

## 2.1. The role of governments (national, regional, local)

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### Abstract

*The topic of this paper is the role governments should, could and do play in the context of governance for sustainable development. It will deal with both perspectives, normative demands for governmental action and positive government activities. Two central questions will be tracked. What can be said about the role governments play on different state levels in governance sustainable development? And most important, how do different government levels respond to the challenge of environmental policy integration? It will be shown that the subnational level has scope and means to approach ecological sustainability self-contained.*

*The paper reflects innovative approaches to governance for sustainable development that have been initiated in the federal systems of Germany and the USA and, on the other hand, the impacts of interactions between political levels on this <sup>3</sup>. Finally, conclusions will be drawn on the role central governments can play in multi-level governance for sustainable development, enhancing public and private activities.*

### 1. The role of national governments in governance for sustainable development

The ability of states to regulate environmental destruction and thus govern for sustainable development at all is assessed differently. There are strong arguments against (Altvater, Mahnkopf 1997) and for it (Vogel 1997). Adding to the more optimistic view comparative environmental policy analysis arrived at the discretion that globalization processes also hold for globalization of environmental policy (Jänicke, Weidner 1997). Industrial states that experienced significant increases in their international balance of trade have at the same time strengthened their environmental regulations (Vogel 1997: 560). A copying of environmental regulation and government administrative capacities such as environmental ministries from country to country has taken place (Jörgens 1997). Different modes of horizontal and vertical environmental policy diffusion have been identified (Kern 2000). Especially forms of governance

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<sup>3</sup> The description is based on an empirical explorative study (Jörgensen 2002a,b) about governance for ecological sustainability in the German Bundesländer and the U.S. States.

beyond hierarchy such as negotiated state-industry agreements (De Clerq 2002, Delmak 2002), forms of strategic environmental planning (Tews et al. 2003) have diffused. Scholars identified mechanisms of a Governance by diffusion (Kern 2000).

Thus it seems that the main question is not whether the state remains an important environmental actor but what kind of action it can take. National governments will continue to be highly relevant in domestic regulatory policies, in terms of downward vertical integration of policies, in international negotiations and in supranational policy-making in the EU. The perspective on their modified role in environmental public policy-making and governance for sustainable development seems to be interesting, though. The role of the state is challenged twofold. In general in a number of policy fields, functions and tasks of the national state are being diffused and fragmented among a wide range of state and nonstate actors and at many political levels – internationally, supra-nationally and subnationally. Governance for sustainable development is located on different levels of policy-making ranging from the global to the local level. Especially with respect to sustainable development national governments are challenged to cooperate with different political levels and to provide for coordination. A task that in regard to a variety of policy fields has been described as a “federal vision of governance” (Nicolaidis, Howse 2000). Secondly governments have to cope with the above mentioned new modes of governance and have to cooperate with many entities in the private sector. Stating that, the question arises what kind of urgent problems and tasks confront governments in the context sustainable development?

## **2. Implementing Ecological Sustainability - the Challenge of environmental policy integration**

In the 21<sup>st</sup> century the society will globally be challenged by persistent environmental problems such as climate change, biodiversity loss, ground water pollution, degradation of soil and overconsumption of space (SRU 2002) <sup>4</sup>. Typically persistent environmental problems concern long term and partly irreversible deteriorations of the environment, problems which current environmental policy could neither detain nor solve (Jänicke/Volkery 2001).

To tackle persistent problems a new strategy for the environment, providing for environmental policy integration and long-term orientation as well is required. The Rio process and the Agenda 21 transferred both aspects of successful environmental policy-making to the global political agenda: The necessity of a long-term oriented policy making based on strategic planning and the relevance of public and private co-operation in environmental policy-making.

As Lafferty and Hovden 2003 point out, *“successful environmental policy integration is an essential and indispensable part of the concept of sustainable development (...) although EPI does not in itself constitute sustainable development”* (Lafferty and Hovden 2003: 2). Environmental policy integration is required in public policy jurisdiction such as the ministries and departments responsible for transportation, economy, agriculture, energy policy and urban planning. Moreover and most important the sectors contributing to persistent problems by pollution, such as power supply, agriculture, transportation and land use, have to integrate environmental goals and thus contribute to problem solving.

