

# **Rapid Report**



## ***REGIONET Workshop***

### ***“Regional Sustainable Development: The Role of Structural Funds”***

**Seggau/ Austria, 9 – 11 September 2002**

#### **About REGIONET**

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

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

REGIONET organises four workshops about the following topics: (1) Regional sustainable development and the role of Structural Funds; (2) Strategies for effective multi-level governance; (3) Evaluation tools and methods for regional sustainable development; and (4) Cross-fertilisation and integration of results of regional sustainable development research. The outcomes of the workshops will give an extensive overview about research into the above mentioned topics. The research results from the workshop contributions will be distributed in the form of rapid reports to inform researchers and policy-makers alike and provide policy recommendations. This is the first rapid report out of four following the REGIONET workshops respectively.

#### **About the workshop**

The first workshop of REGIONET brought together about 50 experts from Austria, Belgium, Czech Republic, Germany, France, Hungary, Italy, Ireland, Norway, Poland, Portugal, Rumania, Russia, Slovakia, Spain and the UK, coming from various academic disciplines but also including representatives from national and regional administrations as well as the

European Commission, in order to discuss the implications of Structural Funds on regional sustainable development. One of the objectives of the workshop was to integrate empirical research and the opinions of experts from the accession countries into the discussion about current experiences as well as future expectations to obtain a clearer picture on the direction which Structural Funds will have to follow if they are to become a major instrument to foster regional sustainable development in an enlarged European Union. The workshop comprised presentations from researchers and policy-makers (which can be downloaded from the home page of REGIONET under [www.iccr-international.org/regionet](http://www.iccr-international.org/regionet)) as well as expert discussions. This rapid report summarises the most important results from these contributions and discussions.

### **On the connection between Structural Funds and regional sustainable development**

Sustainable development is a 'horizontal priority' within the current Structural Funds regulations. There was a common understanding by the participants of the workshop that sustainable development should be fostered by the implementation of Structural Funds projects although sustainability is not the prevalent goal of the Structural Funds. As research case studies show, Structural Funds have become a prime mover for regional sustainable development throughout the European Union as well as in the accession countries. This particular importance of Structural Funds is, on the one hand, due to the fact that they are powerful tools for regional development in general. On the other hand, it is due to the fact that they require regions to implement strategic planning in order to apply for these funds. On top of this, the requirement to evaluate the impact of the funded projects on sustainable development criteria has clearly helped to focus regional decision makers on this topic.

The workshop contributions and expert discussions lead to the conclusion that the role of Structural Funds for implementing sustainable development should increase, especially in the accession countries. Sustainable development should not be implemented in Europe without paying close attention to the regional dimension of this concept, especially with regard to the cultural, natural and political diversity of Europe. Therefore, form and practice of Structural Funds will be crucial to the overall achievement of Europe in terms of sustainable development. This is a huge task that should be included in the further development of the Structural Funds, especially for the period starting from 2006, as sustainable development will become an important part of the enlargement process of the EU.

### **On the role of Structural Funds in the past**

The workshop gave a unique opportunity to take stock of the achievements of Structural Funds with regard to regional sustainable development. The research contributions and expert discussions showed that Structural Funds play a special role in forming as well as strengthening regional identities and in supporting the formation of alliances between regional actors. The research case studies revealed that from the vantage point of regional sustainable development, the 'capacity building ability' of Structural Funds, though not a main goal of these instruments, became a prominent effect with powerful implications. Many projects led to an intensification of the capacity for decision making and governance on the regional level which increased the capabilities of regions in fostering regional sustainable development for their own needs. Instruments like LEADER and INTERREG were especially successful for this task.

The research contributions could show that Structural Funds supported the creation of 'new' regions of very different sizes and structural settings, formed along natural, historical, cultural or economic topics, often transcending existing administrative and even national boundaries. The experts came to the conclusion that in terms of sustainable development, this is a major

achievement of Structural Funds as it leads the way to more appropriate definitions of regions.

### **On the impact of capacity building**

The research contributions and discussions revealed that the building of capacities had an effect far beyond the projects actually supported by Structural Funds. Regional entities which established themselves in response to the challenges of Structural Funds were in many cases also successful in applying to other (national and/or international) funding instruments. This points to a general issue of regional development that should be included into the creation of instruments for regional sustainable development: successes in regions triggered by one instrument may empower the region to succeed in using the full range of opportunities for development. There is, however, a danger of 'different speeds of development' as successful regions may become even more successful whereas late starters may lag behind.

