

INSTRUMENTS FOR SUSTAINABLE REGIONAL DEVELOPMENT
A EUROPEAN RESEARCH PROJECT FUNDED BY DG XII

discussion paper

69

Rainer Röder and Ruggero Schleicher-Tappeser

Central Hessen

An INSURED Case Study on Sustainable
Regional Development

EURES discussion paper dp-69

ISBN 3-89805-003-3

ISSN 0938-1805

1998

EURES

Institut für Regionale Studien in Europa

Schleicher-Tappeser KG

Basler Straße 19, D-79102 Freiburg

Tel. 0049 / 761 / 70 44 1-0

Fax 0049 / 761 / 70 44 1-44

e-mail freiburg@eures.de

www.eures.de

This discussion paper was written within the research project “**Instruments and Strategies for Sustainable Regional Development**” (INSURED) in the EC Environment and Climate Research Programme (1994-1998): Research Theme 4: Human Dimension of Environmental Change (Contract ENV-CT96-0211).

The views expressed in this report are those of the authors. They do not necessarily represent the views of the European Commission or other Institutions.

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The project was carried out by:

- EURES-Institute for Regional Studies in Europe, Freiburg/ Germany (Coordinator)
- SRS, Studio Ricerche Sociali, Firenze/ Italy
- ÖAR Regionalberatung GesmbH, Wien/ Austria
- SICA Innovation Consultants Ltd., Dublin/ Ireland
- SIASR, Schweizerisches Institut für Aussenwirtschafts-, Struktur- und Regionalforschung, University of St. Gallen/ Switzerland

The project was sponsored by

- The Commission of the European Union, DG XII Science, Research and Development
- The Federal Government of Austria
- The Government of Hessen and several Local Governments/ Germany
- The Federal Government of Switzerland
- The Region of Tuscany

INSURED

Instruments for Sustainable Regional
Development

EC Environment and Climate Research Programme

Central Hessen

An INSURED Case Study on Sustainable Regional
Development

Rainer Röder and Ruggero Schleicher-Tappeser

EURES-Institute for Regional Studies in Europe
Freiburg
Germany

July 1998

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Ruggero Schleicher-Tappeser et al. (1998), EURES Report 9, Freiburg i.Br.

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Rainer Röder and Ruggero Schleicher-Tappeser (1998), EURES discussion paper dp-69, ISSN 0938-1805 Freiburg i.Br.

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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.

The carrying out of the case study has been supported and accompanied by a Regional Advisory Group composed of representatives of the regional funding bodies and important stakeholder groups. The list of the members can be found in the appendix. We want to thank them for their continued interest and support. A special thank goes to the co-ordinator Martin Krauß.

1 Methodology

1.1 The role of the Central Hessen case study in the INSURED project

The "Central Hessen Case Study" presented here has been carried out in the context of the European research project INSURED. The primary objective of INSURED is to develop instruments and strategies for sustainable regional development which are generally applicable and to develop concrete recommendations for the participating case study regions. A summary of the INSURED project is given in the Appendix.

Building on a theoretical framework, which was devised in an earlier phase of the project, and on a preliminary study of the predominant structural characteristics of the region, concrete experiences with regard to the concept of sustainable regional development in Central Hessen are examined in this case study. Parallel case studies were carried out in four further regions: Tuscany, Mid-West Ireland, St. Gallen and Appenzell, Southern Styria. Based on the accumulated experience a refined set of instruments was developed on a European level. While the latter shall not be elaborated upon in this report, the terminology derived in the process has been taken into account in the revision of this text.

It was the primary objective of this study to identify regional policies and programmes which have been particularly beneficial to sustainable regional development. In the first phase of the project a set of components of sustainability was developed which allows for an assessment of the orientation of all types of developments and actions with regard to sustainability (see below). Using this aid the following aspects of the experience gained in the regions were assessed:

- Analysis of selected regional policy programmes with regard to the concept of sustainability
- Analysis of selected projects in Central Hessen with regard to their contribution to sustainable regional development, the conditions under which they were devised and developed and their relationship to the analysed regional policy programmes
- Analysis of the interaction between programmes and projects

When the work on the case studies commenced it was the intention to compare directly the policies and projects across the different study regions. However, it soon became obvious that the differences between the regions were so considerable that such a direct comparison would not have led to any meaningful conclusions. It became increasingly clear that general conclusions would have to refer to the dynamics of interaction in the regions, *i.e.* the interactions between framework conditions, actors, political programmes and projects. Therefore the case studies concentrated on these issues to a greater extent than had been intended at the outset.

1.2 Programmes and projects

The working group for the European project decided on the policy areas from which selected programmes were to be examined in the case studies. Programme selection was to give a representative overview of regional policy in the study regions, even though the requisite restrictions rendered this rather difficult. The selection was made in consultation with the regional advisory group.

It is not an easy task to assess regional policy programmes with regard to the concept of sustainable development as this would really require a complete evaluation based on a system of objectives and criteria. A systematic evaluation of the programmes' impact was not feasible within the context of this project. The study therefore focuses on the explicit and implicit

objectives of the programmes without, however, disregarding the context in which the programmes evolved and the experiences gained of their impacts.

The regional policy programmes were thus assessed with respect to the following aspects

- Background and general features
- Completeness of the objectives
- Consistency of the objectives
- Concreteness of the objectives

The emphasis is placed on the assessment of the completeness of the objectives with regard to the concept of sustainability.

Following the programmes' assessment a number of projects or "innovative actions" from the selected policy areas were assessed. Following a number of discussions in the region, projects which were considered particularly innovative and interesting with regard to sustainable development were selected in consultation with the contracting authority in Central Hessen.

The assessment of the projects had a broader scope than the assessment of the programmes. The genesis of the projects and the conditions under which they evolved and as well as the projects' interactions with their particular environment were examined in more detail. In addition to the analysis of the projects' objectives and their impacts with regard to sustainable regional development many other factors also play a role. The principal elements of this analysis were decided upon at the European level. Numerous individual elements, however, were developed within the context of the situation on the ground.

The differentiation between programmes and projects is not always clear and much depends on perspective. An action which would be regarded as a programme at the very local level may appear as a project within the framework of an even more comprehensive programme if a different viewpoint is adopted. Perhaps one could thus think of a range of actions at different levels. What appears to be more important is their interaction. The methodology adopted for the assessment of these interactions will be further discussed below.

1.3 The concept of sustainable development

In an earlier phase of the INSURED project the concept of sustainable development was studied more closely and was framed in more concrete terms (Schleicher-Tappeser *et al.* 1997). The author describes the concept of sustainability as a comprehensive approach which encompasses both normative and methodological elements. It is obviously not a set of rules or boundary conditions which have to be considered and can subsequently be ticked off a list. Nor is it a defined state that has to be achieved. It is more of a 'guiding image' depicting a novel understanding of development. Sustainability is a 'regulative idea' with a nature similar to health, beauty or freedom. The general idea has to be interpreted anew within each specific situation. The principle challenges of the concept of sustainability would appear to be the integration of different development dimensions as well as the keeping open of future options and the ability to learn. Based on different concepts of sustainability and based on three questions a system of ten components of sustainability was developed. In this study these components form the basic grid for the assessment of the completeness of the programme objectives as well as for the analyses of the projects. For this reason they will be briefly summarised below.

The development dimensions

Question: What do we want to sustain?

1. *Environmental dimension: Respect for the ecological integrity and for the man-made environment*
2. *Economic dimension: Satisfaction of human needs through efficient use of resources*
3. *Socio-cultural dimension: Maintenance and development of human and social potential*

The equity dimensions

Question: Which conflict of interest are the motives?

4. *Equal opportunities regardless of gender or social status (interpersonal equity)*
5. *Inter-regional and inter-national equity (spatial equity)*
6. *Equal opportunities for current and future generations (inter-generational equity)*

Systemic principles

Question: Which basic approaches can help us to solve these problems?

7. *Diversity*

which includes, for example:

- Maintaining and developing species diversity and habitats
- Supporting the diversity of economic structures
- Maintaining and supporting the socio-cultural diversity of the regions
- Supporting a diversity of political approaches

8. *Subsidiarity*

which includes, for example:

- Co-operation between the different levels of policy and administration which leaves as much room as is feasible for decision-making and responsibility at the local level
- Subsidiarity in resource management: Small-scale circulation of materials in so far as possible; strengthening local and regional networks.
- Subsidiarity in technology: Avoidance of large-scale structures where small, independent units are feasible.
- Subsidiarity in the area of social welfare: Differentiation of different levels of autonomy and solidarity

9. *Networking / partnership*

which includes, for example:

- Seeking win-win situations
- Improving the co-operation between individuals, groups, companies and regions as well as between different policy areas
- Setting up and supporting intra-regional and inter-regional networks
- Organisation of technical infrastructure in the form of networks
- Preventing the development of monopolies and cartels

10. *Participation*

which includes, for example:

- Applying appropriate participation processes in all policy areas

- Creating an environment in which it is possible to learn and to practice active participation
- Using the receptiveness to participation in order to encourage political and social innovation

Viewed in isolation many of these ten components of sustainability are not new. There are established policy areas, procedures, responsibilities and ministries for components one to five. Nevertheless the overall direction of development would appear to threaten the basis for our survival in the long run. The real challenge of the concept of sustainability would appear to be the way in which we deal with these different dimensions. The inter-generational equity and the systemic principles give us new pointers in this regard. To summarise we can say that the concept of sustainability presents us with two major challenges:

INTEGRATION

- to consider different development dimensions simultaneously;
- to seek win-win solutions.

OPENNESS TOWARDS THE FUTURE

- to maintain resources and endogenous potential;
- to improve the ability to learn and to stimulate innovation.

2 Regional Policies

2.1 Structural and employment policies

2.1.1 The context

In the Giessen administrative district the average unemployment rates in the years 1992 to 1994 and again in 1996 exceeded those of the entire Land Hessen and this is despite the fact that a large surplus of long-distance commuters mitigates the situation in southern Hessen. Within Central Hessen only the Limburg-Weilburg county presents a different picture. The more positive development in this county is due in part to the very good transport links to the Frankfurt area.

In recent years the state government of Hessen has reacted to the problems in the employment sector with the initiation of a number of programmes which will be discussed below. Generally speaking structural policy has focused on job creation and the improvement of the difficult circumstances of specific sectors of the workforce. Some of the problems have been addressed for a long time, *i.e.* through the Programme for Structural Development. Some of the programmes, however, only gained importance in the late eighties or early nineties (Conversion Programme). Finally, the "Welfare To Work" programme was set up in order to counteract long existing problems in certain sectors of the workforce using novel methods.

There is thus an overlap of objectives between the programmes. Differences between the programmes exist with regard to organisational responsibilities, approaches taken and also their spatial scope.

The responsibility for the Programme for Structural Development and for the Conversion Programme rests with the Ministry of Industry and Commerce while "Welfare To Work" is administered by the Ministry of Social Welfare. The aim of the Programme for Structural Development is to improve the financial situation of individual enterprises in the whole of the federal state with the provision of aid being linked to job creation. The Conversion Programme generally supports the development of infrastructure of relevance to business development. In certain cases, however, support is provided for business investments in those regions affected by the conversion. Finally, the "Welfare To Work" programme supports training measures for individual employees and assists in setting up the required infrastructure in the whole of the federal state.

The sum total of these different approaches is a differentiated and partly co-ordinated system of aids for the different actors who influence the employment situation. It is the view of a number of interviewees that the programmes selected are representative of the measures taken by the government of the Land Hessen in the field of structural and employment policy.

2.1.2 The Hessian Programme for Structural Development

2.1.2.1 Description of the programme

Background

The Hessian Programme for Structural Development forms part of the "Administrative Guidelines for the Provision of Financial Aid by the Land Hessen to Industry". The programme is based on Hessian economic and development policies and is thus committed to the general objective of improving economic structures. The first part of the more comprehensive

administrative guidelines describes the general prerequisites for funding while the second part lists the individual programmes including the Programme for Structural Development.

A principle characteristic of the administrative guidelines and thus of the programme discussed here is its focus on private industry with the Programme for Structural Development especially targeting small and medium enterprises in economically weak regions. Additionally, preferential treatment is given to investment in conversion locations.

Financial aids provided by the Hessian state also draw on subsidies from the "Improvement of the Regional Economic Structures" federal project. State funds are further combined with moneys provided by the KONVER and RETEX initiatives of the European Regional Development Fund.

Objectives

It is the general objective of the "Administrative Guidelines for the Provision of Financial Aid by the Land Hessen to Industry" to improve the regional and sectoral economic structures and also to fulfil other pressing economic and environmental tasks. On the one hand these include proposals to locate production plants in the state "which would directly and sustainably [improve] the economic structures in the state". From the environmental point of view, commercial investments, and voluntary investments in the field of environmental protection in particular, are also eligible for funding.

The Hessian Programme for Structural Development, however, exclusively targets the economic dimension of the general catalogue of objectives while the environmental dimension is not addressed. This becomes particularly obvious when looking at the measures which are eligible for funding.

Actors

The target groups of the Hessian Programme for Structural Development are small and medium enterprises in economically deprived parts of the state. The programme only applies to regions which are not already covered by the "Improvement of the Regional Economic Structures" federal project. Therefore funding is only available in parts of the Kassel and Giessen administrative districts as well as in the municipality of Lorch. Funding is restricted to private enterprises and thus no public participation is envisaged in either the allocation of funds or the implementation of projects which have been granted funding.

The "Wirtschaftsförderung Hessen Investitionsbank AG (HLT)", a state-owned investment bank and corporation for business promotion is responsible for the allocation of funds.

Rationale for the selection of this programme

The Programme for Structural Development is an important sub-programme of the "Administrative Guidelines for the Provision of Financial Aid by the Land Hessen to Industry". Most of the regional experts attributed major importance to this programme for investment in the region.

Administrative procedures

Applications for funding under the Hessian Programme for Structural Development must be submitted to the HLT. The applications have to be submitted before the commencement of the implementation of eligible measures. Exceptions to this rule may be made in the case of investment activities.

An "Inter-Ministerial Credit Committee" decides upon the allocation of funds. According to an unpublished part of the administrative guidelines of 1989 this committee consists of the following voting members:

- one representative of the Hessian Ministry of Industry, Commerce and Technology (now the Hessian Ministry of Industry and Commerce, Transport and Development HMWVL)
- one representative of the Hessian Ministry of Finance (HMdF)
- one representative of the Hessian Ministry of Social Welfare (now the Hessian Ministry for Family, Employment and Social Affairs HMFAS)

There are also members in an advisory capacity:

- one representative of the Hessian Ministry of Environment and Nuclear Safety (now the Hessian Ministry of the Environment, Energy, Youth, Family and Health HMUEJFG)
- (formerly: the representative for matters in relation to the border areas to the GDR in the Hessian State Chancellery)
- a representative of the Hessian State Employment Office
- one representative each of the regional councils of the towns of Darmstadt, Giessen and Kassel
- a representative of the HLT (Hessian State Development and Trust Company Ltd).

The allocation of financial aid has to be decided upon by unanimous vote of the voting members. A simplified procedure may be adopted for aid "of minor importance".

The Ministry of the Environment, which is responsible for a number of programmes, is only entitled to vote in this committee when the Programme for the Promotion of Environmental Protection or the Environmental Technology Programme are being considered.

Conditions for the granting of aid

Investments made by small and medium enterprises are eligible for grant aid. Investments relate to the establishment or enlargement of premises or to the purchasing of closed premises or those threatened by closure. Conversion of production or fundamental rationalisation are also eligible. A general prerequisite is the creation of new or the safeguarding of existing jobs.

Aid is paid as a subsidy towards eligible investments and can constitute a maximum of 7.5 percent of the investment (or up to 15 percent for small enterprises).

The creation of each apprenticeship place qualifies for a further subsidy of up to DM 7,500 or the maximum allowable percentage of investment aid, whichever is the highest.

The maximum eligible investment is DM 5 Million which means that up to DM 375,000 or DM 750,000 (for small enterprises) is payable by the fund.

In order to be considered for grant aid in the context of the administrative guidelines and thus for this programme the applicants must fulfil the following criteria:

- Management must demonstrate credit worthiness by showing sufficient technical and business expertise
- technical and business advice must be sought in certain cases
- provision of guarantees for the total investment as the aid given is only of a supplementary nature

- the premises must be located in Hessen, *i.e.* within the eligible areas listed above
- the applicant must have their fiscal domicile in Hessen
- the goods or services produced or provided on the grant-aided premises are to be primarily marketed at a supra-regional level.

Exempted from grant-aid are *i.a.* farm and forestry enterprises, building and construction enterprises, wholesale and retail outlets as well as transport and storage enterprises.

2.1.2.2 Completeness

The assessment of the programme in terms of its completeness with regard to sustainable development is carried out using the assessment grid which was developed by the European project team (see above).

Development dimensions

1. Environmental dimension

While the general conditions for the provision of financial aid given in the administrative guidelines explicitly emphasise the eligibility for investments in the environmental field, the Programme for Structural Development is limited to measures of a purely economic nature. Investments motivated by environmental considerations are only eligible for funding if they serve the economic objectives of improving the economic structures and the creation of new jobs. The latter could refer, for example, to environmental management consultancy or the improvement of the competitive situation through lower costs following investments into new, more environmentally benign process technologies.

2. Economic dimension

The focus on eligible measures of an economic nature means that the economic characteristics of the concept of sustainability receive the major consideration. The improvement of regional economic structures provides, for example, for improved services to the public, to service industries and other branches of the economy which have shown regional deficits. The eligibility of investment for rationalisation shows that it is intended to improve the efficiency in the use of production factors. However, with regard to the production factor work this can lead to conflicts with the social dimensions of sustainability. The support for start-up businesses and particularly the support for small businesses can reduce the associated risks and may improve entrepreneurship by lowering inhibition thresholds.

3. Socio-cultural dimension

Social aspects are predominantly considered in the form of an obligation to create new permanent jobs or to safeguard existing jobs where grant-aid is provided. The integration of people into the labour market undoubtedly helps to avoid a wastage of human resources at least from the point of view of labour economy. The provision of grant-aid towards the creation of apprenticeship places also contributes to this objective. There are no provisions for the particular consideration of cultural characteristics.

Dimensions of equity

4. Social equity

The Hessian Programme for Structural Development tries to consider different aspects of social equity. The duty of creating or safeguarding jobs can contribute to reducing unemployment and thus to the reconciliation of various social interests. Financial support for apprenticeships improves the opportunities of young people in the labour market which counteracts youth unemployment and also contributes to social equity by generally improving access to education. Equity of men and women is not addressed in the programme.

5. Inter-regional equity

Aspects of inter-regional equity are to be supported within a spatially differentiated funding environment. The delimitation of eligible areas is repeatedly addressed in the programme. The limiting funding to specific areas is to improve economic structures in particularly disadvantaged regions. This can contribute to an equalisation of economic circumstances and living conditions in the different regions. The explicit support available in conversion regions can also reduce economic hardship in those areas which are affected by the withdrawal of troops.

6. Inter-generational equity

It has been mentioned above that the environmental dimension is not addressed in the Hessian Programme for Structural Development. Therefore the ecological aspects of inter-generational equity are not explicitly mentioned either. The programme generally aims to maintain man-made capital (particularly companies) and human resources (particularly training and education) and thus contributes to the improvement of the opportunities of future generations. It should, however, be mentioned that only economic risks are being considered.

Systemic principles

7. Diversity

The programme pays particular attention to the needs of small and medium enterprises. This could be interpreted as making a contribution towards maintaining the diversity of the size structure of enterprises. The objective in the administrative guidelines of improving sectoral and regional economic structures also indicates that there is a perceived need to increase diversity in the economic field. However, these objectives are not elaborated. Cultural and ecological diversity are not considered.

8. Subsidiarity

The Hessian programme quite clearly also provides sophisticated support for smaller regions. This differentiation is predominantly based on the Regional Development Plans. However, since only companies can apply for funding and the applications are dealt with by the authorities at the level of the federal state, the local and regional levels have only an indirect influence. There is thus no evidence of subsidiarity in the sense of a bottom-up approach in decision-making. The support for commercial investments is conditional upon them being of special interest to the state. To the best of our knowledge spatial considerations are not part of the evaluation process. There is no overview of the combined impact of the different programmes in a spatial context. They can therefore not be subjected to a discussion of regional policies.

No provisions are made for supporting subsidiarity in material flows, *i.e.* support for small-scale material cycles where these are efficient. It must instead be expected that the support specifically targeted to export oriented enterprises has the opposite effect. The special support given to small and medium enterprises, however, contributes to the strengthening of local and regional decision-making powers. It may also lead to the increased use of technologies and technical structures which offer enhanced possibilities for exercising local autonomy.

9. Networking / partnership

The Hessian programme brings individual enterprises and the state government together as the central actors with the HLT as the intermediary institution. There are no explicit provisions made for the support of networks. Partnership is given little consideration in the programme. Additionally, the allocation of funding is subject to a confidentiality clause which renders the programme rather unsuitable for facilitating co-operation.

The procedure for the granting of approval of funding involves co-operation between various institutions at the state level. A number of ministries have to vote unanimously in favour of an application. The Ministry of the Environment has no vote in this process.

10. Participation

The main actors involved in measures based on the Programme for Structural Development as well as in the associated decision-making procedures are the applicant enterprises, the HLT and the Ministry of Industry and Commerce. The procedures are not transparent and do not allow for public debate on their objectives and impacts.

2.1.2.3 Consistency

Conflicting objectives

The analysis of the development dimensions has shown that the Hessian Programme for Structural Development only explicitly considers the economic and social dimensions while the environmental dimension is not addressed. This arrangement reduces the potential for conflict. However, even at the rather abstract programme level conflicts may be possible if the funding provided for investment in rationalisation is used to reduce numbers in the workplace.

Complementary objectives

The principal objectives of supporting commercial investment and of creating jobs and apprenticeship places can clearly complement each other, *e.g.* in the areas of starting a new business, enlarging an existing company or acquiring a company which is threatened with closure. The establishment of new enterprises can also contribute to achieving the primary objective of improving regional economic structures.

Integration of the different dimensions of sustainability

Due to the lack of essential dimensions of sustainability in the defined objectives it is very difficult to ensure the integration of the various dimensions of sustainable development within the programme. As all decisions on investment are subject to legal regulation a minimal 'negative' integration is guaranteed within the framework of the law as it stands. However, this certainly does not contribute to integrated sustainable development.

2.1.2.4 Concreteness

The basic objective of the Hessian Programme for Structural Development is to improve the economic structures particularly in the economically deprived regions by means of supporting small and medium-sized enterprises. All the items listed in the catalogue of measures are based on this objective and contribute to its achievement. A quantitative investigation of the investments supported and the number of jobs and apprenticeship places created, broken down by branch of industry, can show the respective contributions to achieving the set objectives.

The main objective, *i.e.* the improvement of economic structures is rather more qualitative in character. A quantitative assessment would, however, be feasible, if it was based, for example, on location quotients. This indicator shows the concentration of individual branches of industry in a particular region compared to the national level or a reference region. Thus the success of the programme could be measured in terms of a change in this indicator. However, objectives differentiated on a regional basis for the desired structure are largely non-existent; only rudimentary approaches can be discerned in the Regional Development Plans.

The objective of creating jobs and apprenticeship places is clearly quantitative and can be measured. However, the programme does not set clear targets in this regard.

