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REGIONET- Strategies for Regional Sustainable Development: An Integrated Approach Beyond Best Practice

Final Report

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1 REGIONET: Project outline and objectives

REGIONET (Strategies for Regional Sustainable Development: An Integrated Approach beyond Best Practice) is an EU thematic network project, funded by DG Research under the 5th Framework Programme for Research.

The overall objective of REGIONET is to provide an integrated approach to support the implementation of sustainable development in regions across Europe. REGIONET has the aim to bring together stakeholders with experiences in the study and/or implementation of regional development plans to discuss the experiences made so far as well as the new needs and challenges being faced.

The promotion of regional and social cohesion, as well as of environmental protection and sustainability are among the most important Community social objectives. REGIONET will contribute knowledge that helps to better integrate environmental concerns in regional development plans and management (as needed for Structural Funds proposals) and helps integrate environmental protection with economic development and employment.

REGIONET explicitly addresses the above mentioned issues by organising four workshops that will bring together relevant experts from research, policy-making and the stakeholder level (both user/consumers and business/industry). In this process, REGIONET will seek the involvement of DG Research, DG Region and DG Environment. The workshops will address relevant aspects which need to be developed in order to effect a comprehensive implementation of sustainability in regional development.

The four workshops in REGIONET are organised according to the project's specific objectives. These four objectives are:

1. **The (improved) integration of sustainability issues in the regional development plans put forward to the EU Structural Funds.** On paper, there is now the requirement to take sustainability into account for all development plans to be supported by the Structural Funds. The practical implications of this new requirement pose a major challenge to programme managers and project applicants. REGIONET contributes to meeting this challenge by organising a workshop specifically addressing the integration of sustainability into regional development plans. As the current funding period from 2000-2006 is expected to be the last one before the Enlargement of the EU, the REGIONET consortium contains partners from four of the CEE countries which are expected to be the main beneficiaries of the Structural Funds in the near future. Particular attention is also be given to the pre-accession phase and the role played by the ISPA and PHARE Programmes.

2. **An understanding of the relationship between the implementation of regional sustainable development and issues of regional and multi-level governance.** Multi-level governance and how this relates to issues of subsidiarity and proportionality is one of the key issue in implementing regional sustainable development (RSD). In a specific workshop dedicated to the relationship between implementing RSD and existing decision making structures REGIONET brings together researchers, NGOs and decision makers from the European, the national and the regional levels to discuss the above mentioned issues. This workshop also address the implications of new forms of policy-making for the European public space and citizen participation, also with reference to the public inquiries relating to (strategic) environmental impact assessment. The workshop leads to an improved understanding of the implications of recent developments toward sustainability on decision making structures in the context of multi-level governance.
3. **An integrated framework for evaluating regional sustainable development at the European, the national and the regional levels.** There is little of a consensus on the specific measurable objectives and indicators that follow from the general goals of sustainability; and also on the methods or approaches to be used for the purpose of evaluation (ex-ante and ex-post). REGIONET examines from a comparative perspective the evaluation methods and approaches currently in use for charting progress in the paths towards regional sustainable development. This involves a range of sectors, including spatial and infrastructure development, economic development and social policy. It also involves a range of analytic approaches which are involved in the evaluation process, including strategic environmental assessment, modelling and spatial information systems. This raises the challenge of a framework for convergence and harmonization of methods, techniques, and information systems. A specific workshop links this research perspective with the very practical questions of the use and applicability of evaluation methods proposed by the European Commission for the ex-ante evaluation of proposals made to the Structural Funds programme.
4. **The 'cross-fertilisation' of sustainability research and the establishment of regional partnerships.** Several studies have shown that there is a severe lack of integrating existing knowledge and ensuring that this knowledge is shared among relevant actors REGIONET address this problem by bringing together the relevant actors through the four workshops. In order to increase the impact of its work, REGIONET not only joins single institutions, organisations and individuals but it also becomes a 'network of networks'. Close links are established with the European Conference of Regional Environmental Ministers, the Network of EU Structural Funds Pilot Regions and the European Network for Sustainable Urban and Regional Development (ENSURE). The experience of its local partners allows REGIONET to describe and assess the paths of the various European regions towards sustainability. This facilitates the exchange of knowledge between regions and support the forming of partnerships.

The following four chapters give an overview of the outcomes and conclusions from the four workshops which have been organised by the REGIONET project team. These outcomes and conclusions are based on the paper presentations and discussions at the workshops as well as on the literature review undertaken in the form of the National Reports on Regional Sustainable Development. Therefore, the following chapters provide a comprehensive and comparative overview of regional sustainable development in Europe.



2 The Role of Structural Funds

2.1 Introduction

One of the four main objectives of REGIONET is the improved integration of sustainability issues in the regional development plans put forward to the EU Structural Funds. The aim of Work Package 1 was to examine the users' perspective, in particular that of national and regional stakeholders, in connection with the preparation of proposals to the Structural Funds. Specifically, this WP sought to answer the question how do the stakeholders see the interface between environmental issues, on the one hand, and economic development, employment, and equity objectives, on the other hand, and how do they translate the interfaces into policy objectives and measures. As part of WP1, the first Workshop of REGIONET, "Regional Sustainable Development: The Role of Structural Funds", was organised in September 2002 and dealt with the above mentioned topics in detail. About 50 experts from sixteen different countries coming from various academic disciplines as well as policy-makers attended the workshop.

2.2 Regional Sustainable Development and the Structural Funds: The Policy Context

2.2.1 Introduction

Structural Funds are currently a key political instrument for regional development throughout the European Union. With the imminent process of enlargement of the Union, this instrument will clearly increase its importance considerably as it will become one of the major movers for shaping the Union of the future. Given the importance of sustainability as the underlying concept for global development in the 21st century and the comparable importance of the regional level in the implementation of the concept of sustainability, the connection between Structural Funds and regional sustainable development comes into the focus of interest. Within this context, the REGIONET workshop has been organised to find out:

- What role Structural Funds currently play in terms of regional sustainable development in the EU 15? and



- How Structural Funds can be employed in order to increase their role in fostering sustainable development in the regions of an enlarged Union?

The purpose of this chapter is to provide a framework for discussion and to raise those questions that may help to shape recommendations for using the potent and well tested instrument of Structural Funds for sustainable development in Europe.

One important issue already emerged in the preparation of the workshop: there is no such thing as a general answer to the question about the impact of Structural Funds on sustainable development in the regions. The influences of the national context, the prevailing political, administrative, social and economic structures as well as the ambitions and goals of the regions involved in the outcome of Structural Fund application are too strong as to give a general answer.

2.2.2 Institutional Aspects

One important issue concerns the institutional aspect of Structural Fund implementation. Although it is a fact that the institutional structures vary considerably from country to country (depending on the political as well as administrative structures involved) it is also a fact that Structural Fund application has a certain "institution building capacity". Many "new" institutions are formed in order to either apply for those funds or administer those funds or to simply provide the necessary project management. These institutional structures may be formed (depending on the underlying national and, sometimes, regional political structures) within or outside of the conventional administration. However, they are in most cases directly connected to regions and in many cases configurations of actors that are not necessarily part of the 'traditional' political process.

The workshop reflected upon the influence that Structural Funds have in terms of shaping the "landscape" of decision making in the regions throughout the Union. It may help to find out how the institutions and structures built up by Structural Funds may be used to foster sustainable development in the regions. Furthermore, we may discern those factors that shape institutions to foster sustainable regional development by the instrument of Structural Funds, a question not only relevant in the existing EU 15 but even more so in the candidate countries once they accede to the Union.

2.2.3 Policy Integration

Besides the topic of regional development, there is certainly no other topic as relevant to sustainable development in general than the topic of policy integration. There is no

shortage on definitions of sustainable development but all point to the fact that sustainability can only be reached if we solve complex issues involving ecological, economical and social problems by taking into account their very complexity. This can only be done by integrating different policy sectors, no matter how efficient the sectoral approach was for solving problems of growth or even of imminent ecological problems.

Structural Funds tend to be oriented towards concrete problems and projects that inherently cut across different sectors in specific regions. This implies that a lot can be learned from Structural Fund implementation for sustainable regional development. In this context the workshop analysed the “winning factors” for policy integration on the regional level that in turn may be exploited to further regional sustainable development. They may also help to shape Structural Funds in a way to ensure policy integration and to build up institutions that help to foster sustainable development on the regional level.

2.2.4 The ‘Region-Building-Capacity’ of Structural Funds

Regions are at the core of regional sustainable development. But the question arises if the regions formed by ‘traditional’ ways of political and administrative processes are the ones that are well adapted to the task of sustainable development. Structural Funds are usually directed to concrete problems that in many cases transcend traditional regional boundaries. Many Structural Funds programmes, either unintentionally or (e.g. in the case of INTERREG) or intentionally, breach conventional regional and even national boundaries. The experience of Structural Funds can, therefore, be used to investigate the driving forces for and efficacy of instruments in terms of building new regions as well as new regional identities. On one hand, these experiences may be substantial for regional sustainable development. On the other hand, careful analysis of these experiences may help to shape Structural Funds to more closely follow the principles of sustainable development.

Besides the capacity to ‘build’ regions, Structural Funds also provide a good vantage point for assessing the impact of exogenous stimuli on regional development in more general terms. They are not only forming new regions and in some cases new regional identities, they also ‘hit’ regions in very different stages of their respective development and they are applied to regions of very different character. Experiences with Structural Funds may shed new light on questions if mostly money based exogenous stimuli are leading towards more social cohesion within regions or if they even may be counterproductive to the development of the social capital that is a necessary precondition for regional sustainable development. The workshop elaborated on criteria for instruments that are capable to build the necessary social structures and the social capital which is central to regional sustainable development. Particularly with regard to the enlargement of the EU, this ability of instruments will gain crucial importance.