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<sup>4</sup> Persistent environmental problems have been picked up as a central theme in the end of the 1990s by the Organization for Economic Co-operation and Development (OECD), the Netherlands Environmental Policy Plan and the European Environmental Agency. In a “traffic lights” system the OECD identified persistent problems as “red light” major problem areas that need to be addressed urgently (OECD 2001).

Based on Underdal's general definition of policy integration (Underdal 1980), on comparative studies on governance for sustainability in different high-consumption states (Meadowcroft and Lafferty 2000), Collier's research on environmental policy integration from 1997 and Lenschow's comparative study on environmental integration in the European Union, Lafferty and Hovden define EPI as:

- *“the incorporation of environmental objectives into all stages of policy-making in non-environmental sectors, with a specific recognition for this goal as a guiding principle for the planning and execution of policy”;*
- *“accompanied by an attempt to aggregate presumed environmental consequences into an overall evaluation of policy, and a commitment to minimise contradictions between environmental and sectoral policy by giving principled priority to the former over the latter.” (ibid. 9)*

According to Lafferty and Hovden 2003 environmental policy integration requires a *“very specific type of policy coordination”*, which they operationalize along two dimensions: horizontal and vertical policy integration.

In Lafferty's and Hovden's concept horizontal environmental policy integration refers to the *“extent to which a central authority has developed a comprehensive cross-sectoral strategy for EPI”* (Lafferty and Hovden 2003: 14). Vertical environmental policy integration concerns the extent to which *“sectoral governance has been ‘greened’”* (ibid. 12). Horizontal and vertical integration are strongly connected and have mutual influence on each other. Horizontal integration is seen as a means to stimulate and push nonenvironmental sectors to integrate environmental concerns. The success depends on the successful sectoral integration and can be measured through the degree of the sectoral *“greening”*.

### **3. National governmental approaches to sustainable development and subnational responses**

According to the normative approach of the Agenda 21 national governments should take the lead and set up policies for sustainable development. The international comparison shows very different patterns of central governmental commitment and leadership concerning the timing of governmental action, the organizational engagement, approaches to domestic public and private actors –including intergovernmental contacts- and policy instruments (Lafferty and Meadowcroft 2000: 337-421).

Only a few state governments have been categorized as *“enthusiasts”* with respect to sustainable development: Netherlands, Sweden and Norway (Lafferty and Meadowcroft 2000: 413 f.). Others, such as Germany, Canada, Japan and the United Kingdom, with their symbolic policy and a lack in concrete measures have been described as *“cautiously supportive”*. The central US government received the worst assessment as *“disinterested”* (ibid.)

#### **3.1. Horizontal environmental policy integration**

In Germany the implementation of sustainable development on the federal level in the 1990s and institution building for horizontal coordination used to lag behind in comparison with other OECD countries (Jänicke et.al. 2001). On the federal level the sustainability process started no sooner than in 1996 and remained quite slow, pushed mainly by the commitments made at the Rio Conference in 1992. A systematic approach to ecological sustainability as in other countries such as Australia, Canada, Japan, the Netherlands, Norway, Sweden and the United Kingdom was missing in

Germany (Lafferty and Meadowcroft 2000: 356 ff.), while those countries were developing national sustainable development strategies or comprehensive national environmental policy plans.

A similar approach was missing in the USA and in Germany until April 2002 (Bundesregierung 2002). In 2001 subnational representatives from both German Länder and U.S. states environmental departments generally judged the central government contributions to the sustainability process as relatively weak (Jørgensen 2002a). In the view of the Länder, though, the federal level, government and parliament, contributed to the concept of sustainability mainly through scientific work. The Länder would have preferred central government leadership and a sustainability strategy - as was finally released in April 2002 - much earlier than that (ibid.).

Governance for sustainability both in the USA and in Germany was at least for some years more successful on the sub-national than on the federal level. Despite a lack of support from the central level in the USA the states and the regions became active (Lafferty/ Meadowcroft 2000, RRI 2001, Jørgensen 2002a,b). Early LA 21 processes in Germany originated bottom-up, by and large from non-governmental actors such as environmental and development organizations, church and youth groups and, to a lesser degree, from local politics. There is evidence that local sustainability processes would have started earlier with support and stimulation from the central level. As comparative analyses show, central government involvement is a key variable to explain the diffusion of local initiatives (Lafferty and Coenen 2000).