2.1.2.5 Impact of the Programme for Structural Development

The following table is based on figures for the state exchequer funds disbursed. Within the context of this project it was not feasible to carry out our own investigation of the actual impacts in terms of sustainability. The Programme for Structural Development is part of the financial aid package of the Land Hessen for industry. It is supplemented by financial aid provided by other authorities and institutions. This larger context has been taken into account in an evaluation of the impact of the programme. The Programme for Structural Development provides subsidies as opposed to loans or guarantees. According to the Ministry of Industry and Commerce, Transport and Development the following moneys were allocated under the Programme for Structural Development in Hessen and in the Giessen administrative district between 1993 and 1996¹.

		1993	1994	1995	1996
Central Hessen					
No. of Beneficiaries		6	1	7	14
Subsidy	'000 DM	1,133	248	787	219
Total Investment	'000 DM	26,879	3,300	13,870	222,754
Existing Jobs		117	24	128	69
Planned Jobs		60	10	20	54
Hessen					
No. of Beneficiaries		19	13	16	50
Subsidy	'000 DM	2,983	2,327	2,983	575
Total Investment	'000 DM	534,340	30,647	48,424	5,118
Existing Jobs		488	383	467	135
Planned Jobs		119	98	112	100

Fig.

¹ Source: Tabellen Öffentliche Finanzierungshilfen 1993-1996, Referat I b 3, II a 3, II a 2.

The Programme for Structural Development planned to create 144 new jobs with a co-financing subsidy of DM 2.4 million. Since the Ministry claims to strictly monitor the success of the subsidised investments for a period of five years it must be assumed that the planned jobs have in fact been created.

2.1.2.6 Summary

The programme considered here cannot expressly be judged as being positive against the background of the requirements defined in the assessment grid. Isolated aspects of sustainability are considered and partly supported. However, no meaningful incentives are provided for the integration of objectives, such as, for example, the economic and ecological objectives.

Economic and social aspects are taken into account by way of improving the provision of goods and services, improving economic structures and creating jobs and apprenticeship places. The ecological dimension, however, is wholly missing; it could be expressed, for example, in specific support for environmentally orientated enterprises. This could have an impact on equity between the generations. Inter-regional equity is particularly supported by defining the regions on which aid is concentrated. A contribution to social equity is given by way of the duty to safeguard or create jobs and to create apprenticeship places.

There are obvious deficits in the area of the systemic principles of diversity, subsidiarity, partnership and networks, as well as in participation. Only the 'diversity' factor is given explicit consideration. Increased involvement by local and regional actors as well as support for networks based on partnership could probably improve the effectiveness of the measures taken by the state.

Since the programme is rather general in character, the relationships between the different objectives only become evident during the actual implementation of the guidelines for the granting of aid in individual cases; at the general level both conflicting and complementary objectives are discernible. The programme's objectives are rather abstract and no measurable targets are being set.

2.1.3 The Hessian Conversion Programme

2.1.3.1 Description of the programme

Features

The Hessian Conversion Programme is one of the instruments used by the state government to support infrastructural measures of relevance to industry. In addition to the Hessian Conversion Programme the Ministry of Commerce and Trade, Transport and Development administers the following programmes:

- Support Programme for Regional Innovation Centres
- Support Programme for the Development of Industrial Sites
- Programme for the Development of Public Tourism Facilities

The 'Administrative Guidelines on the Support of Infrastructure Measures of Relevance to Industry' which is based on the Conversion Programme were last published on November 8, 1996. The guidelines come in two sections: general conditions are described in the first part while the second part deals with the specific regulations for the individual programmes.

The Hessian Conversion Programme was passed in 1993 and is to be in effect until 1999. Its aim is to mitigate the impacts of the closure of military bases and the armaments industry on the economy and on the employment situation. As a programme for structural development its objective is to develop new commercial activities on the former army properties. Military bases in disadvantaged regions in particular are targeted for support as these areas suffer the most from the withdrawal of the troops. The Conversion Programme has therefore been devised in the form of a regional programme with two eligible areas, each with a different set of eligible measures. A further characteristic of the programme is the combination of these state aids with moneys provided under the 'Improvement of the Regional Economic Structures' federal project as well as with the KONVER initiative of the EU. Additionally, a special programme for location conversion was established as part of the Hessian investment fund which supplements the funds provided by the Ministry of Industry and Commerce.

Objectives

It is the basic objective of the programme to compensate for or at least mitigate the negative impact of the conversion on the employment situation and on incomes by way of developing new commercial activities. A secondary objective is to exploit the opportunities provided by military sites becoming available for development by way of preparing the sites for commercial use. Applicants in disadvantaged regions receive more comprehensive support which demonstrates that regional policy objectives have been considered.

Actors

The essential actors in the Hessian Conversion Programme are - apart from the state authorities which advise, approve aid and monitor the programme - the applicant municipalities and municipal associations which suffer negative effects of the reduction or withdrawal of troops. The cities of Wiesbaden and Darmstadt as well as the municipal association in the greater Frankfurt area can not apply for aid. In addition to the municipalities other bodies can also receive support provided these municipalities or municipal associations are majority shareholders or the achievement of the objectives of the support measures can be guaranteed in some other way.

In the context of the application procedure other actors are the responsible district office and the regional council. Enterprises which together with the municipalities invest in sites that are being converted from military to civil usage are also of critical importance in the conversion process.

Background

In the 'Two plus Four Talks' in 1989 it was decided to reduce the numbers of both the German and allied troops deployed in Germany. It is primarily the municipalities which have had to live with the consequences. In the early 1990s a federal conversion programme was under discussion which would have aimed at using federal government funds to restructure those locations which suffered most from the withdrawal of troops.

In order to get a detailed picture of how the existence of the military bases and the withdrawal of the troops affected the employment situation and the general economy in the municipalities and regions concerned, the Hessian State Government commissioned a study from the HLT. The same corporation was charged with supporting a pilot project in Gelnhausen which was to demonstrate the process of the conversion of the former army properties.

In 1992 it became clear that the federal programme was not to be established. Therefore the Hessian State Government decided to start the Hessian Conversion Programme on the basis of the study carried out by the HLT.

Rationale for the selection of this programme

The withdrawal of troops led to a considerable decline in purchasing power in Central Hessen which has been calculated to be in the order of DM 225 million. The Conversion Programme is designed to contribute significantly towards compensating for the impact of the conversion by creating new jobs. This is to be achieved by providing sites for industry and trade in Central Hessen.

Most of the regional experts described the Hessian Conversion Programme as one of the most important instruments in stimulating economic development which may wholly or partly compensate for the jobs lost in the conversion process. Experts based in those cities which show the largest proportion of conversion sites particularly emphasised the role of the programme.

Administrative procedures

Applications under the Conversion Programme are only accepted from an applicant - usually a municipality or a municipal association - which has a military base and has been negatively affected by the reduction or withdrawal of troops. The municipalities which are part of the municipal association in the greater Frankfurt area and the larger southern Hessian towns of Wiesbaden and Darmstadt are not eligible for funding. The application, together with a statement from the responsible regional council, is filed with the Hessian Ministry of Industry and Commerce, Transport and Development. The regional council examines whether the planned development violates planning laws, regional or urban development plans in any way. Additionally, planned building projects require statements from the water management authorities and/or the authorities responsible for roads, transport and communications.

Development work must not commence before a valid notification has been issued that the application has been successful. This provision does not apply to planning, soil exploration and the purchasing of sites, *i.e.* these works may commence prior to the notification.

The Hessian State Government has set up a 'Conversion Project Group' within the HLT in order to inform and advise the municipalities and to administer the support measures. The municipalities affected by conversion can receive advice on the development and implementation of initiatives and strategies from this group free of charge.

Conditions for the granting of aid

The Hessian Conversion Programme was devised in the form of a regional programme and considers the diverse problems encountered by the municipalities affected. This means that support is not available to the same extent in all the municipalities which host military bases. Additionally, distinctions are made between planning measures and investment measures.

Apart from the exceptions listed above support for planning measures is available to all Hessian municipalities which host military bases. On the one hand these measures include planning of a preliminary, guiding nature such as structural or framework plans which aim to establish sound information on possible future land uses. On the other hand plans such as local zoning and development schemes, environmental impact assessments, and assessments of the pollution of industrial sites, building structures or transport structures are eligible for funding if new uses include commercial enterprises, service providers or commercial-technical infrastructure.

Investments in site development and new uses of former army properties are only eligible for financial support in the less developed regions which have been particularly strongly affected by the conversion. These are the towns and municipalities of Arolsen, Bad Hersfeld, Butzbach,

Büdingen, Fulda, Gelnhausen, Giessen, Hanau, Herborn, Hofgeismar, Kassel, Lorch, Marburg, Schwalmstadt, Wetzlar and Wolfhagen.

These investment measures include *i.a.*

- development and extension of the road network
- development and extension of utility provision and waste management systems
- construction and renovation of works sidings
- landscaping of public open spaces
- demolition of buildings
- establishment of centres for entrepreneurship, innovation and technology
- promotion of 'green tourism'

The total volume of funds allocated to the programme is DM 150 million for the years 1993 to 1999. Typically a maximum of 50% of eligible expenditure incurred by the applicant is reimbursed under the programme. In the case of municipal beneficiaries their financial competitiveness is taken into consideration in determining the level of co-funding. Financial aid is given in the form of subsidies towards planning measures and in the form of interest-free loans towards investments.

2.1.3.2 Completeness of the objectives

Development dimensions

1. Environmental dimension

Despite the strongly structural and political-economic character of the Hessian Conversion Programme ecological aspects in accordance with the concept of sustainable development do not play an insignificant role. The use of derelict land can generally be seen as being positive from the environmental point of view as the sealing up of more soil surface can be avoided.

The support provided for studies of the level of contamination of sites and for environmental impact assessments (EIA) allows for an assessment of the ecological impact of former military use and for the determination of possible future uses. The EIA, in particular, is a useful instrument as it takes the environmental dimension into account in preparing the future usage of released sites.

Furthermore, amongst the investment measures certain measures are eligible for funding which are usually classified as being part of sectoral environmental policy. These include measures in the areas of waste and sewage treatment as well as landscaping of public open spaces. The possibility of promoting 'green tourism' through investment measures also demonstrates the consideration of environmental aspects as 'green tourism' is generally defined as 'ecologically and socially benign' tourism. In addition to the development and extension of the road network the construction or extension of works sidings is also eligible for funding and contributes to environmental policy objectives.

However, it should be emphasised that, while the implementation of environmentally benign measures is eligible for funding, the environmental nature of the measures is not a prerequisite and is thus secondary to the structural policy objectives.

2. Economic dimension

The central objective of the Conversion Programme is to promote economic activity in order to counteract the negative impact of the disarmament process. The focus of the programme is on economic aspects, as on the one hand the conversion of the properties and the demand for sites for industrial estates can be satisfied, and on the other hand the development opportunities can be utilised through the establishment of new businesses. The fact that investment in the improvement of infrastructure is eligible for funding means that a favourable environment for positive economic development and for an efficient use of resources can be created.

Research and development investments are also eligible for funding under the programme, e.g. the establishment of centres for entrepreneurship, innovation and technology. Facilities of this kind can contribute to forging lasting ties between science, innovative enterprises, entrepreneurs and actors in the sphere of economic policy and in this way they can have a positive impact on the regional economy.

3. Socio-cultural dimension

A principal aim of the Conversion Programme is to reduce problems in the labour market. The economically disadvantaged regions, in particular, suffer the direct and indirect negative impacts of the withdrawal of troops on the employment situation. The workers released cannot be absorbed by the regional labour market. The targeted improvement of the economic situation aims to create additional jobs and thus to use the regional human resources in a positive manner. As is the case with the support provided for the establishment of centres for innovation and entrepreneurship which can help to implement regional know-how, these measures also contribute to maintaining the socio-cultural potential.

Equity dimensions

4. Social equity

The programme is to mitigate the negative impacts of the disarmament process on the regional labour market. This means that jobs are to be created which in turn will reduce disparities in the living conditions of the people concerned. This is a basic element of social equity. Equity between men and women is not addressed in the programme.

5. Inter-regional equity

Aspects of inter-regional equity are mentioned in different parts of the administrative guideline, particularly in relation to the reduction of regional differences in living conditions. This is clearly shown in the objective of basing the conversion of the former army properties on considerations of structural policy. This is to be achieved by prioritising locations for the purpose of providing financial aid based on their economic strengths. The rule that in determining the rate of co-funding the applicant's economic potential is taken into account also indicates that consideration has been given to aspects of inter-regional equity.

6. Inter-generational equity

The eligibility for funding of certain measures is designed to make the conversion of the former army properties environmentally benign, at least in part, or to improve the environmental situation. The socially useful civil use of sites, which are often important from the point of view of urban development, can contribute to the long-term revival of villages, towns and cities.

The use and the extension of existing facilities also helps to maintain man-made capital. Additionally, the regional establishment of centres for entrepreneurship, innovation and technology can contribute to the generation of know-how in the region which is of relevance to inter-generational equity.

Systemic principles

7. Diversity

The systemic dimension 'diversity' is not explicitly dealt with in the Hessian Conversion Programme. From the economic point of view the conversion of the former army properties - which is also motivated by structural policy considerations - helps, amongst other, things to diversify economic structures. The support provided to centres for entrepreneurship, innovation and technology can also be viewed in this light.

A variety of different measures are eligible for funding. These include different planning measures as well as a variety of investments. The support given to 'green tourism' measures provides a completely different focus from the planned construction, extension and renovation measures.

Environmental or socio-cultural aspects of the 'diversity' dimension are not addressed in the programme.

8. Subsidiarity

The programme has been devised predominantly in order to support municipalities and municipal associations which have been affected by the conversion process. The responsibility, *i.e.* the taking of the initiative of developing projects, of applying for funding and of implementing the projects, generally rests with the municipalities. Municipalities may also act on behalf of other local initiatives. A principal characteristic of subsidiarity is thus evident. The administrative district level, lying between the levels of state and municipality, also partakes in the evaluation procedure. The regional council devises a statement on the matter and checks whether the planned development violates planning laws, regional or urban development plans in any way. It should be noted that the European Union with its CONVER initiative has significantly contributed to the establishment of this state programme.

9. Networking / partnership

Numerous actors co-operate in the different policy sectors. The examination of the applications ensures that objectives of certain other policy areas (planning regulations, regional development and urban development objectives) are not violated. Statements from the various authorities in charge of these different policy areas have to be obtained for the purposes of this assessment. These include the roads, transport and communications authority and the water management authority. The latter falls under the jurisdiction of the Ministry of the Environment, Energy, Youth, Family and Health which means that within the context of the programme horizontal relationships are established between the Ministry of the Environment and the Ministry of Industry and Commerce.

An important aspect of the support for networks and co-operation in partnership is the establishment of a 'Conversion Project Group' within the HLT which was initiated by the state government. The project group provides information and advice to the municipalities free of charge. The municipalities benefit from the experiences of other applicants both in Hessen and in other German Länder. At the same time this specific co-operation helps to improve the level

of information available within the authorities in charge of approving the applications. This relates not only to the eligible measures in a particular project but also to the success and the proper orientation of the programme and its provisions.

The establishment of partnerships between the public and private sectors, however, is not only possible and desirable in this type of configuration but also when it comes to the implementation of investment measures. In summary it can thus be said that partnership aspects are given consideration in the Hessian Conversion Programme.

10. Participation

The public is not formally involved in selecting projects and measures which the municipality wishes to implement on a former army site. Applications are usually made by the municipalities, sometimes in co-operation with the HLT.

The applicants and the Ministry of Industry and Trade as well as other authorities partake in the decision-making procedure on which of the measures merit funding. No formal provisions are made for the participation of other actors or lobby groups in the decision-making process.

It can therefore be said that no provisions are made for participative elements within the meaning of the concept of sustainability.

2.1.3.3 Consistency

Conflicting objectives

Despite the fact that the Hessian Conversion Programme is predominantly a measure of structural policy, it is evident from some of the eligible measures that the programme also pursues some environmental objectives in addition to its economic and social objectives. Individual measures such as, for example, the upgrading of roads can be in conflict with environmental objectives. The support provided for EIAs can also lead to the highlighting of conflicting objectives between economy and ecology if it is shown that economically favourable measures would be environmentally damaging. Both the applicant and the authority granting approval are public authorities which are obliged to agree on a compromise.

Complementary objectives

The provision that all measures have to correspond to the objectives of the regional structural policy aims to pre-empt any conflict of objectives at the different policy levels. The required statements from the regional council and from the other relevant authorities also serve this purpose. The objectives of the economic and the social dimensions can be regarded as being complementary as long as the support for economic activities also helps to create new jobs. It should be noted, however, that the transfer of companies from within a region to a former army property not necessarily generates additional jobs but often constitutes a zero sum game.

2.1.3.4 Concreteness

The principal objective of the programme is to promote economic activity in order to counteract the negative impact of the conversion process on the municipalities. The eligible measures under the programme essentially contribute towards the achieving of these objectives, both at the planning and the investment level.

The administrative guidelines are kept rather general in their contents and list mostly qualitative objectives. These objectives, *i.e.* to provide solutions for economic and employment problems

as well as to grasp opportunities for development, are, at least in part, quantifiable. An example would be the numbers of jobs created in the municipalities hosting military sites. It would also be possible to assess the improvement of the economic structures by determining how many companies have been established which fall into branches of the economy that had been assessed as being underrepresented against the background of a specified 'guiding image' for the region. However, no quantitative objectives are given for these two factors.

More detailed descriptions, however, are given for the eligible measures. This is true for both eligible planning measures and investments into development. Research and technology measures are not described in any detail. Regional project initiatives are termed centres for entrepreneurship, innovation and technology but remain as ambiguous as the investment measures or the measures in the field of 'green tourism'.

In summary it can be said that the provisions of the Hessian Conversion Programme are general and qualitative.

2.1.3.5 Impact of the Conversion Programme

The following table is based on figures for the state exchequer funds disbursed. Within the context of this project it was not feasible to carry out our own investigation into the actual impacts of the programme in terms of sustainability.

The Hessian Ministry of Industry and Commerce, Transport and Development together with the HLT have prepared a detailed report on the problems caused by the conversion in the economic and settlement structure fields and on the available state aids². The overall financial table for the programme shows *i.a.* the expenditure broken down by type of measure between 1993 and 1996. The table below is taken from the corresponding table on page 79 of said publication:

Year	Division of funds	Planning measures in DM	Site re-use for new purpose in DM	Infrastructur e relevant to industry in DM	Support for individual companies in DM	Disbursed funds in total in DM
1993	Subsidy	1,419,500	0	6,915,000	801,500	9,136,000
	KONVER	115,400	0	2,685,000	0	2,800,400
	Total	1,534,900	0	9,600,000	801,500	11,936,400
1994	Subsidy	1,509,300	314,400	0	662,400	2,486,100
	KONVER	502,300	0	0	0	502,300
	Total	2,011,600	314,400	0	662,400	2,988,400
1995	Subsidy	587,625	706,000	0	1,572,700	2,866,325
	Loan	0	6,250,000	8,400,000	0	14,650,000
	KONVER	334,475	4,912,600	0	0	5,247,075
	Total	922,100	11,868,600	8,400,000	1,572,700	22,763,400
1996	Subsidy	359,750	0	1,000,000	1,354,000	2,713,750
	Loan	0	0	3,750,000	0	3,750,000
	KONVER	261,450	2,720,500	1,289,100	0	4,271,050
	Total	621,200	2,720,500	6,039,100	1,354,000	10,734,800

² Source: Piesk, Susanne et al. / Meinen, Dagmar (1996) Sechs Jahre Konversion in Hessen 1991-1996: Eine Zwischenbilanz. Wiesbaden. December 1996.

Year	Division of funds	Planning measures in DM	Site re-use for new purpose in DM	Infrastructure relevant to industry in DM	Support for individual companies in DM	Disbursed funds in total in DM
1993- 8/1996	Subsidy	3,876,175	1,020,400	7,915,000	4,390,600	17,202,175
	Loan	0	6,250,000	12,150,000	0	18,400,000
	KONVER	1,213,625	7,633,100	3,974,100	0	12,820,825
	Total	5,089,800	14,903,500	24,039,100	4,390,600	48,423,000

It can be seen that planning measures, site re-use for new purposes, infrastructure of relevance to industry and individual companies within the eligible area have been supported.

Planning measures in Central Hessen have been funded to a total of approximately DM 1.7 million from state funds with an additional DM 200,000 coming from KONVER funds. Almost DM 14.5 million was given towards investment measures with DM 7.6 million coming from KONVER funds and state loans of DM 6.3 million. Of the total financial aid for investment in the context of the conversion programme more than 97% were allocated to Central Hessen demonstrating the enormous importance of this programme for the region. Finally, a total of more than DM 13.3 million was given towards infrastructure of relevance to industry. Within industry nine companies received total subsidies of DM 866,300, securing 146 jobs and creating or providing for the planned creation of 58 new jobs.

Following the federal government's failure to introduce an appropriate development scheme the state's own programme provided an essential instrument for the swift implementation of measures as part of the conversion process. The "Steubenkaserne" (Steuben barracks) case study, for example, showed that detailed plans, road building, the construction of a works siding, the renovation of the sewage system and the necessary demolition works were supported with DM 13,002,400³. Furthermore, additional funding coming from other programmes was utilised. On the site of the Steuben barracks, for example, the Central Hessen Biotechnology Institute (BIM) was established, concerned with the promotion of applied research and development of marketable products, processes and services in the field of biotechnology and environmental technology. Both the initial establishment and the launching costs were financially aided.

2.1.3.6 Summary

The Hessian Conversion Programme contains numerous aspects from the assessment grid.

All three components of the development dimensions are considered in the programme. The central components of the programme are the economic dimension as the basic objective and the socio-cultural dimension in the context of the creation of jobs. It is important to note that at the level of the individual measures environmental objectives are also given consideration. However, it has to be emphasised that while environmental measures are eligible for funding but they are not a prerequisite for funding. Environmental protection is thus optional in character and is subsumed under structural policy objectives.

All the equity dimensions are considered in the programme. Social equity, however only receives marginal consideration and is limited to one of a number of aspects in each case. Inter-regional equity is taken into account by way of prioritising eligible areas within the state. Inter-generational equity is considered in more detail but the consideration of environmental aspects

³ *Ibid.* p. 83.

is not a prerequisite for funding. The ultimate aim of the programme, *i.e.* the conversion of the former military properties, does, however, contribute to a fairer distribution of the resource 'land' amongst the generations.

In terms of the systemic principles essential aspects are not or are insufficiently considered. The right of the municipalities to take initiative makes subsidiarity an explicit concern of the administrative guidelines. No formal provision is made for the informing or participation of interest groups. The 'diversity' aspect is only being considered at the level of the diversity of the economic structures. However, there are indicators for the implementation of objectives based on partnership - this is true for a partnership approach between different policy areas and for the establishment of partnerships between the private and public sectors.

Complementary objectives are evident. A detailed assessment, however, would require details on the actual design of the measures as it is often the case that conflicting objectives only emerge at the implementation stage. The monitoring of the achievement of the set objectives has to be based on the qualitative objectives formulated in the administrative guidelines.

In summary the programme supports or considers different aspects of sustainability but does not provide a strong impetus in this direction. The most significant objective in this respect is the creation of more considerate ways of using residential sites in the context of economic development, which provides for good integration of economic and environmental objectives.