This is an outcome of the workshop which will become particularly important with regard to the enlargement process. Capacity building for regional development, along with the creation and strengthening of regional identities, is a necessary precondition for harnessing the potential of local/regional action for sustainable development.

### **On the 'sustainability' of Structural Funds effects**

As case studies from the research contributions could show, many effects triggered by Structural Funds are still fragile as they depend on continuous funding. Only a few regional institutions which were formed in response to Structural Funds could survive a decrease in funding.

Major factors to ensure the viability of processes initiated by Structural Funds have been identified by the research contributions and expert discussions. The most prominent were:

- Integration of key actors, especially businesses;
- Strong regional identities;
- Strong participatory elements in planning and implementation;
- Strengthening of social capital in the regions.

Other factors that are also of importance for sustaining the effects of Structural Funds over the long term are:

- Stronger cross-sector policy integration;
- Enhanced role of the Regional Development Agencies (RDAs): (a) to balance the distribution of funds going to the regions; (b) to take up ideas from the regions for sustainable development projects.
- Trans- and inter-regional cooperation as an important facilitator of regional sustainable development. Common economic, environmental and societal problems can be a good basis for cooperation and increased capacity-building for policy-making.
- A stronger role of the Committee of the Regions (COR) in regional sustainable development. It should promote the importance of the regions in sustainable development within the European Union.

Any further development of Structural Funds should take these factors into account in order to allow for a sustained impact of these instruments.

### **On challenges faced by Structural Funds in the next period (year 2006+)**

In summarising the research contributions, the next period of the Structural Funds regime, beginning in 2006, will face three major challenges:

- *The requirements of the new members of the Union that will have acceded to the Union.*

On the one hand, new member states will look at Structural Funds as one of the major possibilities to support development and, thus, to increase the speed of economic and social convergence with the rest of the Union. On the other hand, most of the regions in the new member states still lack the regional identity, experience and institutional structure necessary for successful regional sustainable development. Therefore, Structural Funds may be confronted with high expectations but inadequate structures for implementation, a combination that can result in inefficiency and frustration.

- *Only slight increase or even stagnation in funds despite a considerably larger European Union.*

The expected development of the budgetary situation of the European Union does not allow to 'pay the way out' of difficult decisions. The enlargement of the Union will put additional stress on Structural Funds as it does on all other programmes within the EU. This additional stress cannot be ameliorated by higher income, quite to the contrary, the overall financial basis of the Union may (at least on a per capita basis) be stagnating or even shrinking. Therefore, the outcomes of the workshop recommend to set priorities for the goals of Structural Funds and find ways to employ these funds at the 'acupuncture points' of regional sustainable development.

- *The task of continuing the work started in preceding periods.*

The stagnating financial means and the expanded field of application for Structural Funds will lead to a new definition of regions eligible for these funds which may leave out many regions that currently profit from Structural Funds. However, as the research case studies indicate, development of these regions is still dependent on a continuing flux of money. If no measures are taken, there is a danger that disrupting this financial flux may not only jeopardise future development but also already achieved progress. Therefore, the research outcomes lead to the recommendation to shore up the achievements as well as to put sustainable development processes, initiated by Structural Funds, on a safe basis.

### **Policy recommendations**

Summarising the research outcomes and expert discussions at the workshop, the following policy recommendations can be drawn:

- Sustainable development on the regional level should be one of the prime goals of current as well as future Structural Funds programmes. To achieve this goal, it is necessary to include sustainable development into the Structural Funds regime in a comprehensive way: (a) sustainable development should not only be a 'horizontal priority', but the basis for a new regional policy approach; and (b) the concept of sustainable development should be the basis for policy integration.
- The long term impact of Structural Funds programmes critically depends on involving key actors. This is especially true for businesses which should not only be included

in individual projects but should be drawn into integrated regional development processes by Structural Funds. Additionally, there should be an effort to create a platform for public debates and citizen involvement for regional sustainable development. Participation is one of the key issues in the process to move towards sustainable development.

- Only regions with strong identities and capable institutions will successfully pursue regional sustainable development. Structural Funds should, therefore, improve these key assets, especially in the accession countries.
- Regions have very different points of departure on their way towards sustainable development and this diversity will be exacerbated by the enlargement process. A 'one-size-fits-all' approach of Structural Funds in this situation can lead to many 'different speeds' of development and may widen the gap between regions in Europe. Therefore, Structural Funds programmes should be adapted to the requirements of the diverse starting points of regions in order to be efficient and successful.