A comparison of subnational level policy responses to sustainable development in Germany and the USA shows a surprising degree of actions taken (Jørgensen 2002b). They are comparable to central government coordination of strategic planning and environmental policy integration such as the Dutch National Environmental Policy Plan (NEPP), the British Green Cabinet and the Swedish process of formulating national environmental targets that address different sectors.

As table 1 shows the majority of the German Länder runs green planning processes, comprehensive environmental plans and Agenda 21 programs are advancing. Regarding the target orientation which is relevant in respect to the implementation of programs, existing Länder Agenda 21 programs mostly consist of vague qualitative targets. Until now only the environmental plans of Baden-Wuerttemberg (2000) and Hamburg (2001) provide at least in parts for measurable targets. In recent green planning processes a shift can be observed toward measurable targets.

***Table 1. Sustainable Development- Government Responsibilities and Interagency coordination in the Bundesländer in 2001***

	<b>Denomination of the responsible Ministry in charge of Sustainable Development</b>	<b>Denomination of the responsible Department</b>	<b>Interagency coordination: Policy output</b>
Baden-Wuerttemberg	Environment, Transportation	General Principles of Environmental Policy	Interagency: Environmental Plan
Bavaria	Environment, Regional Planning	a) Agenda 21 b) Sustainable Economics	Interagency: Agenda 21, Environmental Pact Bavaria
Berlin	Environment, Transportation, Urban Planning, Construction	Agenda 21 Office	Interagency: Sustainability Report
Brandenburg	Environment, Agriculture, Regional Planning		
Bremen	Environment, Construction	Integrative Environmental Protection	Interagency Working Group: Lokale Agenda 21
Hamburg	Environment	General Principles of Environmental Policy	Interagency Working Group
Hesse	Environment, Agriculture, Forestry	a) Sustainable Development b) Local Agenda 21	
Mecklenburg-Western-Pomerania	Environment	Integrated Environmental Protection and Sustainable Development	Several interagency working groups: monitoring, reformulation of the Climate Action Plan
Lower Saxony	Environment	General Principles of Environmental Policy, Agenda 21 Coordination	Interagency Working Group: Agenda 21
North Rhine-Westphalia	Environment, Agriculture, Nature Protection, Consumer Protection	General Principles of Environmental Policy	“Green Cabinet” for sustainable development: draft for the sustainability process
Rhineland-Palatinate	Environment, Forestry	Agency for Environmental education	Interagency: Agenda 21
Saarland	Environment	General Principles of Nature and Environmental Protection, Rio Process, Environmental Education	
Saxony	Environment, Agriculture	Environmental Policy and Economics	
Saxony-Anhalt	Environment, Agriculture, Regional Planning	Regional Development and Agenda 21	Interagency Working Group
Schleswig-Holstein	Environment, Nature Protection, Forestry	Integrative Environmental Protection and General Principles of Environmental Policy	Interagency Working Group
Thuringia	Environment, Agriculture, Nature Protection	General Principles of environmental policy	

In some Bundesländer inter-ministerial working groups promoted integrative policy approaches. Policy outputs are:

- Environmental plans, Agenda 21 programs, sustainability reports, strategic drafts for the sustainability process (Schleswig-Holstein, North-Rhine-Westphalia, Baden-Württemberg).

- Climate Action Plan evaluation and reformulation (Mecklenburg-Western-Pomerania).
- Draft for sectoral integration strategies in the area of transportation (Berlin).
- Management of the European Structural Funds opportunities (new Bundesländer).
- Discussion of sectoral policy options regarding settlement and construction activities (Lower Saxony).
- Diverse projects.

The horizontal coordination within the government sector may relate to customary procedures based on by-laws about the governmental rules of internal procedure as well as to new forms. Interviewpartners from Baden-Württemberg and Rhineland-Palatinate judge their customary procedure of inter-ministerial decision-making at the Environmental Plan respectively the Agenda 21 program as positive. The policy output is regarded as a result of efforts of "all ministries". As the first selective exploration of U.S. states policies shows (table 2), also some U.S. states started of strategic planning (Jørgensen 2002b).