2.2.5 The 'Layering' Aspect of Structural Funds

Structural Funds are in many cases transcending traditional 'layers' of political action, linking levels of administrative and political action that have not been connected before. It is safe to say that no other instrument has fostered the idea of a "Europe of the Regions" in the same way as Structural Funds did, and thus creating a direct link between the European level and the regional and local levels (at least in the perception of regional actors).

Besides transcending horizontal layers of administration, Structural Funds also played a role in making regions aware of other regions. This has two sides to it: on the one hand, regions entered in a competition for funds as the application for Structural Funds always meant competing with other regions for finite resources. On the other hand, Structural Funds fostered ties between regions by way of projects within regions as they either had a built-in European network provision or regions shared similar topical or managerial aspects.

In general, Structural Funds opened more ways to look for (administrative and/or political) partners to pursue the regions' respective goals. The experience with Structural Funds can, therefore, inform us on how regions took advantage of this new 'degree of freedom' and what this meant for sustainable development. The research presented at the workshop offered important insights of the role of Structural Funds in fostering co-operation between different levels of administration. This co-operation is a crucial factor for tackling complex issues that cut across regions and, thus, for their role in implementing sustainable development in the broader European context.

2.2.6 The 'Change Agent' Aspect

In many cases regions employ consultants in the process of accessing Structural Funds. These consultants are primarily approached to perform a translation task that transforms the needs of regions to project applications which conform to the needs of the Structural Fund administration on the national and/or European level. However, in many cases, this role is expanded in a way that makes these intermediaries virtual 'gate keepers' for the funding instruments of Structural Funds. Thus, these consultants emerge as a new class of exogenous stimuli who are linked to the instruments but clearly exhibit a life of their own. The experiences with Structural Funds and their practical implementation can, therefore, shed a light on the role of these 'change agents', which is of great importance for regional sustainable development in general.

The impact of these change agents is both internal and external from the viewpoint of the regions. Internally, they may in many cases influence the set up of actors in the regions and may even have considerable influence on the issues that are addressed with the means of Structural Funds. Externally, they may provide a certain picture of the situation and problems faced by regions as they are instrumental in formulating the applications and hence the information that reaches the national and European agencies in charge of administering Structural Funds. The workshop helped to understand the role which change agents may play in sustainable development implementation in regions.

2.2.7 The 'Entry Point' of Structural Funds

Structural Funds are, whatever their impact on regional sustainable development, not intended as instruments to implement sustainable development in the first place. Their aim is to bring more economic success to regions that are structurally handicapped. This means that their entry point into regional development is either via infrastructure issues or issues of economic development or the labour market. This is interesting for regional sustainable development for two reasons: on the one hand, analysis of experiences with Structural Funds can be used to assess the impact that sectoral instruments have on the implementation of an integrated concept like sustainable development; on the other hand, these are entry points that are not commonly used in sustainable development implementation and, therefore, the experiences may be used to identify ways and means to involve economic and social actors into sustainable development on the regional level.

The contributions to the workshop reflected upon the role of social and economic actors in the development of regions. From the point of view of regional sustainable development, this is of prime importance as many other processes dedicated to implement sustainability (like local and regional agendas) have a clear deficiency in mobilising these actors. Therefore, the experiences of Structural Funds can help to find ways to involve these actors in regional sustainable development.

2.2.8 Assessing Progress

Another feature of Structural Funds which is important for regional sustainable development is the assessment of progress. This is interesting from the point of view of the methods employed but also in its own right as it allows to analyse (at least in principle) the contribution that Structural Funds make to sustainable development implementation. Another aspect of the assessment of progress is to what extent the results of these assessment processes influence decision making within regions as well as the way goals and resources for Structural Funds are defined on the various levels involved in administering them.

2.2.9 The 'Post 2006' Perspective

The year 2006 will (at least from the current perspective) be a watershed for the whole way Structural Funds are applied and managed. This restructuring of the instrument does not only concern the mere shifting of the resources of Structural Funds towards the accession countries. It also raises questions about continuity of processes that have been initiated by Structural Funds in the 'old EU 15'. The most important aspect to this inevitable change is, however, the definition of the role that Structural Funds should play under the new conditions of an enlarged Union and to what extent sustainable development will be a factor in this role. Finally, it raises the question of the form of Structural Funds as this form will have to follow the changed function of these instruments.

2.3 Conclusions of Workshop 1

2.3.1 The Structural Funds and Sustainable Development

- 1) Under the current Structural Funds regulations, sustainable development is a 'horizontal priority', which means that it is a priority for all programme measures and is included in the project selection criteria. Currently, DG Region carries out an evaluation of the Structural Funds programmes and how they can foster sustainable development. The final report is due in November 2002. Preliminary outcomes are: (1) sustainable development is mainly interpreted as *environmental* sustainability; (2) sustainable development is considered late in the programming process as a correcting measure; and (3) there is the question about a more comprehensive approach towards sustainable development. There is currently a discussion about the development of a *sustainability impact assessment (SIA)* and/or on overall *Impact Assessment (IA)*. This could also imply that sustainable development will not only be a 'horizontal priority' in the time after 2006, but could be the basis for an impact assessment of a new regional policy approach. What has yet to follow is a thorough discussion about strong and weak sustainable development.

- 2) The main focus of REGIONET is to analyse the potential for cross-sector policy integration of the Structural Funds. Thus, the interface with other Member States or Community policies (e.g. transport, agriculture) is important to achieve regional sustainable development. However, the debate about strategies for regional sustainable development remain currently on the surface without taking fully into account the necessity and potential for cross-sector policy integration.

- 3) The empirical results from the evaluation by DG Region and from the study “Regional Pathways to Sustainability” show that regions vary considerably in terms of their size, institutional settings, socio-economic needs, and environmental qualities. These structural characteristics have important implications for the paths the regions choose to integrate sustainable development into their policy framework. This also implies that there is no single approach for regional sustainable development for European regions. It will be crucial for both the practical application of regional sustainable development and any further research work to elaborate on the question: How to make sense of these differences and different approaches?
- 4) For the accession countries, the specific criteria for approaching and evaluating sustainable development are currently emerging. Within the accession countries, there is a lot of knowledge about how to handle resources and policies in their specific regional contexts. Therefore, it will be necessary to bring in the regions in the design of the policy proposals.

2.3.2 Administrative Structures for Regional Sustainable Development

- 1) The Structural Funds created new institutional structures in the Member States. Together with strategies for sustainable development, these new administrative structures, however, vary substantially in complexity and efficacy between the different national contexts.
- 2) The administrative or institutional structures for regional sustainable development are of great importance. Some administrative structures were newly created through the Structural Funds, other existing ones were provided with new tasks. The important question is: How do the different institutions work together? Experiences from the different country case studies showed that the cooperation between the institutions is still at an initial stage and is lacking integration and coordination. In Austria, for example, a new institutional setting on the regional level was created through the LEADER programme with some comprehensive plans for policy integration. However, these plans were confronted with disintegrated administrative structures. In Germany, the indifference in the cooperation between the different institutions lead to an ambiguity in the implementation process and the responsibility for implementation. In the Czech Republic, regional sustainable development is faced with a lack of coordination and communication between the administrations. Furthermore, a conflict of interests emerged with regard to the responsibility for programme coordination which is shared by different ministries. One suggestion is to change some of the present management principles in the Structural Funds regime. A way forward may be the *Strategic Management Approach (SMA)* which is applied by the EU since 2000. For the Structural Funds, three issues are of importance: (1) greater responsiveness to the needs and perceptions of people who are beneficiaries of Structural Funds

programmes; (2) a SWOT analysis can provide a systemic way to deal with Structural Funds programmes and proposals; and (3) a clear allocation of responsibilities and tasks in the design and implementation of the programmes.

- 3) The Structural Funds also created some new regional identities. In Ireland, for example, the regions are a result of the Structural Funds. They also created more networks of social learning in the regions. In the Nordic countries, regions launched their own regional sustainable development initiatives in absence of EU or national guidance. Generally, it is crucial to bring stakeholders together to develop a regional identity. This can increase regional capacity-building for regional sustainable development. Research findings show that both, top-down approaches (encouragement, providing structures) and bottom-up approaches (regions define what is best for them) are important and should lead to mutual learning processes. Another important topic is how international or trans-national regions can develop an identity and capacity for regional sustainable development.
- 4) The question remains, however, how sustainable is regional development in a long-term perspective? Many Structural Funds programmes concentrate on the environmental aspect of sustainable development. The bigger picture of the concept is rarely employed. As the experiences in the Nordic countries show, it was not only the Structural Funds which fostered policy integration. In practice, Structural Funds programmes have been operated in parallel with other regional initiatives that have been more effective in conceptualising regional sustainable development. It is now necessary to reflect upon the options in sustainable development: there can be either a 're-active' approach (avoiding negative effects) or a 'pro-active' approach (promote policy integration through sustainable development).

2.3.3 Regional Sustainable Development: Case Studies from the Regions

Contributions of case studies about experiences with regional sustainable development came from accession countries and EU Member States.

