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LESSONS IN PROMOTING SUSTAINABLE DEVELOPMENT IN EU STRUCTURAL FUNDS PROGRAMMES

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Abstract

This paper assesses and compares the experiences of 12 Objective 1 and 2 regions across the EU which conducted pilot projects on methods of promoting sustainable development by means of Structural Funds programmes. It demonstrates how the regions translated the concept of sustainable development into practical applications which are compatible with structural funding procedures, relevant to the needs of

specific programme areas and acceptable to programme partnerships. The paper analyses their experiences in terms of developing new methodologies, redesigning programme objectives, adapting management tools and opening up procedures to greater participation and dialogue. A central argument is that the success of the efforts to promote sustainable development via structural funding depends to a considerable extent on the ability of those involved to address local or regional issues of concern, to build on existing procedures and objectives of programme management and to respect the institutional framework of operation.

1. Introduction: The challenge of sustainable development for EU Structural Funds programmes

Under the European Commission's draft guidance for Structural Funds programmes for the period 2000-2006 sustainable development has been elevated to one of two 'horizontal principles' which must be respected in all Structural Funds programmes (European Commission 1999). As the draft guidance states:

“Under the Treaty of Amsterdam, the Union's financial instruments are required to work, simultaneously and in the long-term interest, towards economic growth, social cohesion and the protection of the environment; in other words sustainable development.”

Article 1 of the new Regulation for Structural Funds programmes of 21 June 1999 reinforces this statement as follows:

“In pursuing these objectives, the Community shall contribute to the harmonious, balanced and sustainable development of economic activities, the development of employment and human resources, the protection and improvement of the environment, the elimination of inequalities, and the promotion of equality between men and women” (Council Regulation (EC) No 1260/1999).

The requirement for Structural Funds programmes to be geared in future to promoting sustainable development poses a major challenge to programme managers and project applicants. Programmes and projects under the current funding period will need to show that they are pursuing the fundamental Structural Funds objectives of stimulating economic development, creating jobs and combating social exclusion with greater respect for the environment as well as greater consideration for the interrelationship between economic, social and environmental dimensions. Although Community policies relating to Structural Funds have evolved substantially since their inception, the current changes will be fundamental.

This paper explores how 12 Objective 1 and 2 regions met this challenge in advance of the new funding period with pilot projects conducted between 1997 and 1999 on methods of promoting sustainability in the context of their Structural Funds programmes (cf. Moss/Fichter 2000).¹ The selected regions – from France, Germany, the UK, Sweden and the Netherlands – vary considerably in terms of their size and structural characteristics. Some are sparsely populated, peripheral regions with few towns and a large rural hinterland (Highlands and Islands, Norra Norrlandskusten, Odermündung). At the other extreme are two metropolitan regions with large

¹ This paper is based on a project funded by DG Research of the European Commission within the Fifth Framework Programme for Research (No. EVG3-CT1999-7001).

populations of high density (Berlin, Nordrhein-Westfalen). The remaining 7 regions are all former industrial areas with average population densities. They comprise either a homogenous territorial unit (Anhalt-Bitterfeld-Wittenberg, Groningen-Drenthe, West Cumbria and Furness) or a number of separate territories (Eastern Scotland, Aquitaine, Haute-Normandie, Midi-Pyrénées). These structural differences – as well as their very different institutional settings, socio-economic needs and environmental qualities – had an important bearing on the paths they chose to integrate sustainable development principles into their Structural Funds programmes and management practices, as is demonstrated here. This paper summarises first how the 12 regions addressed five key challenges which they all tried to master in the course of their pilot projects, drawing general lessons of relevance to other Structural Funds regions. It then analyses the emergence of different ‘pathways’ pursued by the 12 regions in promoting sustainable development, identifying the different pathways chosen, offering explanations for this choice and providing recommendations on how to initiate and maintain a region-specific learning process towards greater sustainability in the context of Structural Funds programmes.

