

# **Rapid Report II**



## **REGIONET Workshop II**

### ***“Regional Sustainable Development – Strategies for Effective Multi-Level Governance”***

**Lillehammer/Norway, 29-31 January 2003**

### **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 links science and policy with the aim to provide empirical research outcomes for regional sustainable development policy-making.

REGIONET runs until January 2004. During the project's running time, four workshops will be organised. The outcomes of the workshops will give an extensive overview about research into regional sustainable development in Europe. The research results from the workshop contributions will be distributed in the form of rapid reports to inform researchers and policy-makers alike and to provide policy recommendations. This is the second rapid report out of four following the REGIONET workshops respectively. For further information, please visit the project's website at: [www.iccr-international.org/regionet](http://www.iccr-international.org/regionet).

### **Profile of the Lillehammer Workshop**

The second workshop of REGIONET brought together 55 experts from twenty-one European countries - *Austria, Bulgaria, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Norway, Poland, Rumania, Russia, Slovakia, Spain, Sweden, and the UK*. The participants were for the most part researchers, but representatives from regional administrations were also present. The overall purpose of the Lillehammer workshop was to explore how the regional aspect is affected by the multi-level structure of governance within and across the European Union, and to improve our

understanding of the strengths and weaknesses of the multi-level system with respect to the need for regional sustainable development.

The workshop was structured around five themes designed to draw perspectives on more positive and effective exploitation of the regional sustainable development potential. The perspectives of both EU member states and accession countries were presented and discussed. The workshop comprised presentations from researchers and policy-makers, as well as expert discussions. This rapid report summarises the most important results from the contributions and discussions, and outlines several of the key policy implications that emerged from the meeting.

Selected papers from the workshop, along with the most important conclusions and recommendations, will be presented in a forthcoming ProSus publication edited by William M. Lafferty and Michael Narodoslawsky.

## Major thematic conclusions

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

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

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

Today there is a need for *reinventing subsidiarity* by focusing on mutual respect and support, rather than “protective closure” of regional responsibilities against interventions of the European Union. A more positive perspective on subsidiarity should emphasize: (1) mutual respect – ensuring autonomy for regional governance; and (2) mutual support – enhancing capacity for regional governance. This latter point implies not only the transfer of money, but also the strengthening of competence and the mediation of information.

The workshop contributions and expert discussions also led to the conclusion that subsidiarity should not be understood as a question of rigid competencies. It was suggested that the introduction of a more *objective-oriented policy*, similar to standards for the Structural Funds, could provide better guidance at all levels and increase the operational effectiveness of subsidiarity within the EU. Within this approach, however, major challenges would arise with regard to conflicts of interest when it comes down to establishing policy objectives. The legitimacy of this process would then rely on the ability to ensure the necessary transparency.

The workshop participants emphasised that the debate of the subsidiarity principle in the EU and other European countries should also take into account the power relations between governments and the market. Today there is an ongoing transfer of power from the public to the private sector, by way of market liberalisation and the privatisation of public tasks. Nation states are tending to limit the capacity for market regulation, reducing it to a capacity for market enhancement only. Positive subsidiarity should provide supportive intervention of

market mechanisms so as to achieve a more balanced and effective provision of public goods and services.

A number of recent EU documents confirm the topicality of the Lillehammer discussion of subsidiarity and the role of regions in policy-making in Europe (for example, the White Paper on European Governance<sup>1</sup>, the report of the European Parliament on the role of regional and local authorities in European integration<sup>2</sup> and the discussion about the regional and local dimension in Europe in the European Convention<sup>3</sup>).

According to the White Paper, the European Commission is intended to establish a more systematic dialogue with representatives of regional and local governments and bring greater flexibility into how Community legislation can be implemented in a way which takes account of regional and local conditions. Likewise, the European Parliament argues that the regional and local authorities are important political and administrative levels, and emphasizes that a strict top-down approach to policy-making must be replaced by an acknowledgement of intersecting 'spheres of governance', especially in the area of shared competencies. Finally, the discussion in the European Convention specifically points out that the "*consultation of the regional and local authorities upstream of the legislative process would improve the quality of European legislation. (...) the principle of subsidiarity would be applied all the better the earlier it was taken into account in the legislative process*" (European Convention, 2003:6).

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

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

Concerning sectoral integration in a multi-level perspective, it is relevant to inquire as to which level sectoral policy integration should initially be promoted to best achieve overall policy integration. The national level may not be the most efficient level in this regard. Sectoral integration could be more likely achieved at lower levels where actual policy implementation takes place; at the regional and local levels. We are more likely to obtain real policy integration at national level if it could be based on the experiences of regional and local integration.

The workshop emphasised the need for further studies within the field of sectoral integration, and especially the role of the level of the EU in sectoral integration at the regional level has to be explored further. It could be the case that sectoral integration would be more successfully implemented by way of EU *regulation*, as shown by the experiences in the case of the Habitat directive. Both the Structural Funds and other EU directives could facilitate and strengthen the sectoral integration at lower levels.