- 1) The experiences from the accession countries show that the regional disparities are mainly due to geographical and historical circumstances. The transition process led to enormous changes in these countries. The development from command-and-control structures to market economy and democratic societies also brought to the fore numerous differences between the regions. In the Slovak Republic, for example, the main reason for regional disparity is the deformation of historical relationships in rural areas as a result of industrialisation and intensification of agriculture in the command-and-control economy of the past. The Czech Republic also faces regional disparities. However, a tendency to systemic marginalisation of particular regions could not be

observed in the case study. The objective of regional policy in the accession countries is to achieve a reasonable level of the EU's GDP by 2006 and to foster regional sustainable development. The role of Structural Funds in the accession countries is mainly twofold: (a) to measure sustainable development as a goal for integrated policy-making; and (b) to develop an environmental infrastructure. The problems faced so far are the high costs for implementing regional sustainable development and the currently low effectiveness of allocation due to administrative shortcomings (i.e., implementation, national co-financing, difficulties in adopting policies). There is a need in the accession countries for institutional support for the Structural Funds regime in the move towards regional sustainable development.

- 2) The case studies from the EU Member States reflected on two successful initiatives for regional sustainable development. In Spain, the Spanish Environmental Authorities Network acts as a cooperative and coordinating body with the aim to associate the environmental authorities and the authorities responsible for the Structural and Cohesion funds at the different administrative levels. The Network has the objective to foster policy integration for regional sustainable development. Generally, the integration of policies on a regional level was enhanced through the Environmental Impact Assessment (EIA) processes. In Austria, the formation of eco-regions is now an important aspect in the discussion of regional development and has also helped creating new regional images. Even though the Structural Funds programme – especially the LEADER programme – has generated ideas of sustainable development of a region, structural funding does not per se lead to the formation of eco-regions. This is mainly due to the fact that Structural Funds programmes are more related to a vertical integration of institution whereas a successful strategy for eco-regions is based on both, horizontal and vertical integration. Experience shows that a successful implementation of projects depends on the regional acceptance and institutional embedment of the proponents.

2.3.4 Regional Development Processes: Obstacles in the Move to Sustainable Development

- 1) Generally, the Structural Funds are identified as a very central instrument of EU policy-making. However, this instrument is far from having developed its full potential for efficiently promoting regional sustainable development across Europe. With the enlargement of the EU, the importance of Structural Funds will increase as will the need to become more effective in bringing about the intended policy outcomes. The difficulties in progressing in this direction reflect a basic challenge for developing and adopting adequate structures of multi-level governance in a diverse and dynamic EU. The Structural Funds regime was innovative in introducing new forms of coordination in many countries and has mobilised new stakeholders. Thus, it became a laboratory for developing new governance patterns. The process must continue in that direction.

Furthermore, research findings presented in the workshop lead to the following conclusions: (a) there is a need to develop an adequate evaluation culture for the Structural Funds; (b) there exists a considerable gap between theoretical concepts and practical short-term needs for management and evaluation, and (c) intercultural cooperation will be of increasing importance.

- 2) Case study findings about practical experiences in the regions show that there are some bottlenecks for regional sustainable development: (a) project-based regional initiatives are running out when the project time is over – process-based initiatives are more durable; (b) funding cumulated around established 'regional managements', (c) public authorities are the major stakeholders; (d) consultancies can act as gate-keepers between the Structural Funds and the regions in the translation of the programmes; and (e) companies are the missing entrepreneurs.

2.3.5 Strategies for 2006+

- 1) Generally, Structural Funds instruments have 'shaped' new regions: increasingly, regions define themselves spatially and thematically in a new way; regional configurations become more flexible, dynamic, and variable over time; and new governance modes are being established.
- 2) New institutional settings can help foster regional sustainable development. Overall, a simplification in the administration of the Structural Funds regime is desirable. Successful simplification requires an appropriate understanding of the processes which take place within and among the social systems involved in regional development as well as in the administration of the Structural Funds. The latter requires decentralised, flexible and non-hierarchical forms of coordination and decision-making (e.g. cooperation, networks, clusters). That is, decentralisation can clearly help to be more responsive to regional issues. There are some issues which are important in a more decentralised framework for structural funding:
 - Regional development agencies (RDAs) could balance the distribution of funds going to the regions. It is difficult for regions to increase their capacity for regional sustainable development in a system of centralised funding. Regions respond to a top-down administrative system and are dependent on centralised funding. Currently, nation states have a gate-keeper function in the Structural Funds regime. What is more, RDAs should take up ideas from the regions for sustainable development projects.

- Cross-border or inter-regional cooperation could be a very important facilitator of regional sustainable development. Experiences, especially with INTERREG, show that common economic, environmental and societal problems can be a good basis for cooperation and can lead to an increasing capacity for policy-making.
 - Regionalisation is an important tool to manage processes of change. In this context, the role of the Committee of the Regions (COR) within the EU administration must be evaluated. Generally, the role of the COR should be increased. It should promote the importance of the regions within the EU.
 - Currently, citizens are missing in the policy-making process for regional sustainable development. Citizens are crucial for bottom-up initiatives. Creating these initiatives in Europe may contribute to a number of 'learning' regions, cities, and municipalities where citizens can experience the complexities and interactions of development issues and responsibilities by making choices and decisions. Thus, what is needed is a platform for public debates and citizen involvement for regional sustainable development.
- 3) Research findings and practical experiences show that strategies for sustainable development on all political levels are reduced to the environment – economy relation, largely leaving out the social aspects. However, the integration of the three pillars is an important task in the move towards sustainable development. This integrative effort must be undertaken on a strategic level, not only on a specific project level. However, there are some obstacles to be faced: The problems and trade-offs in the process of regional sustainable development should not be underestimated. The conflicts and different interests between the stakeholders are very severe. This fact makes the process towards policy integration difficult to balance. Most of the basic considerations in regional development policy are economic. Thus, there is danger inherent for regional sustainable development for the period 2006+. What is more, the Gothenburg process has not resulted in the implementation of more comprehensive sustainable development policies.

2.3.6 Quo Vadis Structural Funds: Contribution to Sustainable Development on a European Level in Times of Change and Challenge

- 1) The inclusion of sustainable development into the Structural Funds regulation led to the application of questions of 'scale'. The older models were concentrated on market efficiency or distribution of wealth. The challenge of scarce resources brings in the dimension of 'scale'.

- 2) The Structural Funds led to some 'unintentional' developments, like the creation of new regions and institutional innovations. These unintentional effects, however, are underestimated in the Structural Funds process. Thus, there is a need to evaluate these unintentional effects and how they could be used for future Structural Funds processes.

- 3) The relation between democracy and sustainable development is crucial. There is the need to develop new forms of governance which enhance the capacity for regional sustainable development. That is, 'institution building' is more important than project related developments. In this context, the notion of 'responsibility' becomes important. Institutional structures must be responsive to decisions in policy-making for regional sustainable development. However, there is the discrepancy between the need for long-term policy decisions and the short-term orientation of policy-makers.

2.4 **Summary**

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 discussion 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 that 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.

3 Strategies for Effective Multi-Level Governance

3.1 Introduction

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

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

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

3.2 **Regional Sustainable Development and Strategies for Effective Multi-Level Governance: The Policy Context**

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

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

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

This is the “political-cultural” side of the EU regional policy; a relatively under-nourished and neglected sibling to the more pampered and well-supported “economic-social”

member of the policy family. While Structural Funds are the innate driving force of the latter, the Committee of the Regions is the dormant potential for the former.

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

As for sustainable development, it has been a major premise of the ENSURE network (forerunner to REGIONET) that the “open”, trans-boundary nature of the region concept is of particular importance for achieving sustainable development¹. Ecosystems and the effects of environmental pollution are “blind” to political-administrative borders. While “nation-states”, “provinces”, “counties”, “municipalities”, “towns” and “villages” are bounded by historically-conditioned lines on maps, the limits and carrying-capacity of nature are unaffected by such demarcations. Insofar as “region” implies an identity and a commonality that is less bound by political-administrative membership (and group loyalty), it is at least *potentially* more open for the values and concepts of ecological sustainable development. If it can be argued that the “self-centred” nature of most existing political units poses a challenge to effective governance for sustainable development, there are then good reasons to focus on the positive potential of regional identity and enterprise vis a vis the sustainable development programme².

In sum, it is the purpose of the Lillehammer Workshop to document and discuss the interaction between the existing multi-layered steering structure within the EU (and its sphere of influence), and the goal of promoting sustainable development through regional mechanisms. The five themes of the workshop are designed to enlighten this problematic from perspectives that point towards more positive and effective exploitation of the region sustainable development potential. The principal means of “enlightenment” will be the

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

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

presentation and discussion of the commissioned keynote addresses and submitted papers.

3.3 **Conclusions of Workshop 2**

3.3.1 **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:

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

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

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

The workshop participants emphasised that the debate of the subsidiarity principle in the EU and other European countries should also take into account the power relations between governments and the market. Today, there is an ongoing transfer of power from the public to the private sector, by way of market liberalisation and privatisation of public

tasks. The nation states are limiting their capacity for market regulation, reducing it to capacity for market *making* only. Positive subsidiarity should intervene with the market and make state intervention with market possible to ensure public goods and services.

3.3.2 Regional Sustainable Development as a Challenge for Sectoral Policy Integration

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

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

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

3.3.3 Local and Regional Agenda 21 as Impulse and Model for Regional Sustainable Development

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

different perspectives on the future role of LA21 in both local and regional sustainable development.

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

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

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

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

3.3.4 Regions, Climate Change and Water: Problems of Scale in Impact Vulnerability, Adaptation, Environmental Justice and Governance

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

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

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

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

3.3.5 The Role of Business and Industry in Promoting and Realizing Regional Sustainable Development

The workshop addressed the aspect of business and industry in processes for regional sustainable development by discussing the possibilities for facilitating partnerships, networks and win-win solutions at the regional level. The research contributions showed that a major challenge is the difference in objectives between private and public sectors at the regional level. Economic motives form the basis of private companies' efforts, while the public sector are searching for contributions from the private sector that are needed to fulfil overall regional developmental visions. Also, studies of public-private partnership situations revealed a clear lack of trust among businesses towards the involved authorities. Asymmetric power-relations could be clearly identified in case studies.

