Institutional capacity building in regional policy-making for sustainable development

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INSTITUTIONAL CAPACITY BUILDING IN REGIONAL POLICY-MAKING FOR SUSTAINABLE DEVELOPMENT

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Abstract

Sustainable development has become a popular concept among regional and urban authorities. Originally a purely ecological concept, it has been extended to include economic and social aspects. At the same time the concept has political and ideological loading that has instigated different standpoints among policy-makers, interest organisations and other community interests. This paper has a specific aim, namely to examine how local development authorities build institutional capital for sustainable development. It does so in the context of the formulation of Agenda 21 by the city authorities in Göteborg, Sweden

Introduction

Globalisation poses both threats and challenges for the economies of the world as well as for the global environment. The latter refers to several phenomena. First, it refers to 'the environmental commons' – atmosphere, climate and oceans – which face serious repercussions like the greenhouse warming, ozone depletion and acid rain. Another phenomenon is represented by the combined impact of population growth and reduction of the reserves of natural resources as a result of pillaging of rain forests, the spreading of desserts and the decrease in biological diversity. Furthermore, airborne pollution that knows no geographical or national boundaries, poses an increasing international problem (see e.g. Lindskog and Elander, 2000).

The symbolic expression of the political awareness about the global nature of environmental issues was the Rio Earth Summit (UN Conference on Environment and Development) held in 1992 and attended by all UN member states that signed a common agreement that the preservation of mankind was their ultimate goal. The Rio Declaration was based on the report by the World Commission for Environment and Development, Our Common Future, (WCED, 1987). The report puts emphasis on the concept 'sustainable development' that implies that the current development should not jeopardise future generations' needs of natural resources. The World Commission Report is emphatic about the relationship between the resources-consuming pattern of

production and consumption and the threats posed to the global environment. The role of consumers and producers is vital in bringing about fundamental changes in the current resources-consuming system. Local agents of development including citizens, businesses and local authorities are principle actors in this development. These ideas are central in Agenda 21, the document that emerged from the Earth Summit as an action plan for sustainable development for the 21st century.

The definition of 'sustainable development' in the World Commission Report as well as in Agenda 21 is simple but vague (Roseland, 1997). It is not surprising that many national governments have picked on the local agents' role and have therefore left the task of implementing Agenda 21 to local authorities (Low, et al, 2000). In Sweden, for example, the central government requires of the local authorities a local Agenda 21. The local Agenda is more than a plan because the ambition is to integrate ecological, social, cultural, economic and political aspects of sustainable development. On the other hand, it is not mandatory but a moral undertaking (Meadowcroft, 1999).

Urban authorities in Sweden as well as in several other countries are adopting a broad range of policy approaches in order to combine urban growth and sustainable development. At the core of most of these approaches is the mobilisation of consumers, businesses and other local actors in order to "make more environmentally sensitive decisions". The latter need "greater knowledge of the damaging impacts" of various actors' actions. Moreover attempts "to improve the local environment" must consider the external impacts of urban behaviour, including global issues such as ozone layer depletion and global warming" if the true imperatives of sustainable development are to be sufficiently tackled (Haughton, 1997, p. 189, 194).

Thus activities to promote sustainable development involve a large number changes in the institutional structure at the local level. This paper deals with only three such changes namely in intellectual capital or knowledge resources, social capital in the form of relational resources and political capital as the capacity to act collectively. The paper is divided into three sections besides this introduction. In the next section the theory and a model relating to the three institutional factors − often representing the major components of the 'institutional capital model' − are described. The application of the theory and the model in the preparation of Agenda 21 in Göteborg, the second largest Swedish city, is presented in the third section. The concluding section discusses the broader application of the institutional model in the transformation of cities that pursue the goal of sustainable development.

Institutional capital generation: theory and model

The theory of institutional capital generation has been described in various ways. Healey, et al (1999) summarise some of the theoretical approaches. One set of these approaches makes use of the term 'institutional capacity'. The latter is defined as

"the overall quality of the collection of relational networks in a place" (Healey, 1997, p.61). For example, Amin and Thrift (1995) use six criteria to identify and evaluate institutional capacity: 1) the persistence of local institutions, 2) a deepening 'archive' of common-held knowledge (both formal and tacit), 3) institutional flexibility exposed in the ability of organisations to change, 4) high innovation capacity, 5) capacity to develop relations of trust and reciprocity and 6) a sense of a widely-held common project. Similarly Healey's own model identifies three components of institutional capacity – knowledge resources, relational resources and mobilisation capacity (Healey, 1997). The assumption behind both these and other 'institutional capacity' approaches is the pro-active, dynamic building of new kinds of governance capacity.

