalism and authenticity in Austria.

European Structural Funds are to a great extent responsible for this extended interest as they require regional identity as well as concerted efforts by actors from different sectors. An increasing number of regional actors perceive regional sustainable development as an interesting arena to realise their ideas. Therefore, the dynamics of regional sustainable development has two independent sources which seem to gain strength in the future.

One characteristic of regional sustainable development processes in Austria is their tendency to create independent ‘parallel structures’, very often linked with dynamic and enthusiastic persons that are key players in the processes. These parallel structures challenge existing administrative and political structures that are still strongly sectoralised and hierarchical. As the fundamentals of Austria’s political system, namely the federal structure and the strong influence of social partners come under increasing pressure, regional sustainable development processes must be seen as a dynamic force of change for the whole system. However, the conflict between existing structures of policy-making and regional sustainable development processes is also a barrier for success of regional initiatives. This resistance is especially obvious when integrated regional solutions meet sectoralised bureaucracies with the ensuing conflict hindering implementation of sustainable development.

Besides the existing administration, the other strong factor in Austria’s political system, the social partners, are also suspicious of regional

development. This is a draw back for interregional cooperation between actors as the traditional channels of political communication are not available to regional development initiatives.

### Practical implications of regional sustainable development

In Austria, people on the ground perceive regional sustainable development still largely via projects and regional initiatives. A general difference to other projects is the possibility for actors to be part of the shaping of programmes. They also perceive regional sustainable development by the emergence of new institutions that are offering assistance for implementing ideas and that strongly influence public opinion (via mass media) on regional issues. Regional sustainable development is seen as something new, interesting and, to some extent, rattling the cage of entrenched structures.

However, there is still no political ‘drive’ towards regional sustainable development in Austria. Although there is no shortage of political statements to the effect of reinforcing and reinventing regional identity and regional action, the established political and administrative system still pursues conventional planning procedures along hierarchical lines with almost no regard to regional development issues. Thus, regional development processes can be seen as a possible way to take action on the regional level. The problem remains, however, the democratic gap on the sub-regional level with the districts only being an administrative level with no democratic legitimisation.

A practical outcome of many regional sustainable development processes in Austria has been the new emphasis on regional identity. One interesting aspect to this is the breaking up of traditional structures of rigid regional definitions by administrative units, especially as a result of the Structural Funds. This has opened up the minds for new regional alliances and new definitions along criteria (such as landscape) that are closer to the hearts of the citizens than the affiliation with a bureaucratic entity with no democratic representation on the district level. This process of regional identity-building has

been astonishingly quick, pointing to a certain longing for social embedding.

A side effect of this regional identity-building is the manifold ‘regional brands’ currently emerging in Austria. These brands, usually applied to food or tourism services, are an economic impact of regional sustainable development in Austria. As the market for ‘authentic’ food (and also for quality tourism) increases in value and market share, these brands actually have a (still small but potentially increasing) economic influence.

Otherwise, the involvement of business and industry is still lagging behind in Austria. Regional sustainable development is still perceived as concerning mostly rural areas and most actors still come from the agricultural sector or business sectors closely linked to agriculture or tourism. To overcome this perception is certainly the great challenge for regional sustainable development in Austria for the coming years.

## General trade-offs

Austria’s regional sustainable development processes face much the same trade-offs than most others. However, there is one particular field that merits closer inspection in the light of Austrian endeavours to achieve regional sustainable development: the trade-off between landscape preservation and land-use.

This trade-off can be put in two perspectives: a trade-off in economic terms and a trade-off in terms of regional identity versus regional opportunity. The economic trade-off is between tourism and other land-use activities. In contrast to other tourism areas, Austria’s main selling point is its landscape. Austria’s landscape is not so much a landscape of landmarks (like a particular coast or mountain) but it is linked to a general impression of a small-scale structured cultural landscape. However, this landscape structure which mirrors the economic structures of past days is not in line with current economic trends, neither in agriculture nor in industry. Therefore, the pressure on the landscape from these other sectors is strong (and increasing) whereas the tourism sector is keen to preserve the landscape with its general characteristics. On the political level, tourism is increasingly seen as the

answer to almost all structural and social problems of rural regions. This gives the preservation of landscapes a certain edge in the political discussion, in many cases stifling other possible ways to development on the regional level and in other sectors. The perceived affiliation of regional sustainable development processes with small-scale agriculture and tourism projects is one explanation for the reluctance of business and industry to join these processes.