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

that represent useful supplements to the existing capacity of the regional business sector. This would eventually create the basis for voluntary efforts.

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

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

3.4 Summary

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

- By way of strengthening and expanding on the conclusions and recommendations of the Seggau Workshop, the discussions in Lillehammer point towards an active and goal-directed revision of the potential of Structural Funds to promote regional sustainable development. Specific administrative contacts should be established with the responsible Commission offices for integrating the substantive issues raised by REGIONET into structural-fund policy.

- Greater attention should be given to a *renewal of the* subsidiarity discourse within the EU. Subsidiarity should not be seen as primarily a safeguard against EU incursion on member-state prerogatives; or as a special license for a transfer of policy-specific supra-national powers to the European Union. From the point of view of promoting regional sustainable development, subsidiarity is a necessary operational principle for optimizing goal-specific interactions among interdependent domains of authority.
- The Committee of the Regions can and should take a more active initiative for demonstrating the necessity of subsidiarity for achieving trans-boundary coordination of both sustainable regions and regional sustainable development. The broad and widely acknowledged success of Local Agenda 21, and the obvious potential of promoting Regional Agenda 21, provide the Committee of the Regions with a solid basis for enhanced programme activity in this area.
- Viewing the challenge of regional sustainable development within the context of “management by objectives” + subsidiarity, allows for a fruitful coupling of the specific objectives of the Rio action plan for sustainable development (Agenda 21), with the specific conditions of multi-level governance in each state of the European Union. Such a coupling can be specifically designated as an implementation mode for achieving the goals of the EU Strategy for Sustainable Development.
- Given the advanced work being done on applying the “precautionary principle” in the environmental policies of several EU member-states (most specifically Germany, Sweden and the Netherlands), work should be promoted by the Commission to raise the awareness of the principle, and to strengthen its administrative procedures and standards of application. A more concentrated focus on the precautionary principle can also be seen as providing at least one instrument for resolving trade-offs related to sectoral policy integration.
- Regional projects with a sustainable development focus provide rich empirical materials for demonstrating how sectoral policy integration can be achieved in a context-driven, “bottom-up” perspective. Such cases and lessons generate insights as to how sectoral integration can be achieved at “higher” levels of governance, and should, therefore, be viewed as a rich supplementary level of information for the conclusions of the Cardiff Process.
- The regional focus on sustainable development provides a crucial perspective on the challenge of impacts induced by climate change. Impacts from climate change increasingly are focused on the effects of extreme events, and these effects are virtually always regional. Greater efforts should be made by the EU to both promote more refined climate-change models in the context of “scaling down” predictions of

impacts, and enhancing the overall “resilience” of regions and local communities in adapting to – and mitigating – the effects of climate change.

- Specific EU directives can also be used to demonstrate the challenges and potentials of achieving more effective governance for sustainable development at the regional level. The implementation of the EU Water Basin Directive – where regional management structures must reflect natural and ecological conditions for effective implementation – provides concrete evidence of how a regional emphasis can demonstrate the effectiveness of specific instruments for sustainable development. More attention should be given to the study and systematization of case materials in this area.
- Efforts to achieve regional innovation by business for normal economic and welfare goals are providing key lessons for achieving regional sustainable development. Case studies from several member states reported at the workshop provide concrete examples of how regional identities and cultural symbols can re-orient business in a more locally interdependent direction, often reducing major costs of transportation and communications. These processes in turn provide a “natural” basis for “re-coupling” business and the environment within a context of regional sustainable development. Renewed efforts should be made by the Commission, therefore, to join the values and lessons of regional sustainable development to the aspirations of innovation policy for regional economic development.

4 Evaluation Methods and Tools

4.1 Introduction

The third workshop of REGIONET brought together a total of 75 experts from 21 European countries - Austria, Bulgaria, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Romania, Russia, Slovakia, Spain, Sweden, and the UK. There were also delegates from Canada and Australia.

This workshop provided a review and synthesis of *existing* and *new* methods and tools, in the evaluation of RSD. It aimed to cover a wide agenda, from technical *evaluation tools*, to social *evaluation processes*, in the belief that combining these is essential in moving towards RSD. The workshop objectives included:

- To make links between evaluation methods and tools, and their processes and applications.
- To bridge the gaps between the evaluation of an *ideal model* for RSD, and the evaluation of the *realities* of current policies and programmes.
- To explore how *economic, environmental and social* evaluation methods can be combined and integrated.

In particular the workshop aimed to provide guidance of a practical nature on:

- Extending and interpreting EU guidance, particularly the DG Regio "Thematic evaluation on the contribution of the structural funds to sustainable development"
- Increasing the effectiveness of various 'integrated appraisal' toolkits.
- Linking evaluation of regional programmes, to evaluations for other sectors and other levels.
- Overall, to point towards an **integrated best practice framework** for evaluation of RSD.

The workshop sessions were structured around 4 themes which are reported below: review of evaluation practice: technical tools: processes and applications: integrated frameworks for evaluation. There were also 3 parallel working groups, each focusing in depth on a real-life case study.

Unlike a standard workshop format, the subgroup structure allowed more time for the majority of participants to present papers, and to get into more in-depth discussions. In practice the case study approach was quite an intense experience for some participants, and deserved more time than was available.

WORKSHOP STRUCTURE

Plenary: introduction			
• 1: Review of practice:			
• 2: Technical tools	Urban case study	Rural case study	Regional study
• 3: Processes & applications			
• 4: Integrated frameworks			
Plenary: review & next steps			

The case study working groups were structured around a series of key questions, as a means of focusing the discussion. These were selected from the longer list of 24 questions shown below, i.e. 6 questions in each of 4 themes.

The workshop brought together decision-makers and other stakeholders from public, private and civic sectors, from regional, national and European levels, as well as researchers and analysts from a variety of disciplines.

The programme was designed for intensive interaction of the participants, including 49 paper presenters and 18 project partners, plus selected experts, regional policy makers and EU representatives. A total of 92 people attended the workshop at some point in the 2.5 day programme, and demand far exceeded the available space and time.

4.2 **Regional Sustainable Development and Evaluation Methods: The Policy Context**

4.2.1 Challenges

It is likely that most people will come by air to this workshop. This will add to the demand for air travel and airports, which doubles every 10 years, here in North West England. In this region, like many others, the airport is the brightest spot on the map, and the centrepiece of the regional development strategy. It is also the fastest growing source of climate emissions, resource consumption and other impacts. The social and cultural change which is accelerated by air travel brings many positive and negative impacts. So – how should we ‘evaluate’ for sustainability our regional strategy, which is based on doubling in size of the airport? There are many ways we might go about this.

- Look for trade-offs between air travel and other sectors.
- Shift the argument to national and international aviation policy.
- Ecological case – analyse the air travel total life cycle in the light of global limits.
- Economic case – look for value added and employment indices in the indirect / induced effect of the air travel system.
- Combined approach – evaluate a demand led strategy in the context of substitution, market measures, technological change and anything else going.

The challenge in this example, and for this workshop, is to construct a robust, practical and accountable framework, for evaluation of regional sustainable development (‘RSD’). Without this, how can we expect RSD to be achieved? But the reality of defining and evaluating RSD is often the opposite:

- goals and objectives are many and fuzzy
- information is scarce and unreliable
- cause-effect linkages are uncertain

- social and cultural perspectives are many and different

To tackle this challenge requires new kinds of thinking, and particularly new methods of integration:

- Horizontal integration, between sectors and institutions
- Vertical integration, between decision-makers and citizens, providers and consumers
- Lateral integration, between the causes 'upstream' and their effects 'downstream'
- Cultural integration, to build understanding between different worldviews.

One way to apply this thinking is to take the established body of theory and practice of 'regional science' from the last 50 years, and to work through the implications of the RSD concept. This 'RSD science' shows how the former neo-classical approach to regional economics, shifts towards a more evolutionary and complex systems approach to economy, environment and society. It focuses on the interfaces and linkages between different sectors, between different sciences, and different worldviews.

The 'RSD science' concept also shifts the perspective on evaluation. In line with current thinking elsewhere, this is not only about 'objective' evaluators who analyse government programmes in search of measurable inputs and outputs. It is also about evaluation as a continuous process of capacity building, strategic intelligence and reflexive knowledge, in and around policy systems and their constituencies.

The design process for this workshop threw up a crucial debate on wording, and the differences which this might hide or expose:

- Regional sustainable development': a goal-led model of ecologically sustainable development, which is implemented at regional level as well as local and global.
- Sustainable regional development': a viable and self-financing process of regional economic development, with some fine-tuning for environmental performance.

Perhaps one of these represents the ideals of Agenda 21, and the other represents the reality of airport-based regional development as most people know it. We would propose that the challenge of this workshop is to develop a system of methods and tools which help to bridge the gap between ideals and reality.

4.2.2 Workshop Themes

The workshop has identified 4 cross-cutting themes. An outline with key questions on each is in the Call for Papers. Here, it is interesting to note the direction of travel in each theme, from the former sectoral and positivist approaches, to a more complex process-based model.

- Current practice: rapid spread of evaluations at every level and at every stage: increasing coordination between sectors, for example environmental assessments within structural fund evaluations: rapid
- Technical tools: greatly increased power and speed of IT: realization that models are very rarely forecasting machines, more like tools for mutual understanding. Policy demand for indicators and benchmarks, with some realization of the complexity involved.
- Social processes: much experimentation with evaluation as social participation and capacity building: increased awareness of the logic of governance, and how evaluation might add value: increased awareness of corporate management and the role of performance indicators / benchmarks.
- Integrated frameworks: strong policy pressure for workable systems of 'sustainability appraisal' or 'integrated assessment': also for integrated frameworks of indicators, targets and objectives: difficult fit between the technical information systems approach and the growing complexity of policy networks.