In another set of approaches the term 'institutional capital´or 'social capital' is used. Healey and her colleagues mention several definitions of this term: 1) relational webs or networks (Jacobs, 1961), 2) material as well as symbolic or cultural capital (Bourdieu, 1977), 3) cultural assets (Fukuyama, 1995) and 4) interactive governance assets constituting intellectual capital (knowledge resources), social capital (stock of trust and relationships) and political capital (capacity to act collectively) (Innes et al, 1994).

The model applied in this paper draws mainly from Healey's various publications (see the list of references). The terms 'institutional capital' and 'institutional capacity' are regarded as synonymous. The theory of institutional capital generation is relatively new and there differences with regard to concepts and causal relationships. Three differences need to be especially noted:

1. Institutional capital is assumed to be embodied in social relations and interactions so that it is produced and used interactively or institutional capital is assumed to exist as a 'stock' to be balanced with other assets.

2. Institutional capital is assumed to change continually as interactive processes evolve or it is assumed to be 'historically given' and cannot be changed readily.

3. Structural forces are assumed to shape the opportunities for the generation of institutional capital or the power of learning process is assumed to transform institutional capital.

In the model described below the assumption is that is that institutional capital is embodied in social relations and interactions and is continually evolving as a a result of the social learning process. With a specific focus on sustainable development, the model identifies criteria for intellectual, social and political capital.

Intellectual capital

The watchwords for sustainable development as envisaged in Agenda 21 are 'think globally, act locally'. In other words sustainable local development has to be seen as "an integral ingredient of a broader goal: achieving global sustainable development,

with its wide-ranging agenda of environmental stewardship, inter-generational equity, social justice and geographical equality" (Haughton, 1997, p.189). This implies that the range of knowledge that is required for developing a broad array of policy approaches include scientific, technical and practical understanding and reasoning. The latter have both material and moral dimensions. For example, Haughton (ibid) distinguishes between four approaches to sustainable urban development: 1) self-reliant cities, 2) compact cities, 3) externally dependent cities and 4) fair-share cities. Each of the four approaches require thorough understanding of local economy, resource management and trading mechanisms as well as a political agenda to alter human behaviour either by changing moral values or though a variety of incentives and regulatory controls. In each case various devices have to be developed in order to gather and make use of both formal and tacit knowledge.

In our model four criteria are proposed in order to identify and evaluate the generation of intellectual capital:

1. Range of knowledge emphasising how various ways of thinking about and shaping policies for sustainable development are emulated.

2. Frame of knowledge including different ways for justifying ideas, making distinctions and observing limitations.

3. Linking knowledge that is constructed in different arenas.

4. Openness and learning with respect to new ideas and new sources of information.

Social capital

Local Agenda 21 is based on the assumption that local actors – citizens, businesses and local public agencies – are involved in a wide variety of activities whose common goal is sustainable development. Roseland (1997) has categorised local actors as designers, practitioners, visionaries and activists. In whatever capacity the local actors are involved, the underlying assumption is that all the participants have rights and obligations and their activities generate a capacity to trust and reciprocate.

The participation of local actors takes place through a web of networks e.g. neighbourhood or workplace-related groups, civic associations and other interest organisations. Some of these networks are visible and receive public attention, others work in silence and avoid public attention. Networks are organised in various ways e.g. hierarchical organisation with firm routines, non-hierarchical organisation with multiple nodes. Crucial for the engenderment of social capital is that the web of networks leads to confidence creating capacity and enhancement of personal and professional relations.

Three criteria are proposed in order to identify and evaluate social capital:

1. Range of social relations: extent of stakeholder involvement, nature and functioning of various networks, values holding various networks together.

2. Morphology: linkages between networks, density of interconnections, relations between core and peripheral networks, integration between networks.
3. Power relations: relations holding networks together, access to networks, ideological and allocative structuring forces linking the networks.

Political capital

Local Agenda 21 has been described as more than a plan because of the comprehensive range of domains that it has to cover. Though it does not have a legal status, it has moral and ideological force with an aim to revise priorities in a large number of policy areas like land-use planning, transportation, housing, energy, public participation, social justice, economic development and business practices (Elander and Lindskog, 2000).

