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An INSURED Case Study on Sustainable Regional
Development

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Preface

The present case study has been carried out in the framework of the INSURED project. The general methodology has been the same for all five regional case studies. A summary of the INSURED project – which helps to understand the context of this study – is given in the Appendix

1 The regional policy level

1.1 Agricultural and rural structural policy

1.1.1 The context

Agricultural land covers about 41% of the Austrian territory, the forest makes up about 46% and other areas (waters, areas covered by building or used for infrastructure) account for about 13%. The project area is a disadvantaged area and classified under objective 5b.

Austria's agriculture has been for a long time a largely monopolized, regulated sector. The social partners decided on milk quota, grain prices and subsidy conditions. This led to a slower structural adaptation of the agricultural enterprises. Because of the natural conditions (mountains) and the slow rate of structural change due to reduced competition, the average farm size is small (15 ha).

The number of agricultural and forestry enterprises is declining even more tangibly since Austria's accession to the EU. They fell by 6.52% from 1990 to 1995. Presently 5.2% of the Austrian population work in the agricultural and forestry sector.

Some more data concerning agriculture in the **project area**:

- The average farm size is low (between 5,7 ha and 12,6 ha) and therefore the number of part time farmers is high (70%).
- 0,9 % of the owners have in hand 21,3 % of the land, mostly concentrated in WZ, G, GU and to a lesser extent in VO and DL. Big properties are rare, mostly in forestry, but are important within the Graz city limits and the woodlands of WZ and VO (domains of the former nobility and the Catholic church).
- The project region raises 96 % of Styrian pigs and 94 % of its chickens. The South and East can be considered as the most intensive hog producing area in Austria. The number of hogs has increased by 167 % since 1970. 30 % of them live in FB. However the average number of livestock per keeper is not really high (13,6 cattle, 33 pigs, 149 chickens), but there are quite a few mass producers (chickens mostly in FB, HB and RA, hogs in FB, LB and RA).
- The disadvantages deriving from small units and difficult production structures (scattered lots, steep hills) have for a long time been balanced by the concentration on market niches and tourism diversification, on farm processing and direct sales activities.
- But visibly the area is falling behind under the new EU market conditions. The public share in farmers incomes passed from 29,2 % (1994) to 59,3 % (1995) in hilly regions and from 28 % (1994) to 63,9 % (1995) in the Eastern Alps. This has been accompanied by a sharp fall of revenues, mitigated by the downward bend in commodity costs such as imported fodder, fertilizers, seed or pesticides.
- Organic agriculture is more popular in alpine areas than in the lowlands. Consequently we have the highest share of organic farms in WZ (4,6 %), VB (6,9 %) and (DL 5,1 %).

EU agricultural and rural policies

a) Agriculture

Agricultural market policy is dominated by the EU level; it consumes 60% of its funds. Consequently, agriculture is the most centrally controlled realm among EU policies.

The Common Agricultural Policy (CAP) came into being in the early 60 and its most important aims were:

- to increase productivity
- to ensure a fair standard of living for the agricultural community
- to keep markets in balance
- to guarantee food supplies and
- to provide food for customers at reasonable prices.

These aims were to be achieved by a system of substantial price compensations combined with guaranteed markets. This led to a surplus in many food categories. A reform of the CAP took place in 1992, which brought

- a combination of supply control measures especially for cereals and dairy products (price reductions, quotas and set-aside);
- compensatory payments to offset income losses arising from the supply control measures and additional premia to encourage extensification;
- the introduction of a number of „accompanying measures“ including an agri-environmental programme, an afforestation programme and an early retirement scheme.

The package was regarded by the Commission as a decisive turning point in the CAP, moving away from intensive agriculture to more extensive forms of farming. This judgement, however, is more theoretical than meeting the actual situation, which is shown by the fact that at the EU level the budget for agri-environmental measures (2078/92) amounts to less than one per cent of the total CAP budget, which can be contrasted with a little over 40% allocated to compensatory payments.

The next CAP reform, addressed in the Agenda 2000 paper which prepares the next Structural Funds period from 2000 to 2006, proposes the future objectives of the CAP:

- to improve the Union's competitiveness through lower prices;
- to guarantee safety and quality for food consumers;
- to ensure stable incomes and a fair standard of living for the agricultural/rural community;
- to integrate environmental and ethological goals into its instruments;
- to seek to create alternative income and employment opportunities for farmers and their families.

The document is still under discussion, but the tendency shows a shift away from a rural/integrated approach back to sectorial perspectives and internal diversification measures. In spite of this tendency the farmer's organisations show strong opposition to the document because of the substantial reductions of compensatory payments.

b) Rural policy

Besides the Common Agricultural Policy, the **Structural Policy** of the EU is of utmost importance for the rural areas. Contrarily to the CAP, the latter only states a common framework, the implementation is done by the member states. In Austria,

Objective 1: "Support of the development and the structural adaption of regions showing an under-development", and Objective 5b: "Support of the development of rural areas" are effective, the latter covers South and East Styria.

Objective 5b seeks to enable an integrated development of rural areas. The aim is to maintain the rural areas, by preserving and supporting local identities. Funding within the 5b frame thus should not be restricted to sector-specific projects, but should aim at the whole rural territory and at a wide range of actors. In reality funding schemes according to the three Structural Funds (EAGGF, EFRE, ESF) end up to be quite sectoral, as it will be shown below.

The community initiative **LEADER II** with its aim to enhance integrated development by local groups and by linking these groups utilizes a more territorial approach. For Austria and in particular for the project area the community initiative INTERREG, established in order to counter-act the isolation of border regions, is important, too. It corresponds to the PHARE - CBC programme on the Slovenian side of the border.

1.1.2 Agricultural policy in Austria and in the project area

After the accession in 1995 a main goal for Austrian policy makers was to minimise income losses at the coincidence of the EU market and Austria's small-structured agricultural enterprises. In order to cope with that problem, degressive compensation payments were granted to the farmers as an accompanying measure for the first four years: 100%, 65%, 40%, 25%, 0% (1999). Moreover, a special 2078/92 environmental scheme (**ÖPUL**) has been approved.

ÖPUL-Programme

Austria's agricultural policy included agri-environmental schemes long before accession to the EU, as shown in the following table.

Development of agro-environment policy in Austria

| Agro-political context | Environmentally significant schemes |
|---|--|
| 1950s and 60s Shortages; mechanisation; chemicalisation, capitalisation of agriculture, increased productivity | Support for investment and means of production |
| 1970s Surplus and utilisation problem - market regulation Structural change, rationalisation, specialisation, introduction of direct payments | Market regulation (pricing policy, quotas, trade controls) Special programme for hill farmers 1972 (Infrastructure support, mountain farmer subsidy as a direct, production-neutral payment Agriculture Act 1960/74 Conservation of landscape |
| 1980s New orientation in agricultural support | Animal husbandry Law 1976/1976/80 (introduction of upper limits on livestock) |

| | |
|---|---|
| <p>Market Regulation reform and direct payments</p> <p>Increasing problems with financing of surplus utilisation; continuing concentration process; building in of quantity regulation instruments with agri-ecological significance; promotion of production alternatives, consideration of agri-ecological aspects of support</p> | <p>Reform of Market regulation, support for special crops (e.g. legumes)</p> <p>Fertiliser tax 1986 (taxing of nitrogen, phosphate and potassium fertilisers)</p> <p>Decrees of the Ministry of Agriculture on organic farming (1984)</p> <p>Support for extensive production alternatives in animal husbandry (suckling cows, sheep)</p> <p>Maize seed tax (1987)</p> <p>Agriculture Act 1976/88</p> <p>lasting safeguards for the natural bases of life (soil, water, air)</p> <p>conservation of landscape</p> <p>protection against natural disasters</p> <p>Support for ecological measures, green fallow land in arable areas (from 1988)</p> <p>Support for energy from biomass (from 1988)</p> <p>Support for organic farming associations (1989)</p> |
| <p>1990s</p> <p>Building up of direct payment systems: ecology-oriented direct payments</p> <p>Building up of (agroecological) direct payments (according to GATT-Directives), extensification, preparations for EU-adhesion</p> | <p>Lower Austria eco-point model 1990</p> <p>Crop rotation support (from 1991)</p> <p>Support for green fallow areas (from 1991)</p> <p>Support for environmentally compatible fertiliser storage (from 1991)</p> <p>Agricultural Law 1992</p> <p>giving regard to social orientation, ecological compatibility, regional balance</p> <p>Subsidies: quality improving, environmentally friendly and production-guiding measures</p> <p>Support for organic farming (since 1991, from 1992: genuine support for organic farming through area premiums)</p> <p>Support for ecological schemes (regional schemes, landscape scheme)</p> |
| <p>since 1995</p> <p>1995 EU membership, Agro-market liberalisation, transformation of the aid system, further build-up of direct payments, introduction of the Austrian environment scheme, abolition of agri-ecological instruments (competition argument): fertiliser tax, livestock holding upper limits, maize-seed tax</p> | <p>Agriculture Law 1992/95</p> <p>Adaptation to the CAP</p> <p>Regulation (Agriculture Law) on minimum ecological criteria of exclusively nationally funded farm support schemes (rules on good agricultural practice EU nitrate guideline, recommendations on fertiliser use)</p> <p>Environment scheme (ÖPUL): 1995 (EU 2078/92)</p> <p>Compensatory allowances (upland areas - previously hillfarmers' subsidy - and less-favoured regions)</p> <p>Agriculture Act 1992/96: Constitutional ruling on the Austrian Environment Scheme ÖPUL (alteration of guidelines, reporting obligation on the Aid Administration Office AMA)</p> |

When taking over the CAP after the accession, Austria tried to make use of compatible elements within the EU agricultural policy. It's most important example is the „Austrian

Programme for the Promotion of Extensive Farming Methods Compatible with the Requirements of Environmental Protection and the Maintenance of the Countryside“ - **ÖPUL (according to Council Regulation No. 2078/92). The ÖPUL Programme covers around 20% of the public expenses on the agricultural sector** (1996: 600 MECU).

The farmers involved with ÖPUL commit themselves to more extensive farming methods for the whole period 1995 to 1999. 70% of Austrian farmers joined the programme; the average premium per farm was at 3100 ECU in 1995.

The Austrian Ministry of Agriculture and Forestry drew up guidelines for ÖPUL. The programme is managed by AMA (Agrarmarkt Austria), which represents some kind of „steering committee“ for the agricultural sector; AMA is controlled by the Social Partners and is a remnant of the controlling institutions which in former, monopolised times, had monitored the sector. The Regional Chambers of Agriculture collect the data. Their advisory staff provide information for the farmers.

With the ÖPUL programme Austria receives one fifth of the funds provided by the EU Council Regulation No. 2078/92. 50% are co-financed by federal and Land levels at a 60 : 40 ratio. Besides the aim **to promote extensive and environmentally sound farming**, ÖPUL has also a strong **income-securing impetus**.

ÖPUL comprises **25 measures in different groups and subgroups**, such as:

- **extensive forms of cultivation** concerning the whole farm (6 measures; the most important are: **organic farming**, refraining from the use of certain yield-raising farming substances, reduction of livestock density etc.)
- **extensive use of arable land** (2 measures; extensive cereal production and refraining from the use of specific yield-raising commodities)
- **extensive use of grassland** (2 measures; refraining from the use of easily soluble commercial fertilizers and mowing restrictions)
- **special landscape preservation and cultivation** methods and conservation of biodiversity (10 measures; e.g. erosion prevention, keeping and rearing endangered breeds, alpine pasturing, upkeep of ecologically valuable areas, etc.)
- **introducing new structures and maintenance of landscape elements** (3 measures: landscape elements and biotope-development areas with a 20-year set-aside, provision of areas for ecological objectives (5-year set-aside))
- **educational schemes** (1 measure)

Parts of these measures are offered all over Austria, a minor part only in some Länder.

1.1.3 Rural policy in the project region

The Styrian Operational Programme Objective 5b

With regard to a coherent regional development the rural structural policy is of particular importance for rural areas. It is more strongly influenced by Federal and Land levels.

The Objective 5b programme for Styria is based upon a regional economic concept for agriculturally dominated and peripheral regions in Styria. During the programming phase on the eve of the EU-accession, at least three regional workshops for the agricultural sector were held in the planning regions; in these workshops the participants worked out aims and measures.

Representatives of all organisations involved in agriculture and forestry on a regional level took part, an inclusion of other groups of the rural areas, however, only happened occasionally.

In Styria objective 5b comprises

- the "border region", which corresponds to the project area except the central area of Graz
- the alpine, peripheral area in the northwest of Styria.