2.1.4 The state "Welfare To Work" programme

2.1.4.1 Description of the programme

Background

The Hessian "Welfare To Work" programme is one of the state's financial aid programmes supporting individual projects with social objectives. It is part of the "Integrated Labour Market Programme" and is administered by the Ministry for Women, Employment and the Social System (HMFAS). Other schemes for which the HMFAS has responsibility are, for example:

- the "Hessian Special Programme for the Severely Handicapped",
- the "Guidance for the Professional Advancement of Women" programme,
- the state job creation programme "Employment 1995",
- the "Job Orientation Courses for Unemployed Women" programme,
- the "Local Employment Initiatives" programme,
- the "Special Programme for the Employment of Older, Severely Handicapped Persons",
- and the "Regional Co-ordination Centres for Labour Market and Employment Policies" project.

The financial aid provided by the state is supplemented by funds from the European Social Fund.

The objective of the programme considered here is to reintegrate the long-term unemployed and social welfare recipients into the labour market by offering them jobs also resulting in qualifications of a two-year duration with a union-approved wage package. In order to achieve this aim the participants are to receive a combination of formal training, practical work and social education while working in subsidised jobs for the two years specified. Child-care facilities are provided for the duration of the scheme.

An important characteristic of the scheme is that the two-year period of regular employment qualifies participants for social insurance benefits (unemployment benefit and unemployment assistance) from the Federal Employment Office. Since the Federal State is in charge of unemployment insurance and social welfare is paid out at the municipal level, the scheme can help to decrease the burden on municipal funds. Thus the programme must also be seen as part of the controversy concerning financial policies between the different institutional levels.

Objectives

It is the programme's objective to reduce the number of long-term unemployed and those threatened by social marginalisation and to reintegrate them into the labour market. The measures are individually tailored to the needs of the participants. Support for women is to be provided in proportion to their share in the target group. Appropriate support and advice is to be given in order to ease the burden on participants resulting from gender role models and family responsibilities, for example by guaranteeing the provision of child-care facilities.

Actors

The recipients of the financial aid are the counties and district towns as well as the Hessian state welfare associations as the local statutory bodies in charge of social welfare payments. In order to implement the programme measures these bodies may involve third parties and may enter into co-operation with the local employment offices, private companies and local employment partnerships. These partners are therefore also actors in the context of this programme. The Office for Women's Rights of the recipient county or statutory body is also to be involved in the planning, application for and implementation of the measures.

The 'Wirtschaftsförderung Hessen Investitionsbank AG' (HLT) is responsible for the approval of applications and for the monitoring of the use of funds.

Rationale for the selection of this programme

In 1995 the budget appropriations for the "Integrated Labour Market Programme" and other support measures amounted to a total of DM 87.4 million. Of these DM 78.4 million were to come from state funds and approximately DM 9 million from the ESF. Of the state funds DM 28 million or 36% were reserved for the "Welfare To Work" programme which makes it the biggest individual programme in all the ministries involved. The regional experts have also ascribed to the programme major importance for the employment situation in the region.

Administrative procedures

The application procedure begins with the allocation of the funds to the statutory bodies with responsibility for social welfare at the beginning of the year with the funds being divided based on the respective bodies' shares in the number of Hessian unemployed persons or persons in receipt social welfare.

The statutory bodies in charge of social welfare payments must file their applications with the approvals authority by May 30. The applications have to contain the following information:

- the number of workplaces to be supported
- the commencement date for the financial support
- the number of persons who are expected to fill the jobs
- the planned fields of employment and the planned type of qualification

Social welfare recipients who have been unemployed for more than twelve months or who are threatened with becoming socially marginalised are eligible for support. Persons who require personal and professional guidance and support in order to fill an unsubsidised position can also be supported under the scheme. Additionally, women are to be included in the programme in proportion to their share in the target group.

Conditions for the granting of aid

The "Welfare To Work" programme finances positions resulting in qualifications with a minimum of two years duration and a combination of formal training, practical work and social education. The full-time positions may be divided between two or more people, but each part-time position has to come into the social insurance net. Costs arising from the provision of child-care facilities as required, as well as from the provision of professional support and social advice are also eligible for funding. Apart from direct funding of the work places, formal job training as well as personal and social advice can be funded under the programme if this is necessary in order to enable participants to take up unsubsidised positions.

The amount of funding provided per work place is on average DM 20,000 with the actual amount varying depending on the financial situation of the recipient body.

2.1.4.2 Completeness

Development dimensions

1. Environmental dimension

The "Welfare To Work" scheme is purely a social policy programme. Environmental objectives are neither directly nor indirectly addressed.

2. Economic dimension

The social policy focus of the programme means that economic issues are addressed both directly and indirectly. The primary objective, the creation of additional jobs for the long-term unemployed, is also economic in character. The re-integration of the participants into the labour market, albeit the so-called 'second labour market' at first, helps the participants to satisfy their needs both material and non-material. The uptake of positions with standard wage packages can also be useful from the point of view of the political economy. Human resources, which would otherwise lie idle, are used efficiently.

The participants' need for professional instruction and social support creates further employment opportunities with the cost incurred for such positions also being eligible for funding.

3. Socio-cultural dimension

The focus of the programme is the improvement of the social situation of the long-term unemployed and social welfare recipients by means of furthering social and professional qualifications. Their re-integration into the labour market can be considered as the maintenance and development of the individual human resources. Furthermore the programme can also be expected to have an impact on society itself, counteracting the exclusion of marginal groups in society and the social disintegration which has intensified in recent years as a result of economic development. The focus on paid employment, however, also reflects its central role in identity and social life in our society.

In the context of the programme support plans are individually developed in order to take personal circumstances (family problems, debt, drug problems that have been overcome) into account in planning and organising the measures to be taken. This allows for the giving of the best possible support to the individual.

Equity dimensions

4. Inter-individual equity (social and gender)

It is obvious from the central objective of the programme that social equity is the focus of the programme's equity dimension. Improving the circumstances of individuals who are in social difficulties and re-integrating them aims at reducing disparities between people, both in a social and in an economic sense.

The special provision that women are to be included in the programme in proportion to their share in the target group has the aim of reducing discrimination against women. Reducing gender-specific workloads, e.g. by providing child-care facilities, improves the chances of women participating in the programme.

The subsidised workplaces are to provide qualifications and ease the transition into the unsubsidised 'first labour market'. If required, training measures are also to be employed in order to develop the personal potential of individuals prior to their taking up of unsubsidised employment. This increases inter-individual equity in terms of access to training and education.

5. Inter-regional equity

The funds available under the programme are distributed to the statutory bodies in charge of social welfare payments in proportion to the number of unemployed and social welfare recipients in their areas. Financially weak bodies enjoy preferential treatment which compensates for regional disparities.

6. Inter-generational equity

Inter-generational equity does not play any expressed role in the "Welfare To Work" programme. However, the particular consideration of the family situation and parental obligations means that the programme can be very important for children coming from a disadvantaged background. Today, large families, in particular, are vulnerable to economic and social difficulties. The programme thus counteracts the apparent deterioration of the personal opportunities for development for the next generation.

Systemic principles

7. Diversity

The municipal bodies in charge of the programme are given relatively large scope for implementing the programme which means that there is room for a variety of approaches and solutions. It has been shown that this has in fact encouraged creative approaches on the ground (see ZAUG below).

The programme makes a modest contribution to increased diversity in working life by specifically supporting part-time jobs. At the individual level the advice given on personal and career issues can contribute to an increased diversity in opportunities for the development and choice of life-style. This also brings about a more differentiated and varied provision of assistance measures. The programme is unlikely to have any impact on the diversity of the

regional economic structures and even less so on biodiversity. However, the following indirect effect could be of interest: in some regions the programme could help to integrate foreign citizens and could thus make an active contribution to cultural diversity.

8. Subsidiarity

The administrative guidelines specify that the counties and district towns as well as the state welfare associations as the statutory bodies with responsibility for social welfare can receive state funds under the programme. The local statutory bodies with responsibility for social welfare can involve other institutions and private enterprises in the implementation of the programme. The responsibility for the detailed layout of the scheme, *i.e.* for the selection of the fields in which qualifications and employment are provided and the actual provision of work places, therefore lies with the local authorities and statutory bodies. A basic characteristic of subsidiarity is thus evident.

The administrative guidelines further rule that the administrative districts and district towns as well as the state welfare association are promised a specific sum at the beginning of the state budget's financial year. The statutory bodies with responsibility for social welfare assess the possibility of funding projects submitted by other institutions, co-ordinate their own projects with those of other institutions and divide the promised funds accordingly. The municipalities' projects and those of local initiatives are treated equally under the scheme. The initiatives therefore have autonomy with regard to project development and implementation. The decision on the distribution of the available funds, however, rests with the municipalities.

The programme requires close co-operation between the different levels of government. A significant amount of funding comes from the European Union. In 1993 DM 4.6 million were provided from ESF funds and in 1995 the figure was DM 4 million. The actual distribution of the funds, however, is decided at the state level.

9. Networking / partnership

The administrative guidelines also point out that they have been published in agreement with the Ministries of Finance, Internal Affairs and Agriculture, Forestry and Nature Conservation as well as with the Court of Auditors.

Programme monitoring includes 'Implementation Talks' which serve as co-ordination and information forums. State authorities, the relevant local employers as well as the local statutory body with responsibility for social welfare participate in the talks where eligibility criteria, organisational and administrative questions are discussed and general information about the projects is exchanged. This regular information exchange improves the quality of the projects and thus also facilitates the direct communication between the Ministry responsible for the programme and the bodies in charge of the projects, *i.e.* the statutory bodies with responsibility for social welfare and the relevant employers.

At the local level the statutory bodies with responsibility for social welfare have to co-ordinate the projects - unless they are charitable in nature - with the local Chamber Of Trades & Crafts and the Chamber of Industry & Commerce. This co-operation between the local offices of the Federal Employment Office, private enterprises, independent bodies in charge of projects and Local Employment Partnerships facilitates the establishment of local and regional networks.

10. Participation

At the decision-making level at least, participation in the sense of the open participation of citizens does not take place. The programme describes a multi-level decision-making procedure

following the principle of 'mixed top-down/bottom-up planning'. The state government allocates the funds to the local statutory bodies with responsibility for social welfare. The local initiatives and the local statutory bodies with responsibility for social welfare develop the projects. The co-ordination and pre-selection of projects takes place at the county and town level while the responsibility for the final decision on the allocation of funds rests with the state government.

The programme makes provision for the participation of certain organisations in the process of developing the measures to be taken. For example, the offices for women's equality and similar beneficiary institutions participate in project development and implementation. The businesses or institutions employing participants under the programme also have to involve the works committees, staff councils or the church staff representatives.

The individual counselling provided for the participants and the tailoring of the measures to suit individual needs can be regarded as an element of participation.

2.1.4.3 Consistency

Conflicting objectives

The analysis of the development dimension has shown that the Hessian "Welfare to Work" programme explicitly considers the social dimension and also, to some extent, the economic dimension. The environmental dimension is not addressed. This arrangement reduces the potential for conflict.

There is, however, a potential for conflict between the socio-political objective of reintegrating problem groups into the labour market and the creation of unsubsidised jobs for these target groups. The subsidised jobs (the 'second labour market') can potentially lead to competition with other players in the market which do not receive the same level of support (the 'first labour market') which could lead to a loss of jobs in the 'first labour market'.

Complementary objectives

The primary objective of the programme is the reintegration of long-term unemployed and social welfare recipients into the labour market. To this end support is given towards the provision of on-the-job qualifications and in order to help in the take up paid employment. Secondary objectives are the employment of the necessary specialists who can provide advice, support, project management and child-care. Additionally, subsidised jobs for women are to be provided in proportion to their share in the target group. These objectives are fundamentally complementary.

2.1.4.4 Concreteness

The measures aimed at achieving the programme's objectives (creating jobs leading to qualifications; assistance in the relief of personal financial/personal difficulties) accommodate the objectives but their wording in the administrative guidelines is very general. Similarly, the types of jobs which are eligible for funding are not regulated. Nevertheless, the quantitative success of the programme can quite easily be measured in terms of the number of participants who take-up unsubsidised employment during or after the period of the scheme.

The objective of creating jobs leading to qualifications can be quantitatively measured. However, the programme does not set clear targets in this respect. A brochure published by the Hessian Ministry for Family, Employment and Social Affairs in 1995 does, however, give some figures: 1,850 jobs have been supported and a further 150 jobs were to be created.

2.1.4.5 Impact of the programme

The "Welfare to Work" programme is monitored and evaluated by the HLT. The evaluation results are documented. A HLT report states, "The state "Welfare to Work" programme has been operational in Hessen since 1992. Since then the state has continuously supplied funds which, from 1993 onwards, have been supplemented by the European Social Fund (ESF). Between 1992 and 1995 total grants of approximately DM 143 million have been approved which include approximately DM 10 million of ESF contributions.

These funds not only enabled the continuous funding of the 1080 jobs realised at the start of the programme, but the yearly increase in the number of work places made available meant that the total number of jobs was increased to 1850 by 1995. Since a proportion of the work places were staffed with part-time workers and since some of the participants left the scheme early, in excess of 4,500 people were supported in these jobs between 1992 and 1995⁴.

According to more recent documentation⁵ a total of DM 40 million is available for the new round of the "Welfare to Work 1997" scheme, of which DM 8 million will be available in the financial year of 1997 and DM 32 million are budget appropriations for the financial years of 1998 and 1999. "Welfare to Work 1997" will provide funding for 1000 existing or new jobs.

2.1.4.6 Summary

The programme considers only two of the development dimensions - the economic and the socio-cultural - with the emphasis clearly being on the latter. There are no explicit incentives for the consideration of environmental objectives.

In line with the social policy character of the programme, the 'social and gender equity' dimension plays the most important role amongst the different equity dimensions. Inter-regional equity is also given consideration in the way in which the funds are allocated while inter-generational equity only plays a marginal role in the programme.

Diversity is indirectly supported, particularly as the administrative guidelines leave a great deal of leeway to the local bodies for the actual implementation of the programme. The principle of subsidiarity finds consideration in the close co-operation of the different levels and the rather far-reaching scope given to the local level for the actual design of the measures. The concept of 'partnership' is directly mentioned a number of times in the administrative guidelines. Co-operation between the projects, the statutory body with responsibility for social welfare, the employment office, the participants and other players is intended to assist the development of concrete, individual plans for re-integration and also enables the improvement of local and regional co-operation and the development of networks. Participation is particularly evident in the individual tailoring of measures under the programme.

Complementary relationships between the objectives mentioned are essentially evident. A detailed evaluation would require an in-depth analysis of the way the measures have been designed and implemented. The relationship between the 'first' and the 'second labour market' could be conflicting, but this would also require detailed study.

⁴ Source: Mischnick, Jeanette (1996) Was bewirkt "Arbeit statt Sozialhilfe" - Ergebnisse einer Befragung von Teilnehmerinnen und Teilnehmern des Landesprogramms "Arbeit statt Sozialhilfe". Wiesbaden. 1996 (HLT Report Nr. 507).

⁵ See Hessisches Ministerium für Frauen, Arbeit und Sozialordnung (no date) Hessen schafft Arbeit - Das integrierte Arbeitsmarktprogramm und andere Fördermassnahmen der Landesregierung. (no publishing location, no date).

The aims and objectives of the programme are quite clearly described and delimited in the administrative guidelines. It would be quite easy to quantify the results. However, the objectives have not been quantified in the programme.

2.2 Agricultural and rural development policies

2.2.1 The context

The share of agriculture and forestry in the regional gross product for Central Hessen is approximately twice as high (1.1% in 1992) as in the state as a whole (0.56%). In terms of economic structures three sub-regions can be delineated: While the Lahn-Dill county is more industrial in character, the services sector is of greater importance in the Giessen-Marburg-Wetzlar triangle. In the remainder agriculture and forestry are of relatively greater importance.

According to the systematics of spatial classification provided by the Federal Research Institute for Regional Studies and Regional Planning (BfLR⁶) the state of Hessen includes agglomerations, 'areas with a degree of urbanisation' and rural areas. The whole of Central Hessen has been classified as an 'areas with a degree of urbanisation'. This region includes urban centres, regional centres and miscellaneous municipalities in counties with settlement concentrations. The Vogelsberg County is an exception in that it is classified as a rural county. This delimitation largely corresponds to the funding environment of the European Union which recognised the Vogelsberg county as an Objective 5b region. The certified rural development initiatives in the counties of Vogelsberg and Burgwald have also been recognised as being eligible for funding under the LEADER Community Initiative. Furthermore, at the national level parts of the Vogelsberg county are recognised as being eligible for funding under the joint federal and state task "Improvement of the Regional Economic Structures".

The Land Hessen has developed a sophisticated system of what have been termed 'Structural Programmes' and also supports a number of 'Integrated Development Approaches' in the rural regions.

The support measures under the Hessian Structural Programme include the following:

- Village Renewal Programme
- Programme for Rural Development
- Support Programme for Product Innovation and Marketing Initiatives in Agriculture
- Product Innovation Programme
- Support Programme for Marketing Activities in Agriculture
- Programme for the Promotion of the Marketing of Agricultural Products which have been produced in an environmentally benign and ethological manner.
- "Marketing based on Special Guidelines" Programme
- Regional area-based support.

All the programmes have in common the fact that their orientation is towards the region as the focus of activity. As there is great variation amongst the rural areas it is clear that it is necessary to have an equal variety of instruments in regional policy. All the programmes listed above serve the purpose of increasing economic potential and improving the development of the rural areas.

⁶ BfLR: Bundesforschungsanstalt für Landeskunde und Raumordnung

However, each programme is based on different principles, follows a different approach and has different objectives.

The Village Renewal Programme and the Rural Regional Programme which are examined in this study were initiated and organised by the Hessian Ministry for State Development, Housing, Agriculture, Forestry and Nature Conservation. Following a ministerial restructuring process the programmes were continued by the Hessian Ministry of Industry and Trade, Transport and State Development.

Of a total of eight 'Integrated Development Approaches' in Hessen the Lahn-Dill-Bergland and Vogelsberg projects are wholly and the Burgwald project is partly located in Central Hessen. The two last named 'Integrated Development Approaches' are discussed in some detail in the 'Project Level' section.

2.2.2 The Hessian Village Renewal Programme

2.2.2.1 Description of the programme

Features

The "Programme for the Renewal of the Hessian Villages - Village Renewal Programme" is a Hessian state support programme for public as well as private project initiatives. The programme is part of the 'Structural Programmes for the Enhancement of Rural Development in Hessen' and is thus committed to the general objective of the Hessian regional policy, *i.e.* the strengthening and development of economic competitiveness.

In contrast to other programmes considered here, the Hessian Village Renewal Programme is remarkable in that it pursues a consistent holistic approach in terms of its objectives and in problem solving. The aim is to strengthen the basis for the spatial-cultural diversity of the regions by solving economic, environmental and social problems of the villages. Diversity is seen as a value in itself. Therefore the aim is that the rural regions - despite the desirable aim of the reduction of regional disparities in economic and, in particular, employment areas - retain their distinctive character instead of becoming more and more urbanised.

Objectives

The programme is based on the understanding that villages in regions with a rural settlement structure fulfil important socio-political functions including:

- Ways of living and working which have a specific intrinsic value
- Maintenance and development of the rural culture
- Reduction of pressure on urbanised areas
- Agricultural activities and environmentally benign land use
- Safeguarding of natural resources and ecological balance.

In order to fulfil these important functions the aim is to use the Village Renewal Programme to ensure that *i.a.*

- rural ways of life have a secure economic and environmental basis,
- the distinctive regional architectural fabric is maintained or converted for meaningful use,

- communal infrastructure, internal roads and tracks in the villages are designed and improved in a way which accommodates a variety of uses and maintains the distinctive character of the village,
- the conditions for farms as well as crafts, trades and small industries are improved,
- existing jobs in the rural areas are maintained and new jobs are created.

Players

The target group of the Village Renewal Programme is rural villages. Both private and public initiatives can be beneficiaries. However, it is clearly emphasised in the programme that village renewal is a process which has to be supported by the local inhabitants. The programme thus goes beyond the typical participation procedures and is based on the active involvement of the local people. While participation is sometimes a mere instrument which enables decisions to be imposed from the top down while avoiding conflict, it is envisaged that the local people analyse the situation in their village in detail and develop their own ideas and possible solutions. In order to implement this concept a 'Village Renewal Working Group' is to be set up in each participating village.

Background

The development of the Hessian Village Renewal Programme from its origins as an agricultural programme in 1970 to its present form shows that there have been fundamental changes in terms of the stated objectives and in the measures eligible. The original objectives focused on physical and design objectives (e.g. planning and design of open spaces, zoning, roads and paths). There is evidence that the objectives were subsequently broadened to include social and cultural aspects, improvement of basic services and housing, trades, crafts and small industries as well as the inclusion of environmental considerations. The following table summarises how the Village Renewal Programme has changed in character:

Stages of Development	Measures to be funded
1. Agricultural Programme from 1970	Village de-congestion Pathway construction and improvement
Extended objectives	Expansion of eligible measures
2. Infrastructure improvement and improvement of visual appearance of villages (Programme for Investments into the Future) 1977-1981	Road building Design of village squares Visual appearance
3. Urban Development Programme 1982	Comprehensive planning Surface engineering and renovation of buildings Open space planning / zoning
4. Structural Development Programme for villages in rural areas	Solutions to social and cultural problems Trades, crafts and small industries Provision of basic goods and services Rented housing

Rationale for the selection of this programme

The programme is regarded as one of the most important instruments from among the structural programmes for the enhancement of rural development listed above. The regional experts who were interviewed attributed major importance to the scheme.

Administrative procedures

In order to receive funding under the Hessian Village Renewal Programme each village must be recognised as a priority. This in turn requires initiatives and active groups which provide proof of the local inhabitants' interest in the future of their village. The municipal committees have to demonstrate an interest in co-operating with these initiatives. Furthermore, other requirements must be met:

- both a need and a willingness to improve the social, cultural and economic infrastructure as well as the availability of local jobs,
- a lack of sufficient housing and deficits in the quality of available housing
- deficits in the environmental characteristics of settlements
- both a need and a willingness to improve the recreational and tourism infrastructure

Once a village has been recognised as a priority by the responsible Office for Regional Development, Landscape Management and Agriculture, a baseline analysis of the general situation and the problems in the village is undertaken by municipal representatives, the relevant government offices and an external facilitator. In order to develop approaches for local action, comprehensive involvement of local people is required. To this end a 'Village Renewal Working Group' which adequately represents local populace must be set up. This working group acts as the local contact, disseminates information, organises events and has a substantial involvement in developing the local action plan.

The Office for Regional Development, Landscape Management and Agriculture as part of the state administration provides technical support for the work of the municipal committees and the working group and also ensures that the propositions of the local development plan are compatible with the framework objectives of the Village Renewal Programme as well as with the specifications for regional planning and town and country planning. This co-operation is important since the Office for Regional Development, Landscape Management and Agriculture decides on the allocation of funds and the process of the co-ordination of plans during the application procedure can be shortened considerably.

Conditions for the granting of aid

There are two 'packages' of eligible measures in the Hessian Village Renewal Programme. The 'services package' contains the expert reports and development prognosis' required for the preparation of projects. There are also funding possibilities for information, educational and advisory work as well as for project support and for measures that encourage local participation. This broad spectrum of action and support strategies is to provide economic and cultural impetus and to contribute to the overcoming social problems, for example in the area of youth work and caring for the elderly.