Besides the economic trade-off, there is a trade-off defined by the conflict between the strong meaning of landscape for regional identity in Austria and the potential to use the land (even sustainably) if this means a change in landscapes. As regional sustainable development processes ride the tide of regional identity and hence chose the side of landscape preservation in most cases, this again will lead to conflicts with economic sectors which want to use the land in a way that changes landscapes (e.g. mining) as well as with many infrastructure developments that may be necessary for a transit country like Austria.

## Top-down and bottom-up relations

Regional sustainable development in Austria is very much a case of regional stakeholders taking action. As already mentioned above, these processes will lead in many cases to parallel structures for decision-making that are generally outside the established political and administrative system. On top of this, the emerging institutions usually pursue a more integrated problem-solving approach than established administration thus leading to tensions between the emerging and the existing institutions on the regional level. Up to now, these tensions have not been overcome, which means that regional sustainable development in Austria still includes the potential for conflicts between bottom-up and top-down approaches.

## Post-2006

The inevitable change of the Structural Funds after 2006 poses a tremendous challenge to regional sustainable development processes throughout Austria. Given the strong influence Structural Funds have played in regional sustainable development in Austria, many

regional development processes are directly dependent on the European level for funds as well as guidance. Many regions see the European level as their ally in the implementation of sustainable development, even more than their traditional partners on the regional and national level. A re-orientation of Structural Funds, therefore, will have severe implications for these processes.

Up to now, this change has been perceived as looming threat but has not been tackled in any coherent way. Most of the regional sustainable development processes are dependent on public funds and the majority depends on Brussels to finance important parts of the programmes. Almost none of the programmes have developed contingency plans to deal with the termination of the money flow after 2006.

Two factors seem to be crucial for the regions after 2006. The one is the implementation of development processes that are solidly integrated into everyday decision-making which means more or less to mainstream regional sustainable development while using the momentum of change generated by these processes to alter the political structures at the regional level. In this respect much will depend on the success of the processes for the period up to 2006. The more successful these processes are, the deeper the identification with the regions will be, the higher are the chances that the implemented regional development processes will proceed. An accompanying factor to this is the monitoring of processes as it will be necessary to have arguments in favour of them in the political discussion on the regional level.

The other crucial factor is the inclusion of business into regional sustainable development. At the moment, the key players are agriculture, tourism and regional development agencies. None of these actors actually has the financial means to invest in the future of a region in any substantial way. Given that the Structural Funds will not be replaced by national funds (and this is a save bet in Austria) regional development processes must find new allies to sustain their dynamics. These allies can only be found in the business sector.

This last point has, of course, important implications for the processes. Regional processes must be seen as development processes that secure important economic factors in the long term. This means that the focus will shift from the problems of maintaining landscapes and securing a healthy environment (mostly by concentrating on the agricultural sector) to securing business factors like excellent education and a solid social structure. It will also be important that these processes take up long term planning for infrastructure and the management of resources in the regions.

All this is only possible if the conflict-solving potential within the regional development processes increases dramatically from the level they have achieved up to now. Regional development processes must grow out of their role to provide an arena for regional actors to realise their innovative ideas and must become arenas for solving the more salient questions for regional development. This can only be done if they find a solid base for participation and if they mend their conflicts with established administrative and political institutions. This in turn will only be possible if existing institutions are going to be more integrative in their policy approaches as the Austrian strategy for sustainable development prescribes.

Summing up, the hard part is still ahead for Austria's regional sustainable development processes. There is a good fundament to build on, but it is still not clear if these processes will be able to really influence development on the regional level, if they are a force of change for the political system or if they remain just one more approach that eventually will have an impressive list of good practices but without having any considerable impact in the long run.

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