The aims of the programme are as follows:

- Agriculture and forestry : ensuring a sufficient income for those employed in agriculture and forestry as a basis for the preservation of an overall covering farming and landscape stewardship.
- Nature and environment: Conservation and improvement of the ecological balance of the rural areas
- Industry and SME: improvement of the quality of the existing economic structures
- Cross-border - cooperation: development of a hitherto peripheral region in terms of economic and social policies.

The most important measures that can be supported, are:

- Conservation and improvement of the rural area with respect to its living and productive conditions; e.g. enlarging the rural road network, renewing and reusing of typical buildings, planning and implementing village renewal concepts.
- Improving and ensuring quality and innovation by creating new services and a diversification of income opportunities in agricultural enterprises; e.g. organic food, holidays on farm,...
- Utilisation of the regional energy and raw material potential
- Common cultivation and quality improvement in managing the forests
- Qualification measures
- Support of commercial investments and qualification for creating and preserving jobs outside agriculture with special regard to environmental investments and tourism
- Promotion of technology and innovation
- Creating, improving and enlarging accommodation infrastructure
- Qualifying measures for unemployed and employed people in order to support their integration to the commercial, industrial and the tertiary sector
- Integration of the unemployed

The programme is designed for the period 1995 to 1999. EU payments should amount to a planned total of 45 MECU (share of funds: 40% EAGFL and EFRE, 20% ESF). The national subsidies should amount to 87 MECU.

For implementation of EAGGF measures the ILE („Integrated rural development“) offices were established by the Land Chamber of Agriculture. Measures subsidised by ESF are implemented by the Labour Market Service („Arbeitsmarktservice“), measures subsidized by ERDF are implemented by the Land-based Styrian Economic Promotion Company (SFG) and the newly established Regional Management Agencies in West- (Voitsberg), South- (Leibnitz) and East Styria (Grosswilfersdorf). Project promoters in fact face a great number of interlocutors

and application offices with different formalities and requirements. Only LEADER II and INTERREG is concentrated in the hand of one official within the Land and Regional planning department of the Land government.

Specific programmes fostering innovative actions in lagging regions:

FER and STEFREI

Two specific, „non-mainstream“ Austrian supporting missions are worth mentioning: the Support Action for Endogenous Regional Development (FER), funded by the Federal Chancellery in Vienna, and the Styrian Support Action For Regional Endogenous Initiatives (STEFREI), funded by the planning department of the Styrian Land government. Both have been created in the first half of the 80s and promote integrated regional projects using a territorial, integrated approach. They mainly support “soft“ measures such as technical assistance, programming, conceptual work or marketing measures. One of the main criteria for subsidies is, **that more than one economic sector is affected**. By means of these two small supporting missions (each provides about 385.000 ECU benefits per year), quite a few innovative, integrated projects were successfully assisted, such as one of our case studies.

1.1.4 Brief assessment

ÖPUL

The Austrian agro-environmental scheme has met a surprisingly high acceptance. 70% of the farmers got involved. ÖPUL was a barrier against a rush towards more intensification in Austrian agriculture on the occasion of the EU accession. Later on, some farmers stepped back from the programme because of incompatibilities with their production schemes. The controlling body, AMA, subsequently urged many beneficiaries to pay back the granted subsidies; their rigorousness was partially due to the fact, that the funds have been overstrained from the beginning. Thus the ÖPUL, which had been quite warmly welcomed in the first year, got an increasingly bureaucratic image.

This also stems from a contradiction within the ÖPUL goals, as they aim at income security and ecological and market clearance with the same set of instruments. In practice ÖPUL is regarded as a farm subsidy, which consequently means that larger enterprises get more benefits. The ceiling for funding as stipulated in the EU regulations, is so high that it remains of no significance for Austrian conditions.

The 5b programme

In spite of the integrated character of the goals and measures to be supported by the development programme, the splitting of funds from the EU level to the various national ministries and departments quite often jeopardizes the integrated implementation at the project level. Even on the Land level of Styria this bias is maintained in a way that specific eligibility criteria and modalities were created for each fund. Projects affecting more than one economic sector are again confronted with more than one application procedure.

Another facet of this is that each support structure in the first instance strives to foster their own affiliated institutions. The support structure for the agricultural sector is the Chamber of Agriculture and their ILE („integrated rural development“) extension offices located at the district Chambers. Looking at the Styrian 5b projects, this „mainstream orientation“ leads to a great number of projects and a broad participation of farmers both men and women, but hardly to

innovations showing product or process innovations; the reason is, that the agricultural sector does not fund feasibility studies or product innovations undertaken by non-farmers.

1.2 Active labour market policy

1.2.1 The context

Austria has one of the lowest unemployment rates within the European Union, Styria shows more critical figures in its old industrial Upper Styrian region and in the Southern rural periphery; figures are apparently mitigated by the highest rate of early retirement in Europe and a fairly high rate of young people in student status (18% of the 23 year old).

The average unemployment rate in Styria is similar to the Austrian level. From a very low rate in 1980 (2,2%) it constantly rose to 8,1% in 1994. The districts within the project area show the following rates:

| | | | |
|----|------|----|------|
| VO | 9,8% | DL | 6,9% |
| LB | 8,3% | FB | 6,8% |
| FF | 7,9% | WZ | 6,3% |
| RA | 7,3% | GU | 6,0% |
| HB | 7,0% | G | 6,0% |

The peripheral districts show higher rates than the central districts, women (8,6%) higher rates than men (7,8%). The differences according to sexes and the youth unemployment are more distinct in peripheral districts:

| Area | Men | Women | Youth | Aged people |
|-------------------------|------|-------|-------|-------------|
| G, GU | 6,1% | 5,8% | 18,3% | 14,5% |
| WZ+VO | 6,2% | 6,6% | 18,3% | 15,9% |
| peripheral areas | 6,1% | 8,7% | 23,9% | 10,1% |
| STYRIA | 7,8% | 8,6% | 19,4% | 20,1% |

The 10 Styrian districts in the project area show an average income of 1683 ECU/m (1995).

The region is a traditional commuter's region, even over far distances. 53% of working people commute outside their district boundaries (1994): GU has the highest rate, but mostly to Graz (80%), G the lowest (8%). WZ, a district with a relatively balanced workplace structure, shows the second lowest commuting rate (64%).

30% of these commuters (1994) are weekly commuters (1988: 40%), becoming less because of the rising mobility of working people. The weekly commuters cope with an average distance of 73 km from their workplace (1988: 78 km). The longest distances are taken into account by workers from HB (100 km in 1994), the shortest ones by workers from GU (44 km).

The tax income per capita is a valid parameter for estimating the financial power of a community. The average for Styria is 703 ECU/inhabitant. On the district level, Graz is highest with 1104 ECU/cap. and RA lowest with 530 ECU/cap. The public debt is rising by 5,8% each year (between 1976 - 1994, when inflation was at 2,8%).

The ongoing separation of living and working space is worth looking at. G and GU (7,5% of Styrian land surface) produce 51% of the total Styrian income, whereas only 29% of the people

live there. Decentralisation based on telecommunication technologies has not shown the expected decentralisation effects to date. Long-distance commuting in the long term leads to emigration especially from the peripheric districts (HB, RA).

New business implantation takes place in the wider Graz region, with a growing importance of the industrial axis between Weiz and Gleisdorf (WZ), which gains importance due to new investments related to the thriving Styrian automotive cluster, which is explicitly promoted by the Land-owned business promotion company (SFG), and a growing innovativeness in energy engineering. Eastern, southern and south-western peripheral districts are forced to rely highly on endogenous potentials - but they are scarce because of the strong brain drain to Graz and the lack of risk capital.

The Styrian STEFREI fund supports local and regional development initiatives with territorial impact. Many of these projects benefit from labour market programmes integrating hard-to-place people into community based or entrepreneurial initiatives, especially in their start-up phase.

We are facing the following trends:

- Unemployment rate will slowly, but steadily rise towards „European levels“.
- The birth peaks around 1981/82 and the diminishing acceptance of apprentices among enterprises will engender a rise in youth employment.
- The most affected sectors are agriculture and forestry, construction, labour - intensive and low skill industries (food, textile, hardware), tourism (summer resorts) and certain services.
- Elderly people will be affected by underemployment on the one hand and pension cuts on the other.
- Women are specifically disadvantaged after at least one and a half years of child care allowance. Women's integration rate is falling, which is unique among OECD countries. The Austrian labour market shows the second highest segmentation of the labour market according to sexes within the OECD (after Australia with its important mining sector). Women's unemployment still keeps growing, while men's unemployment, especially in Styria, came to a temporary halt in 1997.

The EU labour market policy

Europe's standpoint on Labour Market Policy can be shortly depicted as follows:

- Facing a growing instability of labour markets and growing unemployment especially of certain groups the priority given to employment issues is very high in official declarations, speeches and recommendations. In November 1997 even a Special Summit has been held on this subject in Luxembourg.
- Regarding common measures and compulsory actions to be taken by Member States this policy remains highly unconcrete. The only impulsion comes from the ESF and the Structural Funds programmes; according to Art.123 of the EU treaty it is not an instrument for social policy, but an instrument for shaping the labour market; its framework regulations are highly formal but they still have an impact on national policies because of the compulsory co-financement at the national level and the budgetary restrictions deriving from this financial obligation. As a result of the Luxembourg summit, national governments are urged to produce national employment plans.
- The EU policy is based on two reference papers on employment:
- The White Paper on Growth, Competitiveness and Employment (1994) with six priority areas:

- Life-long learning (education and training)
- Increased internal and external flexibility
- Accent on decentralisation and individual efforts
- Reduced cost of low-skilled labour
- Setting sail for a new, active employment policy
- Responding to new (social, ecological) needs
- The European Council Decision in Essen (12/1994) advocating five key areas for future employment policies:
 - Putting an accent on the development of human resources
 - Improving the efficiency of labour market policies (and organisations)
 - Reducing non-wage labour cost
 - Increasing the job-intensity of growth
 - Combating exclusion
- Whereas the White Paper represents a general strategy including supply and demand side measures, the five key areas of Essen have narrowed down to specific supply side aspects.
- The EU legitimises the inconsistency between the official importance of labour market policies and the existing lack of direct operations in this field by linking the achievement of employment targets to the „classical“ economic targets like GDP-growth, public debt abatement, internal market completion, and a single currency. The incompleteness and diversity of measures between the member states are partially excused with the „subsidiarity“ approach, but common standards and harmonised tax and social security systems are strongly demarked in official declarations.

The term „sustainable“ is appearing in two contexts:

- „Sustainable growth“ (of the GDP). This presupposes a disconnection of monetarian growth from resource use; its possibility or even thinkability has so far not been proven possible, the opposite is more likely. This inconsistency basically derives from Art.2 of the EU Treaty.
- „Sustainable employment“ (in the context of the SME promotion): This time the term is used in a consistent manner (as an outcome of diversity and subsidiarity practised by SMEs); however it is a very small section of what „sustainable (regional) development“ refers to.
- The need for an integrated approach is strongly stressed by enhancing „new partnerships“ (European Confidence Pact, territorial pacts for employment,...). Territorial employment pacts will be enhanced by the future horizontal Objective 3 according to the „Agenda 2000“.
- Diversity, especially related to territorial aspects, is emphasized by the promotion of „local employment initiatives“ following experiences of the LEDA programme.
- At the same time, active labour market policies aiming at human resources development and qualification measures („life long learning“) play a growing role in the structural funds allocation, Community initiatives (ADAPT, EMPLOYMENT) and action programmes. They effectively represent the essence of the „European employment strategy“.

1.2.2 Active labour market policy in Austria and in the project area

We distinguish „active labour market policy“ from „passive“ measures which mainly consist in the transfer of unemployment and emergency benefits or in simple job brokerage. Public spending on labour market programmes by OECD definition was at 1,81% of the GDP in 1995; active measures are placed between 10% and 20% of the LMP budget (around 15% in Styria). They have been introduced as „experimental“ measures following an amendment of the Labour Market Promotion Act (1983) in Austria. At that time, until the reorganisation of the Austrian Labour Market Service in 1994, active measures have been more dependent from central orders and regulations in the Ministry for Social Affairs than from the Land-based labour market administration.

Legal and organisational framework

The principal **pieces of legislation** governing the Public Employment Service are the Unemployment Insurance Act (1977), the Employment Service Act and the Act on Financing Labour Market Policy (both from 1994).

The **political responsibility** for labour market issues lies at the **Ministry of Labour and Social Affairs (BMAS/Dep.3)**. The operational body for its implementation was called „*Arbeitsmarktverwaltung*“ (labour market administration) until the reform in 1994, when it has been transformed into a more independent organisation called **Arbeitsmarktservice/AMS** under the umbrella of the same Ministry, steered by the *Verwaltungsrat* (Supervisory Board) which is composed of the Social Partners and the Executive Board with a General Manager.