The 'investment incentive package' includes predominantly structural measures such as the improvement of the provision of basic local services through shops and inns, the construction and maintenance of housing, roads and recreational infrastructure as well as the creation of jobs in the small businesses, trades and crafts sectors. The improvement of social infrastructure, e.g. crèches and other care facilities also qualifies for financial support.

The total available funds amount to approximately DM 65 million *per annum* with funding being made available to beneficiaries for a maximum of nine years. For the most part the funds are provided in the form of non-repayable subsidies.

2.2.2.2 Completeness

Development dimensions

1. Environmental dimension

As opposed to previous village renewal programmes the current version of the programme uses a holistic approach in order to solve village-specific problems. The environmental dimension is clearly being given consideration in a number of ways. The programme mentions, for example, the planting and maintenance of trees and copses which command the village or surrounding landscape, the re-use of buildings and the maintenance of ecological diversity in the settlement areas. Renovations creating new living spaces must have substantial energy saving measures incorporated. It is a primary aim to fit the village into its surroundings harmoniously while considering ecological interdependencies and to maintain a high environmental quality for the local inhabitants as well as meeting recreational needs of the urban population.

2. Economic dimension

The Village Renewal Programme as a structural development scheme is generally committed to increasing the economic potential of the area. More specifically, the programme mentions job creation and the improvement of the businesses environment characteristic of the rural areas as well as of the general economic infrastructure. Support for local economic self-help initiatives is also to contribute to the improvement of economic potential. The village can only be maintained as the home and workplace of the rural population if its economic basis is maintained. This requires the maintenance of the ability of generating an income as well as the provision of basic goods and services which are also specified objectives of the programme.

3. Socio-cultural dimension

Apart from the environmental and economic objectives, the consideration of socio-cultural aspects is also central to the programme. The maintenance of the rural lifestyle and its associated socio-cultural context is an important aim of the programme. This is to be achieved by maintaining the individual character of the villages involved (e.g. the distinctive regional building fabric) as well as by supporting cultural self-help initiatives. The local inhabitants' active involvement both in the planning phase and the implementation phase enables them to analyse and discuss the development of their own village in detail which can contribute to enhancing the cultural identity of a village. The Village Renewal Programme thus aims to strengthen responsibility at the local level and thereby to maintain and develop the locally and regionally specific rural culture.

Equity dimensions

4. Social equity

The issue of social equity is not explicitly addressed in the administrative guidelines. However, if measures for the maintenance of the rural culture enhance the identity and circumstances of rural people, the measures can be interpreted as an act of reconciliation of social interests. The creation of jobs and income sources, for example, is eligible for support. The safeguarding of the provision of basic goods and services based on actual requirements also contributes to social equity.

5. Inter-regional equity

In the context of the programme villages with a rural settlement structure are regarded as having an important function in alleviating problems relating to settlement structure and infrastructure in the agglomerations. Village renewal measures aimed at economic and socio-cultural problems are supported in order to strengthen the economic potential and the attractiveness of the rural areas. The two objectives of alleviating pressure on the agglomerations and improving the living conditions of the people in the rural areas would generally appear to be complementary. Therefore, the creation of equal living conditions therefore is an important aim of the programme.

A further objective is the strengthening of the central villages through the maintenance of viable rural catchment areas. This aim follows the principle of concentration in a number of smaller centres. The strengthening of the rural centres allows a higher degree of regional provision of goods and services.

6. Inter-generational equity

Even though intergenerational equity is not explicitly covered in the programme there are a number of elements which indicate that this dimension has been considered. The maintenance of rural lifestyles as well as the maintenance of cultural, ecological and socio-economic diversity for the benefit of future generations can be regarded as a contribution to intergenerational equity. Equally, the safeguarding of both natural resources and general ecological functions of the rural areas can be interpreted in this way.

Systemic principles

7. Diversity

The starting point of the Village Renewal Programme is the diversity of rural areas which is to be maintained. The fact that the diversity of the villages themselves as the home and workplace of the local people is considered an intrinsic value indicates the consistency of the programme. By maintaining and strengthening the individual character of the villages the programme aims to maintain and develop the diversity of rural lifestyles. Therefore measures which contribute to the maintenance and improvement of multiple uses of the village environment are financially supported.

8. Subsidiarity

The active involvement of the local people is central to the approach of the Hessian Village Renewal Programme. Village development is not defined as a top-down process but as a modular series of individual steps which are largely specific to the circumstances present in the village concerned. The principal players in the process of conception and implementation of projects under the Village Renewal Programme are the municipalities; it is their task to develop and approve a village development plan as the basis for investment and for the drawing down funding together with the local inhabitants. The municipalities also have to take the necessary decisions with regard to planning and building laws and regulations, a task in which they are supported by the Office for Regional Development, Landscape Management and Agriculture as part of the state government. Decisions on the importance of individual projects for the villages are thus predominantly taken in the villages themselves. Constraints on the local scope for action are necessarily imposed by the need for compatibility between the municipal plans and the basic objectives of the Village Renewal Programme and the specifications of the regional as well as the town and country planning systems. The decision on the acceptance of a village as a

priority and therefore on the allocation of funding lies with the Office for Regional Development, Landscape Management and Agriculture. Only model projects are accepted by the Ministry.

Overall the programme shows a high degree of subsidiarity.

9. Networking / partnership

The partnership principle is considered at different levels of the programme. The municipalities, for example, receive support from the Office for Regional Development, Landscape Management and Agriculture in drawing up the village renewal plan, particularly with regard to the co-ordination of the relevant planning sectors. Furthermore, the municipalities further have to discuss the plan's likely impact with respect to planning and building regulations with the relevant authorities. Together with the relatively high degree of participation, *i.a.* through the 'Village Renewal Working Group', these examples indicate that there is an extensive process of discussion and consultation amongst those involved in the programme.

10. Participation

The local inhabitants are explicitly involved in the development and implementation process of the strategy for village renewal. The 'Village Renewal Working Group' is representative and fulfils an advisory role for the local advisory board and the municipality and is involved in drawing up the Local Action Plan. This plan lists all the upcoming projects and measures. The concluding discussion on the plan is held between the local inhabitants, the municipality and the relevant authorities. The 'Village Renewal Working Group' is also involved in the drawing up of the more detailed Village Renewal Plan based on the Local Action Plan. The annual accounting dates, which are a controlling instrument for the evaluation of the development process, facilitate a flexible reaction to changing circumstances. As the 'Village Renewal Working Group' participates in these meetings, the local people are also given an increased measure of control over the development process.

2.2.2.3 Consistency

Conflicting objectives

There are no obviously conflicting objectives in the list of objectives of the Hessian Village Renewal Programme. There is potential for a conflict between the objective of environmentally benign village development and the objective of an improvement of the economic situation. However, this is not an inherent conflict and it would only become evident upon the concrete implementation of projects.

Complementary objectives

The relationships between the different dimensions of the objectives are presented as being fundamentally complementary. The programme attempts to integrate the different sector-specific dimensions of the objectives in order to do justice to its holistic aspirations. In fact the different objectives are combined (in one single sentence), "The Village Renewal Programme strives to maintain and develop the diversity of village lifestyles in rural areas with a secure economic basis and a high environmental quality". The entire list of objectives is based on this principle and considers the interdependencies between the environmental, economic and socio-cultural dimensions. An appropriate example would be the elimination of deficiencies in the settlement structure which can contribute to the improvement of housing conditions, working conditions and environmental quality.

2.2.2.4 Concreteness

The basic objective of the Hessian Village Renewal Programme is the maintenance of rural village diversity in an economically stable and ecologically valuable environment. All the objectives listed in the programme are committed to this basic aim and contribute to its achievement. It is, however, not feasible to determine their exact contribution to the achievement of this set basic objective.

Many of the objectives in the programme are strongly qualitative in character, e.g. the maintenance of village lifestyles and of the individual village character. The design of internal roads in order to maintain the visual qualities of the village and to improve the residential environment is also rather qualitative in character. There are no absolute targets.

A number of dimensions of the objectives, such as the improvement of the conditions for village-based businesses, job creation or the elimination of deficiencies in the settlement structure offer the possibility of quantitative assessments. The extent of appropriate local provision of goods and services and the functionality of the infrastructure can also be measured quite precisely. However, since no clear targets are set in the programme the projects can not be assessed against a defined background. As above, it can therefore be concluded that the programme is not clear enough in its formulation of objectives in order to enable an assessment of success or failure. There is a lack of quantitative indicators just as there is a lack of qualitative targets.

2.2.2.5 Summary

All ten components of sustainability are more or less explicitly considered in the Hessian Village Renewal Programme. This is true, in particular, for the development dimensions. Based on the socio-economic functions of the villages the Village Renewal Programme aims to maintain and develop the rural areas as places of residence and village life as a non-urban life-style with its own intrinsic value. The programme intends to improve living and working conditions as well as environmental quality.

The comprehensive programme repeatedly refers to the various systemic principles. It is a principal objective to maintain the diversity of rural village lifestyles. Features of subsidiarity are expressed in the strong role given to the municipalities. Participation finds consideration through the active involvement of the local inhabitants and elements of partnership are similarly evident, particularly in the co-operation between the decentralised institutions of the state government and the municipalities. Statements with respect to inter-generational, inter-regional and social equity are implied in the programme's objectives.

The relationship between the various dimensions of the objectives are generally considered to be complementary. However, this can also only be verified during the implementation phase. The programme places great importance on integrating the different dimensions of the objectives.

With regard to the programme's concreteness it can be stated that the objectives are not put in very concrete terms and that indicators have not been provided which would allow for an assessment of whether the set objectives have been achieved. Clear provisions are made for a qualitative evaluation at the local level.

2.2.3 The Rural Regional Programme

2.2.3.1 Description of the programme

Features

The Hessian State Programme called "Programme for Rural Regional Development in Hessen", or Rural Regional Programme in short, forms part of the structural programmes for the enhancement of rural regional development in Hessen and aims to reduce economic disparities by strengthening and developing the economic potential of the rural regions. In order to maintain regional diversity the approach of the Rural Regional Programme is based on the development of strategies which are tailored to the target regions. As with the Village Renewal Programme discussed above, this programme aims at reducing economic disparities without making the rural areas conform with the agglomerations in terms of their economic and settlement structures.

Objectives

The basic objectives of state policy are to reduce economic disparities within Hessen and to maintain and develop a diversity of regional characteristics as well as mutually beneficial interrelationships between the towns and rural areas. In this context the programmes for rural regional development in Hessen are to support autonomous regional development and to maintain and develop economic and cultural diversity in an environmentally benign fashion. The concrete objectives include *i.a.*:

- To preserve the regional identity
- To use local resources in order to create new sources of income
- To ensure a basic supply of goods and services in the rural areas
- To safeguard natural resources and ecosystem functionality through environmental restructuring
- To stimulate the motivation, initiative and responsibility of the local people
- To reduce gender-specific discrimination

Players

The target regions for the programme are the structurally weak rural regions. Both public and private bodies as well as 'Regional Development Groups' can be beneficiaries. These Regional Development Groups combine relevant organisations in the region (municipalities, counties, lobby groups, associations) and have an important participatory function in guiding projects and determining priorities. They are the sole beneficiaries for expenses incurred for the drafting of regional development strategies and related services.

Background

The Rural Regional Development Programme in its present form (State Land Use & Development Programme II) originated from the agricultural policy negotiations between the Social Democrat minority government and the Green Party in 1983. At the time, the 'Action Fund for Autonomous Regional Development' was established and formed the basis for the first Rural Regional Development Programme in 1984 (State Land Use & Development Programme I) the main objectives of which were to support the creation of additional jobs and the use of local resources for regional development. This first programme ended during the tenure of the

conservative/liberal government (1987 to 1991). The second programme was published on May 11, 1993. An action strategy aimed at bringing together the main players in the regions in order to integrate the various interests into a shared vision and development strategy.

Rationale for the selection of this programme

The programme is generally regarded as a model implementation of a state regional development programme with complex objectives. The regional experts interviewed attributed great importance to the programme.

Conditions for the granting of aid

As with the Village Renewal Programme the State Land Use & Development Programme II could be said to contain two 'packages' of eligible measures. Under the 'services package' the development of 'guiding images' and development strategies and the associated advisory and information work can be funded, as well as advisory services to and the detailed drafting and assessments of projects.

Under the 'investment package' measures which generally improve the quality of life (provision of basic goods and services, training and education, socio-cultural initiatives) as well as measures for the development of new sources of income (start-up businesses, tourism etc.) can receive financial aid.

The funds are exclusively provided in the form of non-repayable subsidies.

Administrative procedures

In order to qualify for funding under the Rural Regional Programme in Hessen, the region has to be classified as an economically deprived rural region for the purposes of the programme. Furthermore, the Regional Development Groups have to be approved by the Ministry.

The Office for Regional Development, Landscape Management and Agriculture assesses whether the planned measures merit funding. The regional development strategy forms the basis for funding and must contain an analysis of strengths and weaknesses and a regional 'guiding image' from which the emphasis and the spheres of action of the plan are deduced. The strategy must also outline the involvement of the local people. This regional development strategy allows for the creation of interconnections between various regional projects and ensures that systematic networking occurs.

2.2.3.2 Completeness

Development dimensions

1. Environmental dimension

It is obvious from the outline of the basic objective of improving regional economic and cultural development in an environmentally benign manner, that environmental aspects are given consideration in the programme. The safeguarding of natural resources and ecosystem functionality and the basic requirement that funded projects be environmentally benign relate to this basic objective. It is a prerequisite for funding that investments into building construction are to be mainly targeted at existing buildings in the village or town centres. This can be considered as a measure to prevent a further loss of unsealed surfaces. Similarly, the support provided for environmentally friendly tourism and agricultural land use shows that ecological concerns are taken into account.

2. Economic dimension

It is one of the objectives of regional policy to reduce economic disparities within Hessen. Therefore the Programmes for Rural Regional Development also included economic objectives. The principal objective is the maintenance and development of economic diversity. This entails ensuring that the focus is not on attracting businesses to the area but on using the endogenous economic potential through regionally targeted strategies and creative and novel stimuli.

Important economic objectives of the programme include the development of new sources of income with the help of innovative projects as well as the safeguarding of the provision of basic goods and services in the rural villages. To this end financial aid is provided towards investment for the maintenance and creation of jobs. The businesses receiving funding must have a maximum of 50 employees and a maximum turnover of DM 10 million. Projects receiving funding must contribute to the improvement of the regional structures and must maintain or increase value-added regionally. The improvement of facilities offering training and education has economic characteristics since it facilitates the maintenance and/or establishment of a qualified workforce. Last but not least the support provided for regionally specific tourism measures helps to safeguard jobs.

3. Socio-cultural dimension

Socio-cultural objectives are particularly notable in the Rural Regional Programme. The maintenance and development of cultural diversity is listed as one of the main objectives. Cultural diversity in this context describes the blend of local traditions and values with the achievements of urban culture which gives rise to a regionally distinct cultural heritage and lifestyle. The importance of regional identity and cultural diversity is highlighted by the programme as contributing greatly to the improvement of regional economic structures. It follows that projects to be funded will have to be socially acceptable, be in keeping with the specific regional character and promote regional identity. The fact that major consideration is given to gender issues and the preferential treatment given to community projects also highlights the social dimension of the programme. Social self-help initiatives, rural cultural activities as well as facilities for training and knowledge transfer can also qualify for funding.

Equity dimensions

4. Inter-individual equity (social and gender)

The reconciliation of social interests is an objective which is addressed in a number of ways. The creation of workplaces in proximity to residential areas, for example, aims to reduce regional disparities. The development of facilities for training and knowledge transfer also contributes to the reconciliation of social interests. Another important aspect is the explicit consideration of gender issues. The programme aims to improve the situation of women and to reduce discrimination. The open participation of the local population can also contribute to the reconciliation of social interests, if all the different socially relevant interests are actually represented in the development groups.

5. Inter-regional equity

The basic objective of reducing economic disparities within the state of Hessen has already been mentioned. The aim is to give economic and cultural stimuli to economically deprived regions in order to reduce disparities and to achieve equality with regard to living conditions without actually imposing uniformity on the areas. As funding is limited to economically deprived

regions, areas such as the greater Rhine-Main region and all town counties with more than 30,000 inhabitants are excluded from the programme.

6. Inter-generational equity

It is one of the objectives of the Rural Regional Programme to safeguard natural resources and ecosystem functionality and to protect the cultural landscape. This clearly contributes to inter-generational equity. More specifically it is a prerequisite for funding that projects be environmentally benign and funding is also available to environmentally friendly tourism projects as well as for environmentally sensitive land use projects.

Systemic principles

7. Diversity

It is one of the basic objectives of the Rural Regional Programme to promote regional diversity. It is seen as being of particular importance that the rural areas are not 'brought into line' with the agglomerations but that the identity of the regions with their various social and cultural facets is preserved. Accordingly, the projects have to be in harmony with the regional character. This is to be achieved *i.a.* by the use of the individual regional development strategies which are drawn up with the involvement of important regional players.

8. Subsidiarity

The programme repeatedly addresses the subsidiarity dimension. The Regional Development Groups represent an important part of the programme as they guarantee regional participation in the drawing up of the Regional Development Plan, *i.e.* bottom-up planning. In addition to the municipalities and the counties, important societal forces are represented in the Regional Development Groups. Furthermore, open participation procedures for the local people are to be ensured.

While the Regional Development Groups have to receive accreditation from the Ministry, the decision-making powers as to which projects merit funding have been delegated to the responsible, decentralised Offices for Regional Development, Landscape Management and Agriculture. The fact that the authority to approve funding is based at the regional level and in proximity to the actual regional problems makes it clear that the aspect of subsidiarity is considered in the programme. Local knowledge can also have a positive influence on the projects.

9. Networking / partnership

It is an important aspect of the programme that extensive cooperation of local players is initiated and that they agree on independent ways of solving the region's problems, identify promising fields of action and name priority projects. This cooperation requires a working relationship of the actors based on partnership. Another approach to the implementation of partnership is the giving priority to strategically networked projects and to community initiatives as well as associations. This type of prioritisation helps avoid isolated projects with limited selective impacts. At the same time greater demands are made on the willingness of the regional actors to co-operate.

10. Participation

The aspect of participation plays an important role in the Rural Regional Programme. It is expressed both in the importance given to the Regional Development Groups and in the requirements for the local people's open participation. Participation is not limited to the implementation of projects but also includes the drawing up of strategies and the prioritising of regional projects.

2.2.3.3 Consistency

Conflicting objectives

As with the Village Renewal Programme discussed above, the list of objectives in the Hessian Programme for Rural Regional Development does not show any obviously conflicting aims. However, conflicting objectives would primarily manifest themselves at the project implementation stage. Therefore, whether or not the desired reduction of economic disparities can be achieved without a reduction of the equally important diversity of regional characteristics should be monitored.

Complementary objectives

The relationships between the different dimensions of the objectives are presented as being fundamentally complementary. Much emphasis is placed on the integration of the different dimensions of the objectives. The basic principle of maintaining and developing economic and cultural diversity in an environmentally benign manner is respected in the programme in many areas by way of the consideration given to the interdependencies between the environmental, economic and socio-cultural dimensions. An example would be the support provided for environmentally friendly agriculture which also contributes positively to the aims of providing jobs, basic goods and environmental quality. Similarly the restriction of targeting investment support in the building sector primarily to existing buildings in the village centres can have - apart from the economic effects - a positive environmental impact (reduced space requirements) and a positive socio-cultural impact (reduced urban sprawl).

2.2.3.4 Concreteness

The basic objective of the programme is the reduction of economic disparities within Hessen while maintaining the diversity of regional economic and socio-cultural characteristics. It is detailed by the catalogue of objectives all of which are based on this basic objective and contribute to its achievement. However, the programme does not illuminate the importance of the individual aims for the achievement of the main objective which makes it difficult to determine their actual individual contributions. Additionally the wording of the basic objective is purely qualitative and hence is not very precise.

Some of the programme's aims are strongly qualitative in character, such as the maintenance of the identity and the regional character of the rural areas. Similarly, the creation of equal opportunities for women and the support for the motivation and self-help initiatives of the local people is a rather qualitative aim. It is almost impossible to determine exactly to what extent the set objectives are being achieved since no clear targets have been set.

With regard to the quantification of objectives what has been said for the Village Renewal Programme is also true for this programme.

2.2.3.5 Summary

All ten components of sustainability are to a greater or lesser extent explicitly considered in the Hessian Programme for Rural Regional Development.

The basic principles as well as the individual objectives reflect all three development dimensions. The central development objective is to be achieved in a way that does not compromise economic and cultural diversity or environmental quality. This aspiration is reflected in the guidelines for funding and in the eligible measures. Inter-generational, inter-regional and social equity are considered in the programme's objectives as well as in the guidelines for funding and in the eligible measures.

The systemic principles are also given consideration. The aspect of diversity is contained in the basic principles and the aspect of subsidiarity is reflected in the prominent position of the Regional Development Groups as well as in the authority for granting approval given to the decentralised Offices for Regional Development, Landscape Management and Agriculture. Participative elements are being realised through the required participation in the Regional Development Plans as well as through the partnership approach. The latter is particularly obvious in the demand for broad cooperation of local actors and also in the priority given to community projects.

At this programme level there are no immediately obvious conflicting objectives.

The lack of concreteness of the programme can be seen as a weak point. The objectives are not put in very concrete terms and indicators which could be used to determine the extent to which set objectives have been achieved are largely absent.

In summary the programme both includes and integrates numerous aspects of sustainability. This is mainly achieved by assigning major importance to the comprehensive Regional Development Plans and the Regional Development Groups, both of which have inherent integrating characteristics.

2.2.4 The impact of the programmes

The Hessian Village Renewal Programme and the Rural Regional Programme are two main 'building blocks' of the Hessian structural programmes for the advancement of rural regional development. The objectives and instruments of these two approaches have also been outlined in a number of brochures^{7 8}.

2.2.4.1 Village Renewal Programme

The existing Village Renewal Programme has developed from previous versions. There have been several stages of development as well as an extension of the list of eligible measures over time. Examples of different kinds of measures can be found in all of the Hessian municipalities which have been established as priorities. In 1994 240 priorities were funded with an annual budget of DM 65 million of which DM 15 million was earmarked for housing development. It can be stated that overall the Village Renewal Programme has clearly improved the visual qualities

⁷ See *i.a.* Hessisches Ministerium für Wirtschaft, Verkehr und Landesentwicklung (1995) Leitfaden Dorferneuerung. Wiesbaden. 1995.

⁸ Source: Hessisches Ministerium für Landesentwicklung, Wohnen, Landwirtschaft, Forsten und Naturschutz (1994) Neue Chancen - Ländliche Regionalentwicklung. Wiesbaden. 1994.

of many municipalities and villages in the rural areas and has also increasingly strengthened social structures.

2.2.4.2 Rural Regional Programme

The Rural Regional Programme is implemented in all of the state's rural regions. In 1994 the available budget was DM 3.5 million, *i.e.* compared to other programmes the budget was relatively small. The priorities for funding under the Rural Regional Programme were the 'extensive, integrated regional development projects' in Hessen. These were the regional development projects in the Odenwald, in Vogelsberg, in the Rhön Biosphere Reserve, in the Lahn-Dill-Bergland, in the Burgwald, Knüll, Kellerwald and in the Weser-Diemel region. In the regions listed here the Rural Regional Programme has initiated, supported or intensified approaches to integrated regional development. If the existing initiatives were officially recognised by the responsible Ministry as development groups, the associated provision of funding has also put these initiatives provisionally on a secure organisational footing.

