

Reflections on “Inter-Sectoral Co-ordination in NFP Processes”

D R A F T

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1 Introduction and Questions

“Inter-sectoral Co-ordination“ has always been a focused topic and problem of politics. Co-ordination problems are always backed up by the assumption that participants are insufficiently informed about each other or pursue differing interests: either because they have different preferences in factual questions or because they strive for power positions and influence. The more differentiated political systems become, the more complaints will emerge that an organisation does not know what the other is doing, that programmes are redundant or contradictory and that crucial questions are not raised. Recent references in political sciences assume that the current developments make co-ordination increasingly important, but at the same time more difficult. The following phenomena emphasise this:¹

- Despite the popular objective to decrease state influence, state actions have gained significance in an increasing number of public spheres. Therefore it becomes more likely that state programmes of one field have an impact on the programmes in others.
- The pressure to minimise the costs of contradictory and redundant programmes are rising in times of budget cuts.
- Political problems become increasingly inter-sectoral (cf. Peters 1998:296; for the forest sector cf. Peck/Descargues 1995). They correspond less and less with the political problem solving structures (polities), as they exist in ministerial bureaucracies and in systems of interest groups.
- National co-ordination becomes increasingly important due to the integration of the national level in supranational and international forums (cf. OECD 1996:6, Peters 1998: 306). If national representatives are supposed to hold the most consistent positions, they need prior national co-ordination. This cannot be postponed to the period of implementation.

Besides other goals and elements, “inter-sectoral co-ordination” is also a significant characteristic of “National Forest Programmes” (NFPs) and a central theme in the national processes that we observe. It is one of the central topics in phase II of the German NFP process. It has been identified as one of the major shortcomings of phase I. In their assessment report, Hofmann and Liss (2001: 5) state that *“inter-sectoral aspects have been widely raised, but thus far insufficiently discussed and that the elaborated recommendations for action ... are not very concrete and were largely excluded for political reasons.”* In the Finnish NFP process as well, inter-sectoral co-ordination was only achieved to a minor degree. Voitleithner (2001: 20f) found that other sectors than forest policy have been taken into account in the course of formulating the goals of regional forest programmes and the NFP, stating that policy plans from other sectors have been taken into consideration, however, effective mutual co-ordination mechanisms are largely missing. The resolution of important conflicts has been postponed to the implementation of the forest programmes.

The essence and factual claim of inter-sectoral co-ordination seem to be obvious at first sight: in some cases, the point is to pursue goals that can only be achieved collectively, either because of insufficient individual resources or because mutual effects (e.g. between subsidies in agriculture and forestry) disapprove of individual action. In other cases, the point is to avoid double tracks or contradictions in the activities of independent decision-making units. Co-ordination should allow the achievement of individual and/or collective goals of different sectors in the most efficient way without negative side effects. Therefore it is considered desirable – in any case from a superior point of view.

¹ Cf. e.g. Peters (1998), for local politics: Bogumil (2001)

Even if the answer to the question of the sense of co-ordination seems to be easy at first sight, more central questions become obvious at second sight, e.g. the problem definition: what exactly is a “sector” or what is understood as a “sector”? When is it possible to speak of “co-ordination” and what is the measurement of success? Only with answers to these questions, a concrete NFP-process can be evaluated in terms of the “extent” of inter-sectoral co-ordination.

When we take a third look, we discover questions of political practice: what mechanisms are suitable for inter-sectoral co-ordination? What institutional demands have to be fulfilled, what obstacles can be expected? How can different mechanisms be assessed in terms of assets, of collective decision-making, and in how far can one expect meaningful and significant results? Answers to these questions help to clarify under which conditions the demands for “inter-sectoral co-ordination” do not remain mere programmatic or “symbolic politics”.

In this paper, I will discuss these questions against the background of the NFP-concept and want to give some reflections and points for discussion. This results in the following structure: the first chapter deals with the question “WHY?” Why does inter-sectoral co-ordination make sense, what are the expected benefits and what measures for success can be applied to the processes and the results of co-ordination? This involves a rather general understanding of the concepts “sector” and “co-ordination”. I will go more into detail on that in the following chapter. I will try to define “WHAT” can be meant with “inter-sectoral” and “co-ordination”. Chapter 4 finally will be based on the earlier chapters and explores the question “HOW” models of inter-sectoral co-ordination can be designed, explores their strengths and weaknesses and what institutional demands they imply.