**Table 2. Institutional structures for sustainable development processes in U.S. states**

Government decisions				
	Administrative responsibilities	Inter-administrative working structures	Green planning	Monitoring
Maryland	Executive Order 1998	Executive Order 1998		
Minnesota	Environmental Quality board (EQB) 1993	Round table 1993 EQB participation	Minnesota Milestones 1991-1998	1996 agency reporting required
New Jersey	Executive order 1997	Interagency implementation		
New York	New York State Bill A5676 2001	New York State Bill A5676 2001	New York State Bill A5676 2001	
Oregon	1999 House Bill 3135 2000 Oregon Executive Order No. E0-00-07	1999 House Bill 3131 2000 Oregon Executive Order No. E0-00-07	2000 Oregon Executive Order No. E0-00-07	2000 Oregon Executive Order No. E0-00-07

Interestingly sustainability processes in the German Länder received much more support from the European than from the federal state level until 2001. The European Union expresses "truths, which to mention the environment people of the Länder must fight". Especially the fifth European Environmental Action Program, integrative instruments such as the European Environmental-Auditsystem, the European Structural Funds and the Cardiff process are regarded as supportive conditions (Jørgensen 2002a).

**Table 3: Long-term Orientation in the German Länder)**

Strategic planning					
	Government decision providing for green planning	Agenda 21	Environmental Plan	Agenda 21 program/ environmental plan was decided by the Government	Targets <sup>1)</sup>
Baden-Wuerttemberg			2000	12/2000	⊙
Bavaria		1997		12 /1997	●
Berlin	Agenda 21: 2000				
Brandenburg					
Bremen					
Hamburg			2001		⊙
Hesse	Agenda 21: 1997 Environmental Plan: 2000				⊙
Mecklenburg-Western-Pomerania					
Lower Saxony		1998		1998/1999	●
North-Rhine-Westphalia	Agenda 21: 2000				⊙
Rhineland-Palatinate		2000		10/2000	●
Saarland	Agenda 21: 1999				
Saxony	Environmental Plan: 2001				
Saxony-Anhalt	Agenda 21: 1997				
Schleswig-Holstein	Agenda 21: 2000				⊙
Thuringia					
<sup>1)</sup> Agenda 21 or environmental plan contains: ● = qualitative targets, ⊙ = qualitative targets and partly quantitative, time scheduled targets ● = quantitative, time scheduled targets					

Progress in inter-agency co-operation was explained through project oriented collaboration with representatives from the business and societal sector (multi-stakeholder participation). Thus a very important driving force seems to be the participation of the private sector as interview partners singled out.

**Table 4: Policy innovations in environmentally relevant sectors (Public/Private agreements and target oriented climate protection policy)**

	Sectoral policy innovations concern	Public/Private agreements	Agreement contains measurable targets	Climate protection addressed in	Climate protection ensured by measurable targets
Baden-Wuerttemberg	Land use, agriculture	planned	planned	2000 environmental plan	yes
Bavaria	Economy	1995 Environmental Pact I 2000 Environmental Pact II	yes	2000 Climate Protection Program, Environmental Pact	yes
Berlin	Land use, transportation	1999 Environment Alliance Berlin		1999 Energy Program	yes
Brandenburg	Land use, agriculture	1999 Environment Partnership		1995 report	
Bremen	Transportation	1997 Bremen Initiative, 2001 Bremen Declaration		Energy Program	yes
Hamburg		Project : Eco-Profit		2001 Environmental plan	yes
Hesse		2000 Environmental Alliance		2002 Environmental plan in progress	in progress
Mecklenburg-Western-Pomerania	Agriculture, nature Protection	2001 Cooperation with the Chamber of Architects		1997 Climate Protection Program	yes
Lower Saxony				2000 Climate Protection Plan	yes
North-Rhine-Westphalia		2001 Environmental Initiative		2001 Climate Protection Program	yes
Rhineland-Palatinate		diverse public private agreements		2001 Climate Protection Report	
Saarland		2001 Environmental Alliance		1999 Climate Protection Report	
Saxony	Land use	1998 Environmental Alliance		2001 Climate Protection Program	
Saxony-Anhalt		1999 Environmental Alliance		1998 Climate Protection Program	
Schleswig-Holstein		1998 Agreements between state, Industry, Handycrafts		1995 Climate Protection Program	
Thuringia		Environmental Initiative of Thuringia		2000 Climate Protection Program	

### **3.2. Vertical environmental policy integration**

In Germany the federal exercise of its far reaching legislative responsibilities in environmentally relevant areas is regarded as not satisfying in respect to vertical environmental policy integration through representatives from the Länder. Moreover a lack in consistency between the federal law and the integration of environmental issues in federal plans has been named. The political assessment that the German rather strongly horizontally and vertically fragmented administration still has difficulties to cope with cross-sectoral and participatory elements is shared by scientific research (Lafferty and Meadowcroft 2000, Pehle 1998).

