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**Local authorities, Locally-Implanted Companies  
and Local Agenda 21:  
A Revision of the Eternal Triangle**

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## **Abstract**

This paper originates from the observation that local authorities often fail to focus on coordinating activities with locally implanted companies through their local Agenda 21, despite their impact upon said companies and their legal obligations to do so. We thus describe some explanations for this situation from the side of companies, from local authorities and from the point of view of the tool itself, local agenda 21.

The main findings are that there is a need for national support to local authorities and for better cooperation both between companies and local authorities and among local authorities. The question of different levels of local authorities should also be raised. Otherwise the global vision on sustainable development promoted by local agenda 21 shall be lost and actions limited to interesting but incomplete initiatives.

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## Foreword

It goes without saying that this thesis could have been improved if more interviews had occurred and if more time had been devoted to analysing local agenda 21 at different administrative levels. This would have made up for the lack of general papers on the topic. Yet, given that this is only a master thesis and not a doctoral thesis, we assumed that the information collected, though not exhaustive, should enable us to have a faithful view of what is happening in France.

Two more aspects could have been developed further. First, provided there had been more time available in Norway (especially to cope with the language problem), it would have been interesting to write a comparative study of France and Norway; instead, this is a case study of France with points of comparison with Norway. Also the paper could have focused more on small companies: by having mainly talked about big companies, the paper could be reproached with doing the same mistake as many local authorities do.

As you may have noticed, this paper has been printed on both sides. It is quite unusual for a thesis as supervisors find it more convenient to read only from one side. Yet when it comes to books, we get used to reading and commenting on both sides. Besides, in order to be consistent with what we have been learning in the Sustainable Development Master from HEC Paris, all students agreed to print the thesis on both sides. For this paper alone, given that there should be three printed copies, both sides printing will save about 150 sheets of paper. This is not much, but multiply it by 30 and you will get a more significant number. I therefore thank you for your comprehension about our decision and hope it will not prove too challenging for correction.

Finally, I would like to stress that I did translate some quotes from French. I alone should thus be responsible for any mistake or misunderstanding caused by the translation.

## **Table of abbreviations**

CA: Chamber of Agriculture

CCI: Chamber of Commerce and Industry

CSR: Corporate Social Responsibility

CTC: Chamber of Trades and Craft Industry

ESD: Education to Sustainable Development

EU: European Union

LA21: Local Agenda 21

NGO: Non-Governmental Organisation

NOK: Norwegian kroner; for more convenience we used the following conversion rate:

1 € = 8 NOK

PPP: Public-Private Partnership

R&D: Research and Development

SME: Small and Medium Enterprises

SRI: Socially Responsible Investment

UN: United Nations

## Acknowledgment

It is never an easy task to write acknowledgments after a long lasting work which involved quite a number of people, so let me start with the most obvious. I of course would like to thank first Prof. Eskeland for accepting to be my supervisor here at NHH, even though I proved to be a somewhat difficult student, already having some clear ideas of where I wanted to go and always rushing to make sure I would meet my deadlines. Yet I was lucky enough to find a very responsive person with great knowledge and interesting ideas on my topic, which I am very grateful.

I also would like to thank Elise Gauthier from the *Comité 21*, who had the difficult task to act as a shadow advisor before my coming to Norway. I really appreciated the help with finding and defining such an interesting topic and the many examples and contacts I have been able to go through thanks to her.

I cannot afford to be too long, so let me just name a few others: Prof. Eirik Vatne and Roger Bivand from NHH for advice in finding literature on local authorities, Audun Ruud from ProSus at the University of Oslo and Carlo Aall from Vestforsk. I also would like to thank all the people that took time to receive me for interviews; they are listed in Annex 6.

Finally, let me thank Adam P. Stanley-Smith who took some time, though himself writing his thesis, to correct the biggest English mistakes I made.



## Introduction

In 1992, 172 countries and more than 2,400 representatives of non-governmental organisations met in Rio, Brazil, for the United Nations Conference on Environment and Development, known as the Earth Summit, one of the first international meetings on the issue of sustainable development. The concept of sustainable development itself is indeed very new, since it was only in 1987 that it was defined by Norway's former minister Gro Harlem Brundtland as a development that "meets the needs of the present generation without compromising the ability of future generations to meet their own needs"<sup>1</sup>. The Rio conference has provided an opportunity to put sustainability at the top of the international agenda, at least for a few weeks. At the end of the meeting, several documents were adopted, including the Rio declaration on the Environment and Development<sup>2</sup>, the UN Framework convention on Climate change (which is managing the negotiations on climate change at the international level) and the Agenda 21<sup>3</sup>.

This Agenda 21 is an action plan, with recommendations in various fields such as social and economic dimensions, strengthening the role of social groups, and means of implementation. It has been designed as a common framework that governments could use to achieve the goals of sustainable development. The plan is supposed to be implemented at an international, national and local level. Interestingly for us, the Agenda 21, in chapter 28, encourages local authorities to implement a local agenda21 (LA21) on their territories. That is to say that any city or region in the world can take part in the process and design its own agenda 21. Local authorities decided to join the process at different paces. As early as 1995, half of the Swedish municipalities had appointed on LA21 officer and were launching the process<sup>4</sup>, whereas in France, only about thirty had done so in 2002<sup>5</sup>. Implementation might seem quite slow from a global perspective, but one has to keep in mind that LA21 are a

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<sup>1</sup> United Nations, "Report of the World Commission on Environment and Development", General Assembly Resolution 42/187, 11 December 1987

<sup>2</sup> Available at <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=78&ArticleID=1163>

<sup>3</sup> See [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_00.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_00.shtml) for the official text.

<sup>4</sup> Ingrid T. Norland, Trygve Bjørnæs and Frans Coenen, *Local agenda 21 in the Nordic countries – National strategies and local status*, University of Oslo, Program for Research and Documentation for a Sustainable Society, report n°1, 2003, p. 37

<sup>5</sup> Antoine Charlot, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, Comité 21, Paris, 2008, p. 37

somewhat demanding procedure, requiring to have a global perspective on one's territory and involving all "stakeholders"<sup>6</sup>.

This notion of stakeholders would be used in the context of corporate social responsibility (CSR) to stress that companies should not only consider the shareholders' interest but the interest of any group affected by their activity (state, employees, suppliers...). By applying the same reasoning to local authorities, we come to the conclusion that they should not only consider their own interest or ideas when thinking about sustainability for their territories, but should discuss this with other interested actors, mainly inhabitants and companies installed there. If we take the UN Agenda 21 formulation, we get that "through consultation and consensus-building, local authorities would learn from citizens and from local, civic, community, business and industrial organizations and acquire the information needed for formulating the best strategies"<sup>7</sup>.

Local authorities more or less managed to address the question of the involvement of citizens thanks to participatory democracy, which has been considered a relevant tool to make politics closer to citizens and avoid abstention. Yet the involvement of private companies has not really been addressed by local authorities, who don't really know what to expect from companies and who are not very used to having these kinds of relationships: in many cases, a company is seen as a way to have jobs and fiscal revenues on a territory.

What we will focus on is therefore the kind of relationships a local authority can expect to create with the "local" companies thanks to a LA21. Should they expect a more demanding but deeper relationship or just cosmetic – though green – changes? To study this point, we will have a look on what is happening in France at the moment, and what has been done so far in Norway, where the process is older. We will then focus on the more problematic issues that are the definition and representativeness of companies, the relevance of LA21 as a framework to get in touch with stakeholders, and eventually the challenges of having different levels of local authorities.

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<sup>6</sup> See the glossary for a definition of stakeholders.

<sup>7</sup> United Nations, Agenda 21, Chapter 28-3. Available on the UN website: [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_28.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_28.shtml)

## I. Actual situation in France: following Norwegian footsteps?

The idea here is not to cast the stone at anyone, but to understand what local authorities in France are or are not doing when it comes to involving companies in the LA21 processes and trying to have them improve their practises. We will try to understand the reasons of this matter of fact and compare with Norway to see if there are some relevant differences to highlight.

### A/ Should we be satisfied with the current situation?

It is quite difficult to have a national view of LA21 adopted in France and their consequences. The site <http://www.agenda21france.org> for example lists all voted LA21, but gives no information on their content, implementation and follow-up. And the subject seems to be too recent to already have a relevant literature to describe it: no paper or doctoral thesis did consider LA21 as a priority subject so far. There was therefore the need to get first hand information.

#### 1. *Not a very intense focus on business issues*

It would have been a huge task to survey all French local authorities to try and see how they tried to impact companies. Some interviews have been lead, but we decide to use a different method to catch a grasp of what the general picture was.

##### (i) Methodology and limits

We worked on the voted regional agendas 21 in France that either were available on the Internet or that have been sent upon request. This gave us a sample of 12 LA21, which is not many in absolute terms but still represents three fourths of existing regional LA21<sup>8</sup>. For each of these LA21, we listed the actions the *région* would commit itself to take and (tried to) classified them, first with quite specific titles, then regrouping different titles into the basic three dimensions of sustainable development: economic, environmental and social/societal. The exhaustive results are given in Annex 1.

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<sup>8</sup> 12 out of 16 voted.

There are some obvious and valid limits to the choice of this framework. Given the size of the sample, a single case can have quite a high influence on the final result. Yet the distribution of actions, though showing some differences, did not lead to major distortions in the global results. A more problematic issue comes from the decision of considering only regional agenda 21. As we shall see later, local authorities tend to make some decisions according to their competencies. Quite logically, this is reflected in the actions proposed on LA21: a strong focus is put on high school and regional railway transportation, which of course would not have been the case if we had analysed LA21 from *départements*. Yet we tend to believe that even though competencies are different among local authorities, the global equilibrium between economic, social and environmental concerns would not differ too much.

The very question of how to decide if a measure concerns economic, social or environmental field, has also been a huge challenge. In most cases, we attributed a criterion to a single field: the development of eco-activities has been counted to the economic field even though one could claim the objective is to protect the environment, and should therefore be treated as an environmental measure. In cases where we could not decide unequivocally, we decided to split the value between different fields. So the absolute values should be used very carefully and be considered only as trends. Also note that we decided to exclude from the scope of the study measures that were internal to the *région* and in some cases not very relevant for analysis (they could have brought a bias on the focus, for some local authorities did not write those actions as part of their LA21).

A final criticism is to refer to the decided measures only. It would probably have been more relevant to have at least an idea of which measures have really been implemented. Unfortunately, very few local authorities report on their results, and this would have restricted the sample further. Again, the results we get already give us a good outlook of what have been the main focuses of French *régions*.

(ii) Results from the analysis

The main result from our study, from a company perspective, is that only 17% of the measures decided are directly focused on companies, whereas a third is on environmental issues and a half on social and societal issue (with a very broad acceptance)<sup>9</sup>.

Table 1: Distribution of regional objectives, in % of total

Economic	17.1%
Environmental	32.8%
Social – societal	50.1%

Even if we consider some environmental or social measures can have a focus on companies (developing renewable energies may aim at creating new companies in that field in the region), the difference with other aspects is huge.

Where does the difference come from? Well, this is the question this thesis will be trying to answer. But we can have a first look of where the shoe is pinching. In both environmental and social categories, we have criteria that score more than 5% of total actions: public transportation, education (both *région* main competencies), pollution or culture/heritage. Yet for economy, the highest score is 3.2% for the development of eco-industries or the settlement of eco-conditionality. Acting for ensuring existing companies renewal and development only gets 2.6%, even though this should be a priority in order to assure a sustainable economic activity on the territory. The reason from this low figure is that only 5 out of the 12 *régions* indeed took measures to make sure local companies would be long-lasting ones. On the other hand, the same number of *régions* decided to help NGOs and 7 did focus on health. We should of course take care of health and NGOs in LA21, but a more balance distribution of actions would have made more sense if we think in terms of importance for the future of a territory.

One of the satisfaction we can have looking at the results is the emphasis put on tourism, which makes sense if we consider France being the number 1 destination for tourists in the world. But the hotel and catering sector is basically composed of a lot a very small actors, so addressing the sector as a whole may be a challenge for a local authority. At least most

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<sup>9</sup> The complete and detailed results are shown in Annex 1.

*régions* did not only chose “easy” solutions and actions. The overall result does nevertheless stress a strong imbalance in the objectives being defined.

2. *A lack of interest or a normal handling asymmetry?*

The previous results need to be interpreted as they appear quite surprising (or at least uneven). The idea is not to try and explain them, which we will do later in this paper, but at least to try and understand what they mean and reflect in terms of political decisions from local authorities.

(i) No interest to take care of companies?

A framework we can use to answer to these questions is the notion of interest of local authorities. Here we have to make a difference between local politicians who are elected, and civil servants who do not (much) depend on who is elected. The aim of politicians is to be re-elected at the next election, and so they have to maximise the number of votes they will get from citizens. Put in other terms, local authorities are accountable for their actions to citizens. Here is the key issue: politicians speak to citizens, i.e. voters and act in order to make their voters satisfied. In that sense, dealing with companies is not necessarily an interesting issue for a politician: even though you try to act in the interest of companies, that does not automatically transform into votes. A company does not vote, but individuals inside it do. There is thus an extra step, where local politicians should make sure that their good actions towards the company are known by all its members. A politician could in the end decide that it makes more sense to address directly to the citizen instead of going through an intermediary he cannot really manage.

(ii) An asymmetry in situations which does not fully explain the difference in focus

Another problem for local authorities is that companies cannot be handled the same as individuals. Let us take the example of rubbish collection. All households on the territory will be charged the same way for their everyday garbage to be collected. Only specific garbage like landscape refuse would have to be taken to a waste sorting unit by individuals themselves, as not everybody has a garden and therefore need to have those specific waste collected. On the other hand, companies happen to have garbage that can be very different from the households: different in terms of quantity, as a huge headquarters may bring

together many hundreds people, and in terms of nature, as companies may have dangerous waste like chemicals, medical stuff, polluted materials, which need a specific treatment and cannot be put with everyday garbage.

Considering this, there is an asymmetry in the local authority's behaviour towards companies compared to behaviour towards citizens, but because their needs and expectations from the local authority are not the same.

The conclusion is obvious: local authorities cannot address companies with the same tools as they use for citizens. But the results from the survey shows that to a large extent, techniques are different, and local authorities indeed try to adapt their actions and decisions to the audience they are targeting. It seems that the problem comes more than the next step: local authorities are aware that they need different tools but chose not to develop such tools for companies and so to keep their focus on citizens.

### *3. Why the situation should be improved*

After all, we could think that it is not really worth to make efforts to improve the way local authorities take companies into account. Everybody seems to be coping with the present situation and there does not seem to be much willingness neither from companies nor from local authorities to go for more cooperation and common action. So who cares?

Well, first sustainable development cares. If states want to achieve their goals in terms of greenhouse gases reductions for example, they will need efforts from companies. The civil society and governments cannot make up alone for the reductions planned, and they will need companies to improve their practises too and to participate in the R&D effort. Addressing the issue of implementation of sustainable development in companies is not an easy task, but a necessary one anyway.

It goes without saying that local authorities should really – and really do – take care about companies on their territories, for the basic but important reason that they provide jobs and fiscal revenues which are the two most important things a local authority is looking for. Local

authorities should in any case have some structure to get in contact with local companies and know about their wishes and problems.

Finally, companies do have an interest in being involved, even though they do not always realise it. To quote a recent conference in Bergen, “if you are not at the table, you are on the menu”<sup>10</sup>. If companies do not change and take part in the process, they will not be able to adapt to the new framework and will disappear first. The more you get involved and you are able to show you are doing something, the less likely you are to be pointed at as a bad guy. Also companies cannot act as if global climate changes had nothing to do with their businesses: quoting again, “business cannot live in a society that fails”<sup>11</sup>. Companies are facing risks from climate changes but also from growing awareness and requirements from civil society and politicians: the tolerance to risk is very low and stakeholders become increasingly aware of their power. Companies should be themselves going to local authorities to think about renewed and cooperative ways to achieve sustainability on a territory.

#### B/ A more general problem in the functioning of local authorities

Even though not much focus is put on the relationship to companies in the existing literature and guide books for local authorities, it is still somewhat confusing that they would not try more to get in touch with companies, at least for some limited projects. If we refer to the three pillars of sustainable development (profit, people and planet), profit, i.e. the economic dimension of development, should still be taken into account. Yet many LA21 do not really focus on economic dimensions: the main point is in almost any case environment, with also a good vision on reviving democracy/active citizenship. The Sustainable Development ribbons (*les Rubans du développement durable*<sup>12</sup>) noticed in September 2010: “The environmental dimension, which had been favoured over time in sustainable development

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<sup>10</sup> Originally from the Harvard business review, quoted by Ylva Lindberg, CEO from Sigla during the Conference Sustainability Now, Bergen, October 26th 2010.

<sup>11</sup> See previous note for reference.

<sup>12</sup> *Les Rubans du Développement durable* are a French cooperation between the Association of Mayors of France, the Association of Mayors of big cities in France, the Comité 21, Dexia and some other associations. They award every year local authorities for the relevance of their LA21. See <http://www.rubansdudeveloppementdurable.com/>



plans, begins to be completed with other approaches such as health, culture and handicap<sup>13</sup>". This does not really give signs that the economic dimension will be more pregnant in the future, since handicap is treated from an accessibility point of view (possibility for disabled people to access to civic or tourist buildings).

*1. Historical, administrative, political, (good?) reasons to neglect economic issues*

Why are local authorities not really addressing this dimension, while they manage to have some interesting programmes on environmental or societal questions? We can try and propose some partial explanations.

(i) Lack of political willingness

A first explanation would be the national context and the slowness in spreading the very concept of LA21. As was mentioned in the introduction, France could be labelled "latest and few"<sup>14</sup> when compared to Nordic countries ("early and many") or central Europe (Germany, Austria and Switzerland being "later and many"). This has partly to do with the reluctance from the French government and Ministry for Environment to promote an approach which was not "French", coming from an international negotiation. To put things clearly, the state did not encourage local authorities to set up a LA21; there was for example no financial support to local authorities implementing a LA21 until very recently. The assimilation of LA21 was also slowed by the fact that in the late 1990s, the French state was promoting its own programme that was called "Charter for Environment and urban Ecology". When it became obvious that a LA21 was a more relevant tool for territories, the state started to put a focus on it, but many local authorities would just "recycle" their charter for Environment as a LA21, which would in this case very much focus on environment and not really on economic dimensions.

(ii) An organisational issue?

Another explanation could come from the organisation of local authorities. Looking at their organisation plans, we can see that responsible officers for LA21 are most of the time to be

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<sup>13</sup> See <http://www.rubansdudeveloppementdurable.com/actualites/index.html?id=135>.

<sup>14</sup> Using the concepts of Eckerberg *et al.*, *The status of LA21 in Europe: A comparative overview*, ProSus, Oslo, 1999, p.243-244

found in the Environment Department (Department for Sustainable development and urban ecology in the Toulouse agglomeration, Department for Environment and Sustainable development in the region Midi-Pyrénées), sometimes with “societal” concerns (Department Environment and Health in the city of Clermont-Ferrand). In those cases, we can easily understand that an environment officer, working for LA21 surrounded by people with environmental backgrounds, would tend to focus more on environment. This matter of fact is slowly changing as more LA21 officers are now working in the “Direction générale des services”<sup>15</sup> (some kind of central administration): in Orléans, the responsible officer for LA21 has moved from the Environment Department to the central administration in 2010.