2 Inter-sectoral Coordination - “Why”

2.1 Superior Objective

As a working definition I would suggest that mutual information and deliberate, well-organised actions are prerequisites for co-ordination, i.e. co-ordination goes beyond the one-way anticipation of the consequences of actions of others and reactions to these actions. Keeping in mind the effort and costs that might be incurred in such a context, it is legitimate to ask in general why co-ordination is a goal we should strive for. This applies to co-ordination, no matter if between sectors or actors. In many cases, autonomous actions will be preferable. We can think of conditions in which a situation of uncoordinated, definitely competing programmes seems functional, especially when a lack of sound knowledge on the scope of effects of the existing problems is observed. In such cases, an experimental approach might be absolutely advantageous (Peters 1998b: 23).

Co-ordination becomes increasingly important when the decisions of two or more units are mutually dependent. This can apply to individuals, interest groups, administrative units or even nation states. The inter-dependence might be caused by the fact that individual goals can only be achieved in joint actions or by the fact that effects of individual programmes can be anticipated that have an impact on the interests of others.

From the viewpoint of individual participants, there might be other good reasons against an approach of co-operative co-ordination, be it that they consider themselves in a position to back their interests alone, or be it that the anticipated transaction costs of co-ordination are too high. From the viewpoint of potentially participating actors, a general judgment of the advantages and disadvantages of co-ordination cannot be made. One has to take a “superior” point of view. Only then, a judgment with normative reasons can be made, which considers the “overall interest” of the participants and – where applicable – identify deficits in co-ordination.

In National Forest Programmes, the overall interest is to co-ordinate the economic, ecologic and social interests in the forests. Criteria for the overall interests are provided by welfare economics (cf. Scharpf 1992: 57pp): the Pareto-criterion, and the Kaldor-criterion. Co-ordination is desirable if the welfare benefits achievable with the individual decisions of independent actors are less significant than the welfare benefits achievable with co-ordinated action. From this perspective, “co-ordination” can be defined as a process towards mutual agreement; the welfare-theoretic aspiration level of this agreement exceeds the achievable results of mutual, non-co-operative adjustment (cf. Scharpf 1996: 498).

Taking the *Pareto-criterion* as the basis for assessment, individual plans are acceptable if none of the participants experiences a deterioration of the status quo and at least one achieves additional benefits. In this way an increase in collective welfare is guaranteed. On the other hand, projects are rejected if only a single participant would experience disadvantages, even if the advantages for the others predominate. Applying the *Kaldor-criterion*, one has such options. The criterion is met even if individuals experience disadvantages as long as the aggregated net-benefit is positive. Reasonable projects from an overall perspective will not be rejected when the Kaldor-criterion is applied. The question is, however, how agreements can be reached for projects without win-win outcome. If we assume egoistic-rational actors, we need either decision-making from a superior authority, compensation payments or package deals.

A welfare-theoretic analysis gives a normative reason for sectoral co-ordination: projects which increase overall welfare, but which can be implemented only in joint action, cannot be carried out without co-ordination. In certain circumstances, co-ordination leads to the implementation of those projects with the highest possible contribution to welfare from an overall point of view. The implementation of projects that are reasonable for an individual, but imply disadvantageous consequences from a collective perspective, can be prevented by co-ordination.

2.2 *Measuring the Degree of Co-ordination*

So far, the reflections have been based on co-ordinating, i.e. on co-ordination as a *process*. This view emphasises different modes, their advantages and disadvantages, and the institutional demands. Co-ordination, however, can also be considered a *state*, i.e. “being co-ordinated with each other”.

While the assessment of the process implies assessment criteria such as the number of sectors involved, the point of time, the period of time of participation etc., the state of co-ordination can be assessed by the extent of *redundancy*², the degree of *incoherence*³ and the existence of important, but *still untackled issues* (cf. Peters 1998: 296). The degree of “being co-ordinated” can be measured on an imaginary, continuous scale. With minimal co-ordination, the actors are aware of the activities of others and try to avoid redundancies and not to interfere with each other. The achievement of maximum co-ordination implies the need for unrestricted control and implementation mechanisms in order to overcome power and competence struggles in the worst case and to set untackled issues on the agenda. The co-ordinated solution of all relevant problems would imply omniscience and omnipotence.

According to Peters (1998: 303), redundancy is usually easier to overcome than the problem of contradictory programmes. *Redundancy* is, first of all, easier identified, especially if high costs are involved (e.g. because of a number of similar regulations which have to be fulfilled). As redundant programmes have similar or the same objectives, very often a far-reaching coincidence of the underlying interests can be assumed, at least in the factual questions. What

² “Redundancy“: Two or more programmes/organisations have the same objectives without co-ordination

³ “Incoherence“: Programmes/organisation pursue different, conflicting goals.

remains are possible *conflicts on the competencies or the means to the same end*. The reasons for contradictory policies, however, can be competing interests or views of the problem; the actors have their own rationality or their own clients in mind. In the case of incoherence, one can presume stronger resistance to co-ordination. With untackled problems calling for co-ordinated action, it will be decisive in how far “hot potatoes” are dealt with (e.g. problems relating to game and forest) that nobody sets on their agenda because significant trouble can be anticipated, or if a problem is “simply” not obvious enough to become an item on an agenda (e.g. climatic changes). According to the scenario applicable, varying levels of resistance to co-ordination can be expected.