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<sup>1</sup> CEC 2001

<sup>2</sup> European Parliament 2002, rapporteur Giorgio Napolitano, A5-0427/2002

<sup>3</sup> European Convention 2003, CONV 518/03

### **III. Local and Regional Agenda 21 as impulse and model for regional sustainable development**

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

Firstly, the question of what happens after the initial mobilisation stage of LA21 in European local communities needs to be posed. The critical phase seems to be that of *transforming LA21 into real politics*. Numerous LA21 projects appear as “less important” with respect to substantive environmental policy and efforts for real change in the direction of sustainable development. LA21 is often experienced as operating at the margins of “serious politics” for sustainable development.

Secondly, with respect to *participation*, local authority efforts on LA21 have occasionally been described as initiatives for “keeping people happy”, rather than being real processes for local community involvement in policy-making (“let a thousand flowers blossom”). Also, a general trend is a shortage of people wanting to participate in such processes. Regional Agenda 21 processes will most likely meet even greater challenges with regard to participation, and mobilisation in general, since the issue of greater scale and responsibility will have to be confronted.

The future of LA21 at the regional level depends on the characteristics of the region. LA21 could function as a well-documented model – a *regional “mediator”* – for conflict resolution when introducing the sustainable development perspective in regional development processes. This function of LA21 has already been experienced in regional Agenda 21 processes in Austria, Germany, Spain and several of the accession countries.

The ongoing national development processes in accession countries for meeting the criteria for EU membership would be a timely opportunity for the EU to focus on local/regional sustainable development, by way of using the perspectives of Local and Regional Agenda 21. This does not, however, appear to be part of the current preparatory process.

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

The session raised the crucial issue of how climate change and non-sustainable use of natural resources are impacting on local communities and regions. The research contributions and discussions revealed a need for new perspectives on regional governance when including these aspects of regional challenges. The issues of risk and hazards deriving from humanly incurred changes in nature demand multi-level governance. Today, local risk management in relation to extreme events is common, but this is in most cases separated from the global issues and the perspectives on long-term vulnerability and the need for adaptation to climate change.

The question of local adaptation to climate change is one of horizontal regional cooperation, i.e. cooperation between neighbouring regions experiencing the same impact of climate changes, and coping with uncertainty and changing situations. In this setting, one will face a situation of clear “winners” and “losers”, where local and regional adaptive capacities determine a region’s “fate” in this respect. Differences in adaptive capacity might create the basis for regional development and subsequent competition between regions. In this

situation, the workshop participants identified a clear need for enhanced institutional capacity for both improved adaptation and conflict resolution.

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

It was also pointed out that the Structural Funds could surely play a greater role in promoting adaptation to future risks by including indicators and standards for potential short- and long-term impacts of climate change.

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

The workshop addressed the aspect of business and industry in processes for regional sustainable development by discussing the possibilities for facilitating partnerships, networks and win-win solutions at the regional level. The research contributions showed that a major challenge is the difference in objectives between private and public sectors at the regional level. Economic considerations lie at the basis of private companies' efforts, while the public sector is continually searching for contributions from the private sector that are needed to fulfil overall regional developmental visions. Also, studies of public-private partnership situations reveal a general lack of mutual trust among business and government.

The majority of regional partnerships and formal networks are initiated by local or regional authorities as part of their strategies and visions for sustainable regional development. The ability of authorities to succeed in creating well-functioning partnerships is a question of promoting trust, but also it relies on their ability to see beyond short-term political demands and to better understand the legitimate needs of long-term business strategies. The workshop contributions and expert discussions emphasised the need to establish incentives for the business and industry to become more genuinely involved in regional goals and processes. The public sector has to offer competences or facilities that represent useful supplements to the existing capacity of the regional business sector. This would eventually create an improved institutional basis for voluntary efforts.

To what extent the effects of the business sector's efforts are under the control of the responsible authorities, and to what extent efforts that lead to change are the outcome of partnerships and cooperation, needs closer scrutiny. It has to be further explored how and to what extent voluntary partnerships and formal networks can result in procedural changes and de-coupling of environmental pressures from economic growth, rather than solely end-of-pipe solutions that satisfy local/regional authorities in the short run.

Case studies presented at the workshop identified the possible benefits of endorsing the role of "*cooperation brokers*" in overcoming non-technological barriers for more effective implementation of more sustainable and resource-effective goods and production. SMEs could, with the help of such "brokers", better achieve a transition from "business as usual" to the application of sustainable development principles as a basis for their activities. But the question is then, who should take the responsibility for introducing a broker function in regional development processes? Aspects of democratic legitimacy and participative representation must be considered. Establishing a broker function is also a question of available resources. SMEs do not necessarily have the financial basis for this. The prospect of also connecting this function to Structural-Fund standards and procedures was raised.

## Policy recommendations

Though the principal purpose of the network and workshop is to promote a better scientific understanding of the relationship between regional policies and sustainable development, it is also of key importance that the discussions among scientists, public authorities and stakeholder groups be viewed with an eye toward policy recommendations. In addition to the specific discussions following each presentation and each thematic session, there were plenary discussions at the end of each day, and a final plenary discussion at the conclusion of the workshop. The following is a brief list of policy-relevant implications emerging from the proceedings:

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

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