The capacity to act collectively on a collection of apparently disconnected goals implies a challenge to change established ways of doing things or governance practices. It is not only a question of new working methods but also of finding right opportunities within the established power structures. The new methods are intended for accelerating learning, developing trust and generating a capacity to act collectively. Effective mobilisation can help collective action as well as widen the 'cracks' within the power structures.

Political capital can be identified and evaluated with the help of following criteria:

1. Opportunity structure: selection of issues to mobilise around, the extent of collective identification of issue agendas, stakeholders' access to and approaches for collective activities.
2. Mobilisation methods: range of techniques, adaptation of current techniques or development of new ones, consensus-building and partnership-creating practices, and organising focus groups.
3. Change agents: key persons in mobilisation efforts, agents for maintaining networks and linking networks, competitive or supportive character of agents.

The richness of the concept institutional capacity or institutional capital is of greater importance than short-term returns because it ensures "moral commitment to places" (Healey, 1997, p.153). The assessment of institutional capital must, however, involve both material and immaterial criteria. Healey (ibid) proposes four such criteria:

- achievement of substantive objectives (rational perspective);
- behavioural changes with regards to doing and seeing things (learning perspective);
- forging and maintenance of links and relations (institutional perspective);
- Involvement of stakeholders (democratic perspective).

The following table summarises elements of the three forms of institutional capital and criteria for evaluating the generation of this capital.

Tab. 1. Institutional capital: elements and evaluation criteria

Type of institutional capital	Elements	Evaluation criteria
Intellectual capital	Range and forms of knowledge base, knowledge linkages, mutual learning.	Use of knowledge, justification of ideas, degree of understanding, diffusion of knowledge and value, Openness to new ideas and new sources of information
Social capital	Range of social relation, linkages between networks, confidence creating practices, power relations	Extent of stakeholder involvement, character of networks, nature and density of network linkages, network linkages, access to networks, forces linking networks
Political capital	Structure of mobilisation capacity, methods for collective efforts, change agents	Issues for mobilisation, extent of identification and access to networks, range of mobilisation techniques, consensus-building practices, character and role of key agents

Institutional capital generation in Göteborg's local Agenda 21[1]

Context

Göteborg, with its population of about 457 000 inhabitants, is the second largest city in Sweden. It is one of Sweden's major industrial cities and is the seat of transnational corporations like Volvo and SKF. It is also Scandinavia's largest seaport.

Some 100 policy-sector boards and companies enlarge the traditional city administration consisting of a city council and an executive board. Since 1990, Göteborg has a decentralised city administration. Responsibilities for specific policy areas have been transferred to 21 district councils.

Göteborg has a fairly long history of public environmental awareness. This owes especially to the topography of the city that often results in atmospheric inversion. Moreover, the presence of large petrochemical industries is constant reminder of air pollution. Already in 1958 air pollution measurement became a regular feature in the city's environmental measures. Several environmental disasters during 1980s e.g. seal-death, enhanced the public environmental awareness. In 1987 Göteborg was one of several urban regions selected by the central government for special

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[1] This section based on the information provided by Anders Bro and his associates. See especially their book on the implementation of Agenda 21 in 8 Swedish municipalities (Bro, et al, 1998).

environmental inquiry. It was in connection with this inquiry that the city government decided to institute environmental policy as an interdepartmental or transsectoral issue. During 1980s the city government introduced a number of regulatory controls e.g. high factory chimneys and purification plants. It also carried out several public campaigns to change consumer behaviour e.g. for increased use of unbleached paper and use of batteries without quicksilver.

Strong public environmental opinion has meant that many politicians in leading positions are deeply engaged in environmental issues. The Green Party has relatively high electoral support. There are a large number of civic associations with active environmental profile.

Götebrog seemed to be all ready for Agenda 21. In fact two city councillors and one local government official were involved in the preparatory work prior to the Rio Earth Summit and were active participants in the Rio Conference. Against this contextual background it is interesting to find out how Göteborg succeeded in generating institutional capital in connection with Agenda 21.

Application of the Institutional Capital Model

With a three-decade long history of environmental actions, the City Administration was conscious about the fund of knowledge among the people about the environmental problems. Moreover, it was appreciative of the fact that sustainable development required a division of responsibility between public agencies, businesses and the people. Unlike other policy issues, alternative ways of thinking about and shaping policies were necessary. The City Administration produced an Environmental Catalogue with a questionnaire that was distributed to all the household in Göteborg. The distribution of the catalogue was accompanied by several activities to inform the people how important it was get the feedback from them. The questionnaire was a way of bringing out people's awareness and knowledge. However, only about 1 000 persons responded to the questionnaire. At about the same time the University of Götebrog carried out an opinion survey in order to find out public reactions to specific aspects of local Agenda 21 (Holmberg and Weibull, 1995).