4.2.3 Alternative Approaches to Evaluation Methods

Given this wide spread of interests it is likely that a variety of different approaches and methods are called for. These might be charted on various scales of validity, complexity, transparency and cost:

- Surface-level checklist – manual / expert judgement of policy effects against simple pre-determined criteria / objectives: this runs the risk of superficial and misleading results.
- Analytic matrices – assessment of policy effects on technical characteristics (e.g. countryside character types)
- Performance / decision support system – information processing to enable greater detail & consistency with decision subject & context
- Multi-criteria decision analysis & mapping: focus on the diverse values & perceptions of stakeholders in defining boundaries, ethical positions, risk assessment etc
- Systems modelling – pre-arranged characterization of regional economy / environment with internally consistent dynamic structure

4.2.4 Potential Innovations in Evaluation Methods

In response to the challenge of policy integration for sustainable development, and the perceived limits of existing methods, there are many innovations taking place. Many of these are focused on the interface between environmental, social and economic perspectives:

- Institutional evaluation – closer fit to stages of the policy / management cycle via characterization of policy discourse, linkage and context
- Social / cultural – based evaluation: deeper & more active engagement with stakeholders to identify underlying needs/ values, and hence objectives & criteria
- Economic valuation – based evaluation: compares different economic perspectives from producers & consumers, to help quantify & rank differing values & criteria
- Future studies –based evaluation: uses trend analysis & participative scenario studies to enable whole-systems perspective as context for policy appraisal

- Agent-based modelling evaluation – aims at deeper understanding of constraints & opportunities of actors, and hence better representation of actual policy spaces.

4.2.5 Towards a 'Vision' for Integrated Appraisal and Evaluation

The above suggests the theoretical potential and 'vision' for a more integrated model of evaluation, as a guide to developing new methods:

- linking processes of evaluation to wider social processes of agenda setting, strategic planning, implementation / management, monitoring & evaluation.
- using the potential of ICT (information & communications technology) in coordinated information management for spatial, economic, sectoral & stakeholder data
- using innovative approaches to social deliberation, consensus forming, and participative decision-making.

4.2.6 Why the Vision May be Impossible

Underlying this 'linking-up' dynamic is a fundamental and structural tension between two approaches.

- One approach is the 'new public management' ethos – aiming at democratic accountability through a rational framework of measurable outputs and outcomes.
- A second approach is a sustainability paradigm based on a 'complex systems' perspective – where underlying human values are not simple or rational, but are embedded in cultures and communities.

The tension between these two approaches can be seen with current attempts at regional sustainable development in the UK. There is active development of evaluation methods and tools such as resource flow / footprint studies: economy-environment modeling: business environment reporting: integrated sustainability appraisal: indicators and

communications frameworks. Such methods and tools are often sophisticated in their technology, but naïve in their application to real-time policy and social process.

This throws light on the 'ideal' information system – in other words, given unlimited data and processing capacity, how might future ICT systems help with evaluation in the context of multi-level governance? One conclusion is that human interactions will always be ahead of the capacity of ICT, to deliver not only technical information but more complex and meaningful social and cultural signals.

4.2.7 Implications for Integrated Evaluation Frameworks

The implication of all this is that an effective evaluation framework will have a role not so much as an 'objective' evaluation but as an integral part of the planning and management cycle, not only in the public sector but across all others. So the practical agenda for evaluation practice might be to focus on the added agenda of sustainable development at the regional level, which is not otherwise covered by existing practice:

- Process factors: social participation: organizational capacity and intelligence
- Technical factors: cross-sectoral analysis and indices: databasing / modelling of complex systems.
- Economic factors: institutions, capacities, networks, innovations
- Social factors: multiple worldviews, cohesion, citizenship, capacity
- Environmental factors: resource flow, life-cycle and footprint analysis: environmental values and qualities
- Integrated frameworks: combining technical integration and process integration: identifying where this is not directly possible, in conflicts, trade-offs, social and cultural divergence and dissonance.

4.2.8 Back to Practical Challenges

What does all this offer the challenging situation of the airport-based regional strategy?



Most evaluators would probably not choose to shut the airport tomorrow, especially if it is the only practical way to get to this workshop. Some general issues come out:

- Firstly, that policy directions may be more useful than hard targets, for regional sustainable development as an evolving process.
- Secondly, that the exploration of options and alternatives in technology, policy, boundary effects and criteria, is a key to making evaluation a useful part of that process.
- Thirdly, that there is great potential in widening the circle of evaluation to consumers and citizens, using the power of ICT to connect the chains of cause and effect.
- Beyond that we need the advice of the workshop....

4.3 Conclusions of Workshop 3

4.3.1 Working Definition of Evaluation

This definition is not so simple. There were topical questions raised on the difference between evaluation, assessment and appraisal. There were also questions on 'what is a region' – whether formal NUTS unit or other bio-region etc. Several definitions of 'evaluation for RSD' were proposed as:

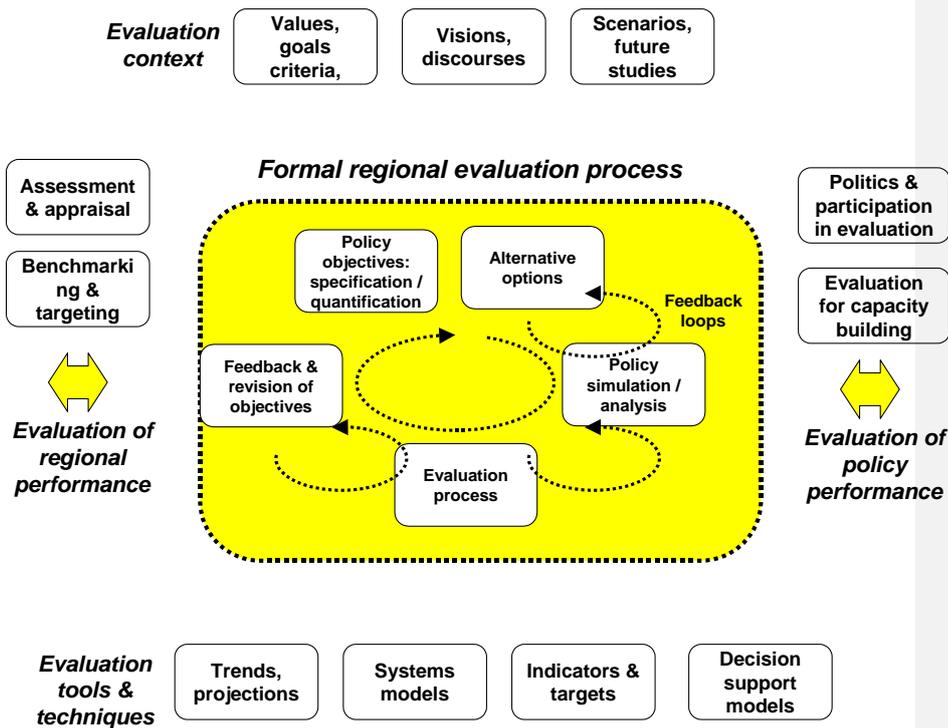
- Applied science carrying out a systematic analysis of causal effects and relationships of an intervention, including criteria driven judgment, and / or recommendations in a transparent process (*Andre Martinuzzi + Workshop C participants*)
- Evaluation of regional sustainability is a dynamic decision making tool for different levels of the European governance system, supporting implementation of EU anticipated policies and standards aiming at "Sustainable Europe" (whatever it means now and in future); and assessments based on quantitative criteria being part of evaluation framework. (*contributed by Elzbieta Goncz*)

- Evaluation is an examination, as systematic and objective as possible, of a completed or on-going project / programme / strategy, to determine its efficiency, effectiveness, impact, sustainability and relevance (*OECD 1989*).

To explore this theme, various frameworks and concept maps were presented and discussed during the workshop. One overarching framework was presented by the organizers of the workshop at the beginning and end of the proceedings. The mapping shown below aims to represent the scope and depth of the workshop, in terms of several kinds of linkages:

- Formal evaluation of regional policy & programmes: as a sub-set of a wider field of appraisal and intelligence on all aspects of regional development.
- Evaluation of 'regional performance', i.e. the **outcome** of policy: in contrast to evaluation of 'policy performance', or the policy inputs and **outputs**.
- Technical tools and information systems for evaluation, with a quantitative focus: in contrast to the social processes and policy debates:
- Evaluation as an objective input to decision-making: in contrast to evaluation as a capacity building process.

EVALUATION MAPPING FRAMEWORK



4.3.2 Working Definition of 'Regional Sustainable Development'

The design process for this workshop threw up a crucial debate on wording, and the differences which this might hide or expose:

- 'Regional sustainable development': a goal-led model of ecologically sustainable development, which is implemented at regional level as well as local and global.

- 'Sustainable regional development': a viable and self-financing process of regional economic development, with some fine-tuning for environmental performance.

One of these represents the ideals expressed in Agenda 21, and the other represents the reality of regional development as most people know it. The key challenge of this workshop was to develop methods and tools which help to bridge the gap between ideals and reality.