This will probably lead to officers taking more on board economic concerns. This alone will nevertheless remain insufficient, for local authorities’ administrations have to face other issues, one of them being the quite strict partition of roles within the administration. Each department has a certain scope of responsibilities and they would traditionally not want to share some of their power: using Quatrebarbes and Lorach’s words<sup>16</sup>, we would say that administrative officers are rather “conservative”. Officers in each department would tend to behave as a “technostructure”<sup>17</sup> in that they would tend to act in their own interest instead of the interest of the civil administration as a whole or of the citizens. How could this have an impact on the economic content of LA21? The point here is that actions within a LA21 focusing on shopkeepers for example would not easily be implemented if the Department for Trade/Economic affairs does not agree on it. A very symptomatic case can be found in Toulouse: the city of Toulouse has issued, in partnership with the Chamber of Commerce and Industry (CCI) of Toulouse and of the *département* of Essonne, a “guide for eco-shops” providing shopkeepers with very useful and clear information on how to reduce their environmental impacts. This is a very good example of what can be done to try and have locally settled companies change their practises. Yet the LA21 officer and even the environmental officers have not been involved in the project that has been lead by the Commerce department only.

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<sup>15</sup> The General Direction of Services is responsible for the coordination of the various departments and is the link between politicians and civil officers.

<sup>16</sup> Jean-Marc Lorach et Etienne de Quatrebarbes, *Guide du territoire durable, l’agenda 21 territorial pour les collectivités locales et leurs partenaires*, Village Mondial, Pearson Education France, Paris, 2002, p.77

<sup>17</sup> The term has been developed by John K. Galbraith in his book *The new industrial state*, Houghton Mifflin Company Boston, 1967, 438 p.

(iii) A well-considered decision?

The very question could eventually not really be “why aren’t local authorities taking economic issues more into account?” but “why do they decide not to focus more on those issues?”. When designing a LA21, a local authority has to think about the relevance of the approach on its territory and on the horizon line it chooses. It might also be a decision to be made to say a local authority shall not focus much on economic aspects. In order not to make a LA21 a bunch of clever but not related propositions, a local authority might as well decide to voluntarily restraint the scope of study. This can also be done because of financial, time or human resources constraints: the total budget for the duration of the process (two to three years) amounts to 76,000 to 200,000 €<sup>18</sup> (600,000 to 1,600,000 NOK), excluding the projects themselves. Smaller cities or *départements* with no huge financial resources might be willing to limit the financial burden or don’t have personnel enough to devote full-time to the project. Also, in relation with the question of the LA21 officers, the economic aspects may be treated in a better way by other departments in the local authorities.

## 2. *Do local authorities perform better outside the LA21 framework?*

If local authorities don’t really manage to get in touch with companies within the framework of LA21, do they at least manage to do it in other contexts? The focus here is not to be put on taxation, even though there are some interesting propositions to be made on that topic, but more on dialogue, common projects, and original form of supports. If we consider local authorities who did not focus much on the involvement of companies in their LA21, do they have other fields where cooperation is successful?

To begin with, we should keep in mind that French local authorities are not that used to having contacts with locally-settled companies. Otherwise these would remain very formal (greeting for instance). This has to do with reciprocal mistrust or misunderstandings: local authorities tend to believe that companies are not interested in something else than making profit, do not care about local employment, environmental or societal matters whereas companies would tend to believe that local authorities have to cope with their own

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<sup>18</sup> Estimated in Antoine Charlot, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, Comité 21, Paris, 2008, p. 45.

problems and basically have no clue of what it means to run a business. This is of course very caricatured, yet this would not reflect that bad the reality on the field<sup>19</sup>. This being said, could we find examples to try to prove the clichés wrong?

(i) Privileged relations for privileged companies

Some companies are to a certain extent “privileged partners” for local authorities, as they provide them with water, trash and sometimes transportation management. Those very few actors in France (Veolia and Suez being the most important) have a public service delegation to provide water for example in the name of the local authorities. This kind of contract is very common and quite old in France<sup>20</sup>, compared to other developed countries. This would be described as a public-private partnership (PPP) in the modern international wording. Those relationships nevertheless remain contractual; it is no different from a basic commercial contract for public procurement. Moreover, this long-term relationship between municipalities (mainly) and operators has not managed to create a good opinion in the general public mind and indirectly in the politicians’ minds: the city of Paris decided for example to manage the whole water supply chain itself from this year<sup>21</sup>, even though this had first been made by a private company in 1923. One of the arguments is that private companies are making money out of a public service.

Such companies as Veolia and Suez have sometimes been involved in the LA21 process, usually for the diagnosis of the actual situation. Local authorities are indeed reluctant to give them more power than they already have. Yet they try to benefit from the technical knowledge for their territories: Veolia has a partnership with the French national association of elective representatives for coastal territories to check the quality of bathing waters and inform the public. The same kind of agreement exists with the mountain representatives

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<sup>19</sup> The description made by Jean-Marc Lorach et Etienne de Quatrebarbes, though more politically correct, is not far from the one above. See Jean-Marc Lorach et Etienne de Quatrebarbes, *Guide du territoire durable, l’agenda 21 territorial pour les collectivités locales et leurs partenaires*, Village Mondial, Pearson Education France, Paris, 2002, p.170 and next.

<sup>20</sup> Jean-Marc Lorach et Etienne de Quatrebarbes, *Guide du territoire durable, l’agenda 21 territorial pour les collectivités locales et leurs partenaires*, Village Mondial, Pearson Education France, Paris, 2002, p. 193

<sup>21</sup> [http://www.eaudeparis.fr/jsp/site/Portal.jsp?page\\_id=259](http://www.eaudeparis.fr/jsp/site/Portal.jsp?page_id=259) for the official website of the Paris city-operated system.

association<sup>22</sup>. Veolia also offers to make awareness campaigns in schools or among civil officers.

Together with companies in water or waste management, we can add the French electricity company EDF. EDF has indeed been involved with several LA21, being a member of the monitoring group in the Guadeloupe and Annemasse. It is also a “traditional” stakeholder for French local authorities: it is for example a member of the platform “City centres in movement”<sup>23</sup> and from the association of local authorities with children or young people councils (visit of sites, awareness campaigns with children’s councils); EDF has 500 employees dedicated to the relationship to local authorities<sup>24</sup>. The fact that its mission is perceived as a public service and that it still is a public company makes EDF a very special company whose case is not really replicable to usual private companies.

(ii) A lack of practise? Examples from Orléans and Toulouse

If we decide not to take into account those companies involved in public-private commercial contracts, we have to come to the question of “unusual” projects to see how companies and local authorities can cooperate. The cooperation on specific projects stresses one of the main differences between the way companies and local authorities are managed. Companies are used to working on a project basis, passing from one to the other whereas this kind of management is not familiar to civil officers<sup>25</sup>. A LA21 can be an opportunity for local authorities to become familiar with this project management, but this is not the only (and by the way not the first) one. Such partnerships around a project have been set up for cultural or sport events, usually on a selection process for being a host city.

In Toulouse, a club of companies (*Le Club des Entreprises partenaires*) has been created in 2008 for companies who wanted to support the city when it applied for being European Capital of Culture in 2013. Toulouse eventually lost, but the club was then turned to *Club*

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<sup>22</sup> See Veolia webpage, <http://www.veolia.com/fr/solutions/collectivites/#c2d199YpM1> and those from the organisations: Association Nationale des Elus du Littoral ([www.anel.asso.fr](http://www.anel.asso.fr)) and Association Nationale des Elus de Montagne ([www.anem.org](http://www.anem.org)).

<sup>23</sup> *Centre-ville en mouvement*, see <http://www.centre-ville.org> and Association Nationale des Conseils d’Enfants et de Jeunes, see <http://anacej.asso.fr/>.

<sup>24</sup> See <http://www.centre-ville.org/la-vie-de-cvm/comment-devenir-partenaire/liste-partenaires>

<sup>25</sup> Jean-Marc Lorach et Etienne de Quatrebarbes, *Guide du territoire durable, l’agenda 21 territorial pour les collectivités locales et leurs partenaires*, Village Mondial, Pearson Education France, Paris, 2002, p.70-71

*Ambition Toulouse 21* to support the sustainable actions of the city. This example emphasizes the importance of existing (and good) relationships between companies and local authorities to make sure cooperation will appear on a LA21 project: it is nothing but certain that a club involving companies on the topic on local sustainable development could have been created, had there been no pre-existing structure. Toulouse also develops in a participative way to think about the future of the metropolis, defining with inhabitants an urban project<sup>26</sup>. Companies are invited to take part in the debates according to their vision (like any other actor) but also according to their competencies.

Toulouse could be a symbol for a lot of local authorities which have only recently set up common projects with companies, and did it on a project basis to really assemble companies. On the other hand, Orléans focuses its action on its local companies' core competencies. The region around Orléans and Chartres is indeed known as the "Cosmetic valley"<sup>27</sup> and the municipality took part in the creation and still subsidises the world cluster on cosmetics; it is also a member of the steering committee. The city also took part in the creation of two more clusters. Otherwise, the actions with/to companies are not that common: there is some corporate sponsorship for culture, an official relationship to the local union of enterprises. Interestingly, those formal meetings gave birth to some common actions: in cooperation with the French Junior Chamber, the city financed an air thermography of all the buildings in the agglomeration<sup>28</sup>.

This is a good example of what could be achieved at a larger scale. There has been some interesting initiatives, but only since the last few years, and they remain rare.

(iii) Waiting for legitimacy or for hindsight?

So the conclusion we can have is that even outside the LA21 framework, there is not much existing cooperation between local authorities and local companies; and if there are, the partnerships are quite recent and are often made on a project basis, where companies only get involved for a specific topic. This can be an interesting approach, in that companies are

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<sup>26</sup> The project is called La Fabrique Toulousaine, <http://fabriqueurbaine.toulouse.fr/index.php>.

<sup>27</sup> See the official website <http://www.cosmetic-valley.com/en/main.php>

<sup>28</sup> See <http://www.jce-orleans.fr/site/tag/carte-thermique-orleans/> for more information.

more used to working on a project basis. Yet the problem is that local authorities cannot make sure that they will be able to set up a long-lasting cooperation; and in the existing patterns for cooperation, there is no way local authorities could have an influence on companies so that they should change their practises for the better. Local authorities act as if they were afraid to give lessons to companies, and even doubted they have the legitimacy to do so.

We could interpret this reluctance as evidence that local authorities are not yet confident about the power they actually have been provided with according to decentralisation reforms<sup>29</sup>. Of course local authorities don't have the same profiles as companies, nor do they have the same constraints. They nevertheless remain an official regulator for some important matters such as local taxes, vocational training, social expenditures, or land-use planning. Yet they have a double-edged relationship to companies: they would like to influence them on their decisions and practises, but at the same time they depend on them for jobs and fiscal revenues, especially when there is one big company in a conversion area. Local authorities may be thinking in terms of force ratio, whereas they probably have more assets than they think.

Another explanation is the question of hindsight. We made it clear that neither for LA21 processes nor for other projects or topics the cooperation between companies and local authorities has been a tradition. That means there is not much feedback on the advantages and disadvantages, and local authorities trying to launch a new cooperation might not really have some idea of how this is going to happen and what would be the best practises to adopt to achieve a smooth cooperation. Existing networks of local authorities should therefore be reinforced to ensure they are useful to their members. We can think of the Aalborg Charter<sup>30</sup>, which gathers sustainable cities in Europe. General meetings could be an opportunity, on top of going to more sustainability, to exchange on practises with stakeholders.

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<sup>29</sup> See Annex 2 on the description of local authorities and their attributions.

<sup>30</sup> The Aalborg charter has been signed by 2,400 local authorities from 42 European countries, including 38 French local authorities. A new version has been agreed upon in 2004, see their website <http://www.aalborgplus10.dk/>.

Considering this, we will try to make a first step towards more peers reviewing by giving some elements on the Norwegian case, whose characteristics are not that far from the French one.

### C/ Some hindsight from Norway

As we noticed earlier, the process of implementing LA21 in French local authorities is quite recent and not that common so far. This being said, it seemed interesting to go to a country where the very process had been lead not to an end, but at least with a longer perspective and by a higher proportion of local authorities. Norway was definitely a relevant country to compare to France, as there are some interesting similarities

#### 1. *Rapid history of LA21 in Norway*<sup>31</sup>

The history of LA21 implementation in Norway quite often compares to the French case. Both countries are indeed not real early starters, and at least to a certain extent for the same reasons.

In 1993, as a final point to the trend from the 1980s to decentralise administrative power in Norway, the Local government act has been voted, offering local authorities more freedom to decide their organisations and explicitly putting sustainable development in their objects. On top of that, municipalities got the opportunity to hire environment officers whose salaries were compensated by the national state. This could have lead to a very early takeoff of the LA21 in Norway, had there been a political willingness to promote this tool. Yet this has not really been the case. The Norwegian Ministry for Environment (*Miljøverndepartementet*) had decided in 1992 a programme called 'Environmental policy in municipality'. As in the French case, the ministry proved very reluctant to abandon its own project and to support an internationally decided one where Norway would not have been a frontrunner. Ministry would say: "LA21 is what we already do", and was convinced the "Environmental policy in municipality" programme was more ambitious than a LA21.

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<sup>31</sup> The overview of the Norwegian LA21 process comes from a study by Ingrid T. Norland, Trygve Bjørnæs and Frans Coenen, *Local agenda 21 in the Nordic countries – National strategies and local status*, University of Oslo, Program for Research and Documentation for a Sustainable Society, Centre for Development and the Environment, report n°1, 2003, especially p. 26-31



Actually, they lacked a global perspective, as being essentially designed from an environmental point of view.

It was not before June 1997 that the concept of LA21 was introduced to the municipal environmental administration. By saying this, we should nevertheless be careful: it does not mean Norwegian municipalities were not doing anything prior to this date; but it does mean that the actions being taken were not included in this global framework. In 2000, only 5% of Norwegian local authorities had established a LA21, but 70% had launched a roughly similar process.

The real starting point in the Norwegian LA21 process took place in 1998, when most local authorities met in Fredrikstad in February for a national LA21 conference. At the end of it, a declaration was agreed upon, today known as the Fredrikstad declaration, where signatory local authorities did commit themselves to adopt a LA21. In 2003, about 60% of local authorities had signed the Fredrikstad declaration. Even though it does not mean they all implemented it rapidly and cleverly, it at least shows there has been a quite early and somewhat massive trend towards this UN LA21 framework. These commitments had been anticipated from the Ministry of Environment which created in 1997 a LA21 secretariat. The ministry also financed the creation of regional (i.e. at the county level) nodes in association with the Norwegian Association of Local and Regional Authorities; these nodes were supposed to be supporting ongoing processes, stimulating cooperation and exchange of best practises among municipalities. Yet the ministry did not provide local authorities with direct financing of projects (only 1 to 2 M NOK per year)<sup>32</sup>. And the secretariat disappeared in 2002, at the same time when the national level stopped financing environment civil servants.

## *2. Comparison of situations at the same stage*

A survey had been conducted in 2001-2002 by the Program for Research and Documentation for a Sustainable Society of the University of Oslo in Nordic countries (Norway, Sweden, Finland, Denmark and Iceland) to get information of the LA21 process in those countries. The results are of course quite old and are no more relevant for the actual assessment of the

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<sup>32</sup> Between 125,000 and 250,000 € annually.

Norwegian situation, but they are quite interesting when comparing to the French situation. We can indeed consider that the situation of Norway in 2001-2002 is quite similar to the French situation nowadays. In both cases, there is about 5 to 10 years hindsight when considering the first LA21 experiences in the country, the concept is becoming more and less familiar to most local authorities, even though there is still much to be done in this field.

(i) Involvement of local authorities

The very first question is very simple: how many municipalities are involved in a LA21? The figure for Norway was 54%, representing 73% of the population. This shows quite a high level of commitment, even though in most cases this involvement would not mean yet that a full plan had been voted<sup>33</sup>. In France, as of June 2010, there are 680 approved LA21<sup>34</sup>; 72% of *régions* (18 out of 25), 41% of *départements* (40 out of 97), 107 intercommunalities and 266 municipalities (i.e. less than 1%)<sup>35</sup> had voted a LA21. We can thus consider French local authorities are not that late as far as the implementation of LA21 is concerned, given the late start. Yet the different levels of government did not turn to sustainability with the same pace.

(ii) Involvement of companies

An interesting question for us is the involvement of companies. The given figures for Norway are again to be taken with caution because the question in the survey was asking about cooperation with “businesses and NGOs”, which obviously gives much higher figures, some NGOs being particularly active towards local authorities. This being said, we notice that 47% of local authorities reported involving businesses or NGOs. Again the figure looks pretty high. Fortunately enough, the survey provides some description of the kind of projects concerned. Results are presented in Table 2<sup>36</sup>.

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<sup>33</sup> In the article *Local agenda 21 in the Nordic countries*, p.45, see the comment by T. Bjørnæs and W. M. Lafferty, *Miljøvernstillinger og lokal Agenda 21, hva er status?*, Report n°1/00, ProSus, University of Oslo, 2000.

<sup>34</sup> According to the website lead by the Comité 21 and the French ministry of Environment. See <http://www.agenda21france.org/>

<sup>35</sup> This figure has to be considered with caution as there are more than 36,000 municipalities in France (half of the total European amount), almost 90% of which having less than 2,000 inhabitants.

<sup>36</sup> See Ingrid T. Norland, Trygve Bjørnæs and Frans Coenen, *Local agenda 21 in the Nordic countries – National strategies and local status*, University of Oslo, Program for Research and Documentation for a Sustainable Society, Centre for Development and the Environment, report n°1, 2003, p. 55

Table 2: Type of efforts for involving businesses and NGOs in the LA21 process, % of respondents, multiple answers possible

Type of efforts	%
Forum/Network	15
Joint projects	51
Seminars, workshops, information	21
Initiating/supporting certification	53
Other	18

Two types of actions seem to be emerging: joint projects and initiating or supporting certification. For the first one – joint projects – we can assume that they mostly concerned NGOs, as they are often being requested by local authorities for knowledge on those issues and for education and awareness rising. The study names some of them, like the *Miljøheimevernet* (Environment home guards), the Friends of the Earth and *Frivillighetssentralen* (Central for voluntary initiatives)<sup>37</sup>.

A surprising figure is the one for supporting certification. This requires some further explanations, regarding the Eco-lighthouse programme (*Miljøfyrtårn*)<sup>38</sup>. This programme was launched in 1996 in Fredrikstad and aimed at helping SMEs to meet environmental challenges. They can receive a certification by the Eco-lighthouse programme once they have fulfilled sector-specific requirements. The process, originally only municipal, has been generalised to the whole Norway and financed by the Ministry of the Environment until 2006; voluntary municipalities are in charge of recruiting companies and conducting inspections. They are the ones who award the certification. The municipalities are free to decide how much they are going to subsidise the certification for companies, but this is usually about 50% of the costs. As of July 2007, 146 municipalities had certified 1,120 companies<sup>39</sup>. No such nation-wide programme exists in France, but some very rare local authorities have set up such schemes: the *région* Aquitaine subsidises 50% of the cost (up to

<sup>37</sup> Ingrid T. Norland, Trygve Bjørnæs and Frans Coenen, *Local agenda 21 in the Nordic countries – National strategies and local status*, University of Oslo, Program for Research and Documentation for a Sustainable Society, Centre for Development and the Environment, report n°1, 2003, p. 55-56

<sup>38</sup> For a complete presentation, see the official website: <http://www.eco-lighthouse.com/description.htm>

<sup>39</sup> These are the last available figures, but the programme is still working.