Following these two surveys, the City Administration together with the University of Göteborg convened 'citizens meetings'. The attendance at these meetings was not specially high (about 100 persons) but strengthened by the surveys and the meetings a report was published entitled Göteborgare and the Environment (Bennulf et al, 1995). The report included a citizens' priority list of three items:

- actions to improve oceanic environment;
- air pollution needs to be reduced by the control of industrial effluents,
- environmental education in schools.

It also contained some tangible proposals:

- that household refuse should be sorted out,

- that special provisions were required to handle dangerous waste,

- that consumers should abstain from purchasing goods with already-known harmful effects,

- consumers should give priority to goods branded for positive environmental effects.

While a majority of the people of Göteborg was not interested in reducing the use of cars it was at the same time convinced that the implementation of policies to reduce global warming and air pollution and to counteract ozone depletion required mobilisation of people and governments. The report showed that there was a community-wide willingness to be more active in environmental protection but this required incentives from the government. With regards to the division of responsibility, the people felt that the City Administration should be concerned with regulatory control and the district administrations with the task of changing attitudes and values (ibid).

At the same time as the attempts to solicit ideas and opinion among the citizens were being carried out the City Administration was involved in a dialogue with businesses and civic associations. For this purpose a special Agenda 21 committee was established. The committee was made up of politicians, local government officials, representatives of other public agencies, business representatives, civic associations, media and even individual citizens. The membership of the committee was gradually expanded in order to assure that the representatives reflected various community interests. This was also in order to ensure a broad support in the local community and sharing of financial costs evenly.

What at first seemed to be an exciting attempt to get a broad range of ideas and opinions from business and civic interests, turned out to a discussion club in which the attendance gradually declined. A lack of co-operation in key issues like car traffic, water and sewerage, industrial waste characterised the meetings. Moreover, there was opposition against small-scale and ecologically sound solutions. In face of this the political representatives lowered the level of ambition for committee-agenda and gradually excluded two issues, namely traffic and energy, from the local Agenda 21. However the major issue was the failure to obtain the broad range of ideas and opinions as was the initial aim. Business representatives often represented their own companies or at best the branch of business they cam from. The large civic organisations were not regarded as representing all citizens.

Both these developments – low share of citizen involvement in opinion surveys and citizens meetings and failure of Agenda 21 committee to provide a broad range of ideas and opinions led to the decision to abandon the idea of developing an Agenda

21 for the entire city. Instead the City Council let the district council to prepare a district Agenda 21. At the same time every office in the City Administration was asked to prepare an environmental plan specific for its jurisdiction.

Using the evaluation criteria suggested in the previous section, we find that the City Administration attempted to obtain and make use of a rich range of knowledge with the help of parallel set of activities involving people directly and through civic associations. The frames of references were not of the traditional instrumental kind in which professional knowledge predominated. There were conscious efforts to reflect on a broad range of references that citizens reflected. The City Administration made various attempts to share the broad range of knowledge with all the stakeholders. However there were perhaps naiv expectations about citizen participation. Moreover, the rich mutual learning was tempered by attempts to inform and educate citizens. Above all the size of the city turned out to be the most major obstacle in development of knowledge resources. The decision to transfer the task of preparing an action programme for sustainable development to district councils showed that a bottom up approach was the only viable one for this purpose.

Göteborg had a better point of departure for preparing local Agenda 21 than may other cities in Sweden because the City Administration had previous experience of inter-sectoral environmental work. There was widespread perception in the city that Agenda 21 was a collective project. The local government had comparatively large economic and personnel resources in order to carry out a city-wide development programme.

At the very onset of the process for preparing Agenda 21, the City Council set about involving a wide range of actors. It started with its own administration where each department was asked to prepare a specific environmental programme e.g. the child-care department was asked to prepare a programme as to how practices at the child-care centres could be changed in order to fulfil the objectives of sustainable development. The Council also appointed an Agenda-21 co-ordinator whose major task was to open up the City's Agenda 21 work towards the community at large.[2] The contacts with the community at large were established in two ways. The City Council appointed the Agenda 21 Committee consisting of politicians, local government officials, and business representatives, representatives of civic associations and other community interests. The aim was that the Committee would be directly accountable to the Council and its membership would be successively increased in order to ensure as broad community representation as possible. The other way to establish contacts with the community was with the help of questionnaire and opinion surveys.