4.3.3 Implications for Regional Analysis

Taking a topical example, it is clear that all international visitors arrived by air to the workshop. This will add to the demand for air travel and airports, which doubles every 10 years in North West England, where as in most regions, the airport is the brightest spot on the map, and the centrepiece of the regional development strategy. It is also the fastest growing source of climate emissions, resource consumption and other impacts. The social and cultural change which is accelerated by air travel brings many positive and negative impacts. So – how should we 'evaluate' for sustainability the NW regional strategy, which is based on the continued doubling in size of the airport? There are many ways we might go about this:

- Look for trade-offs between air travel and other sectors.
- Shift the argument to national and international aviation policy.
- Ecological case – analyse the air travel total life cycle in the light of global limits.
- Economic case – look for value added and employment indices in the indirect / induced effect of the air travel system.
- Combined approach – evaluate a demand led strategy in the context of substitution, market measures, technological change and anything else going.

The challenge in this example, and for this workshop, is to construct a robust, practical and accountable framework, for evaluation of regional sustainable development ('RSD'). Without this, how can we expect RSD to be achieved? But the reality of defining and evaluating RSD is often the opposite:

- goals and objectives are many and fuzzy;
- information is scarce and unreliable;
- cause-effect linkages are uncertain;
- social and cultural values and perspectives are many and different.

To tackle this challenge requires new kinds of thinking, and particularly new methods of integration:

- Horizontal integration, between sectors and institutions;
- Vertical integration, between decision-makers and citizens, providers and consumers;
- Lateral integration, between the causes 'upstream' and their effects 'downstream';
- Cultural integration, to build understanding between different worldviews.

One way to apply this thinking is to take the established body of theory and practice of 'regional science' from the last 50 years, and to work through the implications of the RSD concept. This 'RSD science' shows how the former neo-classical approach to regional economics, shifts towards a more evolutionary and complex systems approach to economy, environment and society. It focuses on the interfaces and linkages between different sectors, between different sciences, and different worldviews.

The 'RSD science' concept also shifts the perspective on evaluation. In line with current thinking elsewhere, this is not only about 'objective' evaluators who analyse government programmes in search of measurable inputs and outputs. It is also about evaluation as a continuous process of capacity building, strategic intelligence and reflexive knowledge, in and around policy systems and their constituencies.

4.3.4 Regional Evaluation in Transition

For each of the 4 themes of the workshop there is a transition, from the former sectoral and positivist approaches, to a more complex and process-based model.

- Current practice: rapid spread of evaluations at every level and at every stage: increasing coordination between sectors, for example environmental assessments within structural fund evaluations: rapid
- Technical tools: greatly increased power and speed of IT: realization that models are very rarely forecasting machines, more like tools for mutual understanding. Policy demand for indicators and benchmarks, with some realization of the complexity involved.
- Social processes: much experimentation with evaluation as social participation and capacity building: increased awareness of the logic of governance, and how evaluation might add value: increased awareness of corporate management and the role of performance indicators / benchmarks.
- Integrated frameworks: strong policy pressure for workable systems of 'sustainability appraisal' or 'integrated assessment': also for integrated frameworks of indicators, targets and objectives: difficult fit between the technical information systems approach and the growing complexity of policy networks.

4.3.5 Workshop Themes and Findings

Theme 1: 'Evaluation in Practice'

The evaluation or appraisal of 'sustainability' is now a reality in many regions at many levels. From a decade of experience, we should now be able to identify best practice: but in practice we find that the concept of 'sustainability' is often twisted around to almost any answer. This review of practice focused on how existing evaluation methods in environmental, social and economic fields, are dealing with the new agenda.

- Economic-based evaluation of regional policy: how do mainstream methods focused on growth and employment fit with the sustainability agenda?

- Environmental assessment at the strategic level: how does current practice fit with a wider evaluation of sustainability in regional policy?
- Social impact assessment: how to evaluate intangible factors, and bridge the gap between quantitative and qualitative methods?
- Evaluation processes: the balance of ex-ante, mid-term and ex-post evaluation procedures: practical considerations of time, resources, data and politics.
- EU practice: how do existing / new Structural Fund programme / project evaluation methods manage the new agenda?
- Governance: how does the reality of evaluation methods link to complex processes of multi-layered governance?

The contributions reviewed each of these questions, in both the plenary session and the sub-groups, and in the first session of the case studies. The general findings saw a current lack of connection between the economic, social and environmental methods of assessment. The economic methods were centred on modelling which did not attract universal confidence. Environmental methods were well developed but sometimes confused by boundary effects and cumulative trends. Social impact methods were less well specified or rigorous.

The evaluation process was frequently complicated by multi-level governance structures between nations, regions and municipalities, and the project pipeline or process evaluation was often confused with the outputs or outcomes. In the more peripheral regions there was often a shortage of suitable projects, or a shortage of evaluators, or a shortage of democratic forums who could inform or respond to the evaluation. There was continuing debate on the criteria for evaluating sustainable development: a common feature in the regions was to regard any kind of development or investment as 'sustainable' simply because it was there.

Theme 2: 'Technical Tools for Evaluation'

With rapid development of hardware, software and databases, there is increasing scope for technical tools to inform and underpin evaluation methods. Methods such as the ecological footprint use accountancy principles to open up new forms of social awareness – but often there is a gap between the content and the application. There are also questions in how to balance technical complexity, with available data and resources:

- Scoping methods: what kind of simplified toolkits are appropriate for the various stages such as scoping or screening?
- Ecological footprint, environmental space and other accounting methods: how can these broad-scale measures be connected to specific policy questions?
- Sustainability indicators, audits and reports, trend – target analysis, performance benchmarks: how do these relate to a) sectoral studies and b) policy processes?
- Integrated modelling and spatial analysis: the state of the art and future directions for regional models in economy, development, environment:
- Multi-criteria and other decision support systems: applications to social valuation, scoping and weighting: focus on technology or social process:

A great variety of technical tools were reviewed in this session, some of them sophisticated in data processing, some of them more focused on policy significance. There were good examples of environmental information systems which provided a foundation for evaluation, without being an evaluation method in themselves. The questions above reflect the common themes which occur in many such conferences.

Ecological footprinting is an accounting and presentation method which appears difficult to define in rigorous terms: however it has great communications potential. Systems modelling has great promise but often is more complex and less communicative than hoped for. Where modeling can be combined with database systems and a communications interface, and where spatial data can be combined with economic / environmental data, then there is great potential in further technical developments, as long as the limits are clear to users.

Theme 3: 'Processes and Applications' for Evaluation

Recent evaluation thinking often focuses on the process as much as the product. It sees evaluation not only as a top-down expert procedure, but as a means for capacity building, participation, and learning at every level. This might widen the scope and variety of evaluation, to a point where quality control and consistency becomes difficult. The ecological footprint example above, shows the challenge of finding applications to the policy process and the public agenda. The many possible roles of evaluation illustrate the challenge:

- Evaluation of the 'policy process': how to link evaluations with the cycle of implementation, from goals & objectives, to plans, programmes and projects?
- Evaluation as a 'social process' in itself: who carries out evaluation, who participates or consults, and where are the results applied?
- Evaluation as a management system: links to environmental / quality management systems: is evaluation a catalyst for organizational innovation?
- Evaluation as capacity building: training and capacity building for participation: evaluation in community-based enterprise: use of communications & ICT.
- Evaluation as strategic intelligence: how to link evaluation processes with future scenarios, visioning, foresight, horizon scanning and similar methods?

The workshop found many examples of process-based evaluation, and evaluation as a catalyst in an organization or in regional development context. There were good examples from Canada and Australia, one of a modelling project within a process-based regional programme: one of a participative programme set up to deal with environmental crisis (water shortage). Both these showed how it could be quite difficult to 'evaluate the evaluation', in other words to say which methods were more or less successful, as the evaluators would become part of the mutual learning process. In this way evaluation systems tend to merge into a multi-level governance system, and become an essential part of a democratic process, and so the evaluation would be only as good as its context. Such a democratic process should ideally be not only on a 'fordist' hierarchical model: but also include for 'deliberative, inclusive, participative' processes of a 'ecological democracy'.

Theme 4: 'Integrated Framework' for Evaluation#

Clearly there is a case for an 'integrated framework' which links together many evaluation methods and tools, with other dimensions of the policy process. Ideally this would combine both technical tools, policy applications and social participation. This raised the question of how such a framework can be wide enough to cover the sustainable development agenda, while still being focused on practical actions. It also raised further questions – what is the evaluation scope and boundary, for which criteria, set by which groups, for what purposes?

- 'Integrated appraisal': are there methods and tools which successfully combine economic, social and environmental evaluation / assessment?

- Vertical coordination: how to combine methods and tools between local, regional, national and EU scale?
- Horizontal coordination: can integrated programme evaluation be fitted with appraisal / assessment in other areas, such as transport, construction, products or services?
- Information frameworks: how can indicators, targets, objectives and goals, all fit together in a coordinated structure of governance?
- Communications frameworks: can the internet or other ICT be used for a more interactive 2-way evaluation process, in a new governance model?

The workshop was valuable in identifying the challenge of integration (although it was not its task to 'achieve' it). There were examples of methods and tools which provided an integrating framework, the largest initiative being the DG Regio '4 capitals' model. There were also reviews of existing methods and tools which provided such integration through analysis. It is clear that the pressure for integration (technical, organizational, sectoral) can only increase with the growing transparency and accountability of public policy. However there may be structural problems, particularly in the business sector. Here the integration and transparency required for sustainable materials management, for example, may conflict with the need for commercial confidence and competitiveness.

There was also evidence of different philosophies at work. One assumes that there are objective criteria for RSD, and targets the evaluation towards them. Another assumes that there are only subjective measures for different social groups, and explores the balance or trade-off between one and another. A third might see the concept of RSD as a technocratic power-play itself, and evaluation to be an exercise in self-justification. It is very helpful where it is possible to distinguish between these different approaches.