In contrast to this and to the slow pace in federal leadership mainly in horizontal integration and institution building for systematic vertical integration the German Federal Government took the lead in certain areas and sectors, e.g. climate and energy policy, transportation and agriculture, and developed approaches to environmental policy integration, such as the “Climate Protection Programme program” (1992 ff.) and the “Sustainable Development Strategy for Agriculture, Forestry and Fishery” (2000). Seen as supportive for subnational policy making were federal environmental policy improvements such as the new ecologically oriented strategic approach in agricultural policy, the nature protection law (2002) and the climate protection policy. Especially climate protection is path-dependant rooted in the German approach to environmental policy (Jänicke et al 2001). It relates to a broad range of polluting sectors and thus contributes to horizontal policy integration. Interestingly federal government climate protection policy stimulated voluntary action on the subnational level.

Even in the absence of a federal obligation 13 Länder are providing for climate protection plans and, relevant to this, for energy plans and programs. Thus they contribute to a sectoral integration of climate protection targets into government sectors at the subnational level. Secondly they provide for vertical downward integration in the sense that climate protection targets from national, supra-national and international levels are concerned and referred to. Thirdly relevant sectors and actors of business and society are involved.

Nine out of 13 programs contain quantitative targets -concerning reductions of greenhouse emissions, improvements in energy efficiency, increases in the proportion of renewable energy <sup>5</sup> and sectoral goals <sup>6</sup>. Some Länder provide by law for a regular monitoring of targets and measures. Accordingly, Berlin’s first Energy Action Plan is being evaluated and reformulated <sup>7</sup>. Länder such as North-Rhine-Westphalia, Berlin, Mecklenburg-Western-Pomerania formulated their targets in correspondance with the national Climate Protection Program of the federal government. The Bavarian government did not adopt the national targets, lower reduction targets were being formulated instead, in order to allow for the comparatively lower Bavarian per capita CO<sub>2</sub> emission (StLMU 2000: 5). Contradictory to the federal strategy, Bavaria and Baden-Wuerttemberg intend to adhere to the use of atomic power.

Different from the German case where both levels of federal policy making are committed to climate protection policies, in the U.S. problem perception and policy making between national government and a number of states fall apart. The U.S. isolation in the Kioto process is not agreed with by many of the states. A lot of states argue that the USA could meet the Kioto goals. A couple of states, such as New Jersey and Wisconsin, already have forwarded climate change program initiatives; in Maryland a climate change program is in process. States can become important actors in filling the gap of a missing leadership in federal climate protection policy and if not designing a bottom-up system of greenhouse gas reduction at least developing policy “alternatives to their federal counterpart” (Rabe 2004).

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<sup>5</sup> BMU 2000: Nationales Klimaschutzprogramm. Beschluss der Bundesregierung vom 18. Oktober 2000 (Fünfter Bericht der Interministeriellen Arbeitsgruppe "CO<sub>2</sub>-Reduktion"). Berlin. Klimaschutz-Monitor: Bericht des HLUG zum Erlass I 16 101 d. 08.25-14053/00 des HMULF vom 10. April 2000, Stand: März 2001. Own data collection.

<sup>6</sup> Ministerium für Wirtschaft, Verkehr, Landwirtschaft und Weinbau 2001: Vierter Energiebericht der Landesregierung. <http://www.mwvlw.rpl.de/index3.asp?page=/Inhalt/Service/Infomaterial.asp>. Last accessed in September 2001.

<sup>7</sup> Landesenergieprogramm Berlin 2000-2003  
<http://www.stadtentwicklung.berlin.de/umwelt/klimaschutz/landesenergieprogramm> : last accessed in January 2002.