Hierarchical structure and target setting

- The **Federal AMS** sets the **general political targets** with regard to
 - the political aims of the responsible Ministry
 - its own long-term orientations
 - the proposals made by the Land-wise regional AMS-organisations which cooperate in working groups.

Since 1997 there are binding mid-term targets.

- There are **nine Land-based AMS**, equally controlled by a tripartite *Landesdirektorium* („Regional Supervisory Board“ with four members) and an Executive Board (two members). Its president acts as the Land manager of the AMS. The Styrian AMS consists of three units (A,B,C) further divided into 13 departments. Each Land-AMS has its own business procedure, though they are quite similar for each Land. There are frame targets imposed by the Federal AMS to the Land AMS, but they set their own Land-wise targets in a detailed manner independently. They are fully responsible for all sectors of activities taking place in the respective Land.
- There are 17 regional offices („Regionale Geschäftsstelle“, RGS) with other 5 auxiliary offices in Styria. The project area has 10 regional offices and no auxiliary office. The regional offices are subordinate to the Land level in target setting and budgetary issues.
- The Land-wise annual budgets are established within framework „preliminaries“ set by the Federal AMS, who prepare their annual budget and submit it to the government for approval. However, the budget framework for the Länder is not binding. Shifts can take place between different sectors of activity, but only within the active labour market budget

as a whole. However, the budget frame the Land office provides for the regional offices, is binding.

Contents

The mission documents at national and regional levels avoid general economic and environmental references. They are devoted to the improvement of the development of their core competencies targeted to individual applicants and enterprises. The approach mainly builds on qualification and human resources development, which is expressed in the budget structure.

- The mission statement of the Styrian AMS sets out the following principles:
 - The AMS is „on the way to become a modern, consumer-oriented non-profit - service organisation“
 - The framework for the targets is set by central (= Federal) political decisions
 - The AMS is steering its operations by flexible concepts on a regional base and general Land-wide standards.
 - The AMS is supporting independent and responsible decision-making („management by objectives“) sustaining a high level of „communication culture“ and transparency of processes.
 - The support for clients is oriented towards their „potential for self-help“.
 - The strategic and operational targets are set within a planning group including the managers of the regional offices and oriented towards „objective regions“ according to the Structural Fund’s category.
 - The AMS is working along the three axes
 - * individual counselling
 - * business consultancy
 - * service delivery
 - The AMS has, apart from its service tasks, to fulfill administrative functions especially in the distribution of social payments (unemployment relief and emergency relief) and in the execution of the law on the employment of non-nationals.
 - If a comparative advantage is visible, outsourcing of certain services is admissible and desirable. Cooperation with other non-profit - organisations, communities, municipal and Land institutions and the private sector will be enforced.
- The main objectives and operational targets of the Styrian AMS:

| Main objectives | Targets |
|--|--|
| 1. Reintegrating problem groups into the labour market | 1. Keep new employment for elderly people at a high level |
| | 2. Keep new employment of long-term unemployed at a high level |
| | 3. Keep new employment of handicapped people at a high level |
| | 4. Reduce the transition into long-term unemployed status |
| 2. Livelihood sustenance | 5. Reduction of delays in transfer payments |

| Main objectives | Targets |
|---|--|
| 3. Establishing and improving the business consultancy and the supply side management (free workplaces) | 6. Prompt matching between demand and supply |
| | 7. Ensuring the increase of workplaces |
| 4. Countervailing the discrimination of women on the labour market | 8. Keep the new employment of younger women with caretaking duties at a high level („returning“ women) |
| | 9. Increase of apprenticeship places for girls in traditional „non-female“ jobs |
| 5. Prevention of unemployment by qualification measures | 10. Training of employees according to the ESF objective 4, point 2 |
| 6. Combating seasonal unemployment | 11. Promotion of measures for reducing seasonal unemployment |

- There are 5 main strategies for achieving the given targets:
 1. Direct support and coaching while starting a new work contract
 2. Removal of barriers by intensive counselling
 3. Removal of barriers by the training of unemployed people
 4. Prevention of unemployment by training of employed people
 5. Promotion measures for integrating people belonging to special problem groups into the labour market.

These strategies establish the framework for the budget for active labour market policy. The budget distribution between the 5 strategies is as follows:

| Strategy | percentage of active LMP budget |
|----------|---------------------------------|
| 1 | 8,1% |
| 2 | 13,3% |
| 3 | 46,2% |
| 4 | 8,2% |
| 5 | 24,2% |

The regional breakdown takes into account the type of region (objective 2, 5b or central region). The amount spent on active labour market policy measures is at 828 ECU per unemployed person (estimated for 1996).

EU funds (Objective 3: „Combating long-term unemployment and the exclusion of certain target groups“; and Objective 4: „Preparing working people for industrial change“) are extensively used for financing the AMS expenses, whose passive measures mainly concern the payment for unemployment and - after 4 to 6 months - emergency benefits. 60% of the AMS budget acts as ESF cofinancement; 90% of ESF funds are channelled through the AMS.

Objective 4 qualification measures, which are an innovation to the Austrian labour market system, try to adapt people to structural change; in Styria this programme is implemented by the „BAB“ (Bureau for Training and Employment) with offices in the peripheral towns Gleisdorf (WZ) and Leibnitz (LB).

Active labour market instruments

- The main focus within the active measures is put on human resource development, training and education (of unemployed and employed) and integration of hard-to-place-people.

- Examples of specific active labour market instruments, which concern only very small parts of the claimants:
 - *Gemeinnützige Eingliederungsbeihilfe (GEB*, „non-profit integration allowance“), launched in 1985, fosters the placement of long term unemployed persons in jobs of public interest in cooperation with local or regional governments and non-profit associations, which then receive an up to 66,7% wage subsidy for up to a year. As a response to critical voices, evaluation shows that about one half of the employed persons continued to be employed after that year.
 - *Sozialökonomisches Beschäftigungsprojekt (SÖB; social enterprise)*: A non-profit firm providing transit jobs for reintegrating long-term unemployed and problem groups, which is subsidized per workplace (supply-side oriented).
 - *Gemeinnütziges Beschäftigungsprojekt (GBP; public employment project)*: A non-profit organisation with similar missions. People working in a GBP are subsidized individually as workers (demand-side oriented).
 - *Beschäftigungsgesellschaft (BG; employment firm)*: A specific Styrian phenomenon created following German models and subsidized like GBP: BG is a non-profit - enterprise with limited responsibility, compulsorily including at least one municipality, providing transit jobs for reintegrating long-term unemployed people.
 - *Arbeitsstiftung (work foundation)*: It is created in response to a crisis of a major enterprise, a region or a whole industrial branch. The *Stiftung* takes over the staff, ensuring training and reorientation for a certain period of time.

Structural problems and trajectories for their solution

- The reconversion from an administrative body, totally dependent on a Ministry department, to a formally independent, consumer-oriented service institution has brought more transparency and clarity of procedures and accountability, but meets barriers from inside (high degree of fixed civil servants, and functional organisation which hampers the creation of task-oriented and regional teams) and outside (passive claimant behaviour, exploitative entrepreneurial attitude). Despite the removal of the monopoly status as the job agency the AMS does not face any major competition by private placement firms.
- Strict service orientation towards enterprises could lead to a structural disregard of „hard-to-place“ people in job brokerage in the long run. To prevent this danger, specific programmes have been set up for them, like the „NH93“-programme (targeted at unemployed people since 1993).
- Partnerships and cooperation (with farmers' and entrepreneurs' institutions, municipalities, private firms and non-profit organisations) are taking shape since the restructuring process, which is very much in line with the European Confidence Pact on Employment.
- With regard to the „lean“ approach in target setting and in the concentration on core competencies, the capacity of regional AMS offices depends on the local political climate, to draw on existing partnerships and innovative actors. If they are at hand and willing to cooperate, its scope of instruments provide a very helpful support for innovative courses of action. Regarding the complexity of the AMS hierarchical structure and the limited financial resources for active measures (which are neither well-known nor especially appreciated by the population at large) it can be seen mostly as a reactive support system for active and innovative subjects starting up new and innovative „sustainable“ activities.

1.2.3 Brief assessment

- The original ambition of „experimental“ and (later) „active“ labour market policy was to maintain full employment. This has turned out as an illusion, not only because of the general ground level of unemployment which is still rather low in Austria with regard to the European average, but also, because labour market policy is not a substitute for employment policy. In the meanwhile the responsibility for the general employment situation has been „handed back“ to the main actors in the economic policies.
- After the experimental phase, the emphasis shifted from a social, more idealistic to a market oriented approach. Active labour market policy is considered as a policy which sets framework conditions for the labour *market* in its proper sense. This trend could lead to the exclusion of hard-to-place people and the efficiency criteria even for integration projects are quite strictly handled, so that a number of these socio-economic enterprises have to shut down in the recent past.
- In Austria, active labour market funds are limited and the limits, which never reach 20% of the whole budget for labour market expenses, are also prescribed to each Land level. Thus the increasing demand for funding integration projects is facing a fixed budget ceiling.
- The Labour Market Service is confronted with rising pressure towards a stricter integration strategy to bring people back into work. New programmes are being worked out for long-term unemployed people, who can be placed in enterprises or public institutions; the unemployment benefit flows directly to the employer. Although this measure is not an „active measure“ in the proper sense, it might engender a competition for socio-economic, transit work projects especially for the skilled workers. As some people fear, the latter could be chosen instead of severely handicapped people, which makes the project unviable. There would be also a competition for the market niches, which are very often in the recycling, repair, personal service and landscape maintenance sector.
- The impact of active labour market policy can be considered as very good in those fields of activity where it could grow thanks to committed people involved in the innovative actions and inside the Land and Federal Labour Market Service. Compared to the general labour market policy these measures remain a policy niche, although accepted and respected throughout all political parties.
- Telecommunication and flexibility will have much more impact on the labour market - according to the last state report from the Styrian AMS.

1.3 Technology policy

1.3.1 The context

The **EU** handles technology policy under different labels: the most prominent is ‘Research and Technological Development’ (DG XII), followed by ‘Industrial Policy’ (DG III), ‘Energy Policy’ (DG XVII), ‘Trans-European Networks’ (TENs) or ‘The Information Society’ (DG XIII).

The overall goal of the European Union’s technology policy is summarized as follows: „Knowledge and its swift, effective application has become a key to competitiveness, creating jobs and sustaining environmentally-sensitive growth in the global economy. ...The Union’s Research and Technological Development (RTD) policy is aimed at maximising the performance and potential of its Member States by forging collaborations between them and by coordinating their national efforts.“ The Fifth Framework Programme intends to focus its efforts on research and technology; three categories of criteria have been developed which reflect the

main paradigms of EU technology policy (3):

- societal development (including the quality of living, ecology and health)
- economic development (including scientific-technologic perspectives)
- subsidiarity (including advantages of 'critical masses', common standards, etc.)

A final differentiation between research, technology, innovation and related terms does not exist. To develop the basic conditions of success for a genuine technology policy for the EU the Fourth Framework Programme (4FP) includes the module 'Targeted Socio-Economic Research (TSER)' which is aimed at 'Evaluation of science and technology policy options'.

The main activity strand in technology policy is the so-called Framework Programme. It tries to strengthen the competitiveness of European industries, which show weaknesses in R&D, compared with Japan and the USA (export rates, number of patents, R&D-share on GDP and so on). Therefore, the 4FP became endowed with a large budget. The programme is structured around 4 activities in 20 sub-programmes:

- research and technological development aimed at sustainable growth and employment
- cooperation with third countries and international organisations
- dissemination and exploitation of results
- encouraging the training and mobility of researchers

In addition eight 'task forces' have been created to stimulate research and technological development in key-areas which seemed to be essential for industrial competitiveness, employment and the quality of life:

| | |
|---------------------------------------|--|
| - car for tomorrow | - trains and railway systems of the future |
| - educational software and multimedia | - intermodal transport |
| - new-generation aircraft | - maritime systems of the future |
| - vaccines and viral diseases | - environment - water |

In February the guidelines for the 5FP have been decided upon; they use similar keywords as the 4FP: resources of the living world and the ecosystem, information society, sustainable growth and competitiveness, international cooperation, innovation and participation of SMEs, and human resources. The 5FP reflects the key goals of economic competition, environmental management and human potential.

The 'Green Paper on Innovation' discusses the positive and negative factors which influence innovation in the EU. These factors range from human resources to problems of finance and the framework for law and politics; technology is one among them. The Green Paper uses a broad view on innovation.

The Green Paper 'Living and Working in the Information Society: People First' discusses the development of information and communication technologies (ICT) and their effects on the whole society. It focuses on the key issues of flexibilisation, employment and social cohesion.