30,000€<sup>40</sup>) of an environmental certification for independent SMEs involved in the storage, packaging or transforming of food products in the *région*<sup>41</sup>.

(iii) Internal organisational issues

Finally, we will focus on the integration of municipal sectors in the LA21 process<sup>42</sup>. The objective is to see if, as in the French case, LA21 tend to be implemented mainly by environmental officers with no real implication from others sectors, including business/commercial one. Results for Norway are shown in Table 3.

Table 3: Integration of LA21 in municipal sectors, % of active municipalities, multiple answers possible

<b>Municipal sectors</b>	<b>%</b>
Education, schools, adolescence	56
Social sector	14
Technical sector	59
Business	24
Agriculture and forestry	46
Culture	34

There are no great surprises – and differences to the French case – when it comes to the highest values: first is the technical sector, which contributes to most energy, waste and transport measures. Education also reaches a very high figure; again awareness campaigns in schools are a common – quite rightly – action that local authorities tend to make. The high figure for agriculture and forestry is expected and surprising at the same time: as in the French case, agriculture, and forests in the case of Norway, definitely should be a pregnant topic in a LA21 and it makes sense that Norwegian LA21 put a focus on it. Yet this issue has not often been properly addressed in France, and even though we don't have comparable data, we can expect a much lower figure for French LA21. This also may be related with the fact that the first municipalities implementing a LA21 are urban rather than rural: they don't

<sup>40</sup> 240,000 NOK

<sup>41</sup> See <http://les-aides.aquitaine.fr/article86.html> for more details.

<sup>42</sup> Ingrid T. Norland, Trygve Bjørnæs and Frans Coenen, *Local agenda 21 in the Nordic countries – National strategies and local status*, University of Oslo, Program for Research and Documentation for a Sustainable Society, Centre for Development and the Environment, report n°1, 2003, p. 57

have forests and farmers on their territories and so only address this question through the question of food supply (required percentage of organic food for example).

As far as low figures are concerned, there is not much surprise either: 24% of municipalities report involving the business sector, which is slightly higher than other Nordic countries (10-15% in average) but most probably due to the Eco-lighthouse programme we were referring to. French local authorities probably do not score above the 10% line. Finally, 14% of municipalities reported to involve the social sector, which must be about the same level as France. Again, the fact that LA21 came into force after environmental plans, and the fact that they are often run by environment officers leads to an overwhelming focus on environmental issues to the detriment of social and societal objectives.

We realised – to our surprise – that the situation in Norway in 2001-2002 was quite similar to what it is in France today. Does it mean that France is 10 years late compared to Norway? Well, the answer depends on the way Norway did since 2002. If Norwegian municipalities did not really made extra efforts in the meantime, France may not be that late. In 2001, 57% of Norwegian municipalities expected that the level of efforts would be unchanged in the next years<sup>43</sup>.

### *3. Actual situation from Bergen*

How did the situation really evolved after 2002? There has been no update of the general study, so we had to focus on a municipality in order to see how things changed over the last ten years. Being in Bergen, the most convenient way was to meet the Bergen municipality, which could also prove interesting as Bergen is the second largest city in Norway with about 250,000 inhabitants.

It has been a surprise to discover than the main tool the municipality of Bergen was using to have an impact on companies was the Eco-lighthouse programme. It indeed started only in 2004 in Bergen; as of 2009 100 companies had been certified and the number of demands is

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<sup>43</sup> Ingrid T. Norland, Trygve Bjørnæs and Frans Coenen, *Local agenda 21 in the Nordic countries – National strategies and local status*, University of Oslo, Program for Research and Documentation for a Sustainable Society, Centre for Development and the Environment, report n°1, 2003, p. 67

increasing sharply: + 300% in the first semester compared to the first six months of 2009. Even though the programme is quite old in Norwegian terms, the implementation in Bergen has been quite recent. Another big surprise is that the municipal administration has dropped the notion of LA21 very soon, in the late 1990s, so that it does not mean much for the municipal environment officers today. LA21 were seen as any other plan promoted by the Ministry of Environment: it was the main issue at some point but no more today, as had been the programme “Environmental policy in municipalities”. They have for long skipped to the next step following the trend set by the national level.

If we look at the actions the municipality is leading in the field of sustainable development, we realise that as in the French case, the Bergen municipality followed two major trends. On the one hand, it focused primarily on environmental issues and education to sustainable development, and not much about economic issues. The main goal of the municipality in those days is to have all buildings, including schools, have an environmental certification. All schools take part in the programme Eco-schools<sup>44</sup>, where on top of trying to reduce their environmental impacts, schools have some concrete actions (like cleaning a river). The latest voted document is named *Klima- og Energihandlingsplan* (Climate and Energy action plan), which shows the new focus compared to a LA21. On the other hand, the action of the municipality has focus on citizens more than on companies. It organised a Climate Week in October with conferences and awareness actions to the large audience.

As far as companies are concerned, the action being taken is more on a project basis. There has been some cooperation with BKK, an important electricity producer: together with the company, the municipality launched a programme to have citizens change their oil boilers to less polluting systems. And BKK is settling some chargers for electric cars on behalf of the municipality<sup>45</sup>. From this year on, the municipality has also supported the Emisoft<sup>46</sup> Sustainability Now Conference.

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<sup>44</sup> See <http://www.eco-schools.org/> for more information.

<sup>45</sup> Nevertheless note that we don't know to what extent those common actions lead to payments.

<sup>46</sup> Emisoft is a provider of consultancy and reporting systems for CSR and environmental performance. It has been organising a conference on sustainability, including an award, for the last four years. See <http://www.emisoft.com/home/> for more information on the company and <http://www.sustainabilitynow.eu> for the conference.

Even though interesting programmes have been launched, we cannot help but think that the very objective of LA21 has failed to be implemented in the Bergen case at least. The idea was to marry a general vision on the territories including economic, social and environmental issues with a focus on the local problems and assets. Here we seem to be going back to a more segmented approach.

## II. The problem of finding companies

There is obviously a question which is very relevant but that we have not addressed yet: the very nature of companies. We could have decided to set some clear definition of what a company really is from the very beginning and that would have made sense. Yet we believe the order we choose does make sense too. The fact is local authorities might have difficulties defining not what a company is, but which kind of companies they are interested in meeting, in having closer relationships with and deeper impact on. The economic dimension in LA21 only refers to “private companies” and “business and industrial organisations”<sup>47</sup> which gives quite a wide range of choice. So we can assume that the reflexion on which company to address has not really been made, with a result than none of them are being properly targeted.

### A/ What type of companies are local authorities addressing?

Let us first refer to a very basic definition of a company: a company is “a business lead by a natural or legal person in order to produce goods or services for a market”<sup>48</sup>. This being said, we realise that asking for more cooperation between local authorities and companies, without any more precise definition, does not make much sense, or to be more precise, that companies are very equivocal and can have many different meanings.

#### 1. *First and foremost big companies*

The first idea coming to people’s mind when talking about companies is certainly big companies, mainly in the form of multinationals having a factory or an office in the territory. Luckily enough, this is also the first idea coming in a politician’s, an officer’s or an economist’s mind.

As far as local authorities are concerned, big companies are a somewhat rare but precious asset. They can indeed provide them two things they are interested in: lots of jobs at the same time and subsequent fiscal revenues. When economists address the issue of

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<sup>47</sup> [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_28.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_28.shtml)

<sup>48</sup> From Larousse online dictionary.



relationships between local authorities and companies, it is often done from the point of view of competition between them to welcome companies<sup>49</sup>. This supposes the possibility for companies to move with no cost from a place to the other, and the ability to run a business anywhere. This assumption of no cost cannot of course match the reality, but we can still assume that it will be easier for a big company to set up competition between local authorities to get a lower tax rate, some subsidies or what so ever, given the consequences if the company would leave, than for the local bakery... So the model developed by most economists would tend to have local authorities put their focus on big companies, which they actually do.

Even if local authorities should not overestimate the interest of big companies over the other actors, this decision to focus on them definitely makes sense, for there are some services local authorities are looking for in LA21 that only big companies can provide. This can be for example to ask for help to put a diagnosis on the water situation of a metropolis. This cannot easily be done by one, or even several small companies, but a big company such as Veolia can. In Narbonne, the city and agglomeration did a partnership with Veolia stating the company would make an environmental diagnosis of the territory.

If the goal of a local authority is to have companies reduce their CO<sub>2</sub> emissions, this would of course make sense to try first to have a big industry change its behaviour. Big companies can thus be regarded as an easy target to begin with: they are easy to identify, so are their impacts. The LA21 officer will only have a few people to meet if he targets 3 to 4 big companies, instead of hundreds of directors from smaller companies. By the way, big companies are a clever choice for at least two more reasons:

- They usually have higher means (in terms of financing or human resources) to devote to sustainability and extra-economic expenses. Local authorities would then maximise the probability to get a positive answer.
- Big companies can have a snowball effect on smaller ones: if they show an interest in sustainability issues and the LA21 being developed, smaller companies will be more

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<sup>49</sup> See the comments from Pierre Salmon in *Horizontal competition among governments*, Laboratoire d'Economie et de Gestion, Université de Bourgogne, working paper, February 2005. We are using the critics of the classical analysis he is formulating.

likely to consider it too, than if the big company obviously doesn't care. This effect will be reinforced if the smaller companies are subcontractors from the big one: it might change the scope statement or conditions of contracts to match the local authority's requirements.

Addressing big companies first can be thus an interesting strategy. Yet there are plenty of other types of companies that local authorities consider, even sometimes without really realising it.

## 2. *The importance of SMEs*

Public opinion and local authorities usually do not catch the importance of small and medium enterprises in terms of economic relevance and job creation: they amount for two thirds of the jobs and more than 93% of companies in France have less than 10 salaried workers<sup>50</sup>. A lively network of SMEs is furthermore often a prerequisite for bigger companies to settle: they have to make sure they will be able to find contractors, suppliers, and competitors in their market.

Also from an efficiency point of view, every little helps, and given their number, SMEs definitely have an impact of environmental and societal issues. Yet they are more difficult to reach given their number, and it might not be very convenient for a small municipality to make sure to meet and make SMEs leaders aware of sustainability challenges. Hence the need for some "snowball effect", as discussed above, to show the right direction.

## 3. *Back to basics: shopkeepers and farmers*

On top of bigger or smaller companies, local authorities should not forget about the non-obvious companies, namely shops and farms.

Shopkeepers are, especially in a rural area, a very important asset for a local authority in order to make sure some kind of economic life still takes place there and the municipality is not only becoming a dormitory suburb or one threatened with desertification. Shopkeepers are in these conditions a precious partner that has to be taken of when considering a LA21:

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<sup>50</sup> French Ministry for Trade, data available at <http://www.pme.gouv.fr/essentiel/emploi/emploi.htm>.

sustainability should also include, even though this has not been really stressed so far, the economic sustainability of a territory.

Shopkeepers are an interesting partner for local authorities in the spreading of LA21 actions in that they have contacts not only with their own employees, as any other company would have, but also with the very population the local authority aims at communicating to. They thus can become a way to have information pass better, given the local authority has made sure to raise awareness among shopkeepers.

Finally, in the case of France and of Norway too, the relations to farmers are very relevant. Even though 75.5% of the population is considered urban<sup>51</sup>, rural municipalities represent more than 80% of the total land. Furthermore, more than half of agglomerations are composed of cities between 2,000 and 5,000 inhabitants; in many cases, the inhabitants from those agglomerations will not think themselves as urban people, even though they are no more rural<sup>52</sup>. Farms can take the form of self-employed people with no employees, SMEs and cooperatives.

#### B/ The problem of representativeness and relevance of existing structures

Now that we know more precisely about companies, we should take a step further and see how local authorities can try to address these different actors. As we already noticed, the next question for a local authority is how it can make sure that it will really have an impact on each and every company and how it can have as many companies as possible take part in the thought, discussion and decision making on actions to implement within a LA21, and still be able to manage it properly. If all shopkeepers from the city decide to join the meeting, it might be difficult to listen to every one's point of view, even though this could be relevant. Hence there is a need for some representatives, to be middle-people between local authorities and companies.

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<sup>51</sup> In 1999, according to the French institute for statistics, see [http://www.insee.fr/fr/ffc/docs\\_ffc/ip707.pdf](http://www.insee.fr/fr/ffc/docs_ffc/ip707.pdf).

<sup>52</sup> This being for example acknowledged by the EU programme LEADER for the development of rural areas, see for example <http://ec.europa.eu/agriculture/rur/leader2/rural-fr/biblio/culture/art05.htm>.

### 1. Existing instances for commercial and industrial companies

The most general representation instance for companies as a whole is a chamber of commerce and industry (CCI), which can be defined as follows: “a form of business network, e.g., a local organization of businesses whose goal is to further the interests of businesses. Business owners in towns and cities form these local societies to advocate on behalf of the business community”<sup>53</sup>. CCIs have been existing for years, the first French ones having been founded in Marseille, Rouen and Paris in the early seventeenth century. What is interesting for a local authority is that CCIs represent at the same time the interest of commercial, industrial and services companies. They thus can be a clever partner to start with.

In addition to CCI, representatives include Chamber of Trades and Craft industry (CTC)<sup>54</sup>, which works on the same basis but for craftspeople. Chambers of Agriculture (CA)<sup>55</sup> represent the interest of all the people involved in agriculture: farmers, landowners, employees, farm organisations such as cooperatives. If we include the unions of employers (for France, MEDEF and CGPMPE mainly<sup>56</sup>), local authorities now have a wide range of organisations which are supposed to give a voice to the different type of companies we listed above. We could nevertheless add one more: in most cities, you will find an organisation bringing together the city centre’s shopkeepers: *Marseille Centre* for instance gathers shopkeepers, independent workers, banks, transportation and parking companies, places of interest and local authorities. Even in a small city like Saint-Affrique (8,000 inhabitants), such an organisation exists (*Saint-Affrique Dynamique*).

### 2. The special case of lobbies

Compared to the organisations we have just named, lobbies have some specificities. If we follow the presentation made by Mancur Olson<sup>57</sup>, an effective lobby happens when:

- The individuals that benefit from it are easy to identify and relatively few
- Their individuals gain are important and easy to identify;

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<sup>53</sup> Definition from Wikipedia (English version), article Chamber of Commerce, see original article: [http://en.wikipedia.org/wiki/Chamber\\_of\\_commerce](http://en.wikipedia.org/wiki/Chamber_of_commerce)

<sup>54</sup> From the French, Chambre de Métiers et d’Artisanat. See the official website <http://www.artisanat.fr/>.

<sup>55</sup> From the French Chambre d’Agriculture, see the official website, <http://paris.apca.chambagri.fr/apca/>.

<sup>56</sup> MEDEF: *Mouvement des entreprises de France*, Movement of French enterprises. CGPME: *Confédération générale des petites et moyennes entreprises*, General confederation of small and medium enterprises.

<sup>57</sup> From *The Logic of collective Action* by Mancur Olson, Harvard University press, 1971, 186 p. The book was first published in 1965.

and when:

- Individuals that will lose are not easily identifiable and are many
- Their losses are unclear and not really important<sup>58</sup>.

With this definition, the organisations we described above cannot be really listed as lobbies in that they include quite a large number of different groups who don't necessarily have the same interest: if you consider a CCI, an industrial and a service company will not have the same opinion about equipment taxation for example.

Some groups of companies thus decided, though still being members of bigger organisations, to create smaller groups in order to make their voice heard. The first coming to people minds are farmers, who have different trade unions who advocate either for higher prices or for more protection from outside competition. The *Confédération paysanne* (Farmers' confederation), with former leader José Bové, is one of them, advocating for the end of the productivist system, especially against the European Common Agricultural Policy, and for an agriculture where farmers would be the centre<sup>59</sup>. Being the second largest farming union, they are in some regions an inescapable party.

But farmers are not the only one who managed to create an effective lobby. Innovative SMEs gathered to the *Comité Richelieu* (Richelieu committee), a group of 280 members SMEs and more than 3,000 associated SMEs. As the city of Paris was thinking about its LA21, the Richelieu committee came to see the monitoring group to ask for allotments more favourable to SMEs in public procurement.

Yet lobbies are double-edged and should be considered with caution by local authorities. Indeed they will often be the only companies voluntarily coming and taking part in the consultation process. Their point of view is worth hearing and reflects the problems and/or objectives of local actors. A LA21 must nevertheless remain a document promoting a harmonious development of all present actors. It should try and take into account all actors'

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<sup>58</sup> The presentation of Olson's theory is taken from Prof. Brunstad, Norwegian School of Economics and Business Administration, from a presentation for the course 'Economics and Politics of Global Agriculture and Trade'.

<sup>59</sup> According to the official website of the *Confédération Paysanne*, [http://www.confederationpaysanne.fr/presentation\\_de\\_la\\_confederation\\_paysanne\\_2.php](http://www.confederationpaysanne.fr/presentation_de_la_confederation_paysanne_2.php)

interests, even though – and this is the difficult point – those interests have not been expressed. A wine region will of course pay special attention to the opinions of winegrowers, but a LA21 should not forget to address the issues raised by winegrowing: pesticides, seasonal workers...

### 3. *Lack of relevance of existing organisations in the LA21 framework*

When looking at this picture, we could think that the economic world is well organised and it would be easy for local authorities to find partners for discussion and action. Yet as has been noticed above, common actions remain quite rare and the involvement of the companies in the LA21 process quite superficial.

When the city of Orléans decided to launch consultation for its LA21, it sent emails to companies in its database and had the relevant information conveyed through the CCI and the CTC. This probably was very basic, but the answer from the companies was not very proactive either: very few companies attended the thematic workshops (6% of all participants vs. 14% of associations and 25% of local authorities)<sup>60</sup>, most of them real estate companies focusing on housing discussions.

The problem of employers' unions or chambers is that they make no sense in terms of economic decision and relevance. They do not really have the authority that a local authority can be given thanks to an election, and their role remains quite formal. They are very useful for companies looking for advice or cooperation from another company, but are not really turned towards the outside. Another hindrance is that CCI or unions have no legal authority on their members, so they cannot impose a decision to their members. It means that even if a local authority would sign an agreement with a chamber to promote eco-conception in products for local companies, the companies represented in the chamber would not have to implement this decision.

As far as LA21 are concerned, the existing structures do not prove very effective in bringing companies and local authorities together. We can regret it, but this also means there is some room for new proposals and new ways to promote cooperation.

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<sup>60</sup> Figures come from the report by the municipality of Orléans to have its LA21 recognised by the French state.

## C/ Some clues to achieve better results

To analyse the low number of common actions, we can consider the existing organisations are not a useful tool, or advocate that local authorities did not use them to their profit. We will focus on some good practises from some local authorities that could be implemented more often.