2.3 Summary: Common characteristics with regard to the concept of sustainable development

The above assessment of selected state programmes in terms of the concept of sustainable development yields some interesting indicators. However, the following restrictions apply in their interpretation.

- Only a limited number of programmes could be examined. These are usually components of a larger set of programmes administered by a particular ministry. It is possible that certain results would have presented somewhat differently had other programmes been examined.
- An assessment of the orientation of policies towards sustainable development at the programme level also encounters some fundamental difficulties. Important conflicting objectives only manifest themselves at the stage of project implementation, *i.e.* at the regional or local level. The setting of objectives at the programme level does not necessarily mean that these will be achieved in reality, particularly if there are no standards for assessment or control instruments.

The Hessian programmes examined here share a number of common characteristics with respect to the concept of sustainable development. These include the way in which the various components of sustainability are combined and integrated.

- The programme of the Ministry for Employment which focuses on providing qualifications for those groups which are disadvantaged in the labour market ("Welfare To Work") is appropriate for the provision of essentials for the economic sector. In the medium term it also reduces the financial burden on the exchequer. From the point of view of public finances it is thus economically efficient.
- At the same time it is an objective of the structural development programme to support individual companies. However, funding under this programme is only provided if it can be shown that these public funds are used to create employment in disadvantaged regions. In this way two development dimensions are being combined.

Such combinations can also be seen in the Conversion Programme, the Village Renewal Programme and in the Rural Regional Programme.

Despite of these topical connections none of the programmes explicitly defines its interfaces to the other programmes with the exception of the routine mention of the fact that projects may not receive funding under multiple programmes.

The published programmes do not contain any explicit indications of the co-ordination between the individual ministries in terms of technical or spatial questions. It can be assumed that internal procedures exist which ensure at least a minimum level of co-ordination, as is the case in the Structural Development Programme. However, the nature of such co-ordination can not be subjected to public discussion.

There are fewer common characteristics with regard to the systemic principles of sustainability. In almost all of the programmes many pointers towards the 'diversity' component could be found. These included the multitude of problems considered as well as the variety of objectives, the diversity of measures and the large number of addressees. The subsidiarity criterion received particular attention in the Conversion Programme, the Village Renewal Programme, the Rural Regional Programme and in the "Welfare To Work" programme. The same cannot be said for the Structural Development Programme. Great importance is attached to local participation in the Village Renewal Programme, the Rural Regional Programme and the "Welfare To Work" programme .

Finally, partnership aspects are a characteristic of the implementation of all the programmes. Both the Conversion Programme and the "Welfare To Work" programme pay particular attention to this criterion. One of the reasons for this is certainly the complexity of the tasks and the fact that the participation of a variety of actors is required in the implementation of the projects in order to resolve both technical and financial questions. The desire to involve a maximum number of interests in the implementation processes is not necessarily emphasised, at least not in the Conversion Programme.

The analysis of the equity dimensions shows that the spatial reconciliation of interests finds consideration in the majority of the examined programmes: Sub-regions are designated as priority areas on the basis of defined criteria (Conversion Programme, Rural Regional Programme) or the aim is the reduction of disparities in terms of economic potential. The reference areas in this case are in Hessen itself or else in the Federal Republic of Germany.

Implicit in these spatially defined objectives of reducing disparities are also social objectives, *i.e.* the creation of equal living conditions. More detailed statements on equality between the social groups, above and beyond the objectives mentioned above, are made in the Rural Regional Programme (with reference to women) and the "Welfare To Work" programme which clearly focuses on disadvantaged groups on the labour market.

None of the programmes explicitly addresses inter-generational equity. However, this aspect is implicitly considered in the outlined purpose of funding provided under the individual programmes. The Conversion Programme, for example, contributes to the safeguarding of future options in that it encourages the 're-use' of sites and thus reduces the pressure on undeveloped lands. The "Welfare To Work" programme increases human resources through the provision of qualifications and employment in the targeted regions. It thus contributes to equal opportunities between certain social groups in the labour market and to the satisfaction of their needs.

Conclusion:

The Hessian state programmes examined here consider sustainable development to varying extents. Generally the programmes provide the local and regional levels with extensive scope for action which allows for the integration of the different dimensions of sustainable development. However, the programmes provide little direct incentive to actually do this.

The programmes rarely set clear targets which can be used to measure the achievement of the set objectives. Accordingly, there is little room for a systematic assessment of the programmes' achievements, for the comparison of the different approaches or their public discussion.

Similarly, the programmes scarcely define their interfaces to other programmes. This invokes the question as to whether there is sufficient co-ordination at the state level about the allocation of funds to the different programmes in order to ensure that the funds are used as efficiently as possible in addressing the most pressing problems.

Decisions on the allocation of funds are taken in part in a decentralised fashion (in the Offices for Regional Development, Landscape Management and Agriculture). It can be assumed that detailed local and regional knowledge can better be employed in this way than if the decisions were taken at the level of central state government. The planned regionalisation of structural policies aims to take these experiences on board. See the end of this report for more details on this issue.

A table which summarises the programmes and their assessment can be found in the appendix to this report.

3 Innovative Actions

A comparison of the results of the assessments at the regional policy level has shown that the framework conditions in the INSURED regions (Central Hessen, Southern Styria, Tuscany, Mid-west Ireland, St.Gallen/Appenzell) are even more varied and have an even stronger influence on the analyses of the policies and projects than had previously been assumed.

Due to this variability in the framework conditions, objectives and procedures it is scarcely possible to transfer whole projects into a different national or regional context. Therefore, it is attempted here to focus the analysis of the projects on criteria which are comprehensible from the point of view of other regions. Thus an important aim of the five case studies as part of the INSURED project was to describe the interrelationships between the programme level and the project level. In this context the patterns of interaction within the individual projects was of interest.

The selection of the innovative projects to be examined was co-ordinated with the regional advisory group. The selection was made on the basis of the following criteria:

- innovative character of the projects
- positive preliminary assessment in terms of the ten components of sustainability which form the basis of this project
- relationship to the examined policy areas or relationship to the selected programmes
- allowing for a broad overview on the different sub-regions of the study regions
- availability of information and interview partners

The selected projects are all more or less linked to the regional administrative bodies, *i.e.* they were initiated or decided upon either by a state ministry or at the regional administrative level or their initiation at the level of the towns and counties was supported by the public sector.

3.1 Linked to structural and employment policies

Two projects in the town of Giessen are described and analysed: the conversion project 'Steuben Barracks'⁹ and the 'Giessen Centre for Employment and Environment' (ZAUG)¹⁰.

3.1.1 The Steuben Barracks in Giessen

In the Steuben Barracks project a former barracks site is being redesigned and fully developed to serve as an industrial park.

3.1.1.1 The context

With the end of the cold war and the reduction of troops stationed in Germany numerous sites which had been used for military purposes became disused. Quite often these sites were located in central urban areas. If they are re-used their settlement context is restored. Furthermore, in the core areas of the towns new sites are made available which can increase the towns' competitiveness or which at least relieve some of the development pressure on 'white land'. The sites are of major importance for many towns from the economic point of view as well as from the point of view of settlement policy.

⁹ German name: Steuben-Kaserne

¹⁰ German name: Zentrum Arbeit und Umwelt Giessen

The recognition of these problems and opportunities led to the commissioning of a number of expert reports on potential follow-up uses of former military sites in the early 1990s. At the same time funds totalling DM 150 million were provided for Hessen under the Hessian Conversion Programme 1993/99 and the EU KONVER programme (DM 6 million).

The town of Giessen, where the Steuben Barracks project is located, used to own more than 650 hectares of lands for military purposes in 23 sites. As of early 1997 thirteen of these sites have been completely abandoned, four sites have been partly vacated or have been reduced in size and only six sites are still being used by the army.

3.1.1.2 The project

Brief description

The Steuben Barracks project is a conversion project in Giessen's inner city. In recent years the barracks site of 58.8 ha has been prepared and made available for civilian use. As demand had been expressed by investors the focus of the conversion was on the commercial use of the site.

In tandem with the development of the site the urban development plans for the adjacent area were to be revised. The commercial use of the site was to contribute to employment creation and to the local and regional economic structure. In the preparation of the site the general environmental situation on barracks sites received major consideration. The environmental conditions on the site and the environmental impact of the planned usage were considered to a greater extent than is customary.

A new industrial estate was created on the site. The main investor built a central distribution depot for household appliances for which a new works siding was constructed which also connects to other properties on the site. Further access to the site is via the former tank road which connects to the federal roads and the A5 motorway.

Initiative and background

The project is based on the initiative of the town of Giessen which started to look into potential follow-up uses for German army sites as early as 1990. Until then the town administration had virtually no data on the characteristics of the 23 sites in their area or their potential for civilian use. The reports were commissioned at an early stage before many of the sites were even released. As part of the studies the potential for housing, industrial use and services provision was assessed.

The town saw as a particular advantage the control they could exert on the attraction of industries in the context of the Hessian Conversion Programme. Apart from the size of the site this was the main rationale for the provision of funding. The town took over 15% of the unprofitable project costs, *i.e.* costs for purchasing and restoring the site which would not be covered by sales proceeds or business contributions. These costs amounted to DM 2.1 million out of the total unprofitable costs of DM 14 million.

Table 1: Chronology of the Conversion of the Steuben Barracks

II/1990	Report on the current situation with regard to the preparatory land use plan including a general account of the follow-up uses for the 'special federal sites'.
III/1991	Establishment of the "Reduction of Troops" working group as part of the town administration under the leadership of the Lord Mayor and with the cooperation of a number of offices.

IV/1991	A decision is taken to draw up a preliminary draft preparatory land use plan including a strategy for the follow-up uses of the military sites.
I/1992	The 'Nürnberger Bund' expresses interest in locating a central depot at the Giessen location (20 ha plus works siding).
III/1992	Application to the Hessian Ministry of Industry, Commerce, Transport and Technology for the commercial re-use of the site and the drawing up of an industrial development strategy.
III/1992 - III/1993	Framework urban development plan for the Steuben Barracks drafted by the company "Nassauische Heimstätte"
IV/1992	Decision by the municipal council to accept the measure 'as if the site had already been released'.
1992 - 1993	Notifications on the releasing of military sites
IV/1992 - IV/1993	Preliminary environmental studies carried out by the water management authority
IV/1992 - IV/1993	Housing of asylum seekers in the buildings
IV/1992 - IV/1993	Clearing talks with the regional council, the Nature Protection Office, the Office for Road Construction
I/1993	Landscape planning report by the Sollmann consultancy office
I/1993	Presentation of a land valuation report
I/1993	Survey on the demand for industrial properties in former military sites carried out by the Department for the Promotion of Economic Development
II/1993 - IV/1994	Conference talks of interested parties on the planned development by the company "Nürnberger Bund" in the northern section of the site
II/993	Passing of the Regional Development Plan which zones the site as industrial building land
II/1993	A decision is taken to draw up the local statutory land use plan with an extended territorial scope; the preliminary drafting of the plan is commissioned to the development company "Nassauische Heimstätte".
III/1993	Commissioning of a transport study and planning of the main private siding-line
II/1993	Public hearing
III/1993	Consultation of the bodies with a statutory consultative role
III/1993	Commissioning of the landscape plan to the Sollmann consultancy office
III/1993	Withdrawal of the Federal Armed Forces; the sites are taken over by the Federal Treasury
Nov 1993	Commissioning of the assessment of the fauna and flora to the Janisch + Partner consultancy office
Nov 1993	Commissioning of the drawing up of the draft local statutory land use plan
Mar 1993	Passing of the draft local statutory land use plan
Apr-May 1994	Public display and consultation period for the draft local statutory land use plan
May 1994	Passing of the development statute
Jun 1994	Initiation of the statutory planning procedure for the main private siding-line
Jul 1994	Consideration of public submissions
Oct 1994	Final decision on the development statute
Nov 1994	Decision on the appointment of a developer
Nov 1994	Development statute comes into force
Nov 1994 - Mar 1997	Negotiations on the purchasing of the southern section of the site with the OFD (Higher Authority for Financial Management, a local branch of the Federal Treasury) until sales contracts are signed.

Jan 1995	Local statutory land use plan enters into force
Feb 1995	Trustee contract with the developer
Sep 1995	Statutory planning procedure approved

Players

The "Reduction of Troops" working group is comprised of members of the following administrations: municipal promotion of economic development, building administration, property registry and financial administration.

In the course of the project, negotiations were held predominantly with the Federal Treasury and with the state building administration. A further important actor, the residential building and development company "Nassauische Heimstätte", joined the project two years after the first consideration was given to the future usage of the site. The limited company is a body with a statutory role in governmental housing policies but has a private-sector organisational structure.

The project received widespread support from politicians of all parties at the municipal level and was also supported by members of the state parliament and members of the Bundestag (Federal Parliament).

Local lobby groups including, for example, the conservation organisations, argued their cases in a sophisticated manner. The media showed a spectrum of reactions ranging from attentiveness to support. During the participation phase there was no criticism of the conversion project from the citizens.

Administrative Procedures

The necessary administrative procedures included the customary German planning instruments: the preparatory land use plan explored and established the preliminary considerations as regards the conversion of the sites to non-military use. The strategy for the use of the sites was detailed in a framework plan for urban development by the developer. On this basis the decision was taken to draft the local statutory land use plan including the normal consultation procedures for local citizens and bodies with a statutory consultative role. The two year period it took to draft and finalise the local statutory land use plan, *i.e.* the legally binding development plan, was not out of the ordinary. This was also the case with the consultation procedures.

The numerous internal co-ordination talks within the town administration as well as the external negotiations with the Federal Treasury and with a number of companies interested in establishing on site were characteristic of large urban development projects. These talks began at an early stage and ran in parallel with the statutory local development process.

Apart from the usual procedures the instruments of the new German Urban Building Law were employed in a targeted manner:

- Urban development measure
- Urban development contract

These instruments allow for a shortened procedure for the drawing up of the local statutory land use plan and also allow for the commissioning of the plan to a private consultancy office. Furthermore, a large proportion of the cost of infrastructure development can be awarded to the developer, who in turn can reclaim these costs from the future users of the site. This usually allows for the reduction of the municipal contribution to the costs of infrastructure provision.

Patterns of communication and interactions with the programme level

The main support for the Steuben Barracks project came from the Land and from the EU. Eighty-five percent or DM 11.9 million of the unprofitable project expenses of DM 14 million were covered by the Hessian Conversion Programme and by the EU KONVER Community Programme. It would have been impossible to realise the project without this volume of co-funding even though the town of Giessen made its own strong financial commitments.

The project was characterised by the large number of negotiation parties and the many issues that needed to be resolved. Negotiations began at an early stage, before the site of the Steuben Barracks had been vacated by the German army.

A central conflict arose around the fixing of the purchase price of the two sub-sites. The relatively uncomplicated negotiations between the company 'Nürnberger Bund' and the Federal Treasury were largely the result of the fact that the company was pressing for a quick resolution. The sales negotiations between the town and the Higher Authority for Financial Management on the other hand lasted from November 1994 until March 1997. The negotiations on the overall value of the complex and the market value of the existing buildings and infrastructures proved particularly difficult.

Regional importance

The town of Giessen and its inhabitants are the main beneficiaries of the project. An urban industrial estate of this size strengthens the town's position as an urban centre in Central Hessen. The university town is also the main industrial development focus in the region. A positive impact on the intra-regional interconnections can be expected. The creation of new jobs increases the town's business tax receipts and reduces the municipal social welfare costs. The environmental situation in Giessen benefits indirectly. A site which has previously been used is put to a new use; if this had not been the case there might have been the need for a green field development at some stage. The conversion of the site was also in the interest of the Federal Treasury which gained financially from the sale of the site. The private developer who was commissioned to prepare the site and develop the infrastructure also benefited from the project.

3.1.1.3 Analysis of the project with regard to Sustainable Regional Development

The ten components of sustainability allow for an assessment of the relevance of the project in terms of Sustainable Regional Development.

A prerequisite for the assessment of the project is the previous assessment of the region itself. Apart from the description of the background to this project given above, a detailed investigation of regional development in Central Hessen was carried out as part of "Task 2" of this research project.

The following matrix can also be used for the assessment of projects in moderated workshops. Therefore, this clear presentation format was chosen despite the necessarily small font size.

Steuben Barracks		
Analysis of the project with regard to Sustainable Regional Development		
1. Environmental Dimension	2. Economic Dimension	3. Socio-Cultural Dimension
<ul style="list-style-type: none"> + Re-use of sites instead of claiming new sites + Increased recharging of groundwater aquifer by partial 'de-sealing' of surfaces + Detailed environmental investigations + Railroad development contributes to shifting goods transport from road to railway - Works siding routed through forest - Logistics centre increases traffic volume and consumption of land area 	<ul style="list-style-type: none"> + Creation of permanent jobs in the urban centre, <i>i.e.</i> at a central location within an existing catchment area + Elimination of the 'bottleneck' in the availability of sites for industrial development and creation of new development + Increased tax receipts for the - Logistics centre provides for other enterprises 	<ul style="list-style-type: none"> + prospects + little qualification + innovation
4.	5. Inter-regional Equity	Inter-temporal Equity
<ul style="list-style-type: none"> + residential areas for Giessen's citizens Job creation, including jobs in less qualified occupations 	<ul style="list-style-type: none"> Development in an area which is relatively - Partial transfer of jobs to existing elsewhere 	<ul style="list-style-type: none"> + industrial development Strengthening of the function and attractiveness of workplace + re
7. Diversity		Subsidiarity
<ul style="list-style-type: none"> + Variety of future-oriented enterp 		<ul style="list-style-type: none"> + Initiator was Lord Mayor of the town of Giessen Work on the project at the local level in close cooperation between the town administration + Land and EU enabled the project to go ahead; action at the local level + of the Conversion Programme o council in line with urban development regulations
Networking / Partnership		10.
<i>Little evidence of partnership approaches:</i> <ul style="list-style-type: none"> + at the local level + Competition encourages action (Marburg, o 		<i>In the context of laws and regulations:</i> <ul style="list-style-type: none"> o onsultation procedures took place to the extent that is customary as part of the planning

Response to the challenges of Sustainable Regional Development	
Integration	
<p>+ explicitly: Integration of economic development objectives. Economic objectives also aim to contribute to the social objective of job creation</p> <p>The committed initiative of members of the town administration allowed for the simultaneous</p>	<p>+ Experience with new instruments as part of integrated approach</p> <p>+ Programme. Determination of the market value of a previously used site</p> <p>Comprehensive conversion project instead of zoning of new lands for industrial development</p>
<p>+ Environment:</p> <p>++ Economy: all economic development of Giessen</p> <p>Socio-culture: Improvement of the employment situation in the</p>	

3.1.2 ZAUG - 'Giessen Centre for Employment and Environment'

The 'Giessen Centre for Employment and Environment' (ZAUG) is a charitable society for vocational training and education which takes an innovative and integrated approach to municipal employment policy.

3.1.2.1 The context

In 1997 the unemployment figures in Germany reached their highest point since the post-war period. The district and the town of Giessen were both equally affected. In 1997 12.8% of the working population in the district were on the live register and in the town itself the figure was as high as 16%, which is a record high in Hessen. The situation in the market for training and education is equally strained. Faced with this situation normal strategies of employment policy had lost their effectiveness and growth or increased productivity could not make up for the redundancies as they had in the past. Over time, the unemployed fall through the net of the federal social insurance system and become dependent on social welfare which is paid at the municipal level. Hence the cost of the unemployment problem is transferred to the local level. This situation has forced the municipalities and counties to become more and more active in fighting unemployment locally. They have been seeking opportunities to exert a stronger influence on regional development themselves.

An increasing number of municipalities and counties in Germany are successfully breaking new ground in trying to overcome the employment crisis. In doing so they overcome the classical division of administrative responsibilities between the promotion of economic development, structural policies and urban development on the one hand, and social and education policies on the other hand. Innovative strategies seek to use the current unutilised labour in a way that is profitable, promotes economic development and is environmentally benign at the same time. This integration of sectoral approaches often takes place in Local Employment Partnerships. In 1991 there were already 140 of such partnerships in the 'old' Länder, *i.e.* former western German federal states. These partnerships were predominantly funded from social welfare funds.

The project in Giessen described below is an outstanding example of this kind of approach. It has received widespread recognition well beyond the state boundaries.

3.1.2.2 The project

Brief description

The 'Giessen Centre for Employment and Environment Ltd.' (ZAUG GmbH) describes itself as a society for vocational training and education with charitable status. Their stated aim is to promote constructive and future-oriented structural and regional development through the identification of the need for new services. Based on that, new fields of work are developed and then attempts are made to transpose these at the regional policy level. The services ZAUG is offering include practical advice, career aids, training and education, qualification and work placement for youths, young adults, social welfare recipients and long-term unemployed persons in the region. Another aim is to improve the local production infrastructure and the infrastructure for employees. Spheres of activity in the area of environmental protection and the protection of resources which have thus far been unexploited are to be developed.

In financing the ZAUG centre the town and district of Giessen invest in work rather than in unemployment and enable a variety of target groups amongst the unemployed to be permanently reintegrated into the 'first jobs market', sometimes with educational supports. This

enables people to break through the vicious circle of unemployment and loss of social status and also allows the burden on the municipal budget to be reduced in the medium term. The provision of services in often neglected but promising sectors of the economy.

The ZAUG has set itself two principal areas of responsibility, the area of "Advice, career aids and training and education" and the area of "business activities", such as a launderette, a café

- training workshops as well as in other facilities in twelve occupational fields, preparatory courses, career guidance and a number of educational schemes.

Support for women: structural improvement of the domestic and work situation of women

occupations for jobless women, training schemes for the (re-)entry into paid employment and advice on the regional labour market.

Recycling and environmental technology: strengthening of the regional recycling economy protecting both the environment and local jobs.

An advisory council has been used from the start to support the work and to achieve a broad the budgeting and financial plan before it is passed by the meeting of shareholders. In order to improve the efficiency of the council's work it was divided into two committees in 1992, the committee on "Labour market and qualification" and the committee on "Environmental and

Background

The (a limited company) was founded in 1988 as a society for vocational training and education with charitable status. The shareholders (5/6 of the shares) as well as the town of Giessen (1/6 share). The establishment was preceded by lengthy political discussions during which attempts were made by different interests to political power the ZAUG centre finally got off the ground.

As early as the 1970s a number of different social initiatives were established which sought to in society. In 1984 the Hessian Ministry for Social Affairs established a model project with the objective of reintegrating unemployed women into the labour market. In the late seventies the which contributed a professional analysis of the problems of the local labour market. This group also suggested a 'Local Employment and Qualification Partnership' as an instrument in a such as unemployment and the lack of apprenticeship places, even when the unemployment figures rose by leaps and bounds in the mid-eighties. At the start the idea of establishing a dominate the political discussion process in the town and district during the preparatory and initiation stages of the ZAUG.