The 'White Paper on growth, competitiveness, and employment' regards RTD as contributing to renewing growth, strengthening competitiveness and boosting employment in the community. There are two main goals: restoring competitiveness and taking account of the new (global) needs of society.

Austria spends 1,5% of the GDP for research, which is very low among OECD Member States (1995). Most public research is coordinated and financed by the Federal Ministry of Sciences.

About a half of the total amount of 1100 MECU per year is spent by private enterprise. The coverage of licence imports by corresponding exports in Austria is at 28% (OECD average: 58%). This shows a clear lack of technological innovation.

In **Styria** research and technological policy are important pillars of the Land identity. The expenditures of about 30 MECU in 1995 are second biggest behind Vienna. There are some important organisations and networks for technology development:

- The Joanneum Research Centre, the second biggest extra-university research institution in Austria with around 300 employees, is owned by the Land of Styria. It covers 5 research fields comprising 21 institutes. The department of Economy and Technology includes an Institute for Technology and Regional Policy (InTeReg) which plays an important role in advising Styrian and federal regional policy makers.
- There exist close links between technical university institutes (University of Graz and Technical University, several technical Colleges, Arts College), extra-university research, the high tech sector of the industry and the administration of the Land and the city of Graz.
- The plans for a technology park Graz-Maribor are based on the strengths in the automobile and transportation, metal processing and engineering sectors on both sides of the Austro-Slovenian border (with links to West Hungary).
- The TECHNOVA - Innovation fair and cooperation exchange supports SMEs in the introduction and utilisation of new technologies.
- There are also private enterprises undertaking research, but generally only those employing more than 100 people.

The central region of Graz hosts all universities, colleges, research institutes and big firms in the high tech sector; most of the patents are registered there. The central region shows 4 times more patents per worker than the peripheral region.

In the last 40 years industrial implantations have been geared to the rural peripheral districts of Styria (e.g. Feldbach, Deutschlandsberg), more or less being dependent workshops with strong tendency to close down again after a few years and to shift further (to the East).

The balance between foundation and closing of businesses seems rather stable in Graz at a high level. There is a strong surplus of business creation in peripheral districts, but starting from a low level. Negative balance can be seen in the rural areas with traditional industry (e.g. Weiz or Voitsberg). Whereas Voitsberg has lost a good deal of its industrial capacity (which was traditionally grounded on the lignite mining sector), the Eastern district of Weiz (traditional homeland of the electrical industry) recovers and gains new market shares in the automotive cluster and the energy engineering sector after a deep crisis which shook the formerly state-owned industrial sector in Styria during the seventies and eighties.

1 3 2 Technology policy in the project area

In the Technology Political Concept for Styria (TPC), written by experts of the Joanneum Research Centre, the government of Styria has taken a steps towards the future with economic policy focused on technology promotion.

The concept essentially is based on 2 pillars:

- Promotion of clusters (development & networking)
- Support of specific cooperation structures linking them into existing or emerging clusters

The concept builds on existing organisations and networks, which subsequently become actors in its implementation. These are public, semi-public and private funding institutions, research and consultancy organisations and SMEs.

Styria has also reorganised its Land-based support structures as a preparatory step for the TPC. The creation of the Styrian Economic Promotion Organisation (Steirische Wirtschaftsförderungsgesellschaft, SFG) and its clear objectives to promote trade & industry, led by a small and dedicated team of experts, have resulted in speeding up the promotion of technological innovation and service delivery.

Promotion activities and subsidies are combined. „Business creation days“ for young entrepreneurs are organised, a technology transfer network is managed and consultancy is provided (concerning technology, market, cooperation brokerage, financing, etc.)

The TPC for Styria is the first one at a provincial level, and it is strongly supported by Styrian policy makers.

The Styria TPC strongly influenced the design of the **Federal Technology Concept** developed a few years later, partially by the same group of experts. However the national concept is far more contentious; a „billion Schillings for technology“ has been decided upon in 1997, after several years of conceptual writing and rewriting, and several ministers having struggled for consensus. There is still a question mark upon the actual use of these funds.

The concept is subsidiary in promoting the use of existing structures (organisations, market relations) and is innovative by proposing new connections (economic clusters, entrepreneurial cooperation, technology transfer) over a long term view of planning and development. The implementing body (SFG) has a funding budget of approx. 36 MECU/year.

Content

With the concept the Land of Styria intends to achieve the following goals:

- Development and increase of entrepreneurial innovation by facilitating technology transfer, elimination of financial and information and speeding up the spreading of new technologies among businesses.
- Strengthening the links of Styrian companies to national & international enterprise and research networks with consideration of transregional and cross-border cooperation (especially with Slovenia).

In the implementation process the following principles are taken into account:

- Cluster oriented measures fostering innovation within existing clusters and support for the development of new cluster structures. The cluster orientation is supposed to raise the effectivity of subsidies.
- Existing institutions are entrusted with the implementation of measures.
- Stimulation of entrepreneurs and affiliated researchers to develop viable innovations (endogenous product and process development).
- Existing resources will be optimally integrated.

5 clusters were defined as viable for the Styrian economy:

- working materials
- cars and motors

- wood, pulp and paper
- environmental engineering
- renewable resources and energy

In accordance with the aims and principles the following measures are proposed:

- Pilot „umbrella projects“ for selected cluster sectors. Cooperation brokerage and meetings as well as financial subsidies for cooperative innovation projects.
- „Soft“ cluster promotion: This measure supports the integration of businesses into existing or new clusters and/or national and international co-operation networks. The measures include information, consultancy, the integration of vocational training and higher education institutions as well as the animation of a network called „Technology Partner Styria“.
- Creation of „AN-institutes“; these are research institutions in close connection with universities, doing very practical research by further developing basic research results into marketable innovations.
- Coordinated information initiative. The current offers in innovation-related services are ascertained and passed on by interdisciplinary advisory services and innovation consultants.
- Demonstration centres within research institutions will make the access for SMEs easier and more attractive.
- Cluster-specific qualification measures: The existing offer of lectures at universities is extended; cross-sectoral further education initiatives are supported.
- „Innovation assistants“ for SMEs offer project-related external specialized knowledge; they might become highly qualified employees after being hired by SMEs. The training of these assistants is supported by the Labour Market Service.

1.3.2 Brief assessment

The TPC obviously helps to orientate economic policy makers in Styria to streamline support programmes and to provide funds because of its sound scientific foundation. It has already led to an adaptation of support programmes for technology-oriented projects (e.g. SFG - support guidelines, subsidies for the Land science policy). The TPC is making it easier to apply for funding with the existence of clear guidelines.

The TPC works as a means of attraction for national and international investors. The Styrian authorities emphasize a strategic, technological view and by that define their main focus of promotion and technology transfer. Strictly speaking, the Land government states which branch of the economy and which kinds of technologies are particularly welcome and hence supported. The support consists in a mix of subsidies and advisory work which leads to an intensive integration of businesses into regional and international economic and technology networks.

Local municipalities wanting to develop industrial estates orientate their aspirations according to the TPC framework. In fact, the negotiation power of strong investors for getting investment subsidies is far from being mitigated. Moreover, if they „fit“ into the dominant cluster structure, which is the automotive cluster, they can bargain for a maximum of benefits (as it was the case with the „Magna“ iron sheet factory near Gleisdorf in 1997). Fuelled by a number of large investments and the hiring of a special „automotive cluster manager“ in the board of directors of the SFG, the number of enterprises and employees in this sector has considerably increased in

the recent past. In addition, a „cluster on work material“ in the Upper Styrian old industrial region and a „wood cluster“ in the project area begin to be promoted.

The environmental cluster is clearly underrepresented, to an extent that several initiatives and firms now organise themselves in order to actively solicitate funds for building it up; its pole is Eastern Styria. The environmental cluster will comprise the following fields:

- renewable energies and work materials
- eco-industry and eco-parks
- sustainable regional development and local agenda 21
- education and training (with the long-term target to create a College for Sustainable Development in East Styria).

Summing it up, there is a clear risk of neglecting other industries than the automotive sector for political reasons (according to the saying: „Never change a winning horse“).

1.4 Summary: Common structures and differences

| | Agricultural and rural policy | Active labour market policy | Technology policy |
|--|---|---|---|
| Dominant decision level | EU | Federal (Austria) | Land (Styria) |
| Scope and ambition: Trend towards „core competencies“, except agriculture | Widening the scope: Agricultural diversification, rural development | Concentration on core competence, shifting towards human resource management | Concentration on core competence (technology), implying a leverage effect on regional economy |
| Responsible on the federal level | Ministry for Agriculture and Forestry (EAGGF; Agricultural policy, Obj.5a) Federal Chancellery (EFRE; Coordination of regional policy, territorial innovation: FER, Obj.1,2,5b) | Ministry for Social Affairs and Federal Labour Market Service (ESF, Obj.3,4) | Ministry of Science Ministry for Economic Affairs (SME) |
| Responsibility on the Land level: | Governmental department for agricultural and environmental policy; Agricultural Chambers Planning department (STEFREI) | Land Labour Market Service | Governmental department for economic affairs; Styrian Economic Promotion Company (SFG) |
| Institutional arrangements | Trend towards decentralisation of implementation and monitoring, but segmentation according to structural funds and institutional hegemony (Agriculture: ILE, EFRE issues: Regional management offices) | Important role of the district labour market offices (Regionale AMS - Geschäftsstellen), but strong dominance of the Land - AMS with a monopoly on ESF funds. | Trend towards outsourcing from the government department to the SFG; no regionalisation. |
| Segmentary educational institutions | Dominant role of LFI (Agricultural Chamber) | Dominant role of BFI (Labour market service) | Dominant role of WIFI (Business Chamber) |

2 The action level

2.1 Policy Field: Rural structural and agricultural policy

"Fruit basket Straden - an agritouristic project starting from a local cultural initiative" (RA)

2.1.1 The context

The „smaller region“ (official term for the former judicial district) of Straden consists of four communities (belonging to one common parish) and is situated in southeastern Styria (districts Radkersburg/RA and Feldbach/FB), objective 5b area. It produces a great variety of agricultural products, mainly on small farms; most farmers practise part-time farming; the share of part-time farmers in FB and RA amounts to 70%.

Straden is situated between two tourism centres, the spas of Bad Gleichenberg and Bad Radkersburg (15 and 30 kms distance). The spas in southeastern Styria, not only famous for recreation, but also known for health and family tourism, are the economic hope of this region; they were responsible for a constant increase of overnight stays within the past years. The smaller region of Straden itself hardly had any overnight stays up to the 90s. The pristine village of Straden, situated on an old volcanic rock amidst the surrounding hilly vineyard landscape had been visited during day trips which, however, did not contribute much to the income of the communities.

Apart from the thermal bath facilities there are only a few opportunities for young people to get a job in the region. So they leave for both higher education and for jobs and come to see their relatives only on weekends and during holidays.