2. Regional responses to five key challenges

a. Building a shared understanding of sustainable development

Creating a shared understanding of sustainable development in a region or locality depends to a great extent on being able to blend the views and interests of regional stakeholders with the basic principle of the concept, building on – rather than

challenging – past policies and practices. A powerful message emerging from the pilot projects is the need to keep discussions on sustainability focused on the specific circumstances and needs of the locality or region and to define sustainable objectives which make common sense connections between economic, social and environmental issues at programme and project level. An important benefit of debates on sustainability within regional partnerships is that they can open up new ways of looking at development issues which shed fresh light on the strengths and weaknesses of a region or on the long-term impact of programme measures and objectives, particularly if they draw on the experiences of a wide range of regional actors. In practical terms the process of developing a common understanding and vision of sustainable development for the region can be stimulated with a number of proven tools and methodologies – such as the use of simple diagrams or qualitative SWOT analyses – which help reduce the complexity of the sustainability concept and make the advantages of a more sustainable approach more visible and tangible. It is important to invest considerable time and resources in such a process and to ensure that expectations are not unduly raised.

b. Developing tools for measuring sustainability

The experience of developing tools such as programme assessment exercises, project selection criteria and indicator systems has lent extra weight to the growing recognition that beyond their technical value in programme management these tools serve wider ranging functions. They can help raise awareness and develop a shared understanding of sustainability amongst regional partners, stimulate interest in sustainable projects and modify existing proposals. Furthermore, they can function as benchmarks for

distributing a financial “sustainability” bonus and for determining zones or locations in need of special targeting. These broader functions need to be considered when adapting existing selection criteria or indicators to accommodate sustainable development objectives. They also have a significant bearing on how and when the tool should be used: whether in a pro-active way, involving a wider range of players than usual or with greater emphasis on advice and guidance. Overall, a powerful message emerged from the pilot projects of the need for more open and less “defensive” or restrictive applications of programme management tools. Consideration needs to be given to adapting sustainability criteria and indicators for other policy levels to meet specific regional or local development objectives and to ensuring compatibility between tools for project selection, monitoring and programme assessment. Particular care should be taken to keeping the number of indicators small and manageable, devising ways of cross-sectoral linkage and considering aspects of sustainable development difficult or impossible to quantify.

c. Building partnerships for sustainability

Despite very different institutional and cultural backgrounds the pilot regions drew very similar recommendations on partnerships to promote sustainability. In general, the process of building quality regional partnerships needs careful prior consideration of the intended purpose of a partnership, the potential members, the structure and operational procedures and the institutional framework within which it will operate. It is necessary, for instance, to consider what aspect or stage of a Structural Funds programme a partnership is to address and what results it can realistically achieve in the time available. More specifically, it is very important to get key actors of programme

management – especially government agencies – involved in the partnership at an early stage. Secondly, a sensitive external facilitator can have a major impact on the quality of a partnership, encouraging an open exchange of views, making participants feel responsible for the partnership and providing expertise when requested. Thirdly, partnerships should not be rushed – the process of building up a regional partnership takes time. Fourthly, discussions should focus firmly on the needs of the region and the experiences and skills of the participants. Fifthly, the expectations of the participants should not be raised beyond what can realistically be achieved with the available resources. Finally, it is important to show the results from the workshops will be used or taken forward; without this, participants will be discouraged from attending future meetings. Bearing these lessons in mind a powerful partnership can be built up capable of making programme development and project selection more effective and lending greater legitimacy and transparency to the decision making process, as recent EU-funded research has shown (The Tavistock Institute 1999, Schleicher-Tappeser/Strati 1999).

d. Improving programme management procedures to promote sustainable development

The new ‘horizontal priority’ of sustainable development for the funding period 2000-2006 presents a challenge to existing procedures of programme management at regional, national and EU levels. The need to pay greater attention than in the past to the interrelationship between economic growth, social inclusion and environmental protection demands altered or new procedures for allocating funds, providing advice and giving other kinds of incentives to applicants to submit sustainable projects. On the

basis of their experiences the 12 pilot regions have made a number of suggestions for improving procedures for managing Structural Funds programmes to accommodate better sustainable development objectives. One group of suggestions is directed at the European Commission. It includes appeals for greater technical assistance to provide a more wide-ranging programme of advice and guidance to programme managers and project applicants and new funding mechanisms to encourage innovative – and risk-intensive – projects and small, less experienced applicant teams. Other suggestions are targeted at national and regional governments or the regional partnership itself. These include proposals to introduce a global grant for greater regional self-responsibility to programme management, a financial bonus system for rewarding projects which meet regionally specified sustainability criteria, mechanisms for area targeting and a more extensive regional programme of training and advice to raise awareness of how sustainable objectives could be practically integrated into project proposals. It is important, when considering changes to management procedures, to take into account the established institutional practices and policy styles of the respective Member State. This applies in particular to potential areas of incompatibility between the discursive, participatory approaches deemed necessary to promote sustainable development and the more closed, technocratic procedures of Structural Funds management favoured in some countries.