The local elections in 1985 brought a 'red-green' majority to Giessen's town parliament and brought a change in the course of municipal economic and employment policies. The subsequent preparation, initiation and development of the ZAUG proceeded as follows:

1985 / 86	Different attempts to establish a new local economic and employment policy in the town. First results: Establishment of a panel with the town treasury and the broadening of the topical orientation from training/education and employment to economic and structural policy.
	Establishment of a job training centre by the district of Giessen
1986	for a "Centre for Employment and Environment" which in particular emphasises the importance of the areas of environment and energy for the regional economy.
	In the town, planning for a Local Employment Partnership is initiated. An application to the regional council shows that the town of Giessen must hold a maximum of 25% of the share
1987	The town decides to establish a society for vocational training and education. However, the
Early 1988	The district approves the funds for a 'Centre for Employment and Environment'.
	The drawing up of the detailed strategy proves difficult in both town and district, particularly the exchange with the existing social initiatives. However, some 'cornerstones' of the co-responsibility of town and district; an orientation towards structural and labour market policy which diverges somewhat from
July 1988	Establishment of the 'Giessen Centre for Employment and Environment' as a limited
1989 / 90	Phase of consolidation in which the first fields of work become apparent.
	Further municipalities in the district become shareholders.

Players

based was studied as part of a dissertation in 1997 and the results were incorporated into a publication about the centre. The principal actors at the political level in the process which led to *i.e.* the

strongly liberal economic position with reservations about a local economic and structural policy. This shows that the establishment process and the work of the centre has certainly not been

At the same time the initiative of individuals at the political level, *e.g.* have been instrumental in the establishment of the ZAUG. Different administrative levels have enabled or promoted the development of a society for vocational training and education. The attached.

Apart from the Social Democrats and the Greens, the 'Working group on regional and municipal brief of the ZAUG. Not all of the social initiatives could contribute due to the slight shift in focus from social to economic policy. In the end there was a division of tasks between the socio-

political and the economic fields in that a part of the socio-political tasks remained the responsibility of the existing 'Initiative for Vocational Training for Youth'¹¹.

The initiators and the manager of the ZAUG have continuously lobbied for support at various levels. This included the maintenance of contacts in local politics, contacts with the labour exchange, with companies, various associations and government offices. At the state level the contacts to the Hessian Ministry for Women, Employment and the Social System (HMFAS) and to the state welfare association have been of particular importance. The close working contacts and the ZAUG's involvement in various committees and associations means that the centre often has an indirect advisory role in stimulating and developing innovative solutions in companies, administrations and associations.

Approaches and procedures

As the development process of the ZAUG as a 'project' has already been outlined, this section primarily examines the approaches and procedures employed in the development of individual projects and activities in the centre itself.

Initial activities had already been started, where appropriate, by the various partners involved in establishing the centre. In some fields there was such an immediate need for action that activities were begun before a coherent strategy had been drawn up. The actual recycling strategy, for example, only began after the first scrap cooling units had already been disposed of. That is to say that concrete activities are often initiated in a pragmatic way and in parallel to the drawing up of the actual strategies in the respective working areas.

Since the ZAUG arose in response to a direct local need and was developed by and is the responsibility of local actors it is fully involved in the complex regional communication structures. Informal talks in the region played an important role in initiating the project. New ideas and strategies are officially discussed and decided upon by the advisory board, its committees, the shareholders meetings and by the centre's management.

The different portfolios of the ZAUG are quite independent of one another. In formal decision-making processes and administrative procedures the company takes the role of the co-ordinator and distributor. ZAUG applies for state funding for the various activities, searches for alternative funding and administers and distributes these funds to the projects. In order to find funding sources the centre's staff keeps continuous contact and is in negotiation with staff in institutions of the federal government (Regional Labour Exchange, Giessen Labour Exchange), at the level of the state government (different ministries, *i.e.* HMWVL, HMFAS, HMJE¹²), with the institutions commissioned by the state (HLT), the regional councils for Kassel and Giessen as well as with the institutions in charge of the ZAUG. With regard to approvals procedures the ZAUG's activities are subject to the same technical and building laws and regulations as any other individual economic activity. However, they can combine all tasks in relation to applications, processing of approvals and allocations in one company in charge of training, advisory and innovative economic measures.

Patterns of communication and interactions with the programme level

Due to the complexity of the involvement of the various actors not all the interactions and communication structures in relation to the ZAUG can be described here. A brief look at the

¹¹ German name: Initiative für Jugendberufsbildung (IJB)

¹² Hessian Ministry of Industry and Commerce, Transport and Development, Ministry for Family, Employment and Social Affairs, Hessian Ministry for Justice and European Affairs

relationship between the ZAUG 'project' and the higher administrative levels as well as at the not all aspects are considered here but primarily the conflicts and their resolution.

Because of its charitable status the limited company ZAUG is dependent on the higher subsidies and other financial aids still amount to approximately 60% of the budget. The latter include for example contributions from the Hessian Ministry of Industry and Trade, Transport, Technology and European Affairs, from the European Social Fund, the regional labour exchange, the state welfare organisation and the state department for youth welfare. The state e.g. in the tailor's workshop or the launderette.

The reserve influence from the project level to the programme level can not be detailed comprehensively but it can be demonstrated using a few examples. The centre was given an opportunity to shape the framework conditions of its own activities when the "Welfare to Work" programme was reviewed. In direct contact with the responsible ministry the ZAUG contributed to the review which included a more focused formulation of the administrative guidelines. More generally the centre steadily expands its circle of supporters and cooperation partners for individual activities which also broadens its scope for action.

During the phases of establishment and development of the centre, communication processes were characterised by notable discrepancies. There was a lack of consensus amongst the political parties about the company. The opposition parties, *i.e.* predominantly the Christian Democrats and the Liberals were critical of what they considered to be excessive intervention into local economic and employment policies. For a time they considered the project to be superfluous as their assessment of the labour market and the market for apprenticeship places was not as negative than that of the Social Democrats. The regional business world is changing its opinion of the ZAUG. For a long time this publicly financed centre was regarded as competition but now it has become an important client for many - a client which manages to bring money into the region.

Nine years after the establishment of the centre some of the reservations about it and its work persist. There is still no agreement as to whether the centre is to be assigned to the socio-political or the economic and structural policy administrative plane. Supply-oriented representatives in economy and politics have repeatedly demanded the withdrawal of self-supporting enterprises from the company as these are seen as competing with private business. They claim that a company such as ZAUG must exclusively pursue socio-political objectives. However, some reservations were eliminated over time, particularly since the grand coalition came into power at the district level in 1993 which gave the Christian Democrats more influence over the centre's work. A fruitful cooperation gave rise to successes particularly in the field of waste management and recycling.

Certain disagreements occurred in the centre's advisory board which had an impact on levels of cooperation. At the beginning the employer's side was very involved in the council. However, in 1992 the representative of the chamber of industry and commerce left the council and to this day does not participate as he felt that his suggestions for the centre's work had not been given sufficient consideration. The chamber felt that they could not achieve their objectives through the ZAUG and thus that their member's interests were being discriminated against. These disagreements occurred at a time when the ZAUG turned their focus more towards structural policies as the market for apprenticeship places had recovered somewhat as a result of demographic trends.

In order to intensify the work of the advisory council and make it more efficient it was split into the two committees "Labour market and qualification" and "Environmental and product innovation" in November 1992. Since then it has become easier to once again involve former critics in the centre's work.

The process of drawing up the blueprint for the ZAUG's work was characterised by lengthy negotiations between the public initiators and existing social initiatives. These negotiations had to deal with the appropriate practical orientation of the centre, the division of work between the ZAUG and existing groups and ultimately with the question of which tasks were to be integrated into the centre's work. The viewpoints of the town and district on the one hand and the social initiatives on the other hand diverged over time, as the former envisaged an orientation towards structural and employment policy. This meant that the socio-political tasks were to remain with the existing initiatives. Nevertheless, the initiatives were able to get involved with individual activities in the centre, such as, for example the metal workshops of the 'Jugendwerkstatt Giessen e.V', which was financially beneficial for the initiatives. Viewed against the background of the initiatives' original objective which was to take over responsibility for the centre, it must be said that the initiatives did not gain much influence over the ZAUG's arrangements as compared to the level of influence of the town and district. First and foremost the initiatives managed to safeguard their existence. It can be assumed that they did not gain more control as even though they appeared as a joint force in the process they were not able to table an agreed alternative strategy.

In addition to the consistent extension of the network of contacts the initiators and the management of the centre placed major emphasis on PR work which has ensured essential support in political conflict situations.

Successes to date

In the most of their fields of activity the ZAUG has proved very successful. For example, the number of departments within the limited company has been more than doubled within the past seven years. At the same time the contributions from shareholders have remained constant. The fact that new activities and projects are prepared with systematic problem and market analyses or are developed out of existing projects certainly has contributed to the ZAUG's success. The section 'electronics recycling', for example, has been developed in cooperation with the Mücksch-Recycling company.

The business report provides detailed information about the centre's successes. Some examples from the three portfolios for the year 1996 are given below:

- *Training/education and qualification:* Creation of 50 additional apprenticeship places which makes ZAUG the largest provider of training measures in the region of Central Hessen.
- *Support for women:* Advisory services and qualification measures were used by 910 women; 45 women took part in training/education and qualification measures in the centre's own facilities and 82 women gained qualifications in the education centre for domestic science and home economics.
- *Recycling and environmental technology:* The quality of recycling was increased, new partnerships were entered into with other recycling companies in Central Hessen and an electronic dictionary of waste materials was published on disk.

The number of employees with ZAUG has increased from 70 in 1988 to a seasonal maximum number of 620, *i.e.* it has increased almost tenfold.

The centre's successes have been accompanied by numerous and at times difficult learning processes. Some of these processes are linked to communication difficulties between the various actors (see above). Learning processes are also illustrated in the following reforms and innovations:

- The centre's structure is an example of a novel type of organisation that is based on civic law and fulfils public tasks. The composition of shareholders and the advisory board brings together numerous regional actors and encourages them to work in a targeted way based on a partnership approach.
- The development of new market segments and of new technologies within some of these markets is also innovative. An example is the environmentally friendly stripping down of cooling units containing CFCs.
- Further innovations have been made in developing the organisational structure: internally, a consistent cost centre management has been implemented in the social field, which entails *i.a.* that projects in deficit are abandoned which in turn means that public funds are used efficiently. Externally, for example, a subsidiary company was formed together with another company involved in the recycling market.

In 1996 ZAUG housed, amongst others, the following projects and operational facilities:

- Tailor's shop (for alterations) and launderette
- Temporary employment agency / temporary work (with charitable status)
- Construction section (master craftsman workshop)
- "Women and Career" advice centre with a focus on the rural areas
- Education centre for domestic science and home economics
- Certified Organic Farm
- Environmental bioengineering / constructed wastewater treatment wetlands
- Leech breeding
- Waste management centre
- Centre for training and education / Computer training for women
- Canteen kitchen
- Repair workshop for home appliances (master craftsman workshop)
- Motor vehicle recycling and garage (master craftsman workshop)
- Career guidance courses and re-integration of unemployed women
- Catering training facility (restaurant)
- Mushroom growing
- "Neue Wege" project ("New Ways")
- Regional development / 'Green' Tourism
- Transport section
- Recycling yard
- Centre for training, education, advice and career aids

- Various projects in the areas of job preparation, on-the-job and off-the-job training, retraining, work therapy
- Associated company "ZM Elektronik-Recycling"

Regional importance

Employment and training opportunities with ZAUG are generally open to persons on social welfare, unemployment benefit or unemployment assistance in the town and district of Giessen. Most of the problem areas the ZAUG is dealing with, such as environmental protection, 'inherited pollution' and recycling, are direct or indirectly locally generated. Thus, the centre's strategy is based on providing a local response to the problems. The ZAUG is therefore a local instrument with a local or regional approach to problems.

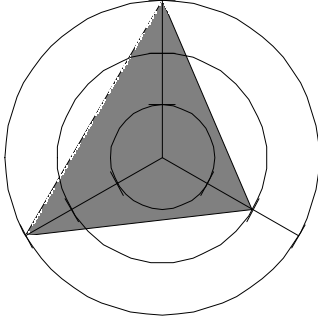
The ZAUG has become the central instrument of the local employment and labour market policy in the town and district of Giessen. As a result of its various activities it contributes substantially to economic and structural policies as well as to social policies. The centre also regards itself as an important economic force in the region as the entire regional economy profits from the purchasing power of the centre's employees. Contracts from outside the region and subsidies bring additional moneys into Central Hessen. Together with contractual obligations these moneys amounted to DM 14.3 million in 1996 alone. By awarding contracts to other regional businesses the ZAUG also strengthens their position. In 1996 the centre purchased goods and services to the value of DM 8.0 million from regional industrial, trades and crafts enterprises as well as from service providers. Finally the social insurance contributions of the centre's employees help to stabilise the social system and lessen the burden on the municipal budgets in the medium term as the number of social welfare recipients declines.

Apart from its economic importance the ZAUG is an instrument which broadens the scope of action at the local level in times of difficult economic and financial circumstances. Finally, the social impact of the centre's activities is of importance. Many people in the region gain (or regain) access to qualifications and employment. This improves their chances on the job market and in some cases it allows for their reintegration into the 'normal' labour market which may not have been possible without the professional help and guidance provided to them.

3.1.2.3 Analysis of the project with regard to Sustainable Regional Development

ZAUG – Analysis of the project with regard to Sustainable Regional Development		
1. Environmental Dimension	2. Economic Dimension	3. Socio-Cultural Dimension
<ul style="list-style-type: none"> + Innovations in different environmental fields, such as waste management, recycling, waste water management etc. + "Recycling and Environmental Technology" is one of the three portfolios + Explicit pursuit of the objective of "strengthening regional material cycles through planning, production, repair, recycling and waste management of goods within the region" + Managing a certified organic farm 	<ul style="list-style-type: none"> + Reducing the burden of social welfare payments on the exchequer by creating or mediating insured employment + Most important instrument of municipal employment, structural and economic policy + Strengthening existing potential to safeguard regional jobs + Positive financial balance for district and town; striving for a continuous increase of the degree of proprietorial financing + Reviving traditional economic activities, e.g. leech breeding or mushroom cultivation 	<ul style="list-style-type: none"> + Advice, training and education, <i>i.a.</i> in internal workshops and training facilities + Opportunities for employment and qualification in various economic sectors + Contribution to the drafting of social and employment policies beyond the centre + New outlook for persons in difficult situations with regard to employment opportunities and thus in difficult personal situations + Advice for specific target groups; specific advisors for the severely handicapped and for women
4. Inter-personal Equity	5. Inter-regional Equity	6. Inter-temporal Equity
<ul style="list-style-type: none"> + Improving the opportunities for social groups in difficult situations: unemployed young adults, social welfare recipients and the long-term unemployed + Special support for women for qualification and reintegration into paid employment 	<ul style="list-style-type: none"> + Solving local problems locally, <i>i.e.</i> a unique contribution to improving the economic situation and to inter-regional equity + Additionally solving of 'imported' problems (car recycling, scrap electronic equipment); model solutions also useful to other regions 	<ul style="list-style-type: none"> + Strengthening human resources through the provision of qualifications and employment as a long-term basis for autonomous regional development, prosperity and quality of life + Development of new local and regional markets which contribute to strengthening the regional economy + Demonstrating alternative paths of development for our economy by way of giving particular attention to environmentally benign and other economic activities in the environmental field
7. Diversity		8. Subsidiarity
<ul style="list-style-type: none"> + Activities in the primary, secondary and tertiary sectors + Diverse target groups: academics, craftspeople, unskilled workers + Diverse product range / market segments + Broad spectrum of personal services: advice, qualification, employment + Utilising diverse funding mechanisms 		<ul style="list-style-type: none"> + Innovative instrument of municipal employment and structural policy which provides new scope for action at the local level + Initiators: local networks and initiatives, local political decision-makers + Early and close cooperation with the local, regional, state, federal and EU levels + Higher administrative levels draw up basic conditions and provide funding, but leave major scope for action at the local level

9. Networking / Partnership	10. Participation
<p><i>Numerous informal partnership approaches:</i></p> <ul style="list-style-type: none"> + Cooperation of town and district in developing and financing the ZAUG + Negotiations between numerous partners from the town and district on developing and devising the centre's work based on partnership approach + Operation of the centre often includes cooperation with private enterprises in associated companies and co-operations + The present company ZAUG is an important partner in devising local policies 	<p><i>Relatively high level of indirect participation:</i></p> <ul style="list-style-type: none"> + Involvement in local and regional initiatives, societies and organisations in developing and devising the centre's work + Internally: works committee, advisory board

ZAUG GmbH' Response to the challenges of Sustainable Regional Development	
Integration	Innovation / Ability to Learn
<ul style="list-style-type: none"> ++ Integration of economic, environmental and social objectives "under one roof" and in individual activities ++ Integration and co-ordination of diverse endeavours in the region; increasing role as an innovative, integrating force in regional development 	<ul style="list-style-type: none"> + Experience with new instruments of municipal employment and structural policies + New forms of cooperation at the local level between representatives of various interests + Public-sector tasks are taken over by private-sector structures + Developing new market segments and thus new qualifications in the region + Important contributions to environmental product and process innovations
Contribution to problem-solving	<div style="text-align: center;"> <p>Socio-Culture</p>  <p>Economy</p> </div>
<ul style="list-style-type: none"> +++ Environment: Consideration of environmental aspects and special support for environmental technologies ++ Economy: New employment and qualifications as well as positive impact on the municipal budget +++ Socio-culture: Improved outlook for social groups in difficult situations 	

3.2 Linked to agricultural and rural development policies

3.2.1 The Vogelsberg LEADER Group - Regional Development Company Ltd.

3.2.1.1 The context

The Vogelsberg district which is the easternmost district in the administrative district of Giessen originated in 1972 primarily as a result of the amalgamation of the former counties of Alsfeld and Lauterbach. It is the second largest district in Hessen, encompassing 1,459 square kilometres, and the least densely populated with 82 inhabitants per sqkm. This allows for a high quality of housing and life and a high environmental quality but also means that economic structures are rather weak. The latter is also evident in the high level of car-dependency - the district has the highest density of automobiles in the state.

As a rural area the Vogelsberg District receives funds under the Hessian Rural Regional Programme as well as under the EU LEADER II programme. One of the regional development measures - the Vogelsberg LEADER Group - will be described in this section.

3.2.1.2 The project

Brief description

The Vogelsberg LEADER Group was established in February 1994 as the "Regional Development Company Ltd.", *i.e.* as a regional development agency. Apart from initiating, supporting and steering projects the aim of the company is to facilitate dialogue between regional actors. The group thus acts as a regional contact and contributes to integrated regional development in this way. The company's activities are co-ordinated and implemented by its managing director and three employees as well as by the eighteen members of the supervisory board.

The group's office functions as a neutral meeting place for regional lobby groups and also as a central information point for interested local citizens. The strength of the honorary supervisory board arises from its composition of persons from the most diverse professional backgrounds and lobby groups. Therefore, the board can function as an information exchange for the region and can contribute regional knowledge, contacts and ideas to the work of the LEADER group.

The most important objectives of the development agency are the initiation and support for and the steering of innovative projects, which contribute to the economic, social and cultural development of the Vogelsberg district. In order to achieve synergistic effects and to integrate the individual projects into a comprehensive development context the LEADER group is working on 'Guidelines for Action in Structural Policy in the Vogelsberg District'. Additionally the group organises a regional dialogue amongst all the relevant actors in order to co-ordinate development objectives within the region.

The supervisory board of the LEADER group is recognised as a regional development group by the state government (see above: Rural Regional Programme). The guidelines for action in regional structural policy have a special function as a regional development strategy in this context.

Initiative and background

The idea of applying for assistance under LEADER I originated from employees in the 'Employment & Environment' section in the Vogelsberg district administration. The consideration

that support for regional development could counteract the major job losses in the region played a central role. Radical changes in Hessen's economy were viewed as a challenge for the region to bring about innovative change. In June 1991 the application was made jointly by the supervisory and advisory boards of the DIVO GmbH¹³ ('Vogelsberg Services and Innovation Centre Ltd.') and the district committee. The applicants also formed the basis of the LEADER group. The group's original managing directors were one representative each of the Vogelsberg district and the DIVO. The advisory board which is responsible for supervising and advising the managing directors is comprised of the applicants named above and local businesses, the town of Lauterbach and the SME research body.

With the transition from LEADER I to LEADER II the advisory board was enlarged with representatives from the social, cultural and political fields being included. In order to cope with organisational tasks and technical work and in order to provide a focal point a dedicated office was opened and staffed with a managing director and three employees (see above).

Players

The central players in the LEADER group are the managing director and his staff. The employees are valued by the various regional lobby groups as independent discussion partners. They draft, co-ordinate and support projects in the region and support the work of the supervisory board. The managing director is funded entirely by the district, two of the employees are 90% funded by the state and the third employee is co-funded by the state employment office and the district on a 75/25 basis under a job creation scheme.

The supervisory board develops long-term objectives (development strategies), serves as an important 'turntable' for information and assesses project applications for funding under the Rural Regional Programme and the LEADER programme. The integration of various regional groups in the supervisory board (e.g. district committee, chamber of industry and commerce, unions, job creation schemes, cultural and women's initiatives, tourism organisations and municipal representatives) means that a broad spectrum of regional interests and regional knowledge is represented.

As part of the regionalisation of structural policies the Land Hessen aims to delegate responsibilities to regional forums. The fact that the supervisory board of the LEADER group would be considered as such a forum poses a number of important questions for its future development. What will be the extent of the additional workload? To what extent will regional decisions be considered binding at the state level? What is the democratic legitimacy of the supervisory board?

Administrative Procedures

Apart from the Office for Regional Development, Landscape Management and Agriculture (ARLL), the LEADER group office can accept applications for funding under the Rural Regional Programme and under the LEADER programme. Both offices pass the applications on to the supervisory board of the LEADER group which assesses the projects envisaged.

Since May 1997 the supervisory board is also in charge of prioritising the projects. This is carried out with the aid of an assessment grid comprised of five basic criteria:

- Matching the objectives of regional structural policy
- Innovative character

¹³ DIVO GmbH: Dienstleistungs- und Innovationszentrum Vogelsberg

- Socially and environmentally benign
- Networking with other projects
- Sustainability

Each member of the supervisory board can assign up to five points for each criterion.

If a project is considered as worthy of funding the ARLL examines the formal and qualitative compatibility of the application with the guidelines for the provision of funding. The applicant then receives a notification of approval.

Patterns of communication and interactions with the programme level

The development company places great emphasis on the development of personal contacts and on networking. Its office has become a focal point for interested regional groups, associations and individuals. The composition of the supervisory board is advantageous in that it provides contact persons for many interests.

Organised events are of major importance in the group's networking activities. Examples include:

- Realising training alliances: One event was organised which included the chamber of industry and commerce, the district trades & crafts association, vocational schools, enterprises, social welfare office, society for vocational education, other bodies responsible for training and education, employment offices.
- Mobility and tourism: Conference in conjunction with the association for tourism and transport in Vogelsberg, a mobility consultancy and a planning consultancy.
- Regional trading: An event for people involved in direct marketing of agricultural produce and in the countrywomen's association and for food processors.
- Qualification and employment - taking on the responsibility at the regional level: Conference with enterprises, bodies responsible for training and education as well as political and administrative representatives.
- EU support programmes: information day.

Furthermore, the group states that PR work is considered as being very important. However, it should be noted that the LEADER group is not listed as such in the district's online forum.

The communication between the actors at the different levels of administration is simplified by their membership in the group's supervisory board. The district administrator, the first district councillor and representatives of the municipalities are members of this board. Other groups are similarly represented on the board. This personal contact facilitates the co-ordination of initiatives from the start. According to the LEADER group the work of individual groups is often mutually complementary and the duplication of works can often be avoided. The connection to the state level is made by representatives of the ARLL which sits on the supervisory board in an advisory capacity.