2.1.2 The action

History of the action

| Phase | Evolution |
|---|---|
| Cultural initiative „Straden aktiv“ (1976 - 1990) | Formed by a group of the local youth a very active culture group “Straden aktiv” starts to perform theatre and performances; with a time they felt their own limits and started more and more to organize cultural events and to invite other theatre and music groups. Since 1983 the group organized the “Stradener Straßenspektakel” which from then on took place every other year. They never founded a legal entity, but “Straden aktiv” soon became a “section” of the tourist association, when they began to deal with public funding of their various activities. |

| Phase | Evolution |
|---|--|
| Tourism development/ start (1991-1993) | <p>The speaker of "Straden aktiv", who took over the local grocery shop from his parents, started to get involved in the local tourism association, primarily called „society for the improvement of local amenities“. He helped to establish a tourism information centre in a gallery room of a local artist. Soon they started to sell some local crafts and produce there. The tourism board elected a new chairman, a young, very ambitious and nowadays internationally known wine-grower. He was the one who agreed to develop common visions of local stakeholders with the assistance of a consulting body (ÖAR), which was funded by FER (support for regional development of the federal chancellery). FER had the advantage to be unbureaucratic, non-sectoral and innovative at the same time with no regard to the type of actor, be it farmer, craftsman or worker. The guidelines discussion involved the four mayors and about 100 farmers, entrepreneurs and initiators in the fields of tourism and culture, as well as other important persons.</p> <p>Besides the tourism association, three groups of farmers, who market their products in tourist information started to implement the first steps of common projects. The implementation was funded via the STEFREL budget line of the Land Styria (planning department), similarly unbureaucratic and non-sectoral as the federal FER. Both instruments were developed in the early eighties by committed government officials as a response to the growing demand of endogenous initiatives in „lagging“ regions, but had very limited scope compared to the wide range of sectoral funding mechanisms.</p> |
| Founding of the tourism association, first projects (1993-1995) | <p>1993 a new Land Act on tourism promotion passed the Land parliament. The 4 communities of Straden established a semi-public tourism association. Members of this association were the communities, all the entrepreneurs of the villages and many farmers. Private people started to invest in accommodation, farmers intensified their direct sales in the information office. The winegrower stepped back from his function to dedicate himself to the mastery of wine production; after an interim solution the speaker of „Straden Aktiv“ became President of the tourism board. He mounted the big „street spectacle“ of 1994, with many local and international „folk“, „ethnic“ and „world music artists“ and cabaret groups, food and craft stalls. With the years the „Strassenspektakel“ has got far more than regional reputation and was attended by politicians. In the eve of regional elections and the EU accession, they did not hesitate to promise generous funding of further infrastructure projects.</p> |
| Investment and implementation period (1995-) | <p>In the year 1995, after EU accession, Straden applied for a village development project. Straden was the first project to be submitted under the title "Village Renewal". The voluminous application forms and the design of the support mechanisms were not finally settled while already dealing with the Straden project, but by the end of 1995 the Fruchtekorb Straden got a verbal promise for the amount of 5,1 MECU and an unspecified positive written answer. The political responsibility is now definitely assigned to the agricultural and rural policy department of the Land government, with the help of the so-called ILE-consultants („integrated rural development“) as outlets in the district chambers of agriculture, but there is no official written confirmation. The sectoral assignment caused the division of the project package into parts; the three smaller communities restart with a new vision with new consultants, more or less imposed by the funding authority; new farms wanting to start farm vacations respectively direct sales are grouped together and given compulsory training sessions by the chamber of agriculture. In this way they are separated from the older group, which already practises for a certain time. The original project sum was finally put in question by Land government officials, a disturbance which caused severe tensions between the board members of „Fruchtekorb Straden“, but after many months of uncertainty and renegotiations they seem to get nearly the same amount again. Yet, in 1998, when the annual Land exhibition (theme: „youth“) is hosted by Radkersburg, the Strassenspektakel has been „forgotten“ during the attribution of funds. Uncertainties and incongruencies between the local and the Land level seem to prevail.</p> |

Brief description of the action

The tourism association of the smaller region Straden (communities of Straden, Hof, Stainz and Krusdorf, altogether around 4000 inhabitants) situated in south-eastern Styria between the spas of Bad Gleichenberg and Bad Radkersburg, is known under the common name „Fruit Basket Straden“. The foundation of a tourism association and the development of a common vision for

the four, originally non-touristic communities, have given a clear, new orientation for the local economy.

The aim of the „Fruit Basket Straden“ is to give a new economic thrust by linking together the fields of tourism, agriculture and culture. The common image - the Fruit Basket - shows on the one hand the great variety of agricultural products, but furthermore also the touristic and cultural versatility of the region. Well known beyond the region is the „Stradener Strassenspektakel“, a music and micro-arts festival taking place every other year and on the last occasion was visited by about 10,000 people. In this festival musicians of various kinds and styles can be heard, and the whole village is involved in the organisation. Moreover, they run a village art gallery, smaller festivals for microtheatre and cabaret and organize a number of further cultural events; this cultural entrepreneurship is quite untypical for a rural community in the larger region.

Building on a considerable agritourism „basis“ they are now planning a step forward by a number of 5b-projects amounting to a total investment sum of 5,1 MECU, dedicated to further develop and connect these three fields:

- The old monastery school is to be revitalized and converted into a cultural centre. It will not only be used for cultural events; eventually seminars and workshops for „educational tourism“ purposes will also be offered there.
- About 20 agricultural enterprises renew their farms and offer farm vacations, „event tourism“ or start direct sales.
- A natural bathing pond and a horse riding arena are to be established to attract families with young children to stay longer.

Initial works for public construction projects have started, but the promised funding has been blocked for about two years, which causes severe tensions between the activists. For example the mayor of Straden dismisses the original revitalization plan for the monastery and employs new planners for a cultural centre without consulting the future users, in order to save some money. The President in turn gets angry when faced with this kind of individualistic phenomena.

All in all the overnight stay facilities have doubled and the number of overnight stays has increased at a two-figure percentage since 1990. The tourism association of Straden runs its own web page.

2.1.3 SRD analysis

In the following we roughly assess the interaction between the innovative action and the supporting missions against the background of the 10 components of sustainable development orientation. Particularly good matching is marked with bold letters.

| | |
|---------------|--|
| Environmental | Direct effects by offering direct marketing facilities for organic farmers. Combined with the ÖPUL programme more production diversity rose among conventional farmers, too (ÖPUL offers support for organic farming, „Fruit Basket Straden“ offers market facilities. ÖPUL has a disadvantage, for a combination of several extensification subsidies outweigh the subsidies for organic production; in this region the share of organic farmers is far under the Austrian average. |
| Sociocultural | Strong emphasis on cultural life, above all by the group „Straden aktiv“, their way of acting and the events which are widely known even outside the region. |
| Economic | Main topic of the project since the time that the development of the vision and the agritourism programme have started. Jobs and higher income in the region result from the cooperation between agriculture, tourism and culture (which can be seen by the annual two-figure increase in overnight stays). In addition, the investment amount 5,1 MECU proposed within the frame of the 5b project would be an essential impulse for the whole region (some 4000 inhabitants). |

| | |
|----------------------|---|
| Interpersonal equity | No visible effects. |
| Spatial equity | The Fruit Basket Straden is a model for the development of peripheral regions and for preserving and creating jobs by making use of local resources. |
| Intertemporal equity | The cultural events stimulate young people to participate in village life - to a limited degree the project is also a job generator. |
| Diversity | Früchtekorb Straden broadens the scope of local activities, linking agriculture to tourism and culture. |
| Partnership | Cooperation between communities, still quite untypical in Austria cooperation between agriculture and tourism. However, the partnership developed during the period of 1990 to 1995 experienced times of stress because of the specific ILE support structure which compulsorily regroupes new for getting advice and training and creates concurrence to existing suppliers; at the same time tensions increased between municipalities, the project manager and other responsible persons due to an imminent cutback of funds. Gaining endurance and social cohesion need more time than economic success. |
| Participation | Strong involvement of local associations and the whole population in the "Stradener Strassenspektakel". In addition, more than 100 people were participating in the development of the guiding principles. |
| Susidiarity | The Tourism Law of 1993 fostered the creation of local organisational and financing structures for the tourism development. This was an important precondition for the success of „Fruit Basket Straden“. |

2.2 Active labour market policy

The association „Chance B“ - an integration project for handicapped people in Gleisdorf (WZ)

2.2.1 The context

The action was born in the context of the educational system of a rural town in Eastern Styria (Gleisdorf). Severely handicapped children were generally excluded even from primary education before 1984. When concerned parents and teachers successfully created the first class for „severely handicapped pupils“, specific support measures became necessary to integrate those children into the school system. In order to raise funds from the AMS for employing an assistant, a non-profit association „Chance B“ has been founded. Its name means „opportunity for handicapped“ (behindert) and „second opportunity“ at the same time. Within 10 years, the scope of activities grew and the association turned into a service institution for handicapped people of all kinds, degree and age, and an important employment firm on the transitory labour market. This means that the context co-evolved with the initiative.

The labour market system only later became the decisive element of the political context. In other words, the first project context was the educational system, it soon expanded to the social and health care system, and finally to the labour market system as the most comprehensive policy field dealing with human resources.

2.2.2 The action

History of the action

| Phase | Evolution |
|---|---|
| Experimental class / Initiation (1984-85) | The initiative grew from the action of one, committed, empathic teacher to a peer group of teachers and parents of handicapped children. |
| Experimental class / Project | The teachers were supported by the tolerant school director; they had networking links to a working group of special pedagogics in Hannover |

| Phase | Evolution |
|--|--|
| (1986-87) | (D); the district officers for social welfare and labor market integration were committed to the aims of the peer group. In order to get a AMS-funded assistance, they founded an association after several months of intensive discussions about objectives and values. They were now a strongly committed peer group of about 10 people (teachers, parents). |
| Integration work / Start-up (1988-1989) | The initiator and group leader left his school job and became manager of the association which now focused on integration assistance before and after schooling. Links with the Land - labour market service become intensive as the project organised courses for job integration; the cooperation with the German work group (important for scientific inputs and expertises towards the administration) and other social initiatives, especially in Styria, is intensifying. The association becomes part of a Land-wide network of social initiatives. |
| Integration work / Maturity (1990-1993) | The association was transformed into the new type of so-called „social enterprises“ which function as a transit - labour market integrating, qualifying and thus preparing hard-to-place people for the ordinary labour market; standards and efficiency criteria are worked out together with the Land - Labour Market Service in collaboration with the Styrian network of social enterprises which emerged from the social initiatives network. |
| Regional social and health service enterprise / regional clustering (1994-1996) | Together with 12 communities the association created an enterprise of ltd. responsibility, which provides integrated health and social services for the smaller region of Gleisdorf. |
| Regional social and health service enterprise / enterprise consolidation (1997-) | Together with two communities the association created another enterprise as the holding company for a new home for handicapped people. The manager is stepping back from the presidency; the board is now held by non-employed persons for better execution of the controlling tasks. |

Brief description of the action

„Chance B“ offers personal social and health services for nearly all kinds and ages of handicapped people. It employs 62 people with 15 additional training places, 18 transit work places and 10 activity therapy places. „Non-classical“ drug addicts and the elderly etc. are only cared for in exceptional situations. The association has about 150 members, though there are only a handful of people really involved besides the employed staff. The committed peer group nowadays would be made up of about 6 people. From outside „Chance B“ is not so much seen as a „solidarity movement“ any more, but is very much respected as a professional operator in the social and health sector.

For the mobile services Chance B holds 51% of an enterprise together with 12 municipalities in the smaller region of Gleisdorf. It fits perfectly into the vision of an „integrated social services provider“ as it is stipulated in the new social services regulation in Styria. There is only one more integrated services provider besides Chance B, which obviously inspired the new regulation (1997). The other Styrian districts are covered by Land-wise specific service providers (which only cover a part of the respective demand, e.g. home assistance, assistance for handicapped children in their earliest years, physiotherapeutical assistance).

For the training courses and the transit jobs, which are supported by qualification and personal counselling the association directly holds seven „social enterprises“ with key - employees responsible for each branch (social assistance service and social catering, office services like a copy shop or local mail distribution, a mobile canteen and dishes rental, wood workshop, joinery, an organic farm with its own market stand and the public school buffet. Chance B would need 17 permits for the different crafts they practise. But Federal Law allows exemptions for so-called „protected workshops“ which employ handicapped people. The licence for running a restaurant, though, is kept by the founder and manager, who has the necessary qualification.

The whole enterprise has an annual turnover of around 2,3 MECU, of which nearly 1 MECU is made by the mobile services company (with limited responsibility). The special funding system targeted to social enterprises in Austria has the effect, that they cannot feed their own capital stock. Whenever they get more revenues than foreseen, the subsidies are cut back. For the construction of a new handicapped home Chance B has chosen a new way by founding a holding company together with two municipalities, which build the home and then gives it to the association for rent. The monthly rent will contribute to a certain capital stock as a reserve for the future, necessary for economic sustainability.

There is still a certain amount of income by benefit events, e.g. concerts, flea markets etc. which show the popularity and the public support the association has.

2.2.3 SRD analysis

The remarkable strengths are printed with bold letters. It is worth mentioning that the initiative does not only have overall positive effects on the social and labour market context, but also shows very strong effects on areas which did not belong to their original scope of action, primarily the local economy.

| | |
|-----------------------------|---|
| Environmental | Positive effects by projects in green market niches (organic farming, environmental consultancy [only temporarily], organic buffet and market stand, wood workshop). |
| Sociocultural | Very strong in comprehension, inclusion and pedagogics of marginalised people. |
| Economic | The long-term viability is ensured by a shift from an educational and social project towards a cluster of social and health service enterprises. |
| Interpersonal equity | Specialized in this core target area; therapeutic work and social integration, provision of transit jobs, qualification measures. |
| Spatial equity | Effects on the Land, even on the Federal level; acts as model especially for rural areas. |
| Intertemporal equity | The project invests in „human capital“, but also acts as a niche supplier in neighbourhood services and local food production; this contributes to the passing of corresponding values and attitudes from one generation to the next. |
| Diversity | Active in at least three sectors (education, social system and labour market policy) it is extremely flexible and adaptive in applying existing funding regulations. It enriched and helped to develop public support schemes; moreover it contributed to the development of third system employment and to the local economy. |
| Partnership | From the very onset the project networked with other Styrian and Federal social initiatives; co-founder of the Styrian social enterprise union; acts as an interlocutor for the Land Labour Market Service in setting up transplacement and efficiency standards for transit job enterprises; cooperates with an international association for pedagogics for handicapped people; actively involved in a work group within the social department of the Land government for creating pedagogic standards for the new school for assistants to handicapped persons. |

| | |
|---------------|--|
| Participation | Active involvement of handicapped people and parents/responsible persons from the very beginning. |
| Subsidiarity | The project successfully involved municipal authorities; it inspired the new Land regulation on the regionalisation of social and health services (it is now one out of two integrated service providers in Styria). |

2.3 Technology Policy

"ÖKOPROFIT" - environmental consultancy for entrepreneurs in Graz (G)

2.3.1 The context

In the period after the second petrol crisis and the first Club of Rome a concerned senior professor at the Institute for Process Engineering in the Technical University of Graz gathered assistants and students around him in order to study the problematic impact of the hitherto common „end-of-pipe-technology path“ and to seek and find new and more radical, but practicable solutions. He promoted studies, research and publicly efficient actions concerning themes such as technology impact assessments, cyclical economy, conflicts and synergies between ecology and economy, development of environmentally sound production methods and new resource efficient methods in process engineering. Some of his students and assistants at the TU Graz decided to deal with these problems more intensively and founded the work group STENUM (an acronym for „material - energy - environment“). The group started its own research projects with national and international partners.