Case Studies

Each of the above themes was discussed in greater depth through a case study approach, which aimed to explore in greater depth and detail the issues through 3 parallel Working Groups. Each case study was based on a package of material and analysis of an existing evaluation programme: this was led by the case study presenter, and chaired by a facilitator:

- Urban focus in a 'developed' region – Greater Manchester, the location of the workshop. The agenda included urban regeneration, transport, urban

environment, social cohesion, competitiveness / training etc. The underlying themes included the multi-level governance in a large and complex conurbation, and the contradictions between environmental, social and economic goals.

- Rural and peri-urban focus in a 'peripheral' region – Thessalia region in Greece. The agenda included integrated rural development, agriculture, nature conservation, tourism, ICT etc. The underlying themes included the management of the project pipeline, and the rebuilding of social capital in a rapidly restructuring economy.
- Regional and infrastructure focus in a 'restructuring' region – Midi-Pyrenees in southern France. The agenda included regional / local programmes on industrial structure, communications, transport, water, agriculture etc, as well as rebuilding of social capacity in a changing rural area.

4.4 **Summary**

Evaluation practice

The managers, providers and users of RSD evaluations should aim towards the following features:

- Identify clearly in the evaluation framework, which are project inputs, outputs, contingent factors, contextual factors, and policy outcomes.
- Analyse the critical pressures and 'pinch-points' for policy which are between economic, social and environmental domains, and therefore more difficult to focus with current methods.
- Identify a 'tree' of evaluations at different levels of a multi-level governance system: then identify a 'woodland' of evaluation trees which operate at different points in the policy and participation cycle: then identify a 'forest' which includes different cultural perspectives.
- Analyse the social conflicts, distribution problems and cultural differences underlying the regional development agenda: use these as the basis for the evaluation criteria.

Technical methods and tools

The providers, analysts and consultants should explore the possibility of further developments:

- Develop tools which link one domain to another: for example, economic activity to environmental pressures.
- Extend the modelling systems to information systems, and information systems to communications / data access systems.
- Identify clear sets of policy options: use scenarios and backcasting as a means to explore the options and the linkages: use trend analysis to identify cumulative effects: use 'story and simulation' approach to link scenarios and modelling.
- Identify social criteria and priorities and build them into a technical framework, using multi-criteria or similar method.

Social processes & applications

This is very much the new paradigm of evaluation, and therefore there is much experimentation going on.

- Evaluation process is a kind of mutual learning and organizational intelligence, and therefore has to be managed like other educational programmes: focused on learning needs: skilled with communications and human resources: student centred.
- Evaluation process should be organized around the communications process and deliberative democratic process, where possible at ex-ante, mid-term and ex-post stages.
- The evaluation process should extend beyond the formal appraisal of programmes to a more continuous reflexive and strategic deliberation: and evaluation criteria should be generated through a public / organizational discourse / vision process

Integrated frameworks

The ideal of an integrated framework is likely to remain out of reach, in the sense that no one method or tool can deal with all possibilities at all levels in a large organization. However it is possible to envisage an integrated framework which is like a connected set of tools, rather than one tool which can do any job.

- Integrating between sectors: from public policy to business strategy: identify how the needs for transparency and social accountability can transfer evaluation models between public and private.
- Focus on the inter-connections between different domains: Economic factors including institutions, capacities, networks, innovations: Social factors including multiple worldviews, cohesion, citizenship, capacity: Environmental factors including resource flow, life-cycle, footprint analysis, socio-environmental values.
- Develop integrated frameworks which combine technical integration and process integration: identifying where this is not directly possible, in conflicts, trade-offs, social and cultural divergence and dissonance.
- Identifying where improved evaluation practice are directly part of improved strategic planning, management or monitoring practices: i.e. so that the evaluation is embedded in the organization.

5 Cross Fertilisation and Integration of Results

5.1 Introduction

The aim of Work Package 4 within REGIONET was to synthesise, integrate and disseminate the knowledge gathered during the course of the first three workshops. It also provided a platform for networking activities between the various actors from different regions. Before this background the fourth workshop of REGIONET "Cross-fertilisation and Integration of Results of REGIONET" was organized in January 2004.

The fourth and final workshop of REGIONET brought together around 100 experts from 22 European countries - Austria, Belgium, Bulgaria, Czech Republic, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Malta, Netherlands, Norway, Poland, Portugal, Rumania, Slovakia, Spain, Sweden, and the UK. The participants of the workshop were not only researchers, but decision-makers and other stakeholders from public, private and civic sectors, from regional, national and European levels, as well as academics from a variety of disciplines.

The workshop had the aim to reflect upon the findings of the previous workshops and put these into the broad context of regional sustainable development policy-making in Europe. For this reason, we confronted the findings of our project with the latest research in the different fields of regional sustainable development (RSD) in Europe.

The final workshop presented an extensive overview of the current situation of RSD in Europe (including the new Member States) and about the development of RSD in the future. The summary and the presentation of the results of the previous project activities has been given on the first day of the workshop. These results has been brought together into practical applications for the EU and regional stakeholders. The following sessions and topics were included in the workshop:

- The results of REGIONET: Reflections about Regional Sustainable Development in Europe
 - Comprising three circles dealing with the following themes:
 - I. The Role of Structural Funds on RSD
 - II. Strategies for Multi-level Governance
 - III. Evaluation Methods and Tools for RSD
- Task ahead - 2006+: A Perspective



Presentations and extensive discussions on the future of RSD in Europe and the accession countries, in particular from the perspective of Structural Funds.

- Getting to know RSD in Europe

Major outcomes of the National Reports on RSD, prepared by the partners of the REGIONET Network (including a poster exhibition about European countries and their experiences with RSD).

- Ways to go: Sustainable Cohesion in an enlarged EU – The Future of RSD

Concluding Panel discussion

The workshop comprised presentations from researchers and policy-makers alike. However, a crucial point of this final workshop was the networking opportunity with other stakeholders and various actors, especially in the scope of the poster exhibition and the various discussions, which were included in each session.

This present report provides policy-relevant conclusions and recommendations which were drawn from the workshop. Furthermore, it summarizes presentations and experts discussion which were held during the meeting.

5.2 **Cross Fertilisation and Integration of Results: The REGIONET context**

The aim of the position paper for workshop IV was to identify key issues of the workshop in order to generate a framework for the various discussions. The most important questions, which shape the policy recommendations were outlined. Thus a focus on relevant scientific as well as policy issues was ensured.

Whereas the first three workshops have chosen a specific access to RSD, the fourth workshop brought together and reviewed the results of the two years of the REGIONET project. Therefore the key issues of the whole workshop were focused on integration of the outcomes of the project. These outcomes comprise the input from the workshops as well as the results obtained by the analysis of the National Reports. Six cross-cutting themes were identified out of these results:

I. Spatial development meets sustainable development:

the 'region' as the level for performing SD

The explicit focus on the regional level as the "stage" for reaching the goals of a sustainable development seems to be still low. RSD is more constructed by doing than strategically planned, mostly by the implementation of sustainable development

goals alongside sectoral policies – especially environmental policies - on the regional level.

II. Top-down meets Bottom-up:

RSD as an umbrella for ‘Experimental policies’

Recipients or lets say the core actors for regional development are no longer exclusively limited to the planning community. The “communicative turn of planning” could well be seen as a new quality for the ‘recruitment of new actors on the regional level to get involved in shaping regional futures’. Especially instruments of the European Union have triggered numerous new constellations of actors, bringing sectoral issues into relation to each other.

III. Using the cumulative energy of the ‘we’ and ‘here’:

‘Regional identity’ and ‘regional competition’ as driving factors for RSD

It seems that the core element of ‘competition’ has driven and formed many of the new regional alliances in order to perform RSD. The element of identification of these actors with “their” region works in two directions:

- on the one hand these new constellations of actors rely on a shared understanding of responsibility for the future of their region (dimension of intra-regional responsibility).
- on the other hand the opportunity to prove that one regional performance on RSD is better than another one forms a common ground for a new regional identity (dimension of inter-regional competition).

IV. No longer defined only by ‘km²’ and ‘GDP’:

Evolving new regions alongside RSD

The term ‘region’ is somehow re-shaped within the context of RSD; a new “type of region” is reacting to policy tools like LEADER or EQUAL. These ‘regions’ are

- characterized by a spatial dimension that is more related to cultural or natural entities
- characterized by a communication process on the shaping of the future between different shareholders (region as a result of social communication).

The territorial dimensions of these new regions seem to be shifting between

- the administrative dimension
- functional dimensions (infrastructure, regional economics, inter-regional economics)

- dimensions of nature (topography and landscape, material-flow- and energy-issues),
- and cultural dimensions (regional identities).

This implies that the term 'region' has to be seen flexible and theme-orientated.

V. Thematic roots of SD and their “translation” into space:

a focus on environmental issues on the regional level and the missing agglomerations

It is no wonder that talking about RSD, sectoral issues that are directly related to the spatial dimension of a region are highlighted in their relation to the environmental dimension of regional development. The economic and social dimensions of regional development are less quoted.

Agglomerations and big European city-regions are missing even though they offer the most critical spatial setting on sustainable development issues. Equally missing is so far the connection between agglomerations and their respective hinterland. This points to a necessary re-focussing of RSD on “city-regions”.

VI. Integration as a management task

RSD in Europe needs new forms of management on the regional level, in order to start and mediate development issues in terms of RSD. This includes sub-national management units as well as project related ones in situ.