And even before we get to some of the good practises, a prerequisite for local authorities appears to be exemplarity. It would not make sense for a local authority to ask local companies to commit to sustainable purchasing, if it is doing nothing itself. The local authority has to be able to show the decisions towards more sustainability can be taken and implemented in real life. Fortunately enough, local authorities have in most cases decided not to put the cart before the horse. In the *région* Basse-Normandie LA21, for instance, 21 out of the 100 measures decided in the LA21 concern the internal policy of the *région*, on various fields such as procurement (fair trade products), energy efficiency of building, education to sustainable development but also more unusual things like human-resources management.

### 1. *Show the interest for companies*

The first idea is very basic – even though not very satisfactory from a ‘moral’ point of view: to make sure companies will want to take part in a LA21 process, local authorities have to show that they have an interest to do so, and ideally, a financial one. We have seen the usual relationship between a company and a local authority from the side of public procurement or from the side of subsidies.

#### (i) Have higher requirements for public procurement

Considering public procurement, the reform of Public procurement code in 2006<sup>61</sup> gives local authorities new possibilities to implement social and environmental clauses, which had long been impossible. In particular, it gives the possibility to introduce in the scope statement

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<sup>61</sup> The official text is available on the official website for French laws, <http://www.legifrance.gouv.fr/affichCode.do?cidTexte=LEGITEXT000005627819&dateTexte=20101003>

some specifications concerning the use of eco-labels (Art. 6) for wood for example, the biodegradability of products, energy savings, integration of disabled or socially-excluded people (Art. 14 and 53), article 15 even foreseeing the possibility to keep lots for social companies/organisations<sup>62</sup>. If local authorities really implement those possibilities and purchase sustainable products and services, companies will have a strong incentive to be able to answer those bids. Local authorities' expenses indeed amounted for a total of 220.6 billion €, i.e. 11.3%<sup>63</sup> of GDP in 2008<sup>64</sup>. Companies cannot really decide to exclude themselves from this market. If local authorities were really adding some environmental and societal constraints in all of their bids, the transformation of companies' offers would accelerate. In Dunkerque, the city did a common purchasing group with the *département* to implement sustainability criteria. As a consequence, the CCI set up a formation for SMEs about sustainable procurement<sup>65</sup>.

(ii) Be more demanding when distributing subsidies

With subsidies, local authorities have a possibility to “reward” companies according to their efforts. So far not much flexibility on this has been implemented, yet some local authorities try to start the process. The *département* of Isère has all subsidies will be eco-conditional for projects in building construction and renovation which have an investment higher than 100,000€<sup>66</sup>. The *région* Auvergne has eco-conditions for subsidies to the renovation of buildings since 2008; it requires a decrease in energetic consumption of the building of at least 20%<sup>67</sup>. Yet, as we can see, the fields where such conditionality is used are often limited to some “façade” sectors like construction or agriculture, with environmental objectives, whereas we could imagine, for any subsidy, to set a condition to respect the law on employing disabled people<sup>68</sup>.

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<sup>62</sup> See Antoine Charlot, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, Comité 21, Paris, 2008, p.55-56 for a clear analysis of the new Public procurement code.

<sup>63</sup> For Norway, the percentage is similar: 11.2% in 2008. See [http://www.ssb.no/kommregno\\_en/](http://www.ssb.no/kommregno_en/)

<sup>64</sup> According to the *EU sub-national key figures 2009*, Council of European Municipalities and Regions and Dexia, Bruxelles, 2009. Available online on the CEMR website, [http://www.ccre.org/publications\\_en.htm?page=1](http://www.ccre.org/publications_en.htm?page=1).

<sup>65</sup> See Antoine Charlot, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, Comité 21, Paris, 2008, p.140.

<sup>66</sup> About 800,000 NOK, i.e. 20% of the project for the *département* but 80% of the distributed funds. See [http://www.ageden.org/Collectivite/Temoignages-et-actualites/Les-nouvelles-de-l-energie?&w\[widgetitem\\_102\\_nouvelles\]\[method\]=display&w\[widgetitem\\_102\\_nouvelles\]\[itemid\]=130](http://www.ageden.org/Collectivite/Temoignages-et-actualites/Les-nouvelles-de-l-energie?&w[widgetitem_102_nouvelles][method]=display&w[widgetitem_102_nouvelles][itemid]=130).

<sup>67</sup> See the website of the *région*: <http://www.auvergne.org/fiche-aide.html?id=283>

<sup>68</sup> In France, since 1987, public and private organisations employing more than 20 people have to hire at least 6% of disabled people. Yet most companies are still below this figure and prefer to pay fines instead (as few as



The *région* Rhône-Alpes develop a complete offer of subsidies for SMEs who want to go greener: subsidy for consultancy or hiring an environment employee (up to 30,000 €<sup>69</sup>), for green investments (up to 40% of the additional cost) and for R&D<sup>70</sup>.

(iii) Stress the role of local authorities in CSR

As the case for handicap shows, big listed companies are more and more observed by external stakeholders like NGOs or extra-financial rating companies. Environmental and societal compliance and actions raise a growing interest in public opinion and media, putting some pressure on companies for them to respect some societal and environmental values. Moreover, listed companies in France have an obligation to write and publish a Sustainable Development report every year<sup>71</sup>. We could imagine that local authorities could use this opportunity in their negotiations with companies: a local authority could thus advocate that cooperation on the territory is included in the extra-financial reporting and might enable listed companies to get higher grades and join socially responsible indexes<sup>72</sup>, therefore extracting new investors. So far local authorities have not really played on this field, surely because of lack of knowledge about socially responsible investment (SRI) and reporting obligations for companies. On the other hand, some companies like Michelin made, as part of their sustainable development strategy, a real commitment to partner with local authorities<sup>73</sup>.

(iv) Bring new competencies

Also, local authorities can prove companies they can be useful to them. Companies might indeed be tempted to think that local authorities have nothing they can really provide them

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6 of the 40 biggest French listed companies respected the quota in 2005). See [http://www.agefiph.fr/upload/files/1130489866\\_Novethic\\_deux\\_mille\\_quatre.pdf](http://www.agefiph.fr/upload/files/1130489866_Novethic_deux_mille_quatre.pdf)

<sup>69</sup> 240,000 NOK

<sup>70</sup> See the official leaflet of the *région*: <http://www.rhonealpes.fr/154-environnement-et-eco-entreprises.htm>

<sup>71</sup> Listed companies have to write a social and environmental report since 2001 and the law on new economic regulations. This obligation could be extended to companies over 500 employees in the next few months. See <http://blog.meta4.fr/2010/07/grenelle-2-du-flou-et-du-lobbying-autour-du-reporting-social-et-environnemental/>

<sup>72</sup> There are actually quite a few, the most important ones being the Dow Jones Sustainability Index in New York and FTSE4Good in London.

<sup>73</sup> Through the Mobility Performance and Responsibility charter, see p.23: “We cooperate with governments in order to contribute to the development of regulations pertaining to our field of activity, for the common and legitimate good of all concerned”.

with: the latter don't have a corporate culture, do not live under the same constraints, and don't necessarily know much about the field of the company. Fortunately enough, local authorities can prove very creative and bring some valuable expertise and contributions to companies, if they happen to cooperate. In Geneva, the canton published a guide for SMEs on how to implement sustainable development<sup>74</sup> (the way the city of Toulouse did too), a guide on sustainable procurement, organised conferences and edited a guide on how industrial ecology could be implemented for the companies of the canton<sup>75</sup>. Industrial ecology could be a very powerful tool for companies to decrease raw materials' purchase and garbage collection cost. It is to be noted that the study has been made by civil officers from industrial, energy, housing and environment departments, with experts from Swiss universities.

## 2. *Stress permeabilities between public and private worlds*

If companies and local authorities go on living in different worlds and still don't have more than formal contacts after an LA21 has been launched, this should be a sign that a crucial part of it has been missed. It is therefore to stress that companies' and politics' worlds are not as separated as they sometimes pretend to be. It would therefore be a right idea to emphasize further those permeabilities.

### (i) Train people for tomorrow's jobs

Local authorities are first decision makers when it comes to education and training. This point is central: it does not make sense to require that all new buildings should be energy-sufficient if there are no qualified workers on the territory to build them. The local authority has to make sure that the know-how exists on the territory and is sufficient. In case it is not and/or many of the actual workers need an upgrade, there should exist training to make sure the competencies will be available. This is particularly relevant in the case of *régions* that are in charge of technical and professional education and vocational training. In Saint-

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<sup>74</sup> Downloadable at this address: [http://ge.ch/dares/SilverpeasWebFileServer/Brochure\\_DEF.pdf?ComponentId=kmelia1118&SourceFile=1266931556758.pdf&MimeType=application/pdf&Directory=Attachment/Images/](http://ge.ch/dares/SilverpeasWebFileServer/Brochure_DEF.pdf?ComponentId=kmelia1118&SourceFile=1266931556758.pdf&MimeType=application/pdf&Directory=Attachment/Images/)

<sup>75</sup> Industrial ecology refers to a system where the garbage from a company can be used by another, creating a loop and in the best cases (well known Kalundborg in Denmark), a self-sufficient territory. See [http://ge.ch/dares/SilverpeasWebFileServer/El\\_Metabolisme\\_GE.pdf?ComponentId=kmelia1118&SourceFile=1266931570893.pdf&MimeType=application/pdf&Directory=Attachment/Images/](http://ge.ch/dares/SilverpeasWebFileServer/El_Metabolisme_GE.pdf?ComponentId=kmelia1118&SourceFile=1266931570893.pdf&MimeType=application/pdf&Directory=Attachment/Images/) and the glossary.

Etienne and in the *département* of Loiret, a training session has been created in 2006 in traditional construction methods (rammed earth and mud brick plaster)<sup>76</sup>. Few other trainings have been set up (including one on eco-conception of products proposed by the city of Les Herbiers), usually in construction or rehabilitation of housing. Vocational training is very important to make sure the existing network of companies will be able to adapt the new requirements (like installing solar panels).

Professional and technical education focuses more on the medium term horizon and can be part of a strategy to develop some clusters (in French, *pôles de compétitivité*) on the territory: the *régions* Alsace and Franche-Comté monitored the creation of a cluster 'the vehicle of the future' including three automobile manufacturers, 58 original equipment manufacturers, seven engineering schools and four universities<sup>77</sup>. 28 projects of research and development have been launched. In the *région* Poitou-Charentes, a cluster has been set up and financed in the form of a network of eco-industries and eco-activities gathering over 150 companies, 20 laboratories and 60 training programmes<sup>78</sup>.

(ii) Purchase together to mutualise costs and requirements

As far as public procurement is concerned, we already noticed that it was a basic place where companies and local authorities could meet. This nevertheless assumed that local authorities were the buyers and companies the suppliers. Yet the French public procurement code allows the creation of groups of buyers where private companies could join public buyers (provided they have a mission of public interest, like construction, mass catering or energy<sup>79</sup>). The group then takes the form of a buying group. Could this kind of cooperation grow further and be extended to all companies, this would be a way to have long-terms relationships between companies and local authorities and to develop the same practises in term of purchasing policy, making similarities between them more obvious.

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<sup>76</sup> See <http://www.bastamag.net/article1091.html> and the site for professional training in France, <http://www.afpa.fr/actualites/coup-de-projecteur/details/article/leco-construction-a-lafpa-de-saint-etienne.html>.

<sup>77</sup> For this example and the next one, see Antoine Charlot, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, Comité 21, Paris, 2008, p.143-144

<sup>78</sup> See the official website for more details, <http://eco-industries.poitou-charentes.fr/>.

<sup>79</sup> According to the Union of Public buyers groups, <http://www.ugap.fr/centrale-d-achat-public/l-ugap-au-service-des-acheteurs.html>

(iii) Remember politicians could be businesspeople

As far as farmers are concerned, there is a largely untapped potential for further cooperation and influences on practises. For a rural municipality, maybe facing depopulation, a LA21 can be a way to support local farmers, to take care of the quality of the land (pollution of soils and of rivers, management of water in summer...) and to ensure at the same time food quality and local provisioning for (most) food products. There is a strong demand in France those days for local products, both because people want to minimise their impacts in terms of CO<sub>2</sub> emissions related to transport, and because people want to be able to trust the food they are eating and to know where it comes from. This can be seen in France through two trends: the *locavores* (or localvores) who would only eat food products coming from a radius of less than 100 to 250 km, and community-supported agriculture, represented in France by the development of AMAPs<sup>80</sup>. By promoting those new behaviours, local authorities can have a positive impact both on the viability of farmers on their territories, and on the practises of those farmers.

The focus on farmers can be all the more relevant that, as mentioned earlier, a lot of French – as well as Norwegian – municipalities are rural. As a matter of fact, farmers amount for about 18% of mayors (40% in 1977), whereas they only represent 1.5% of adult population<sup>81</sup>. Almost 7% of senators are farmers<sup>82</sup>. A mayor of a rural municipality who launch a LA21 and who is himself a farmer will be more legitimate to talk about the changes that should take place in agriculture. Of course, the mayor should in this case not confuse his private interests as a farmer and the common interest of the local authorities as a politician, but in most cases, the double function will enable a better understanding of each others' needs.

Considering companies as a whole, this double function may be a reason why local authorities and companies do not really manage to cooperate: 49% of deputies are state employees<sup>83</sup>, to 18% of the total active population. This means that politicians usually don't

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<sup>80</sup> AMAP stand for *Association pour le maintien d'une agriculture paysanne*, association for the preservation of a farmers' agriculture. See glossary for more details.

<sup>81</sup> Data from the Ministry of the Interior see [http://www.inegalites.fr/spip.php?article561&id\\_mot=92](http://www.inegalites.fr/spip.php?article561&id_mot=92) and <http://www.senat.fr/rap/l01-156/l01-15661.html>. Data for 2001.

<sup>82</sup> <http://www.senat.fr/elus.html>

<sup>83</sup> Calculation by D. Andofatto, *Revue politique et parlementaire*, n°1044, July 2007. Figures for 2007. See [http://www.inegalites.fr/spip.php?article166&id\\_mot=92](http://www.inegalites.fr/spip.php?article166&id_mot=92)

have much previous knowledge of companies, as they would come from the environment. There should therefore be a concern to make it easier for employees, workers and intermediate management of companies, all of them being under-represented, to run for an election and to make sure they will have a job if they lose the next election.

### 3. *Take away curbs on implementation*

Local authorities are the one that are launching the process with their LA21, so they cannot predicate that companies already had the same thoughts and have already started to act. So they are the ones that have to take the lead. Leaders should look forwards because they have a vision, and basically local authorities do have one when they decide to go into a LA21. Yet a leader is also someone who is looking backwards to make sure everybody is following<sup>84</sup>. That is exactly what local authorities should do: making sure they are not leaving companies on the verge of the road (which companies would sometimes not mind). They have different ways to do so.

#### (i) Reassuring talks

A first possibility that some local authorities have implemented quite well is to meet with companies and, as important, to have them meet each other. The idea is to show that others took the plunge and to create a network that will make it easier for companies to take actions: an SME hesitating to invest in solar energy may get feedback from another which already did it. Yet the way this network will be created is important because the local authority has to ensure the network is indeed active. Different strategies have been implemented. In the city of Longjumeau<sup>85</sup>, the municipality organised breakfasts for companies in partnership with a fair-trade retailer. Only five to ten companies were invited each time so as to ensure an in-depth discussion. The municipality would thus be sure the companies got the message, and it was also trying to create some “intimacy” among the companies, so that they may discuss further what they could do afterwards. A problem with the method is that it requires a lot of time if there are a lot of companies, except if the local

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<sup>84</sup> Account from Daniel Hammer, Head of consulting firm Daniel Hammer, during the HEC Sustainable development management course ‘HR management and sustainable development’, Paris, December 2009.

<sup>85</sup> Account from Sandrine Gelot-Rateau, deputy mayor at the conference ‘And if my city was choosing fair trade’, Paris, January 26<sup>th</sup> 2010.

authority is anticipating a snowball effect, the selected companies being invited to spread the word.

As some other local authorities (but not that many), the city of Mérignac created a club of enterprises<sup>86</sup> where companies would be able to discuss their experiences. Furthermore, the club aims at creating synergies for neighbouring companies, it will be considered as a privileged partner when the local authority needs to have the local companies' opinions. The club also provides its member with a network of selected companies they can rely on or have recourse to. This achieves a win-win condition: companies will increase their networks and be able to find sustainable solutions to cut the costs, whereas the municipality ensures that its own commitment is passing to companies, as well as it provides an answer to the question of dialogue partners.

(ii) Rewards and publicity

A curb for companies, paradoxically, may be the fear for uselessness. Companies might consider changing their practises for the better would not have a great impact, will not be noticed by customers, suppliers, other companies, media and even local authorities themselves, and thus would not bring any added value in financial or image terms. Companies like any other agent expect a reward from their good deeds, if only psychological or from a self-esteem point of view. Local authorities should thus make sure companies will get publicity and recognition when they deserve it. The *département* of Gironde gives every year since 2005 Agenda 21 Trophies for companies to support their initiatives<sup>87</sup>. The price in money is often not the most relevant part, except in the case of very small enterprises; but the publicity around the involvement of the company is far more valuable, and can also be a good way to foster creativity.

(iii) Providing general interest legitimacy

Finally, local authorities can provide companies with the legitimacy that lack in some circumstances. Education for sustainable development (ESD) is one of those. Local

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<sup>86</sup> See the official website <http://www.club-entreprises-merignac.com/>

<sup>87</sup> The winners get a financial reward of 1,500€ (12,000 NOK). Projects are challenged on how they match the objectives of the LA21, the level of participation and partnerships, innovation, long-lasting and replicable. See [http://www.gironde.fr/cg33/jcms/c\\_33780/lestropheesagenda21](http://www.gironde.fr/cg33/jcms/c_33780/lestropheesagenda21)

authorities, as part of their LA21, should take actions to explain and promote sustainable development to the local population, and especially children and young people. This is basically a difficult task given the number of people to reach and the complexity of the notion. This being said, companies may be of good help. Yet attempts by companies to talk about sustainability have not always proved much appreciated, especially by NGOs who consider it is not their role. The NGO Friends of the Earth France gives every year a Pinocchio price, to companies who are allegedly talking a lot about sustainability but having only cosmetic changes to hide their real effects and improve their image to consumers and investors.

When it comes to the question of competencies, companies are in a tricky situation: if the theme of their intervention is not their core business, they will have no real legitimacy to talk about this subject. Yet, if it is in their core business, people may argue that the company is just advertising for itself, under the cover of ESD, especially if the awareness campaign takes the form of presentations in classes. In those cases, local authorities can stand as guarantor for companies, provided they agreed on the content of the intervention prior to it. A company like Veolia surely has interesting things to say about water management, and a cooperation with local authorities will probably make it easier for it to go and intervene in schools to make pupils aware of these challenges, and at the same time the approval from the local authorities is a kind of guarantee the intervention will not be misunderstood.

ESD can also take the form of conferences, addressed to a more restricted audience. In Bergen, the company Emisoft had been organising its Sustainability Now Conference, including an award, for three years. Yet they had not so far really managed to make a lot of publicity around it. Partnering with the municipality in Bergen enabled the 2010 edition to benefit from the municipal communication facilities.