Apart from climate protection which can be regarded as a cross-sectoral approach, the German Bundesländer also developed environmental integration approaches to single sectors such as transportation, industry, agriculture and the problem area of land-use. Policy means for vertical integration comprise regulatory instruments, information based governance, integrated management approaches state-industry agreements and intra-sectoral strategies, as they have been developed through European councils for transportation, energy, agriculture and other sectors since 1998. Some of the approaches have diffused.

One among these innovative subnational approaches concerns land-use. It has during the last decade been addressed as important issue in Germany. On the federal level problem formulation took place in the 13. Enquete-Commission of the Federal Parliament (Deutscher Bundestag 1998). It has also been dealt with in the federal government report for the Rio+5 Weltgipfel in 1997 (BMU 1997) and in the national sustainability strategy. (Bundesregierung 2002).

The Environmental Minister Conference the environmental ministries of the Bundesländer regarded land consumption as an urgent problem. Land consumption is induced through residential and commercial settlement, transportation and agriculture, which is why these sectors have to be addressed. In some Bundesländer land use and settlement development belong to the priorities of the sustainability process<sup>8</sup>. A fact worth to be mentioned, since in the German multi-level-system land use management requires horizontal integration into sectors such as building, transportation and business and vertical downward integration. As in many other states also here planning and building are mainly decided at the local level.

Baden-Württemberg developed a land resource management in order to reduce the rate of new opening up of unsettled land. This approach combines instruments of planning law, financial support and co-operation. It is complemented with research on technological aspects of mobilization of sites and innovative cleaning up methods. Regarding legal instruments, development planning at the level of the Bundesland prescribes the use of brownfields, polluted sites etc.. Furthermore the program BW-PLUS is providing support for local planning and decision-making to be proved in pilot municipalities (Gloger 2001: 2 f.). Bavaria adopted this policy innovation from Baden-Wuerttemberg.

The Bundesländer Berlin and Brandenburg developed an institutional innovation for land resource management layed down in a contract. In 1996 they founded an interstate planning department. Both agreed on a joint land use planning to prevent the metropolitan area of Berlin from urban sprawl and other negative impacts observed in comparable settlement areas. The overall concept of jointly spatial planning is described as decentral concentration. It shall provide for both the realisation of essential purposes of regional planning and a large spaced protected area<sup>9</sup>.

Transportation became a preferential area for policy integration. The motorized traffic is growing. CO<sub>2</sub> emissions from transportation contribute to global climate change, from 1990 to 2000 they increased by 12,8 % (Bundesregierung 2002: 147). Furthermore transportation contributes to space consumption, the cutting of landscapes and to soil,

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<sup>8</sup> Germany is densely populated. 11,5 per cent of the space is paved for purposes of settlement and transportation. 54 per cent is being used agriculturally, 30 per cent for forestry (BMU 2002: Kap. VII.3). The continuous decline of unpaved land contradicts the goals of nature as well as soil, groundwater and bio-diversity protection. The negative trend is unbroken. Daily consumption runs up to totals about 130 hectares of new areas for the above mentioned purposes.

<sup>9</sup> Ministerium für Umwelt, Naturschutz und Raumordnung/ Senatsverwaltung für Stadtentwicklung, Umweltschutz und Technologie (Hrsg.) 1998: *Gemeinsam planen für Berlin und Brandenburg - Gemeinsame Landesplanung Berlin-Brandenburg*. Potsdam.

water and air pollution. The national sustainability strategy of the German federal government addresses "environmental friendly mobility" (Bundesregierung 2002). It is one out of three priority areas for action.

At the subnational level the state Baden-Wuerttemberg (1995) developed a sectoral strategy. The General Transportation plan integrated some ecological targets such as emission reduction of greenhouse gases and air pollution. It has been monitored and (less demanding) targets have been reformulated in the context of the environmental plan of Baden-Wuerttemberg (UVM 2000: S. 67). In Berlin a sectoral strategic planning process in collaboration with organizations from the transportation and the environmental sectors is on the way. A report on progress was edited in 2001 containing quantitative scheduled reduction targets regarding greenhouse gases -a reduction of 25 % from 1995 to 2010-, air pollutants -they shall fall below 25 % of the European limiting values- and the consumption of space. Future transportation planning shall be combined with areas such as land use, energy, social aspects and economy, since all are relevant with respect to sustainability.