Under the general title „Cleaner Production“ the efforts took shape within the EU sponsored PREPARE-programme. Among the regional partners the city department of environment in Graz showed great interest; they looked for partners ready to implement Cleaner Production concepts on an entrepreneurial basis.

The city of Graz is very susceptible to smog because of its location at the southeastern edge of the Eastern alps in the inversion basin of the river Mur. This was one of the reasons why the city was one of the earliest towns in Austria to build separate bicycle paths; citizens movements were gaining importance from the seventies onwards and Graz saw the first green party elected to the townhall as well as becoming the first Austrian city to create a communication office for citizen's movements.

To mitigate the frequent smog situations, the municipality developed a communal energy concept (KEK) under the leadership of the head of the municipal energy office. This man was appointed head of the environmental department in 1990. From the beginning he strove to act close to the citizens and looked for new environmental prospects for Graz - together with his partners in the technical university.

2.3.2 The action

History of the action

| Phase | Evolution |
|--|--|
| Initiation and project development (Case study ÖKOPROFIT I): 1990-1993 | Research group STENUM at the Graz TU, Institute for Process Engineering, developed an advisor-oriented model (ÖKOPROFIT) by which preventive environment protection could be realized in enterprises. The Environmental Department of Graz showed strong interest and supports the project by financial and organisational assistance. ÖKOPROFIT started with 5 enterprises in Graz. The main focus lies in consultancy. |

| Phase | Evolution |
|--|--|
| Project realization (Workshop model ÖKOPROFIT II):1993-1994 | Together with STENUM and the environment office a workshop model based upon the experiences in ÖKOPROFIT I was launched. The workshop combines theory and practice. The participants were informed about the latest developments in entrepreneurial environment protection, which they try to realise in their own enterprises as a home exercise. Because of the exchange of experience between the individual enterprises the results were excellent (saving of expenditure). ÖKOPROFIT II is carried out with 12 enterprises. |
| Spreading out: 1994-1995 | The model was successful and was supported by both local enterprises and politicians. The municipality of Graz continued to subsidise the ÖKPPROFIT workshops. The towns Dornbirn and Klagenfurt and the Land of Lower Austria took over the model and implemented it with slight adaptations. STENUM kept the leadership and integrated more (local) partners into the design and implementation. Actively participating enterprises got an ÖKOPROFIT award. The jury consisted of environmental experts and the Social Partners. |
| Internationalisation 1995-1997 | <p>ÖKOPROFIT became well known beyond the Austrian borders. The UNIDO financed offsprings in Hungary, Czech Republic, Slovakia and Brazil. The project Cleaner Production Centre serves as a centre for the outreach of the ÖKOFIT model within Austria.</p> <p>ÖKOPROFIT continues to get support from the municipal politics. The financial subsidies are now primarily geared towards innovative solutions in entrepreneurial environment protection. The exchange of experience between the enterprises is emphasized by the „ÖKOPROFIT club“ and „innovation pool“ (a pool of experts ready to get involved in case of demand). Further partners get involved. The Chamber Of Commerce provides advisors and rooms. Finally the regionalisation within Styria takes place. The international ÖKOPROFIT network links municipalities together; an EU-wide licensing system is based on a patent on the method from 1998 on, held by the city of Graz, which invests into the network, in the methodology and in the promotion.</p> |

Brief description of the action

The head of the environmental department in Graz was looking for new concepts for (preventive) environmental protection at the „polluter’s level“ and engaged the STEUNUM research group (assistants and students at the TU/Instute for Process Engineering) to work out a concept for enterprise consultancy. ÖKOPROFIT I was launched as a pilot project in which 5 enterprises of Graz were involved; this project was still strongly advisor-oriented.

Based on the experience of ÖKOPROFIT I the partners were seeking a better position between the improvement of knowledge and mobilisation of actors. The resulting training programme combined expert-borne know-how transfer with informal experience exchange in free workshops as well as with practical implementation in their own enterprise.

Since as a rule only one employee of the enterprises can take part in the workshop, this participant takes over the part of the know-how transfer in his enterprise. The participants in the workshops are regarded as equal partners, whether they came from a big company with over 1000 employees or a micro - SME. On demand experts are sent to the enterprises in order to deal with special problems in the framework of ÖKOPROFIT („Innovation pool“).

ÖKOPROFIT aims for preventive environmental protection in enterprises, reduces waste and emissions, analyses and improves modes of operation and helps to reduce expenditure by concrete measures.

ÖKOPROFIT has been and still is very successful and since its start in 1991 has involved more than 60 enterprises of different branches and size (from 5 up to 3000 employees) in Graz alone.

The programme is one of the core elements of the Graz Agenda 21 action plan, for which the city won the „European Sustainable Cities Award“ in 1996.

2.3.3 SRD analysis

| | |
|----------------------|--|
| Environmental | Main focus of the programme. The participating firms concentrate on improved environmental protection. Environmental technology is enhanced. New jobs and innovative eco-companies get created. The programme helped to mitigate the smog situation in the Graz basin. |
| Sociocultural | The participating employees or enterprise owners are the moving forces of the project on company level. Experts are integrated into the project as peers. Through practical exchange of experiences, excursions and workshops, intensive social contact between employees of the different firms and on different company levels takes place. |
| Economy | ÖKOPROFIT helps to save resources and expenses. The average pay back period for the environmental investments is less than a year. |
| Interpersonal equity | Knock-on effect of further cooperation (within and between companies). |
| Spatial equity | Starting from a local level, ÖKOPROFIT has spread on the national and international scene. It can be basically accomplished in any region, regardless to economic or ecological differences. The ÖKOPROFIT network sets quality standards by a licensing system for the whole EU; the UNIDO provides further diffusion under the „Cleaner Production Centre“ programme. |
| Intertemporal equity | Steps towards a cyclical economy and environmental protection. |
| Diversity | The project enhances the communication and knowledge exchange between very different partners: big and small firms, civil servants and experts, environmentalists and entrepreneurs. |
| Partnership | Partnership is an archetype of the project: The project grew from the partnership between STENUM and the department of environment in Graz; the „ÖKOPROFIT Club“ integrates experts, civil servants and entrepreneurs of all kinds, the „innovation pool“ integrates other experts and institutions (like the Chamber of Commerce) and the ÖKOPROFIT network connects municipalities and related actors Europe-wide; international agencies (UNIDO) integrate partners in Central/East Europe and overseas (Brazil). |
| Participation | The concept is based on the active participation of the involved enterprise delegates and the supporting institutions. The economic advantage of the business (cost reduction) and the image building for participating enterprises (ÖKOPROFIT award) nourish various partnerships between SMEs, environmentalists and the political system. |
| Subsidiarity | The immediate economic success furthers SME commitment and participation. Public agencies give a push in the start-up phase and later on act only on a secondary level (to ensure organisational and financial support). |

2.4 Commonalities and differences between the three innovative actions

| | Fruit basket Straden | Chance B | ÖKOPROFIT |
|------------------------------|---|--|--|
| Initiators | Local cultural group | Teachers and parents of handicapped pupils | University assistants and students |
| Key actors | Grocery shop owner = local theatre group manager | Teacher in a school for „subnormal children“ | Assistant of the TU/Institute of Process Engineering |
| Ideological reference | Urban cultural life in Graz, later: Fusion between local and global expressions | Germany-based network for alter-native pedagogics | Senior professor involved in the Club of Rome discussions |
| Promoter | Para-public local tourism association | Non-profit association, later: non-profit enterprise | Research enterprise and the department for environment in Graz |

| | Fruit basket Straden | Chance B | ÖKOPROFIT |
|------------------------|--|--|---|
| Peer group | Strong; representing „modernity“ in the village (local/global links). | Strong; based on empathy and identification with an excluded group. | Strong; driven by innovativeness; young professionals combining environmental awareness with economic success. |
| Transferability | In a superficial sense the approach is transferable (by the creation of an intermunicipal partnership); in contrast the real, intrinsic strengths are hard to copy, because they are context specific. | Transfer is possible because of the very broad acceptance by potential partners in funding, supporting and implementing such projects; Chance B has in fact inspired similar initiatives all over Austria. | Although the model has a striking plausibility, the transfer was hindered by its strong local „brand“. Following a local example seems to be difficult to swallow for higher or equal administrative levels, the nearer they are. |

3 Interrelationships

3.1 Structural rural and agricultural policy

How do policies support the innovative action?

- ÖPUL helped in preserving and strengthening agricultural diversification within the project area; e.g. corn monoculture has been reduced and the cultivation of pumpkins (for the regional speciality pumpkin seed oil) and vegetables, both products adaptable for sales in short circuits, has been emphasized instead.
- On the other hand ÖPUL is a disincentive for converting to organic agriculture, because it provides fairly high subsidies for a range of extensification measures.
- The innovative action was the result of an integration of the local cultural group with the lowest supporting mission level - the municipalities - into the tourism association.
- The innovative action had been formerly assisted by the supporting missions FER and STEFREI in an unbureaucratic and problem-specific manner, inspired by a territorial approach.
- Because of the specificities of the objective 5b funds and their support structures (separate procedures and interlocutors for the EAGGF, EFRD and ESF funds) an integrated regional project was divided into its sectorial components which had a negative effect on the initiative.
- Agricultural and rural policy is oscillating between sectorial and territorial approaches. The agricultural sector tries to expand to integrated rural activities (which is understandable due to the difficult situation of farming all over Europe), but does not achieve an integrated approach on the actors level. It structurally discriminates against non-farmers.

How does the innovative action influence policies?

- The innovative action had no influence on the support programmes FER and STEFREI, which were already well established when the project started. The Fruit Basket Straden, however, has become a reference model for integrated rural development.
- Straden was the first project eligible under the Styrian 5b village development programme, and one of the first to be advised by the newly established ILE offices. Only in the course of application the forms (40 pages long) and proceedings were adapted to other budget lines "holiday on farm" and "direct marketing". The Straden project thus influenced the design of the forms and proceedings, but this was rather unrewarding.

How does the innovative action influence the broad public?

- The population participated in the elaboration of a shared development for the small region of Straden. This had a positive effect on other local initiatives, documented by the positive response to the renewal programme for traditional buildings (adapting them for use as accommodation), or the increase in local wine taverns and direct sales offers.
- Influenced by Straden, the mayors of adjacent regions (e.g. the nine mayors of the small region of Fehring, situated east of Straden) have been trying to start an integrated development based on joint action.

- The Strassenspektakel (street spectacle) has inspired similar cultural events in various rural places in Styria and Austria.
- The Strassenspektakel resulted in a considerable recognition of Straden by politicians which in turn influenced the funding authorities in a positive way.
- The chairman of the tourism association has become a welcome participant at LEADER network and similar meetings for his rich experiences.

How do policies interact?

- The integrated regional project was established with the aid of the support actions FER and STEFREI; when the 5b programme started, the project was in a strong position for substantial financial support; however, it came under pressure from the sectorial way of implementation, the subsequent split into isolated project strands, and from the unpredictable changes in funding mechanisms during the application period.
- The 5b procedure was apparently designed for „tabula rasa“ situations, as if nothing had happened before; additional technical assistance had to be provided by advisors appointed by the funding authority; this forced the three surrounding villages to repeat the vision building process on their own, which caused a mismatch between them and the „main“ village of Straden; furthermore the new promoters of farm holidays were grouped separately developing common promotion activities under the guidance of the ILE/Chamber of Agriculture; this pushed them into a concurrence position with the already existing farm holiday enterprises in Straden.