### III. To what extent is a LA21 an adapted tool?

So far, we have tried to find reasons why French and to a certain extent Norwegian local authorities had not cared much or managed much to set up cooperation with local companies; this matter of fact could have various explanations, from history of LA21 to organisational issues. We also tried to provide examples or ideas with which local authorities could achieve better results, so as to make sure they can have a LA21 including economic, societal and environmental issues in a somewhat balanced way (at least more than it is today).

Nevertheless we have not yet questioned the very topic of this paper, namely LA21 themselves. As mentioned in the introduction, LA21 were part of the Agenda 21 for the Earth decided at the end of the UN Summit for Earth in Rio, Brazil in 1992. Even though they only account for one chapter (Art. 28) over 40, they have proved to be quite a successful one, considering many others have not really been established<sup>88</sup>. At a European level, more than 6,000 local authorities have set up a LA21<sup>89</sup> as of 2009. We should nevertheless not mistake quantity with quality and in our case, with relevance from an economic point of view.

The questions we will now try to answer are the following: were LA21 designed to be an effective tool to include companies in the framework? And did they really make sense in the French case?

#### A/ A framework designed for citizens?

Let us start by emphasizing one of the objectives expressed in the UN Agenda 21 chapter on LA21: "By 1996, most local authorities in each country should have undertaken a consultative process with their populations and achieved a consensus on "a local Agenda 21"

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<sup>88</sup> Chapter 2 had following objective: "To improve access to markets for exports of developing countries". Given the current situation of the Doha round lead by the World Trade Organisation, we can assume LA21 are already a step forward. See the UN website for Chapter 2 full text, [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_02.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_02.shtml)

<sup>89</sup> According to the International Council for Local Environmental Initiatives. See <http://www.iclei.org/index.php?id=global-themes>



for the community”<sup>90</sup>. We are still very far from it, fifteen years later. The success of LA21 must therefore be somewhat put into perspective.

Also when it comes to the very definition of what LA21 should be (have been), we realise the original purpose has not fully been implemented. Here is the main article of Chapter 23:

“Each local authority should enter into a dialogue with its citizens, local organizations and private enterprises and adopt "a local Agenda 21". Through consultation and consensus-building, local authorities would learn from citizens and from local, civic, community, business and industrial organizations and acquire the information needed for formulating the best strategies. The process of consultation would increase household awareness of sustainable development issues.”<sup>91</sup>

1. *A success in terms of citizens’ participation*

The UN definition of LA21 stresses the importance of citizens’ participation in the process. If the first two sentences consider citizens, NGOs of any kind and companies the same way, the third sentence really puts a focus on citizens when it comes to awareness campaign and consultation. The text seems to be insisting further on the need to raise awareness of citizens, which definitely should be done, but does not put much emphasis on doing the same to companies.

If we refer to this specific objective, LA21 are a great success. In any local authority, one of the first objectives is to strengthen local democracy and involve the citizens in the process of building the future of the local authority they are living in. In the cities of Orléans and Toulouse, the very first thing that has been stressed during interviews is that the objective had first been to make sure citizens would create most of it. In Orléans, the idea of the mayor was to “give the city back to the citizens”, which led to the creation of the Forum 21, which consisted in open workshops on six topics. Each workshop met four times during the process and was in charge with formulating propositions for the final LA21. In Toulouse, the municipality created a *Comité de suivi citoyen* (citizens monitoring committee) where

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<sup>90</sup> UN Agenda 21, Chapter 28, Point 2, [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_28.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_28.shtml)

<sup>91</sup> UN Agenda 21, Chapter 28, Point 3, [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_28.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_28.shtml)

citizens could debate freely of what the LA21 should be like. The municipality was making propositions, and citizens were free to refuse them provided they proposed something instead.

The success – as we surely can call it – of local participation did not go without saying. The consultation process is indeed something quite new to French local authorities<sup>92</sup> and there has been some mistrust about this tool, considering it was a waste of time and the best decisions could only be made by the administration itself. The fear is that this would slow down the whole process, as residents organisation for example could try and block a new construction for instance<sup>93</sup>. On the other hand, citizens are not fully satisfied by the consultation process, as they often have the impression that everything has already been decided, which is indeed the case when we are talking about consultation resulting in non-binding decisions. Municipalities, most of the time, avoided this trick and put in place real co-decision framework, even if the local authority has the last word.

Local authorities should be cautious not to claim a too easy victory. As for companies, citizens' consultation faces problem of representativeness. In consultation meetings retired and highly educated people are over-represented, whereas younger people or with immigration backgrounds are not really. Local authorities should therefore find different ways to make sure they reach all kinds of inhabitants. In the city of Pantin, a questionnaire has been sent to all inhabitants in order to reach the highest possible number of people and have a general view of the concerns for the future.

## 2. *An original mistake – or design?*

Should we also consider the UN framework was addressing to citizens as a priority, leaving the business sector with a supporting role? We will of course not write history again to try

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<sup>92</sup> A public debate has to be lead when it comes to projects having important consequences from a socio-economic or environmental point of view since the Loi Barnier in 1995. Cities with more 80,000 inhabitants have an obligation to create district committees since 2002. For the official text of the laws, see <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000551804&fastPos=3&fastReqId=158787804&categorieLien=id&oldAction=rechTexte> and

<http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000593100&dateTexte>

<sup>93</sup> This a typical case of a nimbyism (Not In My Backyard). See glossary for more details.

and guess what delegates at the UN Summit for Earth in 1992 had in mind when they wrote this article.

Yet we can still wonder if this article really caused the few attempts from local authorities to involve companies. As we already noticed, local authorities did not have, prior to the settlement of LA21, a huge experience in exchanging with companies, whereas they consider it a necessity (because of democracy schemes) and even sometimes a mission to make sure citizens know what is happening on their territory. Every local authority in France, whatever the level, publishes at least a quarterly magazine explaining its actions. We can consider it as a way to improve democracy, as politicians will probably claim and often do, but also from a more practical point of view, we can assume they want citizens – or let us say voters – to be informed about all the good they did for the territory. If you follow this somewhat vote-catching reasoning, we could think of involvement of actors in terms of their ability to provide votes. A company in itself does not provide votes. On the contrary, putting some more constraints like eco-conditionality might lead companies to become less profitable, possibly up to the point where lay-offs would be inevitable. Collateral victims from sustainability, if not properly accompanied, surely won't prove good voters.

This reasoning for sure has a point, but we should not overestimate its explanatory power. If we think of crafts- and tradesmen, a company is embedded in one voter. And voters often are employed in private companies and so don't see why their company is not being considered in the LA21 process. So we should mainly stress what we already noticed, namely that local authorities are more used to dealing with citizens participation than with companies, and the way article 28-3 of the UN Agenda 21 was formulated just the right way to justify them being overwhelmingly active towards citizens.

Nevertheless we can still question the common interpretation of local authorities that participatory democracy should be headed to citizens. Agenda 21 is requiring huge consultation with all stakeholders, including businesses. As a matter of fact, people working in companies, either employees or leaders, happen to be citizens too. So we don't expect very aware citizens at home to forget all about sustainability at work. This goes without saying. We could thus consider that the very meaning of the article was not to minimise the

role being played by companies and other private organisations, but to stress the bottom-up approach decided by the UN. We can indeed read this formulation as a starting point for a bottom-up spreading. Local authorities should start at the very bottom of any organisation (a society, a city, a municipality administration, a company, a church...), i.e. the individuals, and make sure they understand what is at stake. Once the individual has understood and approved what he has been taught, he will be able to spread it in all the organisations he belongs to.

### 3. *Still a failure in managing organisational issues*

We can think bottom-up is the reasoning underlying the article 28-3, which enables local authorities to put a priority on individuals and claim they are not forgetting organisations. Yet it has at least two major drawbacks.

The first one has already been brought up in the previous paragraph: assuming all the process will be working only on the basis of individuals' awareness is to say the least optimistic and even somewhat lazy. It is optimistic because local authorities will for sure not be able to convert the entire population only with an awareness campaign within the LA21 process. That is to say the effect on the organisations will decrease with the number of convinced people. Hence there is a need – which 'lazy' local authorities would not consider – on top of wide campaigns and participatory democracy, to focus on specific leaders and powerful actors of companies to complete this first effect with a top-down effect, both hopefully strengthening themselves.

Secondly, it gives an over simplistic view of how complex organisations are working. In Clermont-Ferrand, the tyre manufacturer Michelin is employing about 14,000<sup>94</sup> people. So addressing Michelin is more than only speaking to each and every individual. Being a complex administration itself, a local authority has to realise that implementing an important change as one required by a LA21 does not go without saying. The company and the administration will have to understand how the other is working, what are the existing instances, which one – and who – has the power to decide or to influence the decisions. We already stated that because of the lack of existing contacts, local authorities and companies

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<sup>94</sup> According to the newspaper *L'Humanité*, special file on Clermont-Ferrand, February 8th, 2008.

did not know much about each other and shall therefore have difficulties really fixing things. That is to say local authorities should talk to the companies as such and not only as a sum of individuals, when it happens to be huge companies.

As far as crafts- and tradesmen are concerned, they will of course feel concerned by a general campaign, but a specific – i.e. different – effort should be made to address their specific issues as companies. In the end, the formulation of UN Agenda article 28-3 cannot really be considered as a mistake, but for sure the formulation it chose did lead local authorities into temptation to skip a more specific communication towards companies. The article does not ‘sin’ in what it has done, but in what it has failed to do.

#### B/ Different levels of administration, different LA21: does it make sense?

Let us now take a different outlook, namely look at the existing administrative structures. If we consider Norway, the situation is not very complicated, since the existing levels are the 19 counties (*fylkeskommuner*), who don’t have much power and 430 municipalities (*kommuner*) who in fact happen to be the only relevant level in terms of administration, after the national level<sup>95</sup>. Furthermore, the Norwegian system is, referring to the word of Carlo Aall, “local legalism”, in that local authorities are given huge powers but only within the framework that has been designed by the law<sup>96</sup>. A quick look at revenues from local authorities will explain what we mean: 40% of revenues come from grants from the national state, and 45% from income and wealth taxes<sup>97</sup>. Yet Norwegian local authorities can only decide the rate of those taxes within a very small band. The national state also approves local budgets and is regulating the welfare services municipalities are providing (scope,

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<sup>95</sup> This being said, counties are in charge of implementing the national policies on their territories. It would not be precise enough to say they have no power at all. And as a matter of fact, some of them did choose to launch LA21, like the county of Akershus, see [http://www.akershus.no/tema/regionalutvikling/Fylkesplanlegging/Fylkesdelplaner/?article\\_id=405&kat\\_id=23](http://www.akershus.no/tema/regionalutvikling/Fylkesplanlegging/Fylkesdelplaner/?article_id=405&kat_id=23)

<sup>96</sup> Carlo Aall, *Confronting the inertia of existing reforms*, in William M. Lafferty and Katarina Eckerberg, *From Earth summit to local forum – Studies of LA21 in Europe*, Program for Research and Documentation for a Sustainable Society, Centre for Development and the Environment, Oslo, 1997, p.88-89

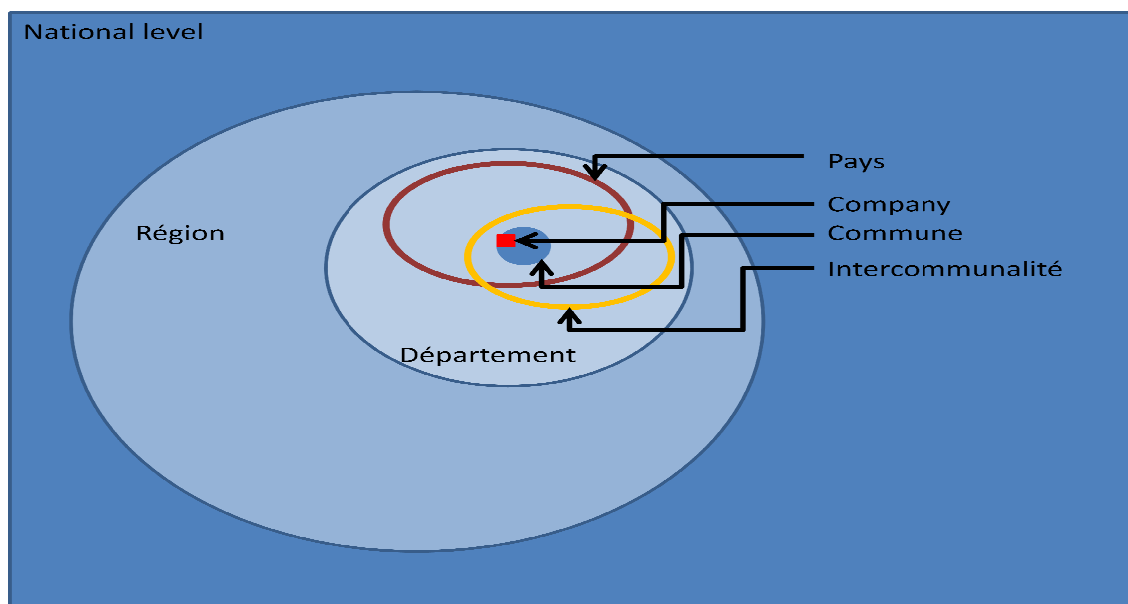
<sup>97</sup> Jørn Rattsø, “Vertical imbalance and fiscal behaviour in a welfare state” in Jonathan A. Rodden, Gunnar S. Eskeland and Jennie Litvack, *Fiscal decentralization and the challenge of hard budget constraints*, The MIT Press, Cambridge, 2003, p. 138

working conditions, quality)<sup>98</sup>. In the end, local authorities are in a kind of yoke which prevents them from really being independent.

### 1. Local authorities in France and their competencies<sup>99</sup>

When it comes to the French on the contrary, the focus on different levels clearly proves useful. The French administrative system can be regarded as an “administrative Mille-feuilles pastry”<sup>100</sup>. A company can depend on as many as five local authorities: a *région*, a *département*, a city (*commune*), an intercommunality (*intercommunalité*), a *pays* (a territory having common geographical, cultural, economic and/or social characteristics), even not mentioning the national level. Figure 1 tries to show the pile up of the administrative levels.

Figure 1: the French administrative system



Contrary to the Norwegian case, each and every level does make sense because they have been entitled with different competencies. *Régions* for instance are responsible for vocational training, secondary schools (though not of courses' content), regional railway transportation whereas *départements* are in charge of quite a lot of social expenditures such as the social minimum income.

<sup>98</sup> *Ibid.*, p.140-141

<sup>99</sup> Please note that we did not consider overseas territories Svalbard and Jan Mayen in the case of Norway.

<sup>100</sup> A more precise description of administrative levels in France is provided in Annex 2 together with the powers they are entitled.

The idea here is not to develop on the competencies that have been gradually devoted to such or such level of administration. We only wanted to stress that the number of relevant levels in the French administration could end up becoming problematic for companies in the LA21 framework. Let us now see how this could happen.

## 2. *Piling up or overlapping of LA21?*

The funny thing in this picture is that each of these local authorities (i.e. excluding the national state) can decide to launch a LA21. Here we thus get to the somewhat thorny question of cooperation between local authorities themselves. It is recommended in the existing literature that other levels of local authorities should be involved in the monitoring of the LA21<sup>101</sup>, which seems quite straightforward.

What feedback can we have from practise? We have seen that in Norway, the Ministry of Environment first supported in each county a regional node for LA21 involved local authorities. Local authorities themselves ended up in financing these nodes which must have proven efficient to provide them with useful information, support and feedback from other local authorities. It thus seems that the networking effect has been working for Norway. But what about France?

In France there has not been any cooperation network that has been decided and supported by the government/ Ministry of Environment, i.e. there is no top-down process to foster cooperation between local authorities and no real incentive for them to create their own networks. That does not mean that there exist no cooperation structure; but as we shall see, this matter of fact does have consequence on the legitimacy and efficiency of existing structures.

The – by far – largest cooperation structure<sup>102</sup> for French local authorities is the *Comité 21* (Committee 21), which is a non-profit organisation founded in 1995 by three French

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<sup>101</sup> See Antoine Charlot, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, Comité 21, Paris, 2008, p.49

<sup>102</sup> There are some more structures with quite a low influence and efficiency whatsoever, like the *Ecomaires* (eco-mayors), an association of 1,900 municipalities “considering environment and sustainability a priority for

associations. It has today 164 members as of end 2009 who are local authorities or associations of local authorities<sup>103</sup>. The *Comité 21* is organising conferences, working groups, issues publications on sustainability related issues or manages websites and a database with existing LA21 and responsible persons in each local authority. Local authorities are proposed to take part in the working groups where they can also meet with companies. The publications are most of the time the result of cooperation between *Comité 21* employees, companies and local authorities<sup>104</sup>.

Yet the point here is not only on cooperation but of cooperation between neighbouring local authorities and to be more precise of overlapping local authorities, i.e. local authorities from different levels who represent the same territory. This very notion of territory may be the crucial point when talking about cooperation. One of the problems is that 85 to 90% of LA21 have been designed following the initiative of one politician only on the territory he is in charge with<sup>105</sup>. That is to say the level of cooperation cannot be expected to be very high. In the best cases, the other administrative levels will be part of the consultation process but won't play a strategic part in making the decisions (this is for example what happened for the LA21 of the city of Orléans: the *département* of Loiret and the *région* Centre were invited to join the consultation process, but no attempts have been made to coordinate with the regional LA21 that had just been issued). But there have been very few attempts to really coordinate the actions and decisions which we can regret, as a *région* and a *département* for example will try to have an impact on the same territory. If it is not a problem, then it probably means that decisions are not territory-specific, which they are supposed to.

There are of course counter-examples, but there are not many. The *département* of Aube launched a project called *Jachères fleuries* (fallow land in bloom). This is a very good example of cooperation: the *département* buys the seedlings, municipalities are in charge of finding

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politics". The organisation is nevertheless not very active. See the official website <http://www.ecomaires.com/index.php?id=1>

<sup>103</sup> See the official website of the *Comité 21* <http://www.comite21.org/nos-actions/territoires-durables/index.html>

<sup>104</sup> One of the book we are using as a reference, *Agir ensemble pour des territoires durables, ou comment réussir son agenda 21*, has for example been written by a *Comité 21* leader, Antoine Charlot, in cooperation with the city of Valenciennes, the Association of French *départements*, the French mail operator La Poste (a public company) with financing from Dexia.

<sup>105</sup> Jean-Marc Lorach et Etienne de Quatrebarbes, *Guide du territoire durable, l'agenda 21 territorial pour les collectivités locales et leurs partenaires*, Village Mondial, Pearson Education France, Paris, 2002, p.74



interested farmers, farmers take care of seeding and maintenance, and hunters' associations distribute and do the administrative work<sup>106</sup>. In Toulouse, the municipality and the intercommunality Toulouse is a member of have launched their LA21 at the same time and will work on it together, yet only at the end of the process, in order to harmonise propositions. This could only be a theoretical or administrative question of rivalry between local authorities, but as we shall see this lack of coordination might have consequences for companies.

### 3. *Consequences for companies and possible solutions*

#### (i) A multiplicative effect

Let us go back to Figure 1. As depicted here, the situation means that if each local authority is trying to involve companies, a company like the red dot on Figure 1 can be involved in 5 different LA21. This could end up being quite demanding if the company officials are for example assumed to attend information meetings, to take part in advisory boards or fill in a somewhat long questionnaire.