e. Linking EU structural funding to other instruments for sustainable regional development

Structural Funds programmes are only one – albeit very important – instrument of regional development. If they are to exploit their full potential to promote sustainable

development they will need to link in with other instruments of regional policy. These include other sources of funding from the EU, such as the CAP, and from national governments (e.g. the Lottery in the UK or the Joint Programme in Germany), spatial and sectoral planning at national, regional and local levels as well as other regional and local initiatives towards sustainable development such as Local Agenda 21. Even though the 12 pilot projects did not place much emphasis on this issue there was widespread recognition of the importance of policy linkage for Structural Funds programmes. In particular, the pilot regions recommended paying greater attention to ensuring the compatibility and complementarity between the various funding programmes with a view to maximising the potential they each provide for promoting sustainable development. A second recommendation was to improve coordination with regional planning, which in many EU countries today has adopted sustainable development as a key policy objective. The cross-sectoral nature of sustainable development is lending additional weight to the argument that Structural Funds procedures need to be better embedded in a wider regional policy context.

3. Diverse pathways for a learning process towards sustainable development

If promoting sustainable development in Structural Funds programmes – as elsewhere – is fundamentally a learning process, where does this process start? How can programme managers set such a process in motion and in which direction should they go? The 12 pilot regions chose very different ‘points of entry’ to the process and developed these into regionally specific ‘pathways’ for pursuing sustainable development in the context

of structural funding. The following section analyses these diverse pathways, offering explanations for their emergence and demonstrating how other regions can benefit from developing their own ‘customised’ approach to sustainability (see Figure 1). For it is clear from the experiences of the 12 regions that devising a region-specific approach, rather than implementing a blueprint, was central to the success of their pilot projects.

Figure 1: Diverse pathways to sustainability

[insert figure in file “diverse pathways.ppt” here]

The same task for all regions

The requirement that Structural Funds programmes in future be directed towards promoting sustainable development is a ‘horizontal priority’ affecting all programme areas across the EU. It is not restricted to particular funds or priority measures, nor to programme areas of a specific Objective. The strict regulations and guidelines on the management of Structural Funds programmes mean that sustainable development needs to be integrated into all phases of programme management, from the preparation of programming documents to the procedures for selecting projects, monitoring the programme’s progress and evaluating the performance of programme and projects (see Figure 1). Since the task is the same for all programme areas one might expect them to pursue it in a similar manner. In the case of the 12 pilot regions examined here this expectation was reinforced by the fact that they were asked to apply and test the same methodology, developed by the consultants ECOTEC, for integrating sustainable development into Structural Funds programmes (ECOTEC 1997).

Different approaches to the same task

In fact, the 12 pilot regions selected to test the methodology approached the challenge in very different ways. Firstly, they defined different objectives for the pilot projects. These ranged from establishing what sustainability means for structural funding or building a regional identity around the concept to stimulating demand for sustainable projects or raising awareness of environmental aspects amongst project applicants. Secondly, they developed different interpretations of how these objectives should be pursued: through additional support for environmental projects, ‘bolt-on’ sustainability criteria or adjustment across the whole programme. Consequently, the pilot projects focused their attention on the relevant management tools, whether programme assessment exercises, project selection criteria or performance indicators. The regions used different methods on the project. While some regions relied largely on desk-top analyses and expert inputs from consultants, others sought more active consultation with stakeholders in workshops and interviews. As a result, the pilot projects addressed different stakeholder groups, whether programme managers, project applicants, SMEs, politicians or a wider range of regional partners. These differences, it should be pointed out, were not clear-cut; most pilot projects comprised a mix of objectives, methods etc.. What is important is that they each developed from the outset very distinctive features based on the particular emphasis given to the project by the co-ordinators or other participants.