Beyond the normative welfare-economic argumentation, inter-sectoral co-ordination is important also with respect to the legitimacy and acceptance of political programmes. Even inside hierarchic organisations, the decision-making processes are frequently negotiations. Very often, the formulation and implementation of state programmes can actually be understood as a co-ordination of many state and non-state actors rather than a hierarchic control of society by the state. Co-ordination in programme formulation provides legitimacy on the input-side; it is supposed to prevent problems in the course of implementation. Co-ordination in implementation is supposed to spend legitimacy on the output-side.⁴

3 Inter-sectoral Co-ordination – “Where” Is It Applied?

If we ask what is meant by a “sector”, this question might seem strange at first sight. In general, we think of the concepts we use in our daily conversations. We speak of “nature protection policy”, “energy policy”, “research policy” and “forest policy”. When we talk about inter-sectoral co-ordination from such a viewpoint, we mean the harmonisation of programmes in nature protection and forest policy. But when do we assign a programme to these “sectors”? In many cases, this might seem easy and clear at first sight, e.g. when we talk about the regulation of recruiting forest staff. In many other cases, such an approach to the definition of sectors cannot be satisfactory from an analytical perspective. For example: do we talk of “inter-sectoral co-ordination” between nature protection and forest politics, when a subsidy programme for mixed deciduous and coniferous woodlands considers the economic objectives of the forest owner as well as the ecologic objectives of nature protection? Or do we talk of inter-sectoral co-ordination only if the above-mentioned programme is a joint product of the authorities in charge of forest policy and nature protection policy? This would mean that we no longer speak of “inter-sectoral co-ordination” if all these competencies are in one hand, e.g. after restructuring departments.

In short, the common approach works with a presumption of “sectors” which correspond more or less with the historically developed administrative structures of public authorities and the core competencies of interest groups. When programmes are assigned to sectors, these definitions lead to more or less arbitrary results. Therefore we have to find out if there are other “units of analysis” resulting in a reasonable definition of “sectors”.

As not the programmes, but the *actors* co-ordinate themselves, they can serve as units of analysis. Political actors, organisations, or networks usually have a minimum of autonomy. For these reasons I consider it logical to define sectors according to the limits of relatively autonomous decision-making structures (similar to Peters 1998: 297). This is possible for administrative units as well as for policy domain networks. Sabatier/Jenkins-Smith (1997:

⁴ Another aspect is tightly connected with the question of legitimacy, which is regularly discussed in connection with co-ordination: the question of “accountability”. The integration of as many organisations as possible in decision-making can improve the effectiveness and efficiency of programmes. If this is not successful, however, it becomes increasingly difficult in complex decision-making structures involving many actors and informal processes, to assign accountability (cf. Peters 1998, Metcalfe 1997).

23pp) for example, talk about “policy subsystems” emerging from actors, organisations and individuals. “... *the concept of a subsystem needs to focus on the group of people and/or organizations interacting regularly over periods of a decade or more in order to affect the formulation and implementation of public policy within a given policy area/domain*”.

The essential issue is that they represent relatively autonomous decision-making bodies with conceivable limits. They can comprise state, private, corporate actors, or individuals (e.g. specialised journalists, scientists). Compared to the traditional, state-centred co-ordination approach, which is primarily based on hierarchies, such a network perspective is more open for the role of private actors. In terms of interaction, networks will prefer negotiation and mediation rather than this is the case in hierarchic concepts (Peters 1998: 299). This classification corresponds with the “*policy communities*” of Rhodes (1997: 38), or *policy domain networks* of Franz Urban Pappi (1993: 91pp). In both cases we deal with structures for which a more or less continuing characteristic of actor relationships is typical. They organise around factually linked questions, have their own identity compared to other sections of the political system, and have a minimum degree of autonomy. When sectors are defined on the basis of existing structures, “inter-sectoral co-ordination” will describe the interaction between actor networks in order to harmonise their decisions (process) or the state of harmonisation of the programmes of these actor networks, respectively.