As mentioned above, the Agenda 21 called for the involvement of private actors in public policy making. The majority of the German Länder developed business-state agreements that refer to the European Environmental Management and Audit Scheme (EMAS). These agreements, called "environmental alliances" (*Umweltallianzen*), or "environmental pacts" (*Umweltpakte*), aim at a new business-state partnership by changing the traditional command-and-control approach to a more consensus-oriented policy style. In Länder-comparison the Environmental Pact of Bavaria from 1995 and especially its reformulated second version from 2000 is the most advanced and far reaching business-state agreement. It served as a model and diffused since 1995 to almost all Länder (table 4).

Generally, these kinds of cooperation aim at introducing environmental management activities and compliance audits according to the European Environmental Management and Audit Scheme (EMAS) on the company level, while in turn direct control by environmental authorities is reduced. These reductions in direct environmental control include reporting duties and technical monitoring in the areas of waste, air and water regulations. The key aim of these initiatives is to reduce environmental compliance costs for those companies participating in environmental management systems, to make environmental regulations more calculable for companies and to promote organizational improvements on the individual company level. Most of these co-operations on the *Länder*-level are planned to be monitored after one year.

The Bavarian "Environmental Pact" has been revised and updated in 2000. It was positively evaluated, particularly because of its provision for a broad participation of business associations including industry, handicrafts and especially small and medium sized companies. The strategic approach of the Bavarian agreement can be regarded as a policy innovation. It contains measurable targets, provides for monitoring and strives for the creation of a broad platform including business organizations and regions. The agreement contains quantified scheduled environmental targets and precise actions addressing business sectors and the public sector <sup>10</sup>. Targets concern greenhouse gases, air pollution, energy productivity, renewable energy, recycling rates and water productivity.

As examples from Bavaria (business-state Environmental Pact), Maryland (Smart Growth), Baden-Württemberg (sectoral integration strategy regarding transportation) and New Jersey (capacity-building for green planning processes) unanimously

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<sup>10</sup> Ministerpräsident Stoiber, Pressemitteilung der Bayerischen Staatskanzlei, 23. Oktober 2000.

suggest, a very critical condition for the initiation and enforcement of innovative strategies seems to be the political will of the head of the state government (role of political entrepreneurs).

Secondly there is scientific evidence that the diffusion of state policy innovations play an important role in the USA (Kern 2000). The case study on Germany (Jørgensen 2002a) suggests comparable processes of diffusion between the Länder. However, diffusion dynamics as they have been observed in the states have not been evident between the German Länder.

#### **4. Conclusions**

What can be learned from that? Among other very important objectives the political implementation of sustainable development shall result in the internalization of environmental and resource protection objectives into the daily work of both political jurisdictions and polluting sectors. From this perspective only institutional settings and policy measures for horizontal and vertical environmental policy integration give evidence that governmental action left the realm of symbolic action and entered the stage of serious commitment and policy making. Sectoral environmental policy integration is one of the most important and complex tasks in the context of governance for sustainable development and until now in it's very beginning.

As examples of policy-making in Germany and the USA show, also the subnational level in federal systems can provide for capacity-building, new institutional arrangements and policy innovations with regard to ecological sustainability and especially also for public private environmental collaboration. The German Länder have created policy innovations for the management of persistent problems, that can be described as approaches to vertical environmental policy integration. Measures are strategic planning, management approaches and negotiated state-business agreements. They provide for a functional integration in the ministerial sector and more than that also for downward vertical integration to the local level.

Thus policies for sustainable development which have been developed in subnational laboratories for experiment, being strongly tied to implementation and practice can become models and may diffuse horizontally and be transferred to other political levels.

In how far can interactions between different levels affect policy measures in favor of solutions for persistent environmental problems? It turned out that in the absence of leadership and horizontal coordination from upper levels activities on lower levels move slowly. Though interestingly they move, as examples of climate protection policy in the USA show. The same holds for the local level in Germany and the Bundesländer in the end of the 1990s. The latter regarded the European Union as most supportive in governance for sustainable development. Thus lower levels may become active also in the absence of national government leadership and coordination and they may at the same time respond to policies on the supra- and international levels.