Interpreting diversity – the emergence of alternative pathways

There would appear, therefore, to be no single approach – or ‘way in’ – to promoting sustainability via structural funding which is generally preferred over others (on the

following cf. Guy/Marvin/Moss 2001). For this reason it is not helpful to seek to define one approach universally applicable in all regions and in all circumstances. This leaves the question of how we can make useful sense out of the diversity of approaches above. Do certain approaches fit together to form ‘pathways’ clearly distinguishable from one another? By comparing the approaches of the 12 pilot regions it is possible to distinguish at least four ‘pathways’ which each reflect a number of similarities in the approaches taken (see Figure 1). Defined in terms of how the task of promoting sustainability in structural funding was interpreted by the principal players, these four pathways can be described as follows:

1. Capacity building in the region and its localities

The emphasis here is on engaging stakeholders in a process of discussion at regional and/or local level, using sustainable development as a conceptual tool for focusing debate. The rationale behind this pathway – as observed in Highlands and Islands, Odermündung and Midi-Pyrénées – is to strengthen and exploit the region’s available human potential to solve its own development problems (Highlands and Islands Enterprise / Environmental Resources Management 1999, Landkreis Ostvorpommern / Landkreis Uecker-Randow 1999, ARPE / Region Midi-Pyrénées – Conseil Regional 1999). Within the pilot projects considerable time and effort was spent, consequently, on developing sustainability objectives for the region or its localities acceptable to a broad partnership. The potential drawbacks of this pathway lie in the high transaction costs of co-ordinating wide, heterogeneous partnerships and the time lost for other important activities.

2. Adapting programme management tools and instruments

Those regions which prefer to rely on instruments for measuring performance to achieve programme objectives or which already have active partnerships working towards sustainable development (such as Anhalt-Bitterfeld-Wittenberg) seek to refine their existing management tools so as to accommodate the special requirements of the sustainability concept (AIRAIL KG / Sachverständigenbüro Dr. Kleinschmidt 1999). As a rule this pathway engages a small number of experts commissioned to improve indicator systems or project selection criteria. The potential drawbacks here lie firstly in the difficulty of devising accurate yet comprehensive benchmarks for such a complex concept and secondly in the absence of wider discussions on sustainable development for the region.

3. Identifying and filling gaps in current and future programmes

Although almost all regions began their pilot projects by assessing the contribution of the existing programme to sustainable development, this activity was central to those regions – such as West Cumbria and Furness, Haute-Normandie and Nordrhein-Westfalen – which aimed to identify those measures of the programme which held potential for sustainable development as yet under-exploited (ECOTEC 1998, TAURUS-Institut 1999). This pathway is very focused on programme design and relies heavily on desk-top analysis. For this reason it tends to engage in dialogue with regional stakeholders only when there are results to report.

4. Mobilising political support for a new focus to structural funding

Here the emphasis lies on reaching an understanding of how sustainable development can be integrated into future programmes which is acceptable to the key players in programme management. This pathway – as practised by Eastern Scotland – engages with the main agencies and decision-makers of the programme partnership rather than with regional stakeholders as a whole (Eastern Scotland European Partnership 1999). The interpretation of sustainability it seeks is not visionary but incremental, building on what already exists so as to facilitate wide political support. For this reason the approach runs the risk of being hostage to political will. Publicising the results of the activity is an important part of the strategy.

It should be emphasised that these four pathways have been identified on the basis of the analysis of only 12 regions. There will be many other possible pathways as well as combinations of the above.

Explaining diversity – the origins of different pathways

These multiple approaches and pathways were not selected at random. They emerged in response to the particular needs of the region and its Structural Funds programme – as defined by the project co-ordinators or participants – as well as the institutional tradition of programme management in the Member State. Indeed, each approach can be explained largely in terms of a combination of region-specific factors. These include primarily:

- particular needs emerging from the settlement structure, socio-economic development and environmental quality of the region,

- the role and the interests of the key regional players in structural funding programmes,
- existing partnerships and networks engaged in Structural Funds programmes in the region,
- particular national – and occasionally regional – policy styles, reflected in institutionalised procedures and responsibilities for managing structural funds,
- past experience of sustainable development initiatives and projects in the region,
- links to other policy priorities of regional development and strategies of development and/or spatial planning and
- the understanding of the role of external consultants.

Applying these factors to the four regional pathways identified above we can see for example how the existence of a strong programme partnership in Eastern Scotland contributed to its important role on the pilot project. We can draw parallels between the settlement structure in Odermündung or Highlands and Islands and the preference for strengthening local institutional capacity. In Midi-Pyrénées a similar approach was in part a reaction against the centralised system of programme management in France. Because several regional partnerships for sustainable development were already well established in Saxony-Anhalt, the Anhalt-Bitterfeld-Wittenberg region preferred to focus instead on refining its indicator system.