If we consider things from the other way, where the company itself wants to advocate, go and see the local authorities, it will have to multiply its efforts by five. Not a very sustainable choice. Companies, as well as citizens, most of the time do not really know about the competencies of the various local authorities, which means that they are not always able to figure out the role they play in their everyday life. As some competencies may sometimes overlap, the company could end up in a situation where two local authorities could be providing subsidies for a new plant for example, but each of them with different conditions. One would only accept if the building is carbon-neutral and the other one if a proportion of employed people are in vocational rehabilitation. And most probably none of the local authorities would have considered the possibility to coordinate with the other to present a global package. The company will no more know which way to turn and will have to spend some time and money to figure the best solution.

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<sup>106</sup> For more information, see <http://www.cg-aube.com/index.php4?rubrique=9&id=695&offset=90>.

(ii) Coordinating instances

As we have discussed in the previous part, this problem requires a better coordination between neighbouring and overlapping local authorities in order to have a deeper integration of their politics. This is not easy, as different politicians might come from different parties. The ruling party could also be changing and affect the policy led so far. In Toulouse, the elected mayor in 2008 decided to forget about the existing LA21 and launched a new one only in 2010, leaving three years with no action. In the case of municipality of Orléans, the *région* and the *département* have barely been involved, and for sure did not try to create a link between the existing LA21. Even though, coordination is slowly emerging.

Since 2006, State-*région* project contracts can be signed to foster specific projects in French *régions*. Thanks to this framework, the *région* Midi-Pyrénées signed a contract to provide financing for LA21 of *départements* and municipalities in the *région*. It finances 10 M€, completed with 2 M€ from the state<sup>107</sup>. If we look at the case of Norway, we can see that the role of national state, notably the financial role, has been a key to create coordination thanks to the regional nodes. To a certain extent, the national state has to show the way, and so far it has failed to do it in the French context. We could therefore imagine that the state should create, or at least help *régions* to create, regional nodes where companies sharing at some common territory could meet and discuss the general interest of the territory.

The problems this kind of structure would be facing are obvious. If we consider the *région* Ile de France, it has been a long claim of the Eastern *départements* that the economic development of the *région* should be rebalanced since most economic and financial districts are in the west part. But of course Western *départements* are not very eager to abandon some of their companies, wealth and tax payers, even though that would make sense from a global perspective.

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<sup>107</sup> Respectively 80 million NOK and 16 million NOK. See Marie-Simone Poublon et Willy Sébille-Magras, *L'agenda 21 : outil de la cohésion des territoires*, Afnor Editions, Paris, 2010, p.16

(iii) A good scale for LA21?

We could imagine an even more problematic solution, namely deciding that only some level of local authorities have the right to make a LA21, for example municipalities and *régions*. This would have the important advantage to limit the number of LA21 overlapping and to make life easier for companies. Municipalities are the closest level to them, and *régions*, that are not that big in France, would ensure a quite fair distribution of measures on the territory.

Even forgetting about the political feasibility of such a measure, it is not obvious that we would get the right effect. Having different levels can act as a sting on companies: a *département* can stress the importance on social conditions of labour, and a municipality the management of waste. Restraining the number of LA21 does not make much sense as long as all existing levels have some own competencies they only can manage. *Départements* are in charge of guaranteed minimum income; if they could no more decide in a LA21 to have companies offer more job opportunities to these people, we would definitely miss a point in having a clever action.

C/ Why there is relevance in acting at a local level

As we discussed in the previous point the limits of LA21 from different local authorities piling up or overlapping each other with no true coordination, one could read between the lines the following conclusion: there is no real point in having LA21 if they prove inefficient. To say it clearly, it would be more useful and easy both for the administration and companies involved to have a national agenda 21, where companies could make sure they have one negotiating partner who has the real power to change the conditions the company is facing. We should thus discuss further the extent to which acting at a local level can make sense to have an impact on companies.

1. *Local authorities lack some crucial control levers*

Companies could indeed have the impression that local authorities might as well have some good ideas and nice discourses, but still consider they lack the power and so the credibility to lead action.

(i) Important decisions at national level

In centralised states like France and Norway, most of the decisions, even though both countries have been facing decentralisation from the 1980s, are still taken at a national level. And sometimes decentralisation is not as revolutionary as it first appears to be. For example, we usually say in France that *régions* are in charge of secondary school. Yet the syllabus is still decided by the national Ministry for Education; in fact what has been decentralised is the premises of secondary schools...

As far as companies are concerned, most of the decisions they could be concerned with within a LA21 depend on the national level more than the local one in fact. If we consider public procurement for example which proves to be a quite powerful tool in having companies change their behaviours: until the latest reform in Public procurement code in 2006, local authorities were not allowed to require a fair-trade or ecological label in their bids, nor could they reserve some of the lots for social enterprises. Even today, they cannot put a constraint on geographical origin: saying the product should not come from more than XX kilometres is still forbidden, and could only be changed at a national level.

We could multiply examples: to be recognised nationally, a cluster has to be acknowledged by the state. Only the national state has the right to punish companies who do not respect the law on disabled people quotas employed by companies. Neighbourhood council have been made mandatory by a national law. Local authorities still have some power, for example until this year they could decide the level of the *taxe professionnelle*<sup>108</sup> they wanted to charge on companies. This was a true power. Yet the problem is that local authorities can be regarded as simple “creatures”<sup>109</sup> from the national administration. Their competencies are indeed only the one they have been given by the national level, and they might as well be taken away from them in the future. To take it to extremes, we could say that local authorities are in some sense puppets in the hands of central administration, even though they are quite clever ones.

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<sup>108</sup> This was, between 1975 and 2010, one of the 4 taxes local authorities were allowed to have. It has been abolished in 2010.

<sup>109</sup> We used the expression from Breton and Scott in 1984, from the article by Pierre Salmon, “Decentralisation as an incentive scheme”, in *Oxford Review of Economic Policy*, Volume 3, n°2, summer 1987, p.43 for reference.

(ii) The question of homogeneity on the territory

Another drawback of acting at a local level is that you can no more make sure that every company, wherever it is, faces the same legal conditions. A municipality could decide to require any company on its territory (let us say with more than 500 employees) should have an environmental certification (like ISO 14001), and the municipality would bear half of the cost<sup>110</sup>. This would imply a higher cost for local companies, which would have a cost disadvantage when competing with companies from another municipality. There is thus a question of fairness of competition between companies, that they should be having the same legal constraints. Allowing a LA21 to impact on the core of companies' organisation and practises might end up being a distortion in regional and national competition.

Even if we don't go to such extremes, it remains a point that big companies who would like to set up a plant or offices in France should spend more and more time to discover, among the four to five different LA21 for each of their possible location, which ones are the most interesting according to their criteria: not being too demanding on green/social issues, offering a lot of incentives, etc. Following Dixit and Pindyck<sup>111</sup>, we can note that volatility in public policies (as is happening nowadays with sustainable development) has a negative impact on investment timing. Following the Bad News Principle of Bernanke, according to which companies make their investment decisions on the seriousness of bad news and do not react to good news, we come to the same conclusion that investment will be postponed.

Not only will it cause an additional cost and time for companies to deal with these issues, but it might also create or reinforce competition among local authorities. The majority of papers on local authorities – and the first of them by Tiebout in 1956 – are focusing on the notion of horizontal competition among local authorities, where agents (individuals and companies) can decide to vote with their feet, i.e. to set up where they think the conditions

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<sup>110</sup> Any resemblance to the Norwegian Eco-lighthouse programme is purely coincidental.

<sup>111</sup> Reference (as well as far Bernanke) is Mauro Ghinamo, Paolo M. Panteghini and Federico Revelli, *FDI determination and corporate tax competition in a volatile world*, Working paper n°1965, Munich society for the promotion of economic research, April 2007, p.4

are the best from their point of view<sup>112</sup>. So far, companies could make their decisions according to the local infrastructures, the tax rates, and the qualification of workforce. Now they can add other criteria like socio-ecological requirements. This does not seem to be going towards more cooperation.

(iii) A lack of efficiency

On top of being challenging as far as cooperation, fairness and clarity are concerned, the multiplication of local administrations (both because of the number of levels and of the number of local authorities at the same level) may lead to a loss in efficiency and an increase in costs.

A very simple idea is to refer to economies of scale. Following the decision made in its LA21, a small municipality could for example decide to buy ten windmills in order to produce green electricity on its territory. It will purchase the windmills through a bid and select the best offer for the ten windmills. The fact is that the neighbouring municipality may also have decided to buy some windmills, meaning that they could have got a better price if they had made a common bid. A supplier could have decreased the sell price because of the savings he would have made in answering only one bid instead of two: less time to answer, only one convoy to deliver the products. Eventually, the sum of individual municipal costs will be higher than the cost of the common bid. Making this reasoning more general (in terms of public expenditure and number of local authorities) stresses the loss in efficiency created by decentralisation.

We can see it from another side: civil servants. In a global trend to reduce public expenditure, the national state is trying to decrease, or at least limit the increase, in the number of civil servants. The number of people employed by central state in France has increased by 0.5% between 2000 and 2007, and even decreased by 2.4% between the last two years<sup>113</sup>. On the contrary, when it comes to people employed by local administration,

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<sup>112</sup> A clever analysis on this topic has been made by Dieter Helm and Stephen Smith, "The Assessment: decentralisation and the economics of local governments", in *Oxford Review of Economic Policy*, volume 3, n°2, summer 1987, 21 p.

<sup>113</sup> According to the French *Cour des Comptes* (Court of Audit), *Les effectifs de l'Etat, 1980-2008, Un état des lieux*, Paris, December 16th 2009, p.19

we see an increase of 27.4% in ten years and of 5.2% between 2006 and 2007. This has much to do with decentralisation: instead of having a group of 50 servants in the ministry in Paris, decentralisation to *départements* for example will lead to (at least) two servants for each of the 101 *départements*. Even if we only have one per *département*, we still face an increase by 100%. This is good to fight against unemployment, but not much to reduce public expenditure and improve efficiency. The loss in efficiency could also materialise in the fact that there might not be enough qualified people on biodiversity for instance, being able to design a greenbelt for a territory, for each of the existing local level of administration.

## 2. *What a local action can give on top of national ones*

All the arguments listed above make sense and should be taken into account when we are thinking in terms of decentralised policies. Yet it fails to explain why many countries, especially the very centralised ones like France and Norway, engaged in a path of decentralisation with the last twenty years. There should be some advantages to act at a local level.

### (i) Getting closer to the field

When French people in rural areas are not happy with a new law being voted, they often sigh: “This decision has been made by Parisians who don’t know much about real life!” This most important advantage of acting at a local level is to get closer to economic agents throughout the territory. If we use economists’ words, we will say that local governments enable better information and reflect better agents’ preferences<sup>114</sup>. Local politicians are basically more likely to know about the local conditions, the needs and general situation of local companies and their wishes for the future. They can thus be better representatives for companies: it is well known their deputies from vineyards region try to limit the restriction of wine advertisement and consumption<sup>115</sup>.

There are also some obvious advantages, related to distance for example: a municipality and a local company can meet in the same city, whereas for national debates, this company – for

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<sup>114</sup> The wording is from Dieter Helm and Stephen Smith, “The Assessment: decentralisation and the economics of local governments”, in *Oxford Review of Economic Policy*, volume 3, n°2, summer 1987, p.8

<sup>115</sup> See for example how they manage to avoid the ban on wine degustation: Samir Tounsi, “Alcool: Bachelot interdit l’open bar mais pas les dégustations” in *Le Point*, Paris, March 6<sup>th</sup> 2009.

lobbying for example, or even if there is a consultation – should plan a trip and stay in Paris or in Oslo: in the case of Norway the trip can prove quite long.

(ii) Drawbacks are not that difficult to fix

Among the problems raised on decentralisation above, most of them can be – at least theoretically – solved or dwindled in a quite easy way, and we should not be that concerned about it.

a) Local authorities do have meaningful autonomy

For sure local authorities are to a large extent creatures of national central states. Yet that does not mean that they don't have their own political agenda. Like Pinocchio local authorities turned out to be real administrative levels in that they now act for their own and do not hesitate to bite the hand that created them<sup>116</sup>. In many fields they have been provided with exclusive competency, meaning they are basically free to act with no external constraints. And contrary to the Norwegian case, French local authorities do not heavily depend on grants from national state for their budgets: the average share of grants among revenues is about 30%<sup>117</sup>, which is important but not to the point that local authorities could not act according to their own will. Also local politicians usually are national politicians: among the 577 deputies in France, 269 are mayors, 59 chair or vice-chair a *département*, 19 chair or vice-chair a *region* and 80 have two or more other mandates. As few as 68 (11.8%) are only deputies<sup>118</sup>. That means that local authorities, through their own politicians, have a way to influence national laws being voted in Parliament; they could for instance prevent a law restraining local authorities' powers being adopted.

b) Yardstick competition to ensure fairness

As far as homogeneity and fairness on the territory are concerned, there should be for sure a concern on not reinforcing competition among local authorities. Yet there are some kinds of 'mean-reversion' mechanisms that could prevent too big differences: this is the notion of

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<sup>116</sup> In France, the *départements* of Lot-et-Garonne and Saône-et-Loire are suing the state for not providing enough grants for the tasks it delegated them.

<sup>117</sup> According to the Ministry of Finance and the special website dedicated to local authorities [http://www.colloc.bercy.gouv.fr/colo\\_struct\\_fina\\_loca/index.html](http://www.colloc.bercy.gouv.fr/colo_struct_fina_loca/index.html)

<sup>118</sup> Figures come from an analysis by the French newspaper *Le Monde*: "Le cumul des mandats en France", November 20<sup>th</sup> 2008.



yardstick competition which has first been developed by Salmon. The idea is that voters on a territory, when they want to estimate the quality of their politicians, will compare their deeds with the one from neighbouring territories, on certain criteria that they think are relevant<sup>119</sup>. This acts as an incentive to mimic a successful action another local authority might have implemented in the LA21, in order to be well-considered from a comparative point of view<sup>120</sup>. Let us introduce an example from Norway.

Bergen has been in 1986 the first city ever to introduce a urban toll to limit access to cars in the city centre<sup>121</sup>. The idea might have been considered a strange one at the beginning, and presumably there has been a lot of complaints from inhabitants and local companies for the cost increase. Yet the system proved quite interesting, in terms of financial incomes for the city at least, and gained popularity, so that the system has been replicated in seven other Norwegian cities.

The imitation can, as in this case, come from the local authority, but also from the agents themselves. If a municipality decides to subsidise training sessions for life-cycle analysis for SMEs on its territory, other companies will probably go and claim to their own municipalities that they would like such a programme too. There is some democratic pressure so that any municipality will end up doing something<sup>122</sup>.

#### c) Competencies and costs could be shared

The most problematic issue, from a financial point of view, remains unsolved, as local authorities lack the possibility to play on economies of scale the way a national state can. In the field of public procurement, some attempts have been launched to try to give municipalities more bargaining power and achieve lower prices. In 2008, the cities of Brest and Dijon, though distant from more than 600 km, decide to make a common bid for 52 tramway trains. The only constraint is that the shape should be exactly the same. Though the

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<sup>119</sup> See Pierre Salmon, *Horizontal competition among governments*, Laboratoire d'Economie et de Gestion, Université de Bourgogne, working paper, Dijon, February 2005, p. 2

<sup>120</sup> See Frederico Revelli and Per Tovmo, *Declared vs. yardstick competition in Norway: local governments efficiency in Norway*, Working paper series, Università di Torino, n°05/2006, Turin, 2006, p. 3

<sup>121</sup> See <http://www.brotunnel.no/Default.aspx?tabid=584&subtabid=592>.

<sup>122</sup> Analysis comes from Pierre Salmon, *Horizontal competition among governments*, Laboratoire d'Economie et de Gestion, Université de Bourgogne, working paper, Dijon, February 2005, p. 8

bid has not been allocated yet, the two cities expect a saving of 10 to 15 million euros, i.e. about 10% of the price of the project<sup>123</sup>. This kind of cooperation could be developed further to make sure local authorities can also benefit from economies of scale.

On the same principle, to save more money – and local authorities as any state on those crisis days definitely need to, local authorities could share some employees. So far this has been pretty unusual, but could be considered in some specific cases to begin with, intercommunalities being one of them. Intercommunalities indeed have the competency to act on what the municipalities which form it transferred. In many cases, employees from the biggest city in the *intercommunalité* work at the same time for both local authorities. This should therefore be possible to mutualise further tasks, especially for very specific topics (life-cycle analysis advise for companies for example).

(iii) Companies themselves find an interest in acting locally

So far we mainly focused on the consequences of local action from a local authority point of view. Yet we should also take into account the company point of view. And it appears that they happen to have an interest to cooperate with local authorities more than with national ones. We do not discuss here the fact that companies might not want to hear about cooperation with local authorities, which has been treated in Part 1, nor do we take into account restricting measures local authorities can take. The idea is to show that a company willing to work on a common project is more likely to turn to a local authority.

One of the goal – and interest – for companies can be to be equated with their territories. Airbus, for example, has its headquarters and huge factories near Toulouse, and their image is very associated with the city: when you say ‘Airbus’ to a French person, he will think Toulouse. This of course comes from the fact that the company is the biggest employer in the region, but Airbus endeavoured to reinforce this association, on the basis that it would create more “kindness” in the population: attracting skilled employees, building up a corporate reputation and making the local politicians do their best to defend the company’s interest (Airbus being a very sensible company in terms of management). Airbus took the

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<sup>123</sup> The figures refer to Charles Gautier, “Dijon et Brest font tramway commun” in *Le Figaro*, November 28<sup>th</sup> 2008.

lead – also in financial terms – in creating a club of companies to support Toulouse application for European Culture Capital in 2013. It is still the most important player in the *Club Ambition Toulouse 21*, the club supporting the municipality’s action in the LA21, and also takes part in the *Fabrique Toulousaine*, the participatory programme to imagine the future of the city.

This trend to look for local roots is particularly strong in the case of traditional, family-owned companies which remain significant in France<sup>124</sup>. Those companies have been existing for more than a century and have always been associated with one city. Michelin, the world leader in tyres, originates from Clermont-Ferrand and the development of the city is closely related to the company. When the city decides to launch an important project, as a LA21, it goes without saying that Michelin will be involved.

A very plain idea is that companies are interested in the decisions that affect their everyday lives. In Norway, the city of Kristiansand decided to create a Land-use transport forum with the county and the national state<sup>125</sup>. They started discussing the opportunity to give priority lanes to buses, increase pedestrian zones and remove curbs of parking in order to deter traffic in the city centre. They did not even have to formally consult companies: when they heard about it, they came– in form of the Kristiansand Chamber of Commerce – to explain to the forum their concerns about people no more shopping in the city centre if they could not go by car. Companies wanted to “develop a better dialogue with the municipality”. It led to further meetings with officials, who presented the results from a survey showing inhabitants would not mind using public transportation or walk more if the city centre is car free.

Finally, the interest of local action towards companies becomes more than obvious when it comes to SMEs. They would be too many to be really addressed at a national level, and they basically don’t have much interest in playing at a national level (consider for example

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<sup>124</sup> Just to name large scale distributors, two (Auchan, Leclerc) out of the four biggest are family-owned non-listed companies.