Successes to date

The following pilot projects which characterise the group's focus have been funded under LEADER I:

- The project 'Innovation Management and Euromanagement' was targeted at employees in businesses in Vogelsberg. In order to increase the competitiveness of the businesses

training was provided in the areas of innovation management, quality management, technology transfer and guidelines for the provision of EU funding. A total of 150 employees from 26 businesses took part in the measure. Ten of the companies have developed a quality management system and received ISO 9001 certification.

- The 'Rural Telecommunication Structures' project dealt with the development of a regional mailbox system which was to improve the internal communications structure in the region and provided access to national and international communication networks. The rapid technological development led to the continuation of the project under LEADER II.
- The 'Services Oriented Structural Support' project dealt with the establishment of service providers in the region. The supported initiatives included the planning of an industrial park, training and education measures and the establishment of an information office for start-up businesses. The provision of services in the areas of citizens' advice, business consultancy, restaurants / public houses and banking were improved with the help of this project.
- As part of the 'Regional Marketing' project strategies were developed in the areas of "Regional Identity and Image", "Leisure and Culture", "Catering and Tourism" and "Trades and Crafts" and a number of measures were implemented. These include, for example, the development of an advertising strategy and a logo including its supra-regional distribution, the distribution of merchandise, the publication of a music CD called 'Der Vogelsberg rockt' as well as a training programme for the improvement of the efficiency of the tourism industry. All the measures gained acceptance and enjoyed a high participation rate.

Further projects which have been supported or initiated by the LEADER group include:

- Hoher Vogelsberg Centre for Nature Conservation
- Niedermoos Equestrian Centre
- Geological open-air museum
- 'Cultural Caravan' of the Alsfeld cultural initiative
- 'Regional shop' for the promotion of the marketing of agricultural produce
- "EuroPolier" Training strategy
- Locational analyses as a basis for determining the future foci of regional development
- Training alliance
- Centre for ecological building as a basis for the establishment of management cooperation
- 'Herbstein' Conference venue of the Caritas charity
- Start-up businesses: 'Regional Café' and design consultancy

Regional importance

In the few years since its establishment the LEADER group with its company office and its supervisory board has become very important in the development of the region. The company has taken an increasing variety of tasks on board. At the beginning the central tasks were advice on the provision of funding, project support and PR work. In the meantime areas such as management consultancy (e.g. for start-up businesses), the initiation of business co-operations (e.g. the environmentally oriented industrial park), project development and innovation transfer (e.g. the training alliance) as well as the facilitation of working groups have been included in the portfolio. Additionally, the presentation of the region on the Internet - the strategy of which has been co-devised and improved by the group - can be regarded as an image-building measure,

both internally and externally. The integrative character of the group and the supervisory board further contribute to a more comprehensive analysis and discussion and identification of the local people with their region.

The drafting of the regional analysis involved a detailed description of the problems and opportunities of the region which forms an important basis for the selection of focal issues in regional development and thus for the more efficient allocation of funds.

The variety of cooperation partners within and outside the region is a further indicator of the importance of the LEADER group in the district. Contacts are maintained with 35 partners within the district, mainly with associations, initiatives, municipalities and local authorities. In addition to cooperation with the Hessian ministries external contacts, *i.e.* outside of the district, are maintained with other Regional Development Groups both in Germany and abroad which allows for an exchange of information and experiences at an international level.

The group's formal change of status by the state must also be regarded as important. The supervisory board of the company has been recognised as a Regional Forum since May 1997 which gives it responsibility for future regional structural policy. The supervisory board is now in a position to prioritise projects in the context of the Rural Regional Programme and assess their eligibility for funding. This is to ensure a co-ordinated use of funds and stronger participation of regional actors in the decision-making processes. By assigning these responsibilities the state recognises the success achieved by the group and further strengthens its importance for the region.

Vogelsberg LEADER Group		
Analysis of the project with regard to Sustainable Regional Development		
1. Environmental Dimension	2. Economic Dimension	3. Socio-Cultural Dimension
<ul style="list-style-type: none"> + Consideration of environmental aspects by specifying that projects have to be environmentally benign + Ecological orientation, e.g. in the fields of: Tourism (Centre for Nature Conservation), Building and construction industry (industrial park), Mobility (Plan for system of cycling tracks), Planned use of renewable resources (wood) for energy generation 	<ul style="list-style-type: none"> + Projects for the economic development of the Vogelsberg District + Consideration of economic aspects is ensured <i>i.a.</i> by having business interests represented on the group's supervisory board + Improvement of the regional provision of goods and services and value-added e.g. with the 'Regional Shops', introduction of mobile slaughtering facilities and advice and aid for start-up businesses + Support for the provision of training and education 	<ul style="list-style-type: none"> + Orientation of the development group towards the needs of the local people + Cultural initiatives, women's initiatives and initiatives concerned with providing qualifications and employment represented on the supervisory board + Emphasis on regional identity + Cultural activities part of regional development
4. Inter-personal Equity	5. Inter-regional Equity	6. Inter-temporal Equity
<ul style="list-style-type: none"> + Building projects considerate of the needs of the elderly and the handicapped + Building projects based on social and ecological principles + Training alliance (State Programme for the disadvantaged) + Care facilities for physically ill single mothers and their children 	<ul style="list-style-type: none"> + Contribution to regional development which builds on the particular strengths of the region (compared to other regions in the state) + Active and innovative utilisation of programmes targeted at activities in the rural regions (LEADER) 	<ul style="list-style-type: none"> + 'Building blocks' for a regional identity as a basis for autonomous development + Raising consciousness for natural physiogeographic characteristics of the region which are to be maintained for future generations + Development of a strong economic structure rooted in the region + New qualifications as a contribution to the long-term enhancement of the region's human resources
7. Diversity	8. Subsidiarity	
<ul style="list-style-type: none"> + Utilising different financing programmes + Broad spectrum of interests represented on the supervisory board + Both private and public bodies responsible for projects + Variety of projects in the social, cultural, economic, environmental fields cover different dimensions of sustainability + Regional activities which at the same time are connected to the supra-regional, national and international level, e.g. Vogelsberg on-line, "EuroPolier"; LEADER international e.g. 'Draisinenprojekt', LEADER national: e.g. 'Kontakt', LEADER Schwäbisch-Hall, working group of Hessian development groups, supra-regional network of cycling routes 	<ul style="list-style-type: none"> + Strategies are developed locally by individuals, businesses, initiatives, associations - no externally defined blueprint for development + Decision-making body consists primarily of local actors + Systematic involvement of different political / administrative levels: municipalities, district, state, EU. Good cooperation between the state (Office for Regional Development, Landscape Management and Agriculture) and the local level + Systematic utilisation of local scope for action and decision-making powers, <i>i.a.</i> in the context of the Rural Development Programme + Innovative organisational structure which brings together various opportunities for financing at the local level 	

9. Networking / Partnership	10. Participation
<ul style="list-style-type: none"> + Major importance placed on networking + Cooperation in partnership between different interest groups on the supervisory board and in the projects + Mixed public/private responsibility for projects + Vogelsberg On-line + Cooperation with other LEADER groups + Working group of Hessian development groups 	<ul style="list-style-type: none"> + Direct involvement of associations, organisations and individuals in projects + Many voluntary/honorary contributions + Strong presence in the public discussion

Vogelsberg LEADER Group	
Response to the challenges of Sustainable Regional Development	
Integration	Innovation / Ability to Learn
<ul style="list-style-type: none"> + Economic and social objectives explicitly integrated + Environmental aspects are integrated via the requirement of projects to be environmentally benign but they are not necessarily a primary objective 	<ul style="list-style-type: none"> + Co-operation and co-ordination of partners from different fields and with different interests + Creation of awareness of opportunities (including promotional programmes) + Concentrating knowledge and making it accessible (academic knowledge, subsidies, funding mechanisms)
Contribution to problem-solving	
<ul style="list-style-type: none"> ++ Environment Consideration of environmental aspects +++ Economy Innovative form of support for economic development in a peripheral region threatened by emigration +++ Socio-Culture Important contribution to the regional potential and to regional identity 	

3.2.2 Development Group 'Burgwald-Region e.V.' (registered society)¹⁴

3.2.2.1 The context

The Burgwald forest - which gives this region its name - is one of the largest unfragmented forests in Germany. More than 50,000 people live in this region which is approximately 480 square kilometres in size and has a population density of about 100 people per square kilometre. The Burgwald region comprises the municipalities of Rosenthal, Gemünden, Wohratal, Rauschenberg, Kirchhain, Cölbe, Lahntal, Wetter, Münchhausen and Burgwald and includes the Marburg-Biedenkopf district as well as parts of the Waldeck-Frankenberg district.

The region's problems include the decline of farming, a lack of infrastructure and employment opportunities as well as a threat of the young people emigrating from the area. While the region is physiogeographically and historically linked to the Burgwald forest it is now divided into two counties and administrative regions.

3.2.2.2 The project

Brief description

The Development Group 'Burgwald-Region e.V.' is recognised as a local action group under the LEADER II Programme of the EU. It is an amalgamation of towns, municipalities, organisations, associations, businesses and private individuals who wish to initiate and support integrated development. This is to be achieved by providing advice and support to bodies responsible for development projects as well as by the group setting up and running its own projects. Regional 'guiding images' and development strategies are used as a baseline for this work and the development of these guidelines and strategies is a further focus of the group's work.

The development group has its offices in Burgwald-Bottendorf. A full-time managing director has been working for the group since November 1995 and has been supported by one part-time employee since February 1996 and by two further staff since May 1997.

The group's executive board is to represent the various interest groups in the region. It is elected at the general meeting of members. The executive board currently consists of 11 members representing the areas of citizen's representation, forestry, catering trade, commerce, trades and crafts, culture/social welfare, agriculture/direct marketing and nature conservation.

Important organisational work and work on the topics and problems to be addressed is carried out by a number of internal panels along with the general meeting of members, the executive board and the managing executive board. The 'Tourism Panel' was the first to be established, followed by panels for 'Nature Conservation', 'Culture', 'Economy' and 'Energy and Climate Protection'. Preliminary work for the panels is carried out by 'Project Groups' and 'Working Groups'. The technical knowledge of the full-time and the voluntary regional actors is directly utilised in these project and working groups.

¹⁴ See: Stefan Schulte (1996) Praxis- und Projektbericht aus der Region Burgwald, in: Hessische Akademie der Forschung und Planung im Ländlichen Raum (Ed.) Ländliche Regionalentwicklung: Herausforderung an die Politik für die ländlichen Räume, Bad Karlshafen, p. 103-108; Alexander Seiz (1995) Tourismusentwicklung Region Burgwald - Abschlussbericht; Projektbüro Dr. Buchenauer/ Dr. Kienstle, Abschlussbericht Projektphase 3 (February 1995).

The principal objectives of regional policy which are to be achieved through the work of the development group are listed in its regional development strategy:

- To protect the Burgwald ecosystem and to protect and maintain the natural resources as well as the cultural landscape
- To develop regionally distinctive and environmentally benign tourism
- To develop and implement novel strategies in social welfare
- To create employment in the services sector and the trades and crafts sector
- To improve the quality of regional produce and to market the produce regionally
- To carry out restructuring measures based on environmental criteria in the various sectors of the economy including the provision of goods and services
- To secure and improve the provision of basic goods and services and the rural quality of life

The comprehensive range of interests represented on the executive board and the fact that the study, project and working groups are open to all interested allows for the involvement of many different regional interest groups and the use of their expertise in order to achieve the comprehensive list of objectives.

The development group's co-ordination work is financed primarily with funds from the Rural Regional Programme and the EU LEADER Programme. In the medium term a greater independence from these funding sources is envisaged. Furthermore, the group intends to maintain its work beyond the year 2000 as an accredited Regional Forum.

Support for the projects is provided in close cooperation with the Offices for Regional Development in Marburg and Kronsbach. The group's own most important projects are the annually alternating events 'Burgwaldmesse' (Burgwald Fair) and the 'Kulturherbst', an autumn cultural event.

Initiative and Background

The Development Group 'Burgwald-Region e.V.' was established on October 7, 1994 based in the municipality of Burgwald. The group has since become a registered charitable society. The organisational form of a registered society was chosen as it allows for more flexible, transparent, efficient and less bureaucratic work than a cooperation under public law. The members include seven municipalities in the Marburg-Biedenkopf district, three municipalities of the northern Hessian Waldeck-Frankenberg district as well as the two counties themselves. Other members include businesses, organisations, associations and individuals. The group finances itself with contributions by the municipalities, a contribution by the state and membership fees from other members.

The group's formal establishment was preceded by a number of project phases running from 1992 to 1995 which were organised by a professional consultancy based in Marburg and Münchhausen. As a first step the project office disseminated information about the opportunities offered by the Rural Regional Programme in the three municipalities within the Waldeck-Frankenberg district. In 1993/94 the work was extended to the municipalities in the Marburg-Biedenkopf district which were to become members later on. At the same time initial projects/measures were implemented, talks were held and the work was continued together with the Offices for Regional Development, Landscape Management and Agriculture (ARLL) in Marburg and Korbach. Between September 1994 and May 1995 a 'guiding image' for tourism development was developed for the Burgwald region. Facilitation for the 'Tourism Panel' was provided by a team of advisers from Munich. In June 1995 the Development Group 'Burgwald-

Region e.V.' received official recognition as a LEADER group. Since June 1995 the group has its own offices in the village hall of Burgwald-Bottendorf.

Actors

Central actors include the group's office employees. They deal with organisational matters, co-ordination tasks and PR work, financial planning and advisory work. They also look after individual projects and act as contacts for any questions that arise in relation to development in the Burgwald region.

Other important actors are the members of the executive board in their function as information providers for both the local people and the group. The broad representation of interests on the board ensures equally broad support for regional policy objectives.

Any person with an interest in the development of the region can make their voice heard by becoming a member of the group. By December 1997 the number of members had grown to more than 100. Interested individuals or representatives of associations, organisations and initiatives can also participate in the work of the open panels - an option that has thus far been taken up by over 500 local people.

Another important group of actors are those responsible for the more than 40 projects which have been supported by the development group. The ARLLs also play an important role as they co-ordinate with the development group and take responsibility for the allocation of funding (see below).

Approaches and procedures

The basic funding provided under the LEADER programme and the Rural Regional Programme - a total of DM 400,000 for 1995 and 1996 - ensures that regional management by the offices of the development group is independent of individual projects. As an accredited development group the 'Burgwald-Region e.V.' plays an important role in the allocation of funding under the LEADER programme and the Rural Regional Programme. Until the end of 1997 a sum of DM 2 million had been made available for regional development projects.

Private individuals, companies, organisations etc. which want to apply for funding for their projects can turn to the group's offices for advice. Once the project ideas have been turned into formal applications the ARLLs assess their eligibility for funding in the context of the European and Hessian support programmes. The relevant panels also make recommendations. Finally the group's executive board draws up a list of projects which are to receive funding.

Thus far no formal system has been used for the process of prioritisation. As a result of cutbacks in funding competition between projects is set to become stronger. In order to make the decision-making process more comprehensible an assessment system has been developed in which the various criteria receive different weightings (weighting factor in brackets).

- Degree of innovation (2)
- Regional networking (2)
- Environmentally-friendliness / scenery (3)
- Contribution to rural tourism (3)
- Enhancement of regional economic strength (4)
- Enhancement of provision of socio-cultural services (1)
- Efficient use of funding (1)

The rapid increase in the number of tasks in the various fields the group was dealing with quickly resulted in the group's offices becoming overburdened. This situation triggered *i.a.* the development of the strategy for a new company called "Infonet Burgwald GmbH" (Information Network Burgwald Ltd.) which is to take over all those tasks that will be able to continue without further funding from the year 2000 onwards. The work of the development group is also to be continued following the phasing out of LEADER funding. New financial strategies are being developed, such as the establishment of 'supporting memberships' which in turn will yield financial advantages, e.g. in the context of a 'Burgwald Fair'.

Patterns of communication and interactions with the programme level

As with the Vogelsberg LEADER Group the 'Burgwald-Region e.V.' Development Group view the establishment of regional networks and co-operation as one of their most important tasks. Since the Burgwald region is part of two counties and of two administrative regions this task is a particularly difficult one. While the group's offices play an important role in this matter most of the networking is actually done by the executive board. Since relevant interests are represented on the board communication channels are short for many of the groups. The experience with individual events has demonstrated the importance of direct and personal contact as it was demonstrated that mail-shots and even telemarketing initiatives (e.g. for the preparation of the Burgwald Fair) yielded only unsatisfactory results.

The division of the group into panels, project groups and working groups ensures both an intensive and project-oriented involvement of interested local people and their expertise as well as a feedback of information to the public. Communication with the public is further enhanced by way of:

- the '*Burgwaldblätter*', a quarterly information leaflet which is distributed to every household in the region. As opposed to most other regional media it thus crosses the district border.
- the '*Burgwaldmesse*' (Burgwald Fair), a combination of regional fair and festival at which regional projects and products as well as trend-setting ideas are presented to the public.
- *PR work*

The participation of the municipalities, the counties and the Office for Regional Development, Landscape Management and Agriculture (ARLL) means that the local, regional and state levels are all directly involved in the work of the development group. Different viewpoints and interests can be reconciled at an early stage and contacts as well as information at the various political and administrative levels can be utilised. The ARLLs in their function as state departments, external advisory centres and approvals authorities are also directly involved in the process of regional development in the Burgwald region as providers of information and as a decision-making body.

Successes to date

Obviously the information, co-ordination and motivation provided by the development group has already had an impact on the way local people perceive their region. Participation in the projects and the various committees is on the increase. This places an increasing burden on the group's offices which led to a further increase in staff in 1997.

The following projects are representative of the work of the development group:

- '**Burgwaldmesse**'. The Burgwald Fair was first held in 1995. Regional enterprises, associations, organisations, projects, products and trend-setting ideas are presented to the public. Due to the very positive response of the visitors the fair will now be held every two

years in different localities within the region. In September 1997 the second fair was held with the Hessian Minister of Trade and Commerce as its patron.

- **'Kulturherbst'**. This autumn cultural event was first held in 1996 and its concerts, exhibitions and discussions proved very successful. The 'Kulturherbst' will be held bi-annually in alternation with the fair. The presentation of regional arts and culture is intended to strengthen the regional identity and to establish an informal network in the cultural sphere.
- **Tourism Strategy**. As early as 1995 the Munich based Environmental and Tourism Consultancy FUTOUR devised a strategy for environmentally and socially benign tourism development in the Burgwald region. It is envisaged that the improvement of the tourism product will provide important stimuli for the region.
- **'BurgwaldBranchenBuch'**. In order to enhance networking within the region these innovative 'Yellow Pages for the Burgwald Region' were published in 1997. The booklet is distributed to all households in the region free of charge and contains business information as well as comprehensive information about the region and its municipalities (administration, organisations, opening hours, timetables). The information is compiled in an electronic database and is continuously updated and used for regional management tasks.

The following list of additional projects demonstrates the broad scope of activities supported by the group:

- 'Culinary Springtime'
- Qualifications for women in rural tourism
- Educational information about the region's forests
- Strategy for the 'Information Network Burgwald Ltd' company
- Map of the region
- 'Climate protection passport' for private households
- 'Christenberg Catering'
- Regional youth work

The group has supported and been a guardian for more than 40 projects with a volume of funding totalling approximately DM 2 million.

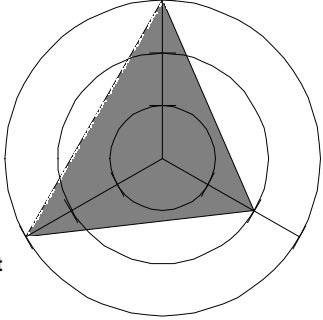
Regional importance

The development group has proved to be of major importance for the Burgwald region. Its co-ordinating role has brought about new activities and a new joint development dynamic. The fact that the group has been supported under the LEADER programme meant that additional moneys could be directed into the region. However, the fact the region comprises different administrative units still gives rise problems.

3.2.2.3 Analysis of the project with regard to Sustainable Regional Development

Development Group 'Burgwald-Region e.V.'		
Analysis of the project with regard to Sustainable Regional Development		
1.	Environmental Dimension	2. Economic Dimension
<ul style="list-style-type: none"> + Nature conservation and experiencing nature play an important role in the group's strategies and work + Environmental Panels: 'Nature Conservation' and 'Energy and Climate Protection' + Promotion of environmentally benign tourism + Information on energy and climate + Advice and information on environmentally friendly corporate management + Utilisation of wood as a renewable building material and energy source 	<ul style="list-style-type: none"> + Urgently necessary contribution to the economic development of the Burgwald region + Consideration of economic aspects through representatives of commerce and trade on the executive board of the development group + Improvement of the provision of goods and services as well as value-added due to the publication of the Burgwald Yellow Pages, the establishment of a Timber Association, the organisation of the fair and a regional market etc. 	<ul style="list-style-type: none"> + Group's orientation towards the needs of the local people + Culture and regional identity play an important role in the projects ('Kulturherbst', Burgwald Fair, selection criteria for the projects) + Consideration of socio-cultural aspects; corresponding panels + Provision of qualifications in the field of rural tourism
4.	Inter-personal Equity	5. Inter-regional Equity
<ul style="list-style-type: none"> + Qualifications for women in the field of rural tourism + Regional youth work + 'Experiencing nature at the Erlensee' - designed for the blind 	<ul style="list-style-type: none"> + Strengthening the regional economy on the basis of the endogenous potential; own contribution to the reduction of regional disparities + Co-operation across administrative borders based on functional cohesion within the region and oriented towards real existing need for support 	<ul style="list-style-type: none"> + 'Building blocks' for regional identity + Increased respect for and maintenance of the natural resources + Development of new markets and sources of income + New qualifications as part of the regional human resources
7.	Diversity	8. Subsidiarity
<ul style="list-style-type: none"> + Broad spectrum of development measures + Selection of projects by heterogeneous committee (group's executive board) + Utilisation of different support programmes + Private and public bodies in charge of projects + Promotion of economic, cultural and landscape diversity + Regional projects which are, however, involved at the supra-regional, national and international level, <i>i.a.</i> through "www.burgwald.de", LEADER international, 'Europäische Völkerverständigung', working group of Hessian development groups, supra-regional hiking routes 	<ul style="list-style-type: none"> + Strategies are developed locally by individuals, businesses, initiatives, associations - no externally defined blueprint for development + Systematic utilisation of local and regional scope for action and decision-making powers + Institutional involvement of different political / administrative levels + Utilisation of local resources a priority 	

9. Networking / Partnership	10. Participation
<ul style="list-style-type: none"> + Cooperation of 10 municipalities in the establishment and financing of the Development Group 'Burgwald-Region e.V.'; innovative organisational form for the enhancement of partnership cooperation + Strong emphasis on regional management and the establishment of regional networks + Innovative methods (Yellow Pages, electronic information system) + Cooperation of public institutions, businesses, organisations and associations + Striving for a consensus on the 'guiding image' for development 	<ul style="list-style-type: none"> + Numerous options for direct or indirect involvement and intensive participation in the group's committees + Transparency of activities and decision-making processes, PR work, public discussion + direct involvement of associations, organisations and individuals in projects

Development Group 'Burgwald-Region e.V.' Response to the challenges of Sustainable Regional Development	
Integration	Innovation / Ability to Learn
<ul style="list-style-type: none"> + Economic objectives are integrated with environmental and social objectives in the individual projects + The integration of all three dimensions of the objectives already takes place in the organisation of the development group and its offices. 	<ul style="list-style-type: none"> + Co-operation and co-ordination and its professional mediation + Building an awareness for opportunities - including those offered by support programmes + Concentration and provision of interdisciplinary expertise
Contribution to problem-solving	
<ul style="list-style-type: none"> +++ Environment Consistent use and maintenance of the environmental qualities of the Burgwald region ++ Economy Innovative approaches to supporting the economy in a peripheral region suffering from unemployment and emigration. Developing new ways of generating income against the background of the decline in farming +++ Socio-Culture Strengthening the regional identity and cultural activities in a region which suffers from emigration, particularly of young people. 	<div style="text-align: center;"> <p>Socio-Culture</p>  </div>

4 Interrelationships

The term 'interrelationships' in this context describes the interconnections between programmes, projects and the public of the region. These interrelationships are examined using four 'guiding questions' which can be used to process the findings from the Central Hessen Case Study for use in the European comparison. The same 'guiding questions' have been asked in the other European regions.