Project related management units envisage the danger of ceasing after the end of the funding period for the project. To keep a RSD-process alive, definitely more time is needed than the usual funding period of a project. It is therefore still open how the new management units in situ that accompany the “new regions” alongside RSD will sustain themselves in order to establish RSD in the long run. Especially in the light of the European enlargement process it is therefore necessary to install appropriate instruments that trigger the formation of such management units on the regional level.

5.3 **Conclusions of Workshop 4**

5.3.1 **SD in an enlarged Europe – Time to re-think what the strategic development aim is when it comes to performance on the regional level**

One of the core aspects that ran through the discussions at the fourth REGIONET workshop was that there is an extremely varying definition and understanding on what sustainable development means on the regional level. This matter is also reflected throughout all the National Reports that were conducted during the two years of the project.

The individual needs for development on a sub-national level obviously determine the “shape” of programmes when they are translated into action. Especially from the practitioners side there was a strong emphasis on the need of expertise that helps them shaping Regional Sustainable Development in situ.

REGIONET has underlined that there is wide gap between the aims of development programmes on the European and National level and the individual Regional Sustainable Development strategies and performances on the regional level.

The discussions in the workshop put emphasis on the need for a translation of the development aims of the European Union when it comes to project-related work within regions.

This could be solved in two ways: on the one hand, there should be a better communication on good examples on how RSD is implemented in situ; on the other hand, in the context of Regional Sustainable Development this goes beyond the well-known best-practices and should more reflect on the management forms and participating share-and stakeholders on the regional level.

5.3.2 **SD and its “translation” into space – A focus on environmental issues on the regional level and the missing agglomerations**

Another important point during the discussions in Brussels picked up on one of the points mentioned in the preparatory paper ‘Recommendations Plus’: the ecological dimension of SD is overwhelmingly stressed when regions try to “perform” Regional Sustainable Development: nearly all National Reports focus on the incorporation of environmental issues into policy making, concerning the regional level.

It is no wonder that talking about RSD, sectoral issues that are directly related to the spatial dimension of a region are highlighted in their relation to the environmental dimension of regional development: agriculture, exploitation of resources, water management as well as tourism. The economic and social dimensions of regional development are less quoted.

In this regard it is also worth mentioning that looking at the spatial dimension and the setting of regions, the understanding of Regional Sustainable Development refers overwhelmingly to rural areas. Agglomerations and big European city-regions are missing even though they offer the most critical spatial setting on sustainable development issues like 'urban sprawl', 'traffic' and 'energy', etc.

Equally missing in the discussion is, so far, the connection between agglomerations and their respective hinterland. This points to a necessary refocusing of Regional Sustainable Development on "cityregions", given the fact that many pressing problems in the economic, social as well as environmental arena can neither be solved by agglomerations nor their surrounding rural areas alone.

5.3.3 Integration as a continuous management task – The institutional side of implementing Regional Sustainable Development

RSD in Europe needs new forms of management on the regional level. The discussions in Brussels highlighted the creation of new management units in order to start and mediate development issues in terms of RSD in a critical way.

This included sub-national management units as well as project related ones in situ. The LEADER action groups are one example of how a policy tool has a direct impact on the formation of a new constellation of actors or new development networks.

It is important to stress that these units envisage a great danger: because they are mostly project related the funding for these management units is only guaranteed for the running time of the project. The reality of keeping a RSD-process alive by the constant work of a management body within the region does need time, definitely more time than the usual funding period of a project which is on average three years.

It is, therefore, still open how the new management units in situ that accompany the "new regions" alongside RSD will sustain themselves in order to establish RSD in the long run, especially before the background of shifting structural funds policies.

On top of that, it must also be stressed, that these management units themselves need time (and incentives!) to form. Especially in the light of the European enlargement process it is, therefore, necessary to install appropriate instruments that trigger the formation of such management units on the regional level in order to empower regions to partake in the general drive towards sustainable development in a larger Europe.

Given the fact that such institutions are currently largely missing in the accession countries (as pointed out in the relevant national reports) such instruments have to be brought to bear before or at least parallel to more conventional structural fund interventions.

Furthermore., the decentralisation of political power structures in the accession countries has to be supported. This decentralisation could be realised by the creation of new regional institutions. The building up of these institutions requires the support and funding of qualification possibilities for people in the regions.

5.4 **Summary**

The following 'Policy Recommendations' are based on three different sources:

- the papers presented at the fourth REGIONET–workshop in Bruselles in January 2004.
- the discussions of the attending experts alongside the paper presentations as well as the final podium discussion.
- A reflection on the 'Recommendations plus', which were highlighted in the final podium during the workshop.

5.4.1 **This region or that region within the region – the shape of a region in the context of Regional Sustainable Development**

The REGIONET project has from the very beginning highlighted that the term 'region' is re-shaped within the context of RSD. RSD and especially the instruments that have fostered RSD have created a new "type of region" – a dynamic rather than a static understanding of a 'region' has brought new constellations of shareholders and stakeholders together on the regional level in order to shape regional futures.

As already pointed out in the 'Recommendations plus', which were circulated before the concluding REGIONET workshop in Bruselles in January 2004, these 'regions' are

- characterized by a spatial dimension that is more related to cultural or natural entities
- characterized by a communication process on the shaping of the future between different shareholders (region as a result of social communication) alongside qualitative goals.

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The territorial dimensions of these new regions seem to be shifting between

- the administrative dimension
- functional dimensions (infrastructure, regional economics, inter-regional economics)
- dimensions of nature (topography and landscape, material-flow- and energy-issues)
- and cultural dimensions (regional identities).

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This implies that in order to reach or even just to aim for sustainable development on the regional level the term 'region' has to be a flexible, theme-orientated one according to the development goals and the complementary constellation of actors.

5.4.2 The "new" European Spatial Development Perspective - a task for European policies to harmonize the aims of development programmes and instruments in the future on the regional level

The regional level is envisaging many European "forces" on how future development of 'regions' can be introduced, stimulated, supported, etc.

In this context the necessary harmonisation of sectoral programmes, instruments and evaluations on the regional level and an understanding on their interplay in the light of reaching goals of Regional Sustainable Development seems to be the top task for a new 'European Spatial Development Perspective' which will be taken up by the Dutch presidency later this year.

The new ESDP should look at regions from the "other end of regional development", which is *action and management in situ for shaping regional futures*. REGIONET has shown that the process of shaping regional futures is overwhelmingly taking place somewhere between NUTS2- and NUTS3-level throughout Europe. No matter which one of the 15 national reports conducted during the REGIONET-project: it became very

obvious that the core function on putting top-down regional development aims into action is happening on that level.

European policies should therefore incorporate the lessons learned from instruments like EQUAL or URBAN. Especially the LEADER programmes have triggered numerous new forms of management constellations of actors in rural areas, bringing sectoral issues – and their circles of actors like for example in agriculture and tourism – into relation to each other and exploiting their “common grounds” as a potential for development in a sustainable way.

5.4.3 Regional Sustainable Development – new forms of management for the interplay of existing institutions on the regional level

The dynamic process on searching and finding a regional consensus on how to shape the future needs communication on the regional level, within the region. It is therefore worthwhile to think about the forms of communication on the regional level and the connected forms of reaching agreements on how to shape regional futures.

Especially the national reports have shown, that the forms of communication on Regional Sustainable Development are very heterogeneous throughout Europe. So are the institutional frameworks that occur alongside the realisation of European development programmes. There is so far no common understanding, that RSD in Europe needs new forms of management – not government - on the regional level. Nearly all reports refer to the creation of new management units in order to start and mediate development issues in terms of RSD.

This includes sub-national management units as well as project-related ones in situ. The LEADER action groups are one example how a policy tool has a direct impact on the formation on new constellation of actors or new development networks.

It is very important to stress that these units envisage a great danger: because they are mostly project related the funding for these management units is only running for the term of the project. The reality of keeping a RSD-process alive by the constant work of a management body within the region does need time, definitely more time than the usual funding period of a project, which is on average three years. At this point the funding mechanisms for these programmes have to be thought over like it has been done successfully with the LEADER-instrument.

Especially in the light of the European enlargement process it is therefore necessary to install appropriate instruments that trigger the formation of such management units on the regional level in order to empower regions to partake in the general drive towards sustainable development in a larger Europe.

Given the fact that such institutions are currently largely missing in the accession countries (as pointed out in the relevant national reports) such instruments have to be brought to bear before or at least parallel to more conventional structural fund interventions if the sectoral investments on the regional level should have any chance to be harmonised.

5.4.4 A European discourse on how the “perfect-Regional-Sustainable-Development-performance” should look like - the need to talk about more than just sectoral best-practices on the regional level

A closer look into the national Reports of REGIONET brings light into an area that was not so much stressed during the four workshops: in order to highlight European Development Policies and their contribution to Regional Sustainable Development nearly all National Reports refer to case-studies or best-practices known as national examples for Regional Sustainable Development.

Next to none of these examples shows a holistic understanding of regional sustainable development: the regional cases describe mostly sectoral best practices as a possible contribution to Regional Sustainable Development.

There is a need for an European discourse on what Regional Sustainable Development should look like when it is brought into action, which management it needs and which threats it has to deal with. During the concluding REGIONET workshop in Bruselles there were strong remarks made that a discourse should be in the hands of the regions themselves. An existing player in this field, the ‘Committee of the Regions’ was addressed in specific, knowing that this subject has not been picked up so far by any other group of regions than the ones brought together under the REGIONET project.

Without a holistic understanding of Regional Sustainable Development and a continuous discourse on shaping it on the regional level there will be no successful road for the Commissions aim on reaching Sustainable Development as one of the core targets for the future of an enlarged Europe. The Commission should reconsider how a continuous discourse can be introduced especially to ensure a learning process between regions in the accession countries.