<sup>125</sup> The example comes from Gard Lindseth and Marit Reitan, “The urban governance of transport and the environment in the city of Kristiansand” in Gard Lindseth, *Political Discourse and Climate Change: The Challenge of Reconciling Scale of Impact with Level of Governance*, doctoral thesis, University of Trondheim, May 2006, p. 169

shopkeepers). There exists support organisations for SMEs at a national level, but SMEs often don't have such a wide range of action that they should need more than local advice and adaptation to local rules.

### 3. *A more efficient organisation is to be developed*

Even though local authorities theoretically prove quite efficient to have an impact both on companies and on their territories, there still could be some improvements to the framework to improve further their efficiency.

#### (i) How the national state could reinforce cooperation

Being the highest authority, the national state has an important power on local authorities, even though the latter are becoming more and more independent. The national state should be concerned with this very trend, that local authorities want to act autonomously, and should make sure that this legitimate will of independent decision making does not turn in total blindness of what is happening in their neighbouring authorities. How could the national state act towards more cooperation in LA21?

In France, the national state is present in every *région* and *département* through a prefect. The prefect is sometimes invited to be part of the monitoring group of LA21, but it is not really involved in the decision making. An idea would be to increase his role in the LA21, and have him play as the role of a coordinator, reminding of the other existing or in progress LA21. A *région* prefect could for example remind, when attending the consultation process of the *région's* LA21, that the territory's *départements* might have already voted a LA21 and that they should make sure those are compatible and – even better – complementary.

The role of the national state could also be to remember of national goals. Local authorities would indeed have a tendency to set up local goals, which they definitely have to, but to forget about national ones. If we considerer greenhouse gases emissions in Norway<sup>126</sup>, the country has, according to the Kyoto protocol, to limit the increase in the period 2008-2012

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<sup>126</sup> The example comes from Carlo Aall, Gard Lindseth and Kyrre Groven, "Multilevel governance and climate policy in Norway" in Gard Lindseth, *Political Discourse and Climate Change: The Challenge of Reconciling Scale of Impact with Level of Governance*, doctoral thesis, University of Trondheim, May 2006, p.138.

by 1% compared to 1990. Yet there is nothing binding in local authorities' LA21 to set up a similar target. As of 2004, only 17 out of 35 climate plans had a quantified goal for emissions reduction. On the other hand, six had more ambitious objectives. The national state would have a role in reminding local authorities they have to contribute to the national commitments.

(ii) Increasing local authorities' ability to make important decisions?

The question of delegating some more power to local authorities remains uncertain in France, as the country has a long tradition of centralisation. It is barely to imagine that *régions* could have the same power as the German *Länder*. It is therefore not to be expected that local authorities will be given some powers in the near future, or only at the margin.

We could nevertheless imagine some smooth concepts to try and have local authorities innovate in their actions. The problem with yardstick competition and democratic pressure to mimic other authorities' successes is that it acts as a disincentive to innovate, according to Strumpf<sup>127</sup>: the positive externalities from an innovation (a urban toll) favour free riding. Only the innovative municipality will bear costs (in developing the system) and run risks (not being re-elected if the project proves wrong) whereas all will benefit the same way (nobody remembers today in Norway that Bergen was the first municipality to set a urban toll). The national government would have a role to play in providing incentives to local authorities to have innovative action in the LA21 framework. It could for example take part in the financing of the project so that the local authority does not bear the cost alone.

A much debated question concerns taxes and especially the capacity of local authorities to raise taxes. So far, in France as well as in Norway, this possibility is very limited: in the case of Norway, municipalities get some money from the income tax, but there are some limits set by the national administration; this is a way for a national level to keep control on the tax levels<sup>128</sup>. In the case of France, local authorities have been entitled the management of some taxes and are free to set up the rates. But local tax regimes remain limited: direct taxes (the

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<sup>127</sup> See the description in Pierre Salmon in *Horizontal competition among governments*, Laboratoire d'Economie et de Gestion, Université de Bourgogne, working paper, February 2005, p.12

<sup>128</sup> For more on this, please see Edoardo di Porto and Federico Revelli, *Central command, local hazard and the race to the top*, working papers, Università de Torino, n°9, Turin, 2009, 32 p.

former *taxe professionnelle* and housing taxes) represent about 10% of the budget of *régions* and *département*, whereas indirect taxes (national taxes being distributed like the oil tax TIPP) amount for about 20%<sup>129</sup>.

Yet giving local authorities more freedom to raise taxes would be double-edged. On the one hand, it would give them more resources and make them less depending from national grants; they could therefore have more ambitious projects they think make sense for their territories. It would give a broader dimension to LA21, because local authorities could be raising taxes according to green or social criteria, and at the same time have more resources available to subsidise or support innovative sectors and R&D. But on the other hand, it would not necessarily be a step towards more cooperation, as local authorities could be competing with each other to attract companies, leading to a general decrease in tax revenues. Local taxes also create, as we mentioned earlier, inequalities on the territory.

### (iii) Ensuring fairness on different territories

Are there some efficient ways to reduce this inequality? Again referring to the case of Germany, we could imagine a system of equalisation that would prevent a single local authority from trying to play too individual. Equalisation is not an easy task, as it should not be a disincentive to taxation: a rich local authority would be tempted to have low taxes if the extra revenue from a higher tax would be devoted to equalisation at the profit of other local authorities. The balance between national solidarity and incentive to act as efficient entities may not be easy to find.

But there are some far easier things a national state could do. It could improve the quality of information to help spread good practises, by publishing a synthesis brochure of what local authorities are doing to have companies implement sustainability. Companies could refer to this official, clear and easily accessible document to ask for similar incentives from their own local authorities.

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<sup>129</sup> According to the Ministry of Finance and the special website dedicated to local authorities [http://www.colloc.bercy.gouv.fr/colo\\_struct\\_fina\\_loca/index.html](http://www.colloc.bercy.gouv.fr/colo_struct_fina_loca/index.html)

## Conclusion

While discussing the problems local authorities face in trying to have an impact on companies thanks to their local agenda 21, we tried to address the issue from different points of view; we tried to figure out if the main issue was local authorities and their very definition, if companies had some responsibility, and even if the tool, the LA21, had some relevance. Of course no one is fully responsible for the more or less pronounced present failure of local authorities to impact and cooperate with companies. Besides, no one is fully innocent either. This is why we did compare the actual situation in the title with an eternal triangle. Local authorities would like to reconcile the implementation of LA21 but at the same time they are not really interested in going into a deeper relationship to companies. Companies most of the time don't know about the existence of LA21 and have somewhat distant relations to local authorities. Finally, LA21 try to deepen the existing relations between companies and local authorities, even though in a somewhat clumsily way.

### (i) Why we should try to save LA21

We all know from farces and vaudevilles that an eternal triangle – paradoxically – cannot last. In the end, the affair becomes public and a decision has to be made. Here, the result we can dread from the Bergen (and more generally Norwegian) experience is that French local authorities will end up getting rid of LA21 as they do not really know how to handle it – or to be more precise, they are reluctant to use all that the tool proposes. LA21 will join the cemetery of never really implemented good ideas. The threat is not imaginary: the law Grenelle 2 voted in July 2010 made it mandatory for *régions, départements, intercommunalities* and municipalities of more than 50,000 inhabitants to adopt a *Plan climat-énergie territorial* (Climate and energy territorial plan)<sup>130</sup>. The text does not have a similar rule for LA21.

This paper and the latter developments show that a key factor for success for LA21 is the national support. Local authorities will have a tendency to follow the most common tool,

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<sup>130</sup> See Article L229-26 from the Code of Environment, [http://www.legifrance.gouv.fr/affichCodeArticle.do;jsessionid=D56528D4EABD16E6ED26FF39A2C087C2.tpdjo06v\\_1?cidTexte=LEGITEXT000006074220&idArticle=LEGIARTI000022476854&dateTexte=20100925&categorieLien=cid#LEGIARTI000022476854](http://www.legifrance.gouv.fr/affichCodeArticle.do;jsessionid=D56528D4EABD16E6ED26FF39A2C087C2.tpdjo06v_1?cidTexte=LEGITEXT000006074220&idArticle=LEGIARTI000022476854&dateTexte=20100925&categorieLien=cid#LEGIARTI000022476854)

especially if they can get subsidies or recognition for it. The interest in LA21 decreased very rapidly in Norway from the point when the Ministry of Environment decided to move on.

Is it important to save LA21? As we mentioned earlier, local authorities managed to have very interesting projects outside this framework, in France as well as in Norway. And a LA21 is a long lasting, heavy and somewhat carry-all process, which is not that convenient to manage. If the new climate and energy plan were to be complimented by a social plan and a vision for economic development, in three different documents, it would be a satisfactory solution for the territory.

Of course it would be better than nothing. Yet we can doubt there will ever be something more than a formal environmental requirement, which means we will forget about two thirds of the objectives. And even though three separate plans see the light of day, it will still not be matching the goals defined by the UN and by the very definition of sustainable development. Sustainable development does not consist, as we saw when we tried to classify the measures taken by local authorities in Part I-A, in having separated actions on economic, environmental and social issues; these three pillars were only designed for more convenience. To take a Norwegian example, let us consider again the question of urban tolls. The consequences of this measure should not only be measured in terms of environment, but also social (only rich people being able to drive to the city centre) and economic. This is the difficulty – and the very beauty – of sustainable development: things are not easy but always at least double-edged. By throwing the bath water (the LA21) we will most probably throw the baby (a vision which is at the same time general in the scope and local in geographical terms) too.

(ii) A reform in the levels of local administration

We have seen in Part 3 that the overlapping of French local authorities could lead to further difficulties in impacting companies. There is at the moment an opportunity to change this, as an important reform on local authorities is being negotiating in the French Parliament. An issue has been to decide whether *départements* should be merged to *régions*. Facing huge protests, the text today proposes that only political parts should be merged (the same politicians would be sitting both for the *région* and the *département*), the administrative



part remaining separated. The text, as it stands, also proposes to create a new form of intercommunality, the *métropole* (for agglomerations of more than 450,000 inhabitants), who would get competences that today belong to the *départements*, the *régions* or even the national state. The government reminds that with each reform, “we have always added new structures without cutting any”<sup>131</sup>. But the latest reform seems to be taking the same way, as *régions* and *départements* are not formally merged and *métropoles* are created.

The multiplication of administrative levels would not be such a problem if they had some clear competencies. Today different levels of local authorities are sharing the same competencies. *Départements* for example, have a general competence: they can decide to act on a field if they consider that they are in a good position to do so and even though the competence for this action is normally devoted to another level of administration. The draft was proposing to get rid of this and to give exclusive competence to a specific level on a specific topic. Another issue is budget balance for each level of local authorities: many *départements* have difficulties in voting balance budgets (which they are obliged to according to the constitution); the *département* of Seine-Saint-Denis even voted a deficit budget for 2010 to alert on their difficulties.

The reform is still to be discussed as deputies and senators did not manage so far to agree on the text that has first been submitted to Parliament in December 2009. We don't want to express an opinion as we only have a biased approach, but from the LA21 point of view, there should definitely be mechanism that allows different levels of administration to coordinate their actions. Having exclusive competencies could be part of the solution, as it would make sure two different local authorities do not make different actions on the same topic (for example support to developing industries). The next problem would then be to decide which level is the most relevant. In theory, this is called subsidiarity; in practise, this is a lot of debates when the Parliament or the government are to decide...

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<sup>131</sup> *La réforme des collectivités territoriales*, website by the Ministry of the Interior, Frequently asked questions. See <http://www.interieur.gouv.fr/sections/reforme-collectivites/questions-plus-frequentes>.

## Glossary

*AMAP*: Stands for Association pour le Maintien d'une Agriculture Paysanne (Association to preserve a farmers' agriculture). This is a form of community based agriculture that developed recently in France. The principle is that consumers get involved in the production and would share the risks with the farmer. There can be different way of functioning, but in most cases, the consumers would be paying a weekly fee in exchange of a basket of fresh fruit and vegetables from the farm. In some cases, consumers take part in sorting, preparing or delivering the baskets. The goal is to make sure the producer will find outlet for its production, and consumers are sure to get fresh in season vegetables, very often organic, and from a local farmer. In 2008, there was about 750 AMAPs in France, on top of other similar schemes.

*Eco-conception/life-cycle analysis*: The very idea of eco-conception is to design the product in order to minimise its environmental impact during all its life cycle. It does not only consist in improving the efficiency of the actual way of production, but actually to rethink the total design, supply chain, distribution and collection of the product and try to minimise environmental costs in a global perspective. A life-cycle analysis is often the basis for such a process: first the company tries to see where its impacts are and how important they are (in terms of CO<sub>2</sub> emissions, water consumption, and use of chemicals). The next step consists in changing the product: Xerox, the copier company, has decided to rent copiers instead of selling them. So as they have to recover it in the end, they changed the manufacturing in order to be able to change parts of it quite easily.

*Industrial ecology*: At the origin of industrial ecology is the notion that an industrial park could work as a closed loop. The basis is to stop thinking in terms of garbage: what a company considers as its rubbish can be useful to another company. A company may produce gas, heat or biomass as a side effect of its industrial process. Instead of treating it as costly rubbish, the company has to realise it can be useful to a neighbouring company as an input.

The well-known (but pretty unique) example of industrial ecology is in Kalundborg, Denmark, where the municipality, a power generation plant, a pharmaceutical plant, a plaster

manufacturer, a company of soils treatment and a refinery (from Statoil) created a closed loop with their respective rubbish: heat, vapour, water, gas, gypsum, biomass, fertilisers, ashes and sludge. Though being promoted worldwide, the first-runner has not really been copied, leaving industrial ecology as a nice but difficult to implement idea.

*Nimbyism*: The neologism originates in the acronym NIMBY, Not In My BackYard. It appeared in the early 1980s to depict the behaviour of residents who oppose a project in their neighbourhood. A basic example is windmills: people want windmills to protect the environment, but not in their field of sight because they think they are a disturbance. Nimbyism has been a challenge for companies and authorities in the last decades, where inhabitants should be consulted before any decision can be made; such behaviour is sometimes referred as an opposition to any project, even though it serves common interest. “Nimbies” are being caricatured in BANANA: Build Absolutely Nothing Anywhere Near Anything.

*Stakeholders*: The existing concept has been developed by Freeman in the 1980s and has gained new importance from 2002 after the Johannesburg Earth Summit used it in the context of corporate social responsibility. Companies who want to be more responsible should not only care about shareholders, which they usually do, but also about other stakeholders, people/groups interested in the results and impacts of the company: employees, customers, creditors, governments, suppliers, residents... The term now applies to local authorities when they try to have a broad consultation process.

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## Annex 1

### Results from the analysis of 12 regional agenda 21

Results expressed as number of measures being decided

	Auvergne	Basse-Normandie	Bretagne	Centre	Franche-Comté	Guyane Ile de France	Limousin	Midi-Pyrénées	Nord Pas de Calais	Pays de la Loire	Provence-Alpes-Côte d'Azur
Eco-activities, eco-conditionality of subsidies	1	3	1		2	2	1	1	1	5	2
Development, renewal of existing companies			4	1					1	4	1
Vocational training		4	8	8	3	1	3	1	2	8	3
Cooperation, creation of network		3	2	1	2		2			5	1
Attracting new companies			1	1			2				1
Favouring social economy, fight against exclusion	1	2	2	1				2	1	3	1
Spatial planning (balance)	2	2	6	2	3	4	2	2	3	3	5
R&D		2	1	6	3		1		1	2	
Citizens' awareness	2	5	3	2	5	6	5	1		5	2
Education, high schools	3	5	2	6	3	10	2	2	3	16	1
Handicap		2			1		3	1		4	1

Culture (broad)		2	8	4	7	9		2	3	2	4	2
International (decentralised cooperation), Europe	1	4	2	9	2				2	1	3	2
Public transport, intermodality	4	5	4	5	9		2	3	4	2	2	3
Biodiversity	2	2	4	1	1	3	3		2	1	4	
Pollution/Waste/Wa ter/Air	2	5	8	2	3	6	3		5	2	5	4
Renewables, energy efficiency	3	1	1	1	4	3			5	1	1	1
Housing		2	2	1					1		1	
Public services, access to leisure		2	4	2	4	2		1	2	3	2	2
ICT	1	1	1	1	1	1				1	2	1
Tourism	1	4	4	1	2	1			1	2	2	2
Building sector	2	1	2		1		3	1	1	1	3	
Agriculture, fisheries, forestry	2	7	10		4		1	1		2	3	1
Health	2		1		1		1			1	2	1
Democracy, solidarity	2	6	1			2	1	1	1	1	5	1
Support to NGOs					1	1			2		3	
Consumption (incl. Fair trade)		2	6				3			1		2
Discriminations		1	2						2		2	
Adaptation to climate change		1	1									1
Total number of actions	31	74	91	55	62	49	29	21	41	33	99	41

Overall results in % of total measures being decided, with classification according to environmental, economic or social criteria

Economic	17,1%
Societal	50,1%
Environmental	32,8%

E = environmental  
S = social, societal  
C = economic

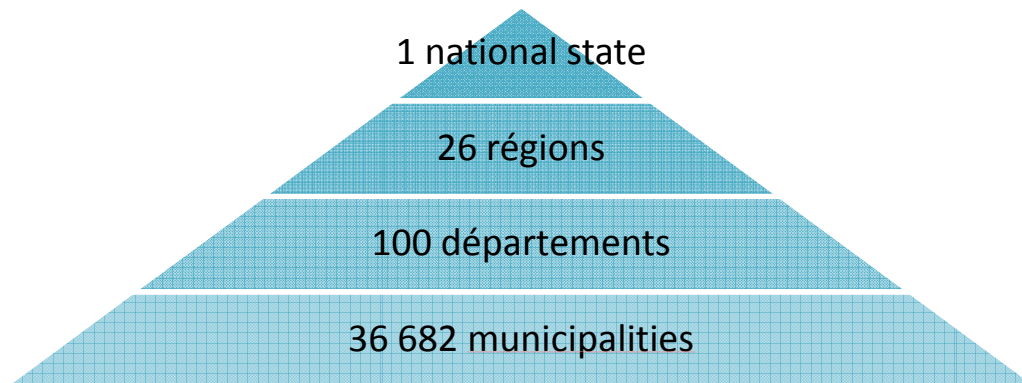
	Average	Category	Justification (if equivocal)
Eco-activities, eco-conditionality of subsidies	3,2%	C	The idea is to develop new activities, even though "eco" clearly shows an environmental concern.
Tourism	3,0%	C	
Development, renewal of existing companies, attracting new companies	2,6%	C	
Cooperation, creation of network	2,4%	C	The idea is often to have existing tourism infrastructures (hotels) act in a more sustainable way, but another issue is to develop tourism on the territory, hence the decision to use the economic category.
Public transport, intermodality	7,8%	E	Local authorities try to develop public transportation, car pooling, use of bicycles.
Pollution/Waste/Water/Air	7,2%	E	
Agriculture, fisheries, forestry	4,4%	E	
Biodiversity	3,8%	E	
Renewables, energy efficiency	3,8%	E	In most cases, the concern here is to have energy-efficient building.
Building sector	2,9%	E	
R&D	2,4%	E	As most R&D aims at producing more energy-efficient processes, we chose to use the environmental category.
Adaptation to climate change	0,4%	E	
Education, high schools	7,9%	S	

Culture (broad)	6,7%	S	
Citizens' awareness	6,2%	S	Even though part of awareness is about environmental issues, the idea is to have aware and responsible adults.
Public services, access to leisure and health	5,6%	S	
International (decentralised cooperation), Europe	3,9%	S	
Democracy, solidarity	3,4%	S	
Consumption (incl. Fair trade)	2,3%	S	As most of it is about fair trade, we put it in the social category.
Handicap	2,0%	S	
Favouring social economy, fight against exclusion	1,9%	S	It does have economic aspects, but the main goal is obviously to fight against exclusion.
Access to new technologies	1,6%	S	It is considered a question of social fairness that anyone, wherever he lives, should be able to access to high-speed Internet.
Support to NGOs	1,0%	S	
Discriminations	0,9%	S	
Housing	0,8%	S	Housing refers to the possibility for every citizen to find a house. See also building sector.
Vocational training	6,2%	S - C	We split it between social and economic: part of it is to make sure local companies will be able to find trained employees, but part of it is to make sure anyone can have access to education during his entire life.
Spatial planning (balance)	5,9%	S - C	Most of it is ensuring an even or not too uneven distribution of services, companies and opportunities on the territory.