The distinction between programmes and projects has not proved to be as clear-cut as initially envisaged, and this is the case not only in Hessen. There is one central criterion by which the examined projects in Central Hessen can be distinguished:

- The Steuben Barracks projects was funded with moneys which were directly provided for this purpose by the state.
- The other projects studied include 'intermediary organisations', *i.e.* mixed private and public structures which have been 'inserted' at the local or regional level to mediate between the state and the projects. These combine funds and then make them available to a greater number of projects. In this case study the intermediaries are considered to be 'projects' while the projects they fund are seen as their 'activities'.

In order to examine the interrelationships in this field it is thus necessary to examine more than two levels.

4.1 How does the programme level support innovative actions?

By definition the state programmes are there to support projects at the local and the regional level. Thus there is no doubt that there is a positive and intentional connection between the programme and the project levels. What are the details of this connection in Central Hessen?

The programme guidelines define the framework conditions within which individual projects can be funded and implemented. The compliance with these guidelines is checked by the state administration, by one of its decentralised administrative units such as the Offices for Regional Development, Landscape Management and Agriculture (ARLLs) or by institutions which have been specifically commissioned to carry out this task such as the HLT. The wording of the guidelines, however, leaves a *relatively large scope for interpretation*.

The key question is which procedures are being employed by whom in order to use this scope.

- The Conversion Programme distinguishes between funds for the planning of schemes and funds for individual investments. However, decisions on which measures the funds will be used for are made on the basis of the knowledge about specific needs. The applicants are the municipalities or other public bodies and it is assumed that these have a good overview of the problems within their territories. Therefore, an integration of different development dimensions could and should take place at the local/regional level (applicants and also planners) as well as at the level of state government (approvals authorities).
- The Hessian Programme for Structural Development allows for the consideration of the environmental dimension but does not require or promote it. The applicants in this case are individual companies. From the municipal or regional point of view there is no integration of the different aspects of development. There is some scope in decision-making procedures for the approvals authority at the state level, but in how far this scope is used to the benefit of sustainable development is alludes any discussion or control. Theoretically there is some scope for integration in combining various funding instruments for industry (Programme for Structural Development; Programme for Start-Up Businesses; Environmental Technology

Programme; participation in fairs and exhibitions; co-operative networks; innovation assistants). However, these possibilities are very limited and also there is no transparency as to the procedures and criteria employed. There is no spatial overview of the use of these instruments.

With regard to sustainable development in Hessen there is considerable scope for action particularly for the Vogelsberg and Burgwald LEADER regional development groups and for the 'Giessen Centre for Employment and Environment' (ZAUG). These are organisations which are controlled by the public sector but which have private-sector organisational structures. Despite the differences between the ZAUG and the two development groups, all three can be described as 'intermediary organisations' which are 'inserted' between the programme and the project level with regard to the allocation of funds. They develop 'guiding images' and strategies in dialogue with a variety of local and regional actors, they draw up priority lists of measures to be funded, they obtain funding from a number of different funds at the local, state, federal and EU level and in certain cases combine these funds with their own profits. They are able to integrate different objectives and interests in their work. Therefore they follow a much more integrated approach than is the case in the direct allocation of funds by the state level. The impetus for these initiatives came from the local level. However, the 'Welfare to Work' programme and the Rural Regional Programme were of major importance in their realisation and development. Both the projects and the state programme arose against the background of a discussion about regional development which has been conducted intensively in Hessen since the early 1980s.

Thus far we can speak of two 'models of governance' in regional policy. The Programme for Structural Development, where both decision-making powers and integration tasks are located at the level of the state, is representative of the 'top-down model'. An example for the 'regionalised model' is the Rural Regional Programme where de-central decision-making structures have priority (ARLLs) and where 'Development Groups' are supported and play an ever more important role. The decentralised model has its roots both in initiatives working from the 'bottom-up' as well as in state programmes which consciously support this approach.

Under the title 'Regionalisation of Structural Policy' the state government has endeavoured to strengthen co-ordination and integration at the regional level since 1997. However, it is as yet not clear to what extent decision-making powers will actually be delegated. 'Regional Forums' are envisaged which, in part, are to be based on the existing development groups. This initiative could lead to an approximation of the two control models mentioned above. It also demonstrates that competition between the two approaches (and a number of intermediate ones) can be fruitful.

The different control models also influence the content of regional policy measures or at least favour certain approaches. The direct funding under state programmes and thus the direct 'negotiation' between the state level on the one hand and the level of the individual business or the municipal level on the other hand appears to be more useful and more favourable for selective intervention and for measures and projects which show little evidence of integration. The Conversion Programme is a good example in that it appears to give rise to projects which are more sectorally oriented such as the Steuben Barracks (even though the municipalities are charged with encouraging integration). From the point of view of the actors involved negotiation and integration processes based on partnership take place. However, these are largely designed to solve difficult technical or financial problems rather than to involve the maximum of interests in the scheme at hand. In this context synergistic effects are often neglected and a conflict of aims is not always recognised at an early stage.

If an 'intermediary organisation' is inserted in between the state and the project levels the situation is different. The examples examined in this study represent publicly funded 'projects'

where planning, co-ordination and management tasks are primarily funded. It should be noted, however, that they themselves develop new projects and obtain funding from different sources. They have a number of advantages (see also further below). They have a better knowledge and insight of the specific regional situations and problems than central state institutions. Since they are not conventional authorities they can react to specific needs in the short term. Since they place a major emphasis on the establishment of regional networks, on the involvement of a variety of regional actors and on intensive dialogue with the public they can design their activities in such a way that different types of objectives in regional development can be co-ordinated and integrated. This would be much more difficult in the conventional administration. If we compare this situation to that in other European regions of which some have a more flexible administration we can assume that the strongly differentiated administration and its various special sections with carefully delimited responsibilities find it difficult to deal with new integration tasks. New forms of organisation can offer new opportunities in this context.

We can therefore describe the intermediary structures in Hessen as 'projects' where the political will at the local and the regional level has led to the integration of objectives even though this was not explicitly predefined by the programme level. Intermediary organisations or partnerships appear to be advantageous if specific objectives or interests are to be combined. However, these are not actively being encouraged by the conventional state programmes. One of the reasons for this may be that these 'grassroots' development groups would at first appear to be a control and co-ordination system which is 'competing' for the allocation of public funds. Institutions are 'inserted' between the state level and the local or regional implementation and restrict the flow of information directly back to the state level. Resources are used more efficiently in this way but at the same time the local and regional levels become somewhat independent of the state level in that they professionalise their project development work using public funds by making specific bodies responsible for these projects. However, in the context of the ongoing debate about regional policy these approaches can positively stimulate regional policy as implemented and controlled by the state. The 'competition of control systems' can thus have a positive impact in certain instances.

Conclusions

The programme level sets the framework conditions for the local and regional projects leaving a good deal of room for interpretation in relation to the implementation of individual projects. In this way numerous options are provided including the integration of different objectives. However, no real incentive is given to integrate development objectives leading to sustainability. As a consequence of its structure and its distance from local circumstances the state level is often not in a position to guarantee the desired integration of development dimensions. Whether or not the programmes are implemented in the spirit of sustainable development in the end depends primarily on two factors:

- the procedures used for the allocation of funds;
- the political will at the local and regional level.

The provision of financial support for projects via intermediary organisations is obviously more likely to yield integrated and comprehensive approaches and allows for a more flexible response to the specific needs of a region. These intermediaries at first are in competition with the conventional state control systems, but they can also positively influence state regional policies. However, to date the sectoral control via the direct allocation of state funds clearly predominates. Integrated approaches using intermediary structures are still few and far between. The envisaged 'Regionalisation of Structural Policy' indicates that Hessian state policy

now actively seeks out new opportunities which have already for many years been supported and developed on a small scale with the aid of innovative programmes.

4.2 How do innovative actions influence the programme level?

For a number of reasons it is difficult to study the influence exerted by the project level on the programme level.

- A formulation of clear objectives and a systematic evaluation of the projects scarcely takes place. To some extent the report on the Conversion Programme is an exception to this point. Feedback on the results and impacts of the programmes is therefore given in a largely informal manner. It is to be hoped that the endeavours of the European Commission to obtain a stronger evaluation of all types of programmes will improve this situation.
- The exertion of informal influences by the projects is a slow progress. It leads to changes in perception, and only after a longer time period can it lead to change of the programmes. In retrospection it is often scarcely possible to define exactly what influence the projects have had.
- Many of the influences are scarcely discernible from the outside unless they lead to a revision of guidelines. They may, however, have changed the way projects are dealt with informally.

In spite of these constraints a number of interesting influences of innovative projects on the programmes were discernible.

For example, the intermediary structures have an *indirect* impact on the programmes examined. *Firstly*, they are inserted between the programmes and the implementation of the individual projects and thus influence the manner in which funds are allocated and as a result also influence the actual impact of public support programmes. *Secondly*, the regionalisation of the decisions on the allocation of funding - which has been made possible as a result of the existence of the novel intermediary organisations and which is actively demanded by them - represents a 'competing control model' for the direction of projects by the state level and hence is a challenge to the conventional method of project funding. These two pathways of project funding are linked to some extent to different institutions which to some extent are operating in healthy competition. The endeavours by the state to regionalise structural policy can be viewed as a response to the success of these local initiatives. However, considering the long development history of these intermediary organisation care should be taken when generalising this model.

A *direct* impact of projects on the programme level is also possible. The ZAUG Ltd., for example, contributed through direct contacts with the responsible ministries to the revision of the 'Welfare to Work' programme as they participated in the revision of the relevant administrative guidelines. In this way the ZAUG was able to influence the framework conditions for its own activities. One of the reasons for its important role is probably the fact that the ZAUG has, over time, developed important expertise through its activities and has become the local contact for the state level.

The existence of the Office for Regional Development, Landscape Management and Agriculture and its decentralised administrative units (ARLL) has generated a favourable arrangement for encouraging feedback between the programme level and the concrete local and regional experiences in Hessen. These units are located closer to the regional situation than the central state administration and they can pass their knowledge of the situation on to the state level. The ARLL has been taking a strongly decentralised approach to regional development for a long time and in the Rural Regional Programme it has an appropriate instrument at its disposal. The

introduction of regionalised structural policies and the establishment of 'Regional Forums' is intended to improve the feedback to the programme level across the whole of the state.

Overall it can reasonably be assumed that there is not enough feedback from the project to the programme level. It is not obvious in which way systematic evaluations are used to provide any kind of feedback from the local or regional level to the state level. Also, the co-ordination of individual programmes does not seem to be based on what is actually implemented on the ground. An 'evaluation culture' which must include a careful formulation of objectives and project monitoring could certainly improve the efficiency of the use of state funds. True subsidiarity, partnership and participation require far-reaching transparency.

4.3 The connection between the innovative projects and the public

The impact the projects can have on the public is strongly influenced by the type of PR work carried out in connection with these projects. The intermediary organisations, in particular, attract a lot of public attention. Since they are a novel type of regional or urban institution there are regular reports about them and their activities. Sometimes they are politically controversial (such as, for example, the ZAUG in its establishment phase) and therefore attract media attention. Generally speaking they are probably more 'visible' than individual regional policy schemes. They are not just innovative projects in themselves but they are also umbrellas for a large number of projects which are innovative in their respective region or urban area and thus retain the interest of the media. The possibility of contacts with the public is as diverse as the number of different actors involved in the intermediary structures. The public interest in projects which are directly funded by state programmes is usually smaller. This may be due to the fact that there are fewer actors involved and that they are usually less complex and controversial. The public debate on new approaches is not a prime objective but rather the planning and granting of approval along the lines of the usual, legally defined procedures. The latter are usually less transparent to the public than the debate about a new approach or a new project structure. However, this also depends on the size of the individual project. For large projects there is usually scope for public participation as part of the normal planning procedures (local development planning).

The experience gained with the projects examined in this study indicates that intensive PR work has been a principal key to success, particularly for the novel intermediary organisations. In this way it has been possible to mobilise political support for these 'newcomers' which were working 'crossways' to the existing institutions (see, for example, the ZAUG). The controversy about different approaches and objectives became - sometimes more so than previously - a public affair and thus created greater opportunities for participation. The competition between different models contributes to the enhancement of political discussion and to democratisation.

Through their PR work innovative projects have also led to others taking up their approaches. Some of the projects examined in this study have become well known well beyond Hessen's borders. Little can be said here about the relationship between the local and regional public and the supra-regional public. It could well be worthwhile to study this issue in more detail.

4.4 Interactions between the policy areas

If we are to ignore the fact that there is very limited scope for the combination of state programmes it can be said that the programmes examined in this study *scarcely define their interfaces* to other programmes. However, there are possibilities for funding at other levels which can be combined with the state programmes as has been demonstrated in the examples from Central Hessen. Apparently this combining of different resources is a difficult task. Often the actors at the local and regional level are not sufficiently informed about their scope for

action. In this context the HLT has an important advisory function at the state level. The regional intermediary organisations as partnerships of diverse actors and interests represent an interesting opportunity for the local combining of public and private resources and for the development of synergistic effects.

In the funding of industry, in particular, the programmes focus on individual objectives and make integrated approaches more difficult. While the interministerial credit committee makes an important contribution in this respect, its mode of operation is non-transparent and environmental interests are not sufficiently represented. In the area of rural development the programmes consider a broader spectrum of objectives which makes it easier to follow an integrated approach.

There is *some overlap in the objectives* of political programmes. In Central Hessen this can be seen in the fields of structural and employment policies. A number of programmes aim to create employment and to improve the situation of specific socio-economic groups. However, the starting-points of the individual programmes differ. While a certain redundancy of programmes and opportunities for action may be advantageous in the face of urgent problems, the lack of comprehensive evaluations which would analyse the combined impact - including the spatial dimension - of the programmes makes it impossible to assess whether the approaches are sufficiently co-ordinated.

Basic approaches to funding in Central Hessen compete with each other to some extent. This is particularly true for the way in which the different 'control models' are being dealt with in relation to the future allocation of funding. This competition can be fruitful but the opportunities and impacts arising from the different models should be studied in more detail and should be made more transparent.

It seems that at the state level the opportunities for the integration of different development dimensions are limited. This can also be observed in other regions. The approaches to what type of co-ordination has to be performed at what level have to be further developed in view of the challenge posed by the concept of sustainability. Such a multi-level system can not be designed and implemented in one bold stride. With its variety of approaches and its endeavours towards a regionalisation of structural policies the state of Hessen is on its way to the opening up further possibilities for Sustainable Development.

5 The Image of the Region

5.1 SWOT Analysis

A SWOT analysis makes it possible to present a situation in the form of a simple overview. It contains four fields: strengths, weaknesses, opportunities and threats. While the juxtaposition of strengths and weaknesses allows for a more static analysis the addition of opportunities and threats gives it a dynamic dimension. Threats can turn strengths into weaknesses and opportunities can have the opposite effect.

The following table gives a comprehensive assessment of Central Hessen with regard to sustainable regional development.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Many years experience with approaches in autonomous regional development • Long-standing tradition of committed environmental policy • Widespread political support for an orientation towards sustainability • Attractive landscape, environmental degradation not as advanced as in other regions • Relatively prosperous federal state • Many successful projects working towards sustainability which are remarkable on a European scale • Many years experience with elements of regionalised structural policy in rural areas • Successful experiments with new structures for integrated regional development, regional development groups with scope for expansion 	<ul style="list-style-type: none"> • Well differentiated and fixed responsibilities and little flexibility in public administration • Not very distinct small-scale regional identities; strong competitive spirit • Artificial delimitation of the administrative district, no regional identity in Central Hessen • Little value assigned to inherent strengths, continuous comparison to the more prosperous Greater Frankfurt Area • Not very distinct ideas for the development of the area of Central Hessen which could give rise to creating an identity • Giessen as the centre of the region offers few links for positive identification
Opportunities	Threats
<ul style="list-style-type: none"> • Administrations establish more flexible 'subsidiaries' • Regionalisation of structural policy by the state government • Learning from good examples in Central Hessen as well as in the whole of Europe • Experienced and capable executives who are familiar with the dynamics of regional development and who want to promote sustainable development • Increasing demands for evaluation by the EU • New pressures to prioritise in times of scarce exchequer funds • European-wide discussion on sustainable regional development • Making its mark in Europe as a region which is much advanced in the field of sustainable development 	<ul style="list-style-type: none"> • Cuts in EU funding for regional policy • Attempts to standardise state support policies • Neglecting environmental objectives in times of economic difficulties • Increasing polarisation in society can impair willingness to co-operate

5.2 Subsidiarity and the establishment of networks

Two components of sustainability keep turning up in all the examples and assessments and they would appear to be of primary importance in Central Hessen. These are subsidiarity and the establishment of networks.

A principal element of a policy of sustainability would appear to be the development of new forms of relationships between the different political-administrative levels. A consistent implementation of the principle of sustainability seems to be of great importance in order to allow the integration of different development dimensions. This does not entail an indiscriminate transfer of responsibilities to the local or regional level or new precise demarcations of responsibilities but it means the development of a new quality of co-operation between the different levels.

The principle of networking has proved to be extremely important in all the programmes and projects examined. As yet, successes are often based on the personal abilities of individual initiators. Slowly a body of expertise is being generated in the area of appropriate organisational and technical aids.

Subsidiarity and the establishment of networks can not be achieved with the help of simple recipes. Their accomplishment depends very much on specific circumstances and on the prevailing communications culture. Subsequent to the regional case studies the INSURED project has developed a conceptual framework for the differentiated management of such developments (see main report).

5.3 The picture of the region in the European comparison

The context

On the one hand the institutions, procedures and the way of thinking in Germany and in Hessen have been shaped by industrialism which had been successful for a long time. The structures are strongly differentiated and based on the division of labour and a deductive, dissecting type of thinking tends to break problems down into various components, to assign responsibilities and to individually tackle single problem areas. Where single issues are concerned the political-administrative structures are highly efficient, however, they are often too rigid to respond to new and complex issues in a flexible manner.

On the other hand Hessen - which was in its industrial prime in the 1950s and 1960s - has, earlier than many others, tried to find new answers to local challenges from the early 1980s onwards. Both at the state and the local and regional levels new policy approaches, institutions and procedures were experimented with. The different dimensions of sustainability were subject to substantial public discussion during the past two decades. Some successes have clearly been achieved in this difficult field. There is unanimous agreement that new ground has yet to be broken.

Programmes, institutions and projects

The analysis of selected state programmes and local as well as regional projects in Central Hessen has shown the following:

- A productive dialogue between the different actors requires a long learning process.
- There are obvious and serious endeavours using quite different policy approaches to make development more sustainable and to attribute increasing importance to regional development for a policy of sustainability.

- The co-ordination of different sectoral policies still proves to be difficult at the state level.
- New approaches, particularly in the field of rural regional policy, clearly show progress in the integration of different development dimensions and consistently implement the idea of subsidiarity.
- Public administrations create new, more flexible institutions which are more capable of dialogue, more integrative and more innovative but which are less democratically legitimised. These experiments have proved fruitful at all levels.
- Central Hessen has an outstanding record of successful actions in sustainable development at the local and regional level.
- In Hessen different interesting approaches concerning policies for sustainability are in competition with each other. Highly qualified executives partake in discussions going far beyond regional borders. Central Hessen and its state government can be described as a trend-setting laboratory in the field of sustainable regional development.

Appendix 1 Members of the Regional Advisory Group

Mr Carle, Office of Economy and Tourism, County of Marburg-Biedenkopf

Mr Dr. Cuny, Hessian Ministry of Economy

Mr Dr. Dieckhoff, Rationalisierungskuratorium der dt. Wirtschaft e.V.

Mr Dienstbach, Technology Transfer Centre Central Hessen

Mr Erlebach, ZAUG (Centre for Employment and Environment), Gießen

Mrs Hentschel-Lippold, Office of women affairs, County of Giessen

Mrs Dr. Gallikowski, Environmental Agency Hessen

Mr Gerharz, Business Promotion Limburg-Weilburg-Diez GmbH

Mr Hölscher, Planning Board Gießen

Mr Idel, County of Gießen

Mr Dr. Köhler-Hälbig, Office for Labour and Environment (County of Vogelsberg)

Mr Krauß, Planning Department, District Administration Giessen

Mr Lindenmeier, DGB (German trade-union)

Mr Lüdecke

Mr Messerschmidt, City of Wetzlar

Mr Orth, Council of the County of Lahn-Dill

Mr Rothkegel, BUND Hessen (environmental NGO)

Mrs Rüschenndorf, Hessian Board for Regional Development

Mrs Singer-Posern, Environmental Agency Hessen

Mrs Schön, Business Promotion, City of Gießen

Mr Dr. Schubert, Chamber of Commerce Gießen

Mr Dr. Stauder, Business Promotion, City of Marburg

Mrs Weg, Hessian Ministry for Women, Labour and Social Affairs

Appendix 2 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
<p>development</p> <p>O1. Environmental O2. Economic O3. Socio-cultural</p> <p>equity</p> <p>O4. Inter-personal equity O5. Spatial equity O6. Inter-temporal equity</p> <p>systemic</p> <p>O7. Diversity O8. Subsidiarity O9. Networking and partnership O10. Participation</p>	<p>linked to diversity¹</p> <p>P1. Perception of a variety of development approaches P2. Creativity and innovation in an entrepreneurial culture which emphasises responsibility towards the community P3. Capacity to cope with complexity and ambiguity and to anticipate change P4. Openness to enrich the own culture and enhance multicultural cohesion P5. Discovery and re-encoding of territorial specificities & local knowledge</p> <p>linked to subsidiarity¹</p> <p>P6. Ability of each to reach their optimum level of attainment and fulfilment P7. Fractal distribution of competence using the counterflow principle P8. Autonomy of strategic decision making within a facilitating infrastructure P9. Primary reliance on own resources without compromising the ones of the others</p> <p>linked to networking / partnership¹</p> <p>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</p> <p>linked to participation¹</p> <p>P15. Access to information and to the arena of dialogue and debate P16. Multiplicity of interactions, enhanced by local animators</p>	<p>D1. Enhancing problem understanding D2. Open collective learning D3. Negotiation and co-decision D4. Creation of a shared vision D5. Service orientation D6. Self-governance</p> <p>¹The links indicated by these headings are not the only possible ones</p>