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[2] The educational background of the co-ordinator was not non-controversial. Should the person in question be a natural or social scientist? Should he/she have competence in communication, pedagogy or marketing. The choice fell on a natural scientist which showed that the City Council emphasised the ecological dimension of Agenda 21.

In Götebrog there was a naiv expectation that it would be possible to establish a community-wide discourse involving a very large number of households. This proved to be difficult because of the limited time resources and the large size of the city. When this failed the operative responsibility of carrying out Agenda 21 work in close interaction with the people was transferred to the district councils. Another attempt to initiate an indirect community-wide discourse was through the civic associations and other interest organisations. This was discontinued when it was discovered that the discourse was dominated by a few interest organisations. These organisations represented their members in different ways. Moreover only certain categories of citizens were represented through these organisations.

Applying the institutional capital generation model to Agenda 21 process in Göteborg, we notice the following:

- attempts were made to establish a wide range of social relations but the extent of stakeholder involvement was limited;

- despite the fact that there was a widespread awareness about the collective responsibility that Agenda 21 implied, there were major value differences with regards to specific issues like car traffic, energy consumption and industrial waste management;

- there were several networks working in the environmental area but the initiative for linking these networks came from the City Administration that also tried to integrate networks in a formal committee.

In Göteborg there were several politicians and local government officials with strong environmental interest. As we mentioned earlier on that three of them played an active role in the Rio Earth Summit. These persons played an important role in seeing to it that the Agenda 21 Committee was located directly under the City Council. The work with Agenda 21 was divided into two parts. The preparatory part comprised of various political initiatives including the establishment of the Agenda 21 Committee and public information about the work of the Committee[3]. The action programme part started with the appointment of the Agenda 21 co-ordinator and culminated with the transfer of responsibility to district council in order to prepare district agendas.

Agenda 21 in Göteborg was both a top-down and a bottom-up effort. The City Administration acted both as propagandist as well as canvasser of ideas. The aim was not only to inform and educate the people but also to find out which initiatives people were willing to take locally. Attempts in this direction were partially successful. Whenever the issues were made tangible e.g. use of wood for heating and air pollution or composting and resource conservation, it was easier to mobilise interest. Another important aspect of interest mobilisation was the use of good

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[3] Agenda 21 was not perceived as a party issue and therefore political parties played a rather inactive role. This was offset by the commitment of many leading politicians.

example set by politicians and local government officials e.g. cycle to work or use both sides of a paper. Such good examples had significant demonstration effect.

As for the dialogue it was easier to carry it out with interest organisations than with households directly. However these organisations were not representative enough. Male adults often manage them. Women and youth are more environmentally conscious than male adults. Such factors limit the mobilisation capacity of these organisations.

The evaluation of political capital generation shows the following:

- mobilisation efforts were partially successful because the issues selected were not always tangible enough;

- stakeholder access to collective activities was limited owing to limited time resources and the way the policy process was organised;

- the City Administration applied several techniques to build consensus around Agenda 21 work, however, there were fundamental differences on some key issues;

- leading politicians, local government officials and some representatives of civic associations played a key role but it became difficult to maintain networks as issues became controversial;

- transfer of operative responsibility to district councils came late but became a last resort but successful mobilisation method.

The institutional model and the sustainable transformation of cities

Cities all over the world are involved in the preparation and implementation of Agenda 21. For this purpose a large number of policy models have been developed. These models extend all the way from visionary approaches to very tangible techniques for resource conservation (Khakee, 1999). The purpose of this paper is to show how the institutional capital model can be applied to identify and evaluate the development of knowledge resources, relational resources and political mobilisation capacity in the course of preparing and implementing local Agenda 21. The model is especially useful in sustainable improvements of material quality of life because it focuses on institution re-design that is a necessary prerequisite for all efforts in sustainable development.

Various efforts have been made to operationalise the institutional capital model. The purpose of this paper is to suggest that such an effort is especially relevant in the case of Agenda 21 in cities. The application of the model to Göteborg's efforts in preparing a local Agenda shows that it is possible to evaluate the large number of networks involved, the level of interaction between the networks and the sense of common purpose that acts as a driving force in these efforts.

The institutional capital model as outlined in this paper presents a flexible theoretical framework. Its value as a research tool as well as policy development and evaluation tool can only be tested in comparative research. For this purpose the current efforts at sustainable development carried out in city regions (e.g. in EU-sponsored Mediterranean project) provide interesting cases in such comparative research.

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