3.2 Labour market policy

How do policies support the innovative action?

- The partners in the supporting missions applied existing support measures even for cases for which they were not initially designed in a very flexible manner (experimental labour market policies, subsidies for handicapped people). This shows the capacity of administrative people to improvise within limited margins if they are either committed to the same goals as the innovative actors or at least tolerant enough to let them grow.
- The supporting missions received response from the innovative actors and thus were enabled to adapt and develop new support measures for new challenges (outplacement and efficiency criteria for socio-economic enterprises, pedagogic guidelines for assistants for handicapped people).
- The innovative action gave birth to new activities, organisations or institutions by merging some of its original ideas and actions with parts of the support system (quality management for social enterprises, school for assistants for handicapped people, territorial enterprise for social and health services). In other words, the „squashes“ between supporting mission and innovative action created „secondary innovation cycles“.
- The cooperation with the network of innovative actors in the region enabled the regional policy level to transmit new innovative structures and procedures to the next higher level (the quality management for socio-economic enterprises has spread out to the Federal level).
- The supporting missions delegate a good deal of the controlling and monitoring measures to the innovative actors and their peers (they acknowledge the collective negotiation status of the Styrian Union of socio-economic enterprises).

How does the innovative action influence policies?

- Bridge function: Their promoters (teachers and parents) speak the language of both systems, the supporting mission and the target group of the innovative action.
- Peer group identity: They are promoted by a strong core group with a distinct identity which is emotionally consolidated; the group speaks with one voice and can support failures and resist exclusion, ignorance or repression.
- Leadership: They are led by an individual (founder and long term manager) who is empathic with the target group, able to anticipate upcoming tendencies and to speak the language of the different negotiation systems.
- Although the innovative action shakes the supporting missions up and provokes their ability to adapt and become more responsive to the real needs of specific target populations, the supporting missions in general don't welcome the disturbance; they can't easily forget the irritation caused by the process; this results in „second coming“ initiatives being given the pilot implementation of new structures and processes rather than the originators.

How does the innovative action influence the broad public?

- It raises public attention for a marginalized group or a suppressed topic, instead of stirring up feelings of guilt (setting positive anchors by solidarity events, flea markets, concerts, but also public discussions about the professional background and a project newspaper).
- It involves opinion leaders and key people with direct access to regional mass media for the aims of the action (strategic alliances, e.g. by involving bankers, lawyers, auditors, district officials)
- It creates partnerships and networks with external organisations with some scientific authority in the respective field of action (high level references, e.g. the work group on special pedagogics with a seat in Hannover/D, which once held a symposium in Gleisdorf on the invitation of the „Chance B“)
- It establishes viable and repeatable models for new structures and processes in their respective field of action (vanguard function, e.g. as integrated social and health service suppliers for the smaller region of Gleisdorf as a prototype of the new „integrated social and health regions“ regulation in Styria)

How do policies interact?

- The Labour Market Policy showed vertical overlaps of competence and decision making power in the experimental phase, when the innovative action was introduced; this coincidence paradoxically seemed to raise output efficiency because of the qualitative competition between different subsidiary levels, even if their relationships were difficult to manage (in this phase the Federal level was pushing forward the self-determination of social initiatives and socio-economic enterprises).
- Social policy, Land based, and labour market policy, much more dependent from the Federal level, interact horizontally by means of interinstitutional agreements; the innovative actors have to deal with them in parallel; a round table negotiation system has never been installed.
- The Land AMS transferred the adapted structures and processes to the Federal level and thus to other Länder.

- Since the AMS reform in 1994 the responsibility has passed to the Land level, which engenders more reliability, but also more determination and less flexibility.
- Since the AMS has passed from direct Ministry control to the social partners control, their regional performance is more dependent on the respective political and communication culture between the social partners in a Land or even a district.
- District officials (education, social and labour market policy) act as important mediators and „background facilitators“ between the local actors' and the Land level.
- In the case of the experimental school class for severely handicapped children (the original activity of „Chance B“), the successful experiment was not acknowledged as „standard“ after the end of the experimental period. The actors level was actually too far away from the decision level (Federal Ministry for Education).
- Whenever the Land is responsible for specific sectorial operations, it does not seem to be very easy to involve municipalities; it needed the creation of a very binding project, a joint venture enterprise for social and health services, to „get them on board“

3.3 Technology policy

How do policies support the innovative action?

- Actors within the municipal administration and a university research group created their own distinctive strand of innovative action, which can be considered as a „virtual institution“ encompassing municipal administration, entrepreneur and the STENUM firm.
- The strong identification of the municipal administration (and the responsible town councillor) with the programme might have had a delaying effect on the diffusion of this approach to the Land level or to the city of Vienna.
- The municipality developed their own funding schemes and continuously improved the technical support for the target groups: enterprises of all kinds and size in Graz.
- The Land level did almost nothing to contribute to the success of the innovative action.

How does the innovative action influence policies?

- ÖKOPROFIT is today a constitutive element within the communal policy of Graz and has spread out to the city of Klagenfurt, the Land and municipalities in Vorarlberg, Lower Austria and even abroad (under the umbrella of the UNIDO: as integral part of the „Cleaner Production Centers“ in Reform States).
- The model has been partially taken over or even copied by those administrations, which were quite reluctant for some time (like Vienna), but the „inventors“ are not always acknowledged.
- The design of the Technology Policy was somewhat inspired by the successful cooperation between the university and the city administration in terms of environmental improvement, but the actual implementation of technology and regional economic policy does not accept the „eco-cluster“ as a serious political consideration.

How does the innovative action influence the broad public?

- The Graz municipality builds on an image as a „sustainable city“. An „Agenda 21“ action plan has been set up under the coordination of the environmental department which enabled them to win the „European Sustainable Cities Award“ in 1996.
- The entrepreneurs taking part in the programme remain members of the „ÖKOPROFIT club“ which is in fact an informal and highly effective group for collective learning.

How do policies interact?

- Diffusion upstream (to the Land) and horizontally (to other cities or rural regions) was slow, although all concerned partners are now praising the benefits of this action. There are difficulties in finding appropriate sources for funding this kind of techno-organisational innovation regardless of the status of the actors (farmers, entrepreneurs, communities, regions).
- Environmental policy (actually tied to the agricultural department) and technology policy (tied to the economic policy department) are disconnected from each other. ÖKOPROFIT is hardly recognised by each of these separate policy strands. It seems, that only an initiative from bottom-up (like the „eco-cluster initiative“ in Eastern Styria, whose coordination has been taken over by the regional management office) can move the political system in this direction.

3.4 Commonalities and differences

| | Fruit basket Straden | Chance B | ÖKOPROFIT |
|---|--|---|---|
| Relation to the selected policy field | Although having started as an integrated rural development project, it later became subject to the sectoral agricultural policy and the 5b EAGGF structural funds implementation | Vanguard role in the emerging policy field of active labour market policy | Indirect influence on the technology policy concept through the scientific community in Graz. In the political arena the environmental strand in TP has been thrust aside by the highly successful automotive cluster. |
| Communication between innovative action and supporting mission | Discontinuous and inconsistent; first: territorial administration, later sectoral (agricultural) administration | Continuous co-evolution through a dialogue process | Very intensive interaction with municipal supporting mission, no links to the Land level (technology policy or environmental policy) |
| IA/SM squashes (creation of secondary innovation cycles induced by the innovative action together with parts of the supporting missions) | The cultural initiative, the dynamic core, „nisted“ in the tourism association (as a „section“). The municipalities actually changed from the SM side to the IA side. | The continuous dialogue resulted in the foundation of a school and the setting of standards for special pedagogics in Graz the efficiency and quality criteria for social enterprises in Styria and in Austria special classes for integrating severely handicapped children in school | ÖKOPROFIT was the result of a „squash“ between STENUM assistants/students and the Graz department for environment. They both are independent from each other, fulfilling different tasks, but ÖKOPROFIT continues as a joint, dynamic set of innovative actions in a „virtual space“ between the administration, the advisors and the private sector. |

4 Best practices emerging from the three case studies

4.1 Best practice interactions

| | |
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| Adaptive applications of supporting missions in favor of innovative actions | At first innovative actions irritate the political and administrative system; if sympathetic or tolerant interlocutors can be found within that system, the supporting mission can help the innovative action by adaptive application of existing instruments with a flexible interpretation of eligibility measures. |
| Innovative actors reply to the supporting missions | When a partnership between IA and SM is established, the IA can positively „reply“ to the SM by contributing to a further adaptation of their instruments to new challenges. |
| Co-evolution of IA and SM | A negotiation system which allows a constant flow of adaptive applications and innovative replies allows both systems, the innovative action and the supporting mission, to co-evolve, a process which enriches and dynamises the context in which they act. |
| IA/SM - squash | In the course of an innovative action cycle, elements of this innovative action (IA) and elements of the supporting mission (SM) can merge and give birth to new structures / organisations / institutions responding to new challenges and needs. Herewith the interaction ends up in a „squash“, which does not mean, that the innovative action itself would be absorbed. It induces a „secondary innovation cycle“; a strong innovative action may create a number of those „squashes“ during its life cycle before getting absorbed by the context. |
| Diffusion of innovation | The supporting mission can convey new instruments to other (lower or higher) territorial levels and diffuse them horizontally (same decision levels, be it territorial or sectorial). Claiming „ownership“ over a specific measure or programme can delay the transfer. |
| Peer pressure | Policy framework regulations should be formulated in such a way that they allow lower territorial levels to create policy instruments and implementation on their own, as near as possible to the (innovative) actors; this can spare a lot of controlling administration and costs; self-control and self-monitoring are far more effective and more willingly respected. |
| Surfing the waves | Instead of presuming a „tabula rasa“ situation in the applicants region, supporting missions should be aware of the real dynamics. Support measures should in the sense of subsidiarity „surf“ on the waves generated by innovative actors in the respective context. It should use the energy which is there, instead of breaking it by installing different schemes and patterns. |
| Local choice | If complementary instruments are tied to a funding or promotion instrument, the local beneficiaries should have full choice of how they want to make use of this instrument and who is going to assist them at this point. |
| A balanced growth of both success and cohesion | A successful initiative may quickly grow beyond its own „social carrying capacity“; in absence of major threats and pressures, the local partnership can appear to be stable and resistant, whereas a major setback in the following phase (redistribution or cutback of funds, sectorial policy influences on partial interests a.s.o.) might have a mortal impact on the web of mutual understanding and trust. Sometimes it is better to take one step less than seems possible; at any time the quality of partnership and communication should evolve with the process. This needs conscious monitoring. |

4.2 Corresponding instruments and procedures

| | |
|--|---|
| Formulating territorial policy packages | <p>The local adaptation and integration of different policy instruments should be enhanced, in order to meet territorial needs and specificities; this goes hand in hand with an empowerment of regional and local actors for negotiating and deciding upon the specific „policy package“.</p> |
| Political handicraft versus mass production (Customisation of policies) | <p>„Mass produced“ policies coming down from a very high decision level should be minimized and supplanted by framework regulations and distribution mechanisms, which are then translated into appropriate policies and measures on the respectively lower levels. On NUTS III levels and further down, where key actors mostly know each other, these framework regulations should generate „hand and tailor made“ policies with respect to the dimensions of sustainability. This is especially important, because „mass produced“ policies tend to address single actors, whereas cooperation on the regional and local level is essential for creating regional competitiveness in the global context.</p> |
| A tribute to redundancy | <p>Overlaps of vertical decision levels („territorial slack“) can enhance competitive behaviour between administrations, leaving to innovative actors a certain choice in the negotiation processes. They might prefer the more adaptive interlocutor.</p> |
| Maintain a constant flow of subsidiarity | <p>Even if the redundancy requirement seems to be inconsistent to a consequent subsidiarity approach it is not: Contrary to the usual interpretation of federalism „subsidiarity“ does not unmistakably describe the „right“ level of decision. It is a concept which „liquefies“ attributions of decision power and transfers the maximum of accountability to the „lowest“, i.e. most private level under the condition of utmost congruency between rights, duties and their effects.</p> |
| Managing diversity | <p>Territorial policy packages should be implemented by key interlocutors, even if they draw on different funds. The matrix or even the project organisation model which corresponds to this management model, is not a common pattern for bureaucracy. Conflict management and negotiation, nowadays reserved for the field of politics and jurisdiction, would enter the administrative world, which once used to thrive on the absence of contradictions. Diversity of real life would be matched with a whole range of procedures, instruments and measures, instead of uniformity and blindness to specificities.</p> |

Appendix: Summary of the INSURED project

Organisational framework

The INSURED project was funded by the European Commission – DG XII – within the Programme 'Environment and Climate 1994 – 1998'. Co-funding came from the Federal Government of Austria, the Government of Hessen / Germany and several local governments in Central Hessen, the Federal Government of Switzerland and the Region of Tuscany. The project began in April 1996 and ended in April 1998.