Selecting a pathway - points to consider

These observations hold important lessons for other regions contemplating how to start a process of integrating sustainable development into their Structural Funds programme

and which approach or pathway is best suited to their needs. Programme managers need to be aware of the factors which frame their available options. In general terms the suitability – and thus potential for success – of a particular approach would appear to be dependent to a considerable extent on the ability of the actors to address regionally specific problems in a manner which builds on, rather than challenges, existing practices of Structural Funds management. More specifically, to help select an appropriate approach for promoting sustainable development programme managers are encouraged to ask themselves first the following questions:

- What do we already have to build on, in terms of measures and projects with at least the potential for sustainable development?
- Where are the serious deficits of past programmes, in terms of funding priorities and management tools encouraging unsustainable practices?
- What problems of currently unsustainable development in the region do we want to target with structural funding?
- Which procedural or institutional obstacles need to be circumvented?
- Are there areas in need of special targeting - e.g. major agglomerations, peripheral communities, former industrial zones?
- Is there a need, first, to develop a shared understanding of sustainable development for the region and/or its parts?
- What other initiatives for sustainable development in the region can we draw on (e.g. pilot projects, LA21)?
- What forms of partnership and participation can the programme build on and in what direction does it need to develop them?

- Who should be involved in which stages of the process of promoting sustainable development?
- Who are the principal addressees of our initiative to promote sustainable development: the programme managers, potential project applicants, regional stakeholders in general, regional and national politicians?
- What level of resources (time, personnel, funding) are we prepared to invest in the process of promoting sustainable development?

Structuring pathways along a step-by-step process

Once a particular approach has been identified as suitable for the region it is important to define the practical steps – the ‘stepping stones’ – needed to progress along the chosen pathway. Although many of the 12 regions focussed on only one or two steps in the limited context of their pilot projects they all envisaged building on them with further steps in the future. For example, projects which concentrated on defining sustainability objectives for the region intend to develop these into project selection criteria; those which established selection criteria plan to use these as a basis for a system of sustainability indicators.

A few regions went further in developing a procedural framework linking the individual steps towards promoting sustainable development via structural funding, as in Odermündung and Midi-Pyrénées. Not surprisingly, these management tools tend to follow the conventional procedure of designing and implementing a Structural Funds programme. They include in addition, however, important steps made necessary by the

complexity and relative novelty of the concept of sustainability, factors which require particular emphasis on awareness raising and cross-sectoral co-operation.

Reflecting on alternative pathways

Whether these pathways will converge over time or whether they will maintain their distinct features is impossible to tell at this early stage of the regions' experiences. It is quite possible that during the course of programme implementation greater similarities will emerge as the regions address common issues of project selection, programme monitoring etc.. A region-specific approach may prove important as a point of entry to the process of promoting sustainable development but not necessarily for consolidating and developing this process further. There is a potential danger that a region puts so much effort into perfecting its own approach that it overlooks the advantages of other pathways. In this situation a well-worn pathway could become a rut from which it is difficult to emerge. There is a need, therefore, for some self-critical reflection once a process has been established, looking across at alternative pathways for inspiration to improve even the more successful pathways.

Whichever pathway: a pro-active approach counts

The important point is to treat the integration of sustainable development into Structural Funds programmes as a learning process. The point of entry to this learning process will be largely region-specific. As the cases of the 12 pilot regions illustrates, rooting sustainability objectives and strategies in a specific local or regional context was crucial for winning support in the regional partnerships. What matters subsequently is that the process – once set in motion – is actively encouraged. Taking a defensive approach to

the task – merely satisfying minimum obligations or simply reacting to external pressures – is inadequate. The more successful regions were those who were pro-active in their initiatives, engaging regional stakeholders in consultation exercises on sustainability objectives for the region and offering advice beyond the conventional bounds of technical assistance.

4. Conclusion

The 12 regions demonstrated that it is possible to translate the concept of sustainable development into practical applications which are compatible with structural funding procedures, relevant to the needs of specific programme areas and acceptable to programme partnerships. Partnerships created to deliver economic development have made substantial progress in adapting to the wider demands of sustainable development. They have shown further how this is possible, in terms of developing new methodologies, redesigning programme objectives, adapting management tools and opening up procedures to greater participation and dialogue in order to accommodate the particular demands of sustainable development. An important key to their overall success has been to conceive of sustainability as a learning process towards a new development paradigm which should build on existing practices and reflect a region's specific needs and circumstances. In this way many regions have managed to avoid the negative image of sustainability as a complex, abstract concept, presenting it instead as an essentially simple idea based on making common sense connections and developing effective governance.

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