## Annex 2

### Description of French local authorities and their main competencies



The highest level of local authority is called the *région*. There are 22 *régions* in mainland France, and 4 overseas. *Régions* have become a relevant level for local action in 1982, when the Law Defferre was voted. It defined their competencies and stated that the *région* should have an assembly elected at direct universal suffrage. Their competencies have been reinforced in 2004 by the Law Raffarin. Today, *régions'* main competencies make it an important player in the field of economic and spatial planning. They prepare a regional planning scheme for economic development. In the field of education, they are responsible for the definition and implementation of apprenticeship and vocational training decisions; they are also in charge of high school premises and activities. In the field of transport, they cope with regional railway transportation. They finally have to write a regional scheme for air quality.

The second level is *départements*. They are 100 (Mayotte, in the Indian Ocean will be the 101<sup>st</sup> in 2011). Each *région* has from 2 to 8 *départements*. *Départements* have been created during the French revolution and played a significant role since that date. Their most prominent action is in the field of social action, solidarity and housing: they are in charge of youth welfare, social and professional integration (including guaranteed minimum income), elderly welfare and housing solidarity fund. They take care of protected natural areas, most roads, interurban public transportation, secondary education and economic development agencies.

The third level is the municipality (*communes*). France has the particularity to have more than half of the total European municipalities, resulting in a lot of very small ones. In order to enable smaller cities to launch bigger projects and for further simplification, municipalities can now ally in an *intercommunalité* to which they will delegate some of their competencies. Those competencies are municipal registry, police, social action (crèches, retirement homes) and schools, development areas, city roads, libraries, museums... An important one is garbage collection together with management on water and pollution. It can also decide to play a role in economic development.

On top of that, a municipality can also join a *pays* (area), the condition being that it should form a territory having some geographical, cultural, economic or social cohesion in terms of living habits or employment.

Source: Karine Viel and Elise Gauthier from the Comité 21, *Les collectivités locales, actrices du développement durable*, presentation during the class 'Agendas 21', HEC Paris, May 2010.

### Annex 3

#### Maps of French local authorities named in this paper

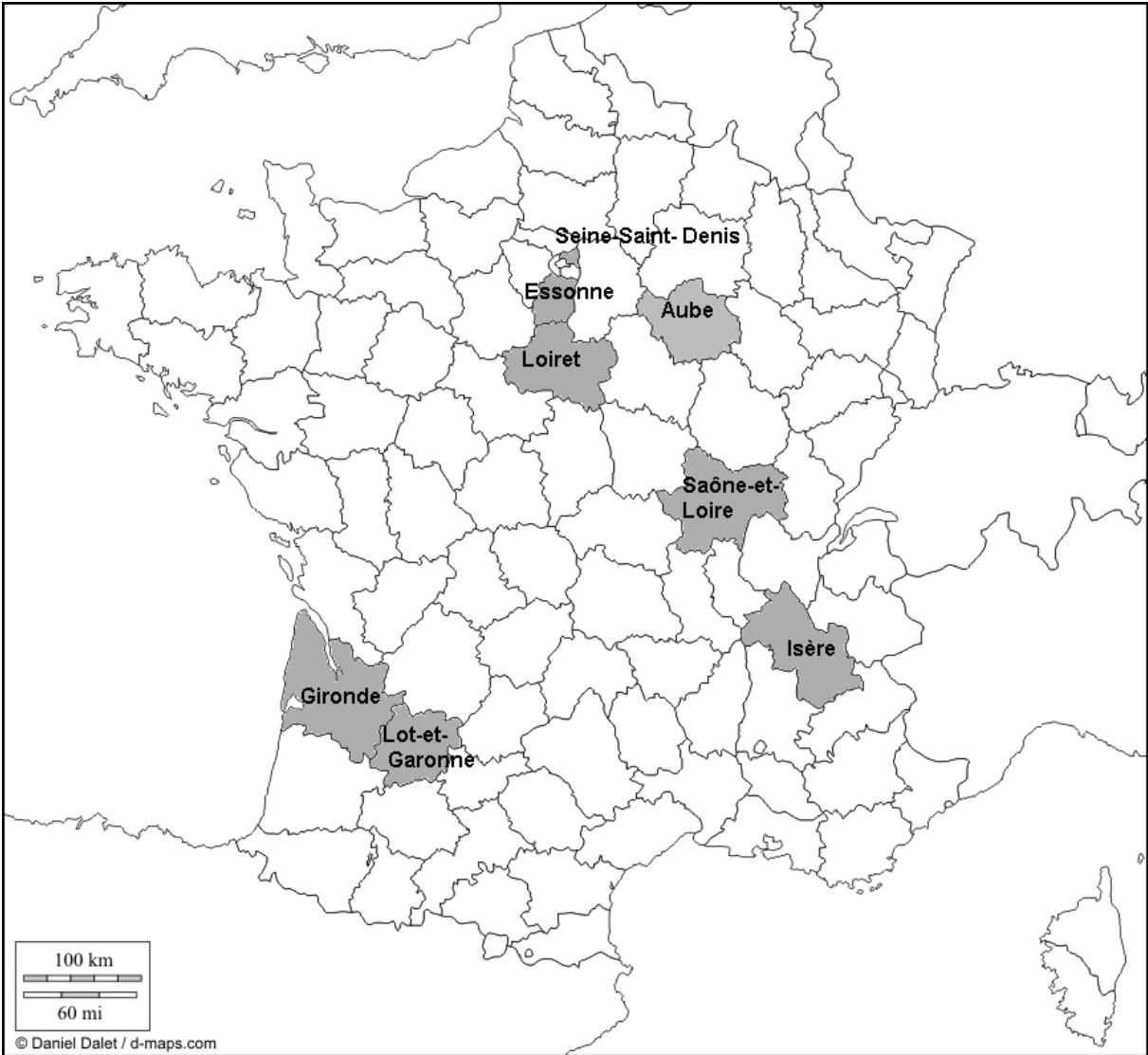
##### *Régions*



Please note that we also considered in our study Guadeloupe, in the French Caribbean, and French Guyana, located between Brazil and Suriname.

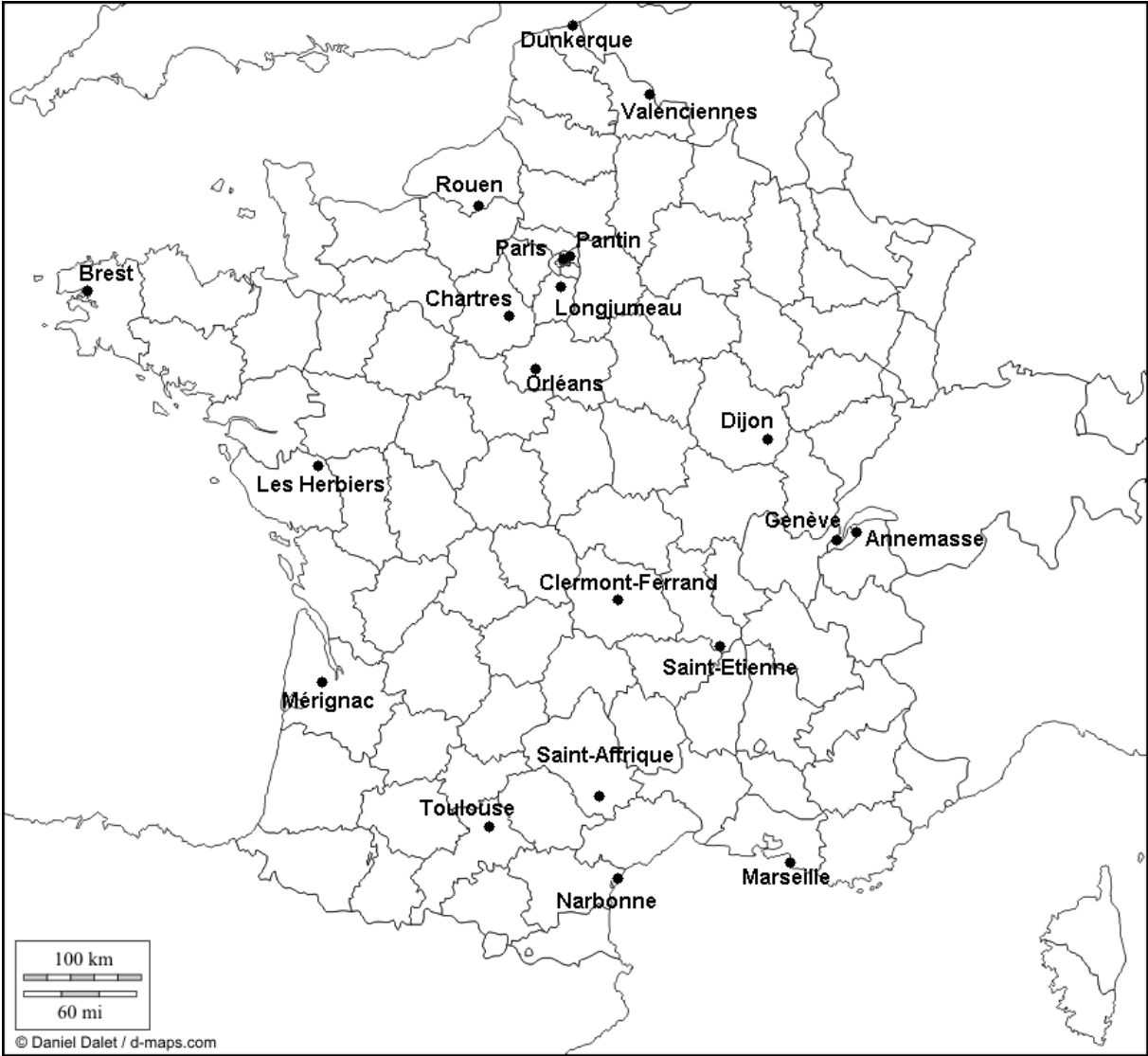
© for the blank map: LesRadars.com

Départements



© for the blank map: Daniel Dalet, d-maps.com

Municipalities

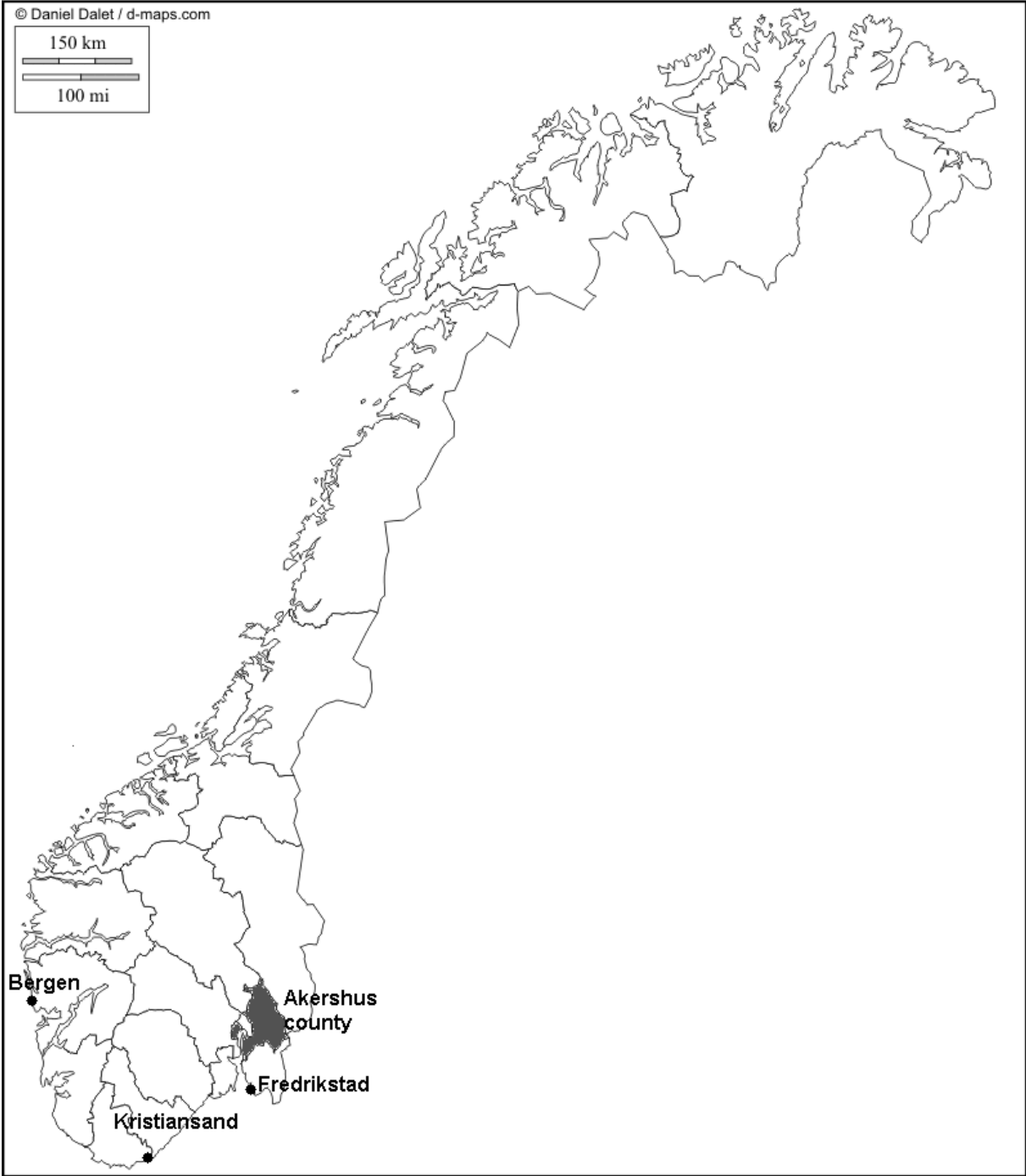


Geneva is of course not a French city, but for more convenience we draw it on the same map.

© for the blank map: Daniel Dalet, d-maps.com

**Annex 4**

**Map of Norwegian local authorities named in this paper**



© for the blank map: Daniel Dalet, d-maps.com

## Annex 5

### **Earth Summit Agenda 21, *The United Nations programme of actions from Rio*, United Nations publications, Rio, August 1992, Chapter 28-3 on local agenda 21**

#### Chapter 28: Local Authorities' Initiatives in Support of Agenda 21

##### PROGRAMME AREA

##### Basis for action

28.1. Because so many of the problems and solutions being addressed by Agenda 21 have their roots in local activities, the participation and cooperation of local authorities will be a determining factor in fulfilling its objectives. Local authorities construct, operate and maintain economic, social and environmental infrastructure, oversee planning processes, establish local environmental policies and regulations, and assist in implementing national and subnational environmental policies. As the level of governance closest to the people, they play a vital role in educating, mobilizing and responding to the public to promote sustainable development.

##### Objectives

28.2. The following objectives are proposed for this programme area:

(a) By 1996, most local authorities in each country should have undertaken a consultative process with their populations and achieved a consensus on "a local Agenda 21" for the community;

(b) By 1993, the international community should have initiated a consultative process aimed at increasing cooperation between local authorities;

(c) By 1994, representatives of associations of cities and other local authorities should have increased levels of cooperation and coordination with the goal of enhancing the exchange of information and experience among local authorities;

(d) All local authorities in each country should be encouraged to implement and monitor programmes which aim at ensuring that women and youth are represented in decision-making, planning and implementation processes.

#### Activities

28.3. Each local authority should enter into a dialogue with its citizens, local organizations and private enterprises and adopt "a local Agenda 21". Through consultation and consensus-building, local authorities would learn from citizens and from local, civic, community, business and industrial organizations and acquire the information needed for formulating the best strategies. The process of consultation would increase household awareness of sustainable development issues. Local authority programmes, policies, laws and regulations to achieve Agenda 21 objectives would be assessed and modified, based on local programmes adopted. Strategies could also be used in supporting proposals for local, national, regional and international funding.

28.4. Partnerships should be fostered among relevant organs and organizations such as UNDP, the United Nations Centre for Human Settlements (Habitat) and UNEP, the World Bank, regional banks, the International Union of Local Authorities, the World Association of the Major Metropolises, Summit of Great Cities of the World, the United Towns Organization and other relevant partners, with a view to mobilizing increased international support for local authority programmes. An important goal would be to support, extend and improve existing institutions working in the field of local authority capacity-building and local environment management. For this purpose:

(a) Habitat and other relevant organs and organizations of the United Nations system are called upon to strengthen services in collecting information on strategies of local authorities, in particular for those that need international support;

(b) Periodic consultations involving both international partners and developing countries could review strategies and consider how such international support could best be



mobilized. Such a sectoral consultation would complement concurrent country-focused consultations, such as those taking place in consultative groups and round tables.

28.5. Representatives of associations of local authorities are encouraged to establish processes to increase the exchange of information, experience and mutual technical assistance among local authorities.

#### Means of implementation

##### A) Financing and cost evaluation

28.6. It is recommended that all parties reassess funding needs in this area. The Conference secretariat has estimated the average total annual cost (1993-2000) for strengthening international secretariat services for implementing the activities in this chapter to be about \$1 million on grant or concessional terms. These are indicative and order-of-magnitude estimates only and have not been reviewed by Governments.

##### B) Human resource development and capacity-building

28.7. This programme should facilitate the capacity-building and training activities already contained in other chapters of Agenda 21.

Source: [http://www.un.org/esa/dsd/agenda21/res\\_agenda21\\_00.shtml](http://www.un.org/esa/dsd/agenda21/res_agenda21_00.shtml)

## **Annex 6**

### **List of civil officers that either have been interviewed or have mailed useful information**

M<sup>me</sup> Séverine Carniello and M. Jonathan Morice, former and actual responsible people for the Agenda 21, municipality of Orléans

MM. Clément Cohen, Guillaume Cantagrel and M<sup>me</sup> Christelle Piechta, from the Department for Sustainable Development and Urban Ecology, intercommunality of Toulouse

M. Stig Bang-Andersen, Department for Urban Development, Climate and Environmental Affairs, municipality of Bergen

M. Olivier Lemaître, Department for Planning and Sustainable Development, *région* Basse-Normandie

M. Yves Despeyroux, Department for Sustainable Development, *région* Nord-Pas de Calais

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