The project partners were: EURES, Freiburg, Germany (Ruggero Schleicher- Tappeser), co-ordinator of the European research team; ÖAR, Vienna, Austria (Robert Lukesch); SIASR, St. Gallen, Switzerland (Alain Thierstein); SICA, Dublin, Ireland (Gerry Sweeney); SRS, Florence, Italy (Filippo Strati). Associated with SICA was the Dublin Institute of Technology (Consultancy and Research Unit for the Built Environment) and St. Patrick's College Maynooth (Centre for Local and Regional Development, CLRD, Co. Kildare). Associated with SRS was the Department of Chemistry of the University of Siena (professors Enzo Tiezzi, Riccardo Basosi and Claudio Rossi).

The project was largely based on case studies in five European regions: Central Hessen – Germany; Lower Styria – Austria; Midwest – Ireland; Tuscany – Italy; St. Gallen /Appenzell – Switzerland. In each of these regions an advisory regional group was created with local experts and representatives of public and private agencies in order to support the research group through discussions and suggestions on the basic aims, orientations, methodologies and findings of the INSURED project.

INSURED objectives and main results

The original objectives of the INSURED project were:

- To develop a common evaluation framework for regional development policies and strategies in terms of sustainability using a set of qualitative indicators
- To draw on the experience gained from successful approaches to sustainable regional development in a variety of European countries
- To identify some “key factors of sustainability” including legal, institutional, cultural, financial and management aspects
- To work out a set of suitable policy tools for the promotion of sustainable regional development policies
- To make Recommendations for the different policy levels with regard to policy tools including improved instruments, appropriate institutions and effective implementation procedures.

The main results of the project include:

- a conceptual framework for sustainable regional development which has proven useful for the regions themselves and in developing a European wide dialogue
- case studies from five European regions which aid in the understanding of the dynamics of SRD and which contain interesting examples of best practice

- a differentiated framework for the evaluation and monitoring of situations, actions and programmes as well as for the development of strategies, called a framework for quality management of SRD
- a series of examples of instruments, *i.e.* of options for action and support which comprise the most interesting lessons from the case studies
- a set of recommendations.

Comparing the results with the original objectives, most objectives have been met. A management framework has been developed which allows the assessment and the development of suitable policy tools adapted to specific situations. The results of this project are not easy-to-use checklists and simple recipes. The results form a conceptual framework for a challenging issue, the description of interesting experiences using a common 'language', and a management framework which should facilitate the work of actors, politicians and administrators at all levels.

These results will be explained in more detail in the following sections.

The course of research

The research basically proceeded in the following steps:

- elaboration of a provisional theoretical framework
- comparative description of the five European regions
- empirical analysis of experiences in the five European regions
- comparison of the experiences, revision of the framework, elaboration of a common practical integrated approach and formulation of recommendations.

The overall methodology was explorative and sufficiently flexible to discover new perspectives and to find new paths through uncharted territory, rather than being strictly oriented towards the verification or falsification of well-defined hypotheses.

Confronting different disciplines and cultures, experimenting with slightly differing approaches, feeding back results to local actors with very different backgrounds, were essential but not always easy elements of the approach.

Elaboration of a provisional theoretical framework

To develop a conceptual framework for this difficult issue, which would be practical and useful in a European context, was a task which needed intuitive creativity combined with a systematic approach. The elaboration of a provisional theoretical framework proved to be more difficult than was expected by most partners. The discussions of the last decades concerning sustainable development (SD) and regional development (RD) have been reviewed and brought together in a first outline of a common concept of sustainable regional development (SRD).

The original hope of agreeing on a rather short list of rather concrete criteria and indicators was not fulfilled. Instead, sustainability proved to be a very broad and fundamental concept which can be structured in several components which in turn must be interpreted in relation to the specific circumstances.

Confronted with different approaches, different interpretations and different emphases and perceptions across Europe, an effort was made to develop a broad framework - a common language that would facilitate mutual understanding and discussion. The formal result was a set of ten components of sustainability designed for a qualitative evaluation of programmes and

actions in regional development (see table below). Most helpful in the later stages of the work was the inclusion of four “systemic principles”: diversity, subsidiarity, networking and partnership, participation.

Comparative description of the five European regions

The first approach to the regions was a general description using a common framework which allowed for comparison. The ten components of sustainability were not yet used in this context. The description was quite extensive, following a structural model and combining sectoral with territorial approaches as well as analytical with holistic views. The 'snapshot' of the region was made more dynamic by considering the recent past and future trends as well as the relationships with the outside world. Each partner developed

- an appraisal of the state of the human, the man-made and the natural capital
- a collection of interesting innovative actions (bottom up) and supporting missions (top down)
- a regional SWOT analysis.

Empirical analysis of experiences in five European regions

The empirical analysis of regional experiences regarding Sustainable Development was designed as a twofold investigation: a top-down analysis examining selected policies, institutions and instruments provided by European, national and regional levels, and a bottom-up view looking at individual projects and development schemes in the regions analysed.

This two-fold approach was seen to be necessary in order to understand the interactions between policies, instruments and local actions.

The top-down analysis of the supporting missions was based on quite a broad methodological framework. The policy fields to be covered were

- structural and labour market policy
- agricultural and rural development policy
- one supplementary field where appropriate.

The individual policy programmes to be analysed were chosen by the individual research teams, often in collaboration with their regional advisory groups.

The top-down analysis showed very strong differences between the regions and presented difficulties in the direct comparison of policies. Therefore, the methodology was revised following this phase, shifting more towards an analysis of the interrelationships between supporting missions and innovative actions and an investigation of patterns of communication and cooperation. It was only in these areas that meaningful generalisations seemed possible.

The selection of innovative actions was also made by the individual research teams in cooperation with their regional advisory groups. The selection therefore reflects cultural backgrounds, the composition of the regional advisory groups and personal preferences of the researchers. This approach has the advantage of including different interpretations of what is most important and innovative, and corresponds to the explorative character of the INSURED project. On the other hand systematic comparisons of details will be difficult since the samples were not chosen on the basis of well-defined criteria. Similarly, the methodology used for the case studies has been only broadly defined in repeated and intensive discussions. Considerable leeway has been given in detail for exploring new approaches that eventually led

to a further refinement of the original framework. The result of the analysis of the local projects confirmed that programmes and actions are highly dependent upon the specific context.

Comparison of the experiences and enlargement of the framework

The common analysis framework for the empirical case studies was based on the ten sustainability components developed in the provisional theoretical framework complemented by some further categories and questions. This framework has proved to be useful for assessing the orientation towards sustainability and for raising the main issues about the key factors for success and the dynamics of change. However, a series of tentative additional concepts have been necessary for describing in detail the social dynamics that increasingly attracted our interest. It seemed desirable to systematically expand the framework.

Having concluded the empirical case studies, the project partners identified approximately 60 key factors for successful sustainable development in a joint 'brainstorming' session. Later, these were reworked, regrouped and systematised into 16 factors capable of expressing the „regional social potential“. The 16 "key regional factors" represent qualities of a regional context which favour sustainable regional development; they are simultaneously *common*, *diverse* and *original*. *Common*, because they are relevant in each local context examined; *diverse*, because they act in different ways depending on the specific context; *original*, because they are combined in different ways by the local actors.

This means that there is no standardised way or model for using them, but that a creative mix of them is dependent upon the capacity for innovation expressed by the social capital of local and regional communities. Therefore, any actor planning a support programme or a local action would have to consider to which extent these potentials are present, on which elements he can rely and which ones would most urgently need to be developed. Behind the concept of "regional potential" lies the idea that some degree of "self-governance" in a territory is necessary in order to move towards sustainable regional development. Many of the key regional factors point in this direction.

Good strategies start off from a broad view but concentrate on a few key issues. During the case studies it emerged that it was not only necessary to look at static "preconditions" for successful SRD but also to consider the dynamics of transformation which often occurred in several phases. Looking at the basic strategies which can be adopted (and combined) in this context one is left with a quite small number. After long discussions the research partners identified six basic "transformation levers".

The INSURED framework for quality management of SRD

The original theoretical framework of ten components of sustainability which essentially represented the ORIENTATION towards sustainability was expanded by adding 16 factors expressing the regional social POTENTIAL and 6 levers (basic strategy elements) which bring about transformation DYNAMICS.

Altogether these three main elements of the INSURED framework contain 32 quite different aspects of Sustainable Regional Development. Within this integrated framework it seems to be possible to structure all kinds of discussions and actions related to SRD.

Instead of developing a specific set of instruments for sustainable development, the INSURED project has thus developed a framework for the Quality Management of Sustainable Regional Development.

Quality is something that is difficult to grasp. It should improve, but for every product different aspects are important in differing combinations, different companies and different customers

would not share the same interpretation and even minimum standards will change over time. The approach of quality management therefore starts at a meta-level and does not prescribe fixed standards. It only deals with the methods and procedures with which set quality targets can be met or exceeded. The task is to ensure optimal and transparent management in the fulfilment of very complex objectives. Setting the objectives is something that can be supported and structured with the help of a differentiated management tool. The decisions themselves, however, are political or strategic ones.

This framework can be used for assessing and developing an endless series of instruments which are adequate to specific situations. Some interesting instruments emerged from the case studies, using this framework, but they are not a complete set for all circumstances. They can only be considered as interesting examples.

Detailed objectives for Sustainable Regional Development will have to be set in a political process based on the sustainability principle. At the European level consensus may grow on some minimum requirements. Nations, regions and local communities will need to specify their own more specific goals. The INSURED framework may be helpful in this context. The INSURED framework is not limited to the perspective of one kind of actor, it can be interpreted from very different points of view. Moreover, the fact that the framework allows for different interpretations is not only useful in the sense that it can be applied in different situations. It also encourages the viewing of an issue from different angles. It offers the opportunity of understanding the different roles and positions of different actors in one situation – an essential condition for good negotiations and “sustainable” solutions. Furthermore the INSURED framework should help different kinds and levels of actors in performance of the following tasks:

1. to assess situations
2. to develop strategies
3. to assess programmes, measures and actions *ex ante*
4. to monitor and to support programmes and actions
5. to evaluate programmes and actions *ex post*
6. to transfer experiences from one context to another

The ORIENTATION and the POTENTIAL part can be used for analysing a situation and for monitoring and evaluating the impact of actions or programmes. The TRANSFORMATION levers in conjunction with a preceding analysis can be used for designing strategies. And the whole combination can be used for assessing the most varied instruments. Local actors involved in a specific project should be able to make use of this tool as well as administrators at the EU level planning a support programme.

The INSURED framework for the quality management of SRD

| Sustainable Development ORIENTATION SD Components | Regional Social POTENTIAL Key Regional Factors | Transformation DYNAMICS Transformation Levers |
|---|---|--|
| <i>development</i> | <i>linked to diversity</i> ¹ | D1. Enhancing problem understanding |
| O1. Environmental | P1. Perception of a variety of development approaches | D2. Open collective learning |
| O2. Economic | P2. Creativity and innovation in an entrepreneurial culture which emphasises responsibility towards the community | D3. Negotiation and co-decision |
| O3. Socio-cultural | P3. Capacity to cope with complexity and ambiguity and to anticipate change | D4. Creation of a shared vision |
| <i>equity</i> | P4. Openness to enrich the own culture and enhance multicultural cohesion | D5. Service orientation |
| O4. Inter-personal equity | P5. Discovery and re-encoding of territorial specificities & local knowledge | D6. Self-governance |
| O5. Spatial equity | <i>linked to subsidiarity</i> ¹ | |
| O6. Inter-temporal equity | P6. Ability of each to reach their optimum level of attainment and fulfilment | |
| <i>systemic</i> | P7. Fractal distribution of competence using the counterflow principle | |
| O7. Diversity | P8. Autonomy of strategic decision making within a facilitating infrastructure | |
| O8. Subsidiarity | P9. Primary reliance on own resources without compromising the ones of the others | |
| O9. Networking and partnership | <i>linked to networking / partnership</i> ¹ | |
| O10. Participation | P10. Shared value system taking into account environmental, socio-cultural and economic interdependencies | |
| | P11. Social cohesion | |
| | P12. Opportunities and room for equitable interaction | |
| | P13. Capacity of creating shared visions | |
| | P14. Integration of social & technical skills into the innovation process | |
| | <i>linked to participation</i> ¹ | |
| | P15. Access to information and to the arena of dialogue and debate | |
| | P16. Multiplicity of interactions, enhanced by local animators | |