In contrast to the experiences in the USA and Germany cases of "enthusiastic" national governments such as Sweden and the Netherlands, who developed comparatively strong institutions for horizontal coordination, demonstrate the stimulative functions national governments can have in governance for sustainable development.

As experiences from the Netherlands and Sweden show, national governments can act as nodal points in the context of multi-level and multi-actor governance for sustainable development. They can provide for leadership and horizontal integration which is a precondition for the greening of sectors. They can develop complementary soft forms of governance in cooperation with public and private actors. They can nurture policy

innovations and diffusion processes on lower political levels. But in practice the implementation of sustainable development especially in terms of environmental policy integration moves slow.

Thus perhaps more important than new organisations and institutions is an ongoing agenda setting for the issues of horizontal and vertical environmental policy integration through public and private actors. Accordingly public institutions, such as the German Council for Sustainable Development (RNE), established by the German government in 2001 to advise the government on its policy for sustainable development, parliamentary advisory boards and committees directed for sustainable development and private institutions could become public voices addressing this issue.

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## 2.2. Working group conclusions

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This working group has focused on the role of governments in creating governance for sustainable development in inter- and intra-governmental relationships. In this sense, it has covered both horizontal and vertical integration. It has always borne in mind that there are still areas of sustainability at a stage closer to formulating the key questions properly than to generating conclusive answers.

The group considered horizontal integration in a double sense:

1. Because sustainability will only be possible if it becomes a cross-cutting value of the different sectorial units of a government, and if these habitually interact as a consequence.
2. Because in complex modern societies a sectoral unit needs to open itself to other visions to find its own role. Sealed compartments have disappeared. In addition, many "sectoral" problems have a real sustainability background which, if it is not grasped, can make it difficult to put the right solutions into practice.

Having accepted the need for horizontal integration, two particularly important questions arise. Firstly, who has to provide the leadership, within this framework. The majority opinion is that, because of the nature of the challenges of sustainability, this leadership should be exercised by the highest authority in the government. However, there are reasonable doubts as to whether the majority of current political leaders are capable of understanding these challenges in their appropriate dimension.

The second issue derives from the previous one. If leadership corresponds to the highest authority in the government, what role remains for the environmental authority? The units responsible for environmental policy are usually bodies bringing together a great deal of information, so they have an exhaustive knowledge of the issues and can design innovative strategies to overcome the problems. Despite this, they are usually weak agents within the framework of the governments to which they belong, which makes it difficult for their initiatives to become reality and considerably limits their influence on other sectoral units.

In horizontal integration, there is another component to be considered: the existence of advisory councils. Without denying the symbolic use that simply setting one up can have, they run the risk of becoming very deliberative bodies but with little practical effect on actual policies. Because of this, more incisive functions must be sought for them, such as the assessment of the government's action and its policies from a perspective of compliance with sustainability objectives.

There is also agreement on the need for vertical integration. Now, this must be approached starting from the philosophy of multi-level government based not on a hierarchy of subordination of the different administrative levels, but on exchange, negotiation and co-operation.

The central question of this approach to vertical integration is how to institutionalise and manage the interaction networks. In any case, it is clear that this process must be understood as a learning process for the agents involved.

Without losing the overall vision that gives meaning and a capacity for understanding the problems of sustainability, it must be recognised that governments that are closer to their territory have a great capacity for institutional innovation. These levels can also preserve the relationship between local culture and sustainability. This is a key relationship which can be lost and even cancelled out in a counterproductive way if there is mass centralised action tending to homogenise diversity.

As well as the internal horizontal integration of the different governments and the vertical integration of the different territorial levels, co-operative integration between governments of the same rank is also a good idea. So, neighbouring municipalities, neighbouring regions, neighbouring countries... should coordinate themselves to tackle common problems together.

In all these integration processes, some additional considerations must be taken into account:

- There is a lack of unanimity about the concept of sustainability and, consequently, about the development model that can make it possible.
- Science can help to meet this deficit, but science must be seen, not as a provider of solutions, but rather as an instrument for identifying and providing clear and sound descriptions of existing problems, and for assessing alternative solutions. The choice of particular solutions is a social and not a scientific process and, therefore, it must be taken in the political sphere. Science is necessary so that this choice is made on a sound basis.
- The integration of governments is not effective if the role of civil society as a necessary participant in the processes of seeking solutions is not kept in mind.