Such structures take time to evolve. They might be relatively favoured by the political culture in a certain country. In many European democracies, especially in smaller countries like Austria, Belgium, the Netherlands, and the Scandinavian countries, the relationship between state and society is traditionally influenced by the corporatist arrangements (cf. Peters/Pierre 1998: 235). We talk about “*negotiated democracies*”⁵ (Czada 2000) and “*co-operative democracies*”⁶ (Bogumil 2001: 2). Their strengths are seen in concentrating interests, information and resources and in a better integration of opponents, what in total is supposed to result in a higher efficiency of political measures. Integrated interest groups should focus the heterogeneous interests of their members and take co-responsibility for the implementation of joint decisions. Compared to majority democracies, negotiated democracies are said to take more time for decision-making and lack transparency. This implies deficits regarding the development of legitimacy on the input-side, which should be re-balanced by higher efficiency on the output-side (cf. Bogumil 2001: 4).

In some policy domains like in forest policy, the “*profession*” may serve as a harmonising bracket and thus as a basis for networks. A common language, a similar level of knowledge, related views of problems, a shared view of basic goals and effect mechanisms in the field facilitate co-ordination remarkably. Professional networks are often vertically structured; their members have positions at different political levels. The reverse of the advantages regarding vertical co-ordination related to such professional relationships is that such networks are often relatively closed for outsiders and therefore obstruct inter-sectoral co-ordination. Peters (1998: 302) brings it to the point with the argument that “... *some failures of horizontal co-ordination can be understood through the success of vertical co-ordination.*”

⁵ The concept of “negotiated democracies” refers – according to Czada – to political systems in which significant decisions are not taken by majorities, but by negotiation. Negotiation processes can take place between parties, between governments and interest associations as well as in a process that comprises different arenas of negotiation (Czada 2000: 2)

⁶ When Bogumil (2001: 2) speaks of “co-operative democracies”, he means the “new, not legally prescribed, but voluntary processes oriented at dialogues and co-operative problem-solutions in participatory processes of citizens and interest associations that aim at policy formulation and implementation.” They do not replace, but supplement the existing forms of democratic decision-making. This definition refers to three aspects that are central to NFP discussions: “collaboration”, “cross-sectoral co-ordination” and “participation”. Bogumil (2001: 10) sees the simultaneous appearance of financing, controlling and legitimating problems as the major cause for the advance of the elements of co-operative democracies.

The need for a combination of *vertical and horizontal co-ordination* becomes clear in federal systems: Very often the (framework) legislation is within the competence of the national level, while the responsibility for implementation is in the hands of the regional authorities. When the implementation of the programmes leaves some room for creativity, horizontal co-ordination at the national level in the course of policy formulation is insufficient to guarantee the coherence of the measures when they become effective. Vertical co-ordination is a prerequisite for the success of horizontal co-ordination.

With the last point, I implicitly brought up the question if inter-sectoral co-ordination is more related to the stage of *policy formulation*, the stage of *implementation* or to the whole *policy cycle*.⁷ The processes, for example, that are presently underway in Germany (at the federal level) and in Bavaria have more or less “only” dealt with policy formulation so far. Discussions about problems and potential means for implementation are at the initial stage (cf. Liss/Hofmann 2002). The active actor networks at these stages can differ considerably, especially in federal systems and in the system of the European Union. Peters (1998b: 48) argues in this context, that in policy formulation rather questions of budgeting, keeping power and influence in the overall system predominate at the national level. The readiness for co-operation between the sectors would mostly be higher at the operative level, because here the concerns of the effects on the clients predominate. In this sense, he formulates, “*in this view policy co-ordination is not a matter of rationality but rather it is an intensely political exercise, involving negotiations with networks and aggregations of groups. This political dimension is especially significant for policy formation in which competing interests are manifest; programme co-ordination and implementation may be more solvable through rational means*” (Peters 1998: 300 referring to O’Tool 1996).

4 Inter-sectoral Co-ordination – “How”?

“Negotiation“ and “hierarchy“ are basic mechanisms, which are primary options for the inter-sectoral co-ordination of NFP processes.⁸ If we presume a structure in which the representatives of the state and the interest groups are equal partners in the NFP process, the negotiation mode will be primarily applied. If we assume, however, an NFP process that is primarily about co-ordinating the units of ministerial bureaucracies performed by superior authorities, hierarchic relations might become more important.

Although one might assume that in the NFP context, due to its defining elements of “participation”, “collaboration” and “conflict resolution schemes”, only negotiation may be the appropriate mechanism for inter-sectoral co-ordination, hierarchy may also have its role. It may have a significant impact on negotiations, even if formal power relations are not employed, and it may also have its role regarding the integration of NFPs into broader regional or national strategies for sustainable development, like it is planned for the Bavarian forest Programme (Beck, Zormaier/Suda 2002: 2), the German Forest Programme (Hofmann/Liss 2001: 5) as well as for Austria (BMLFUW 2002:83f).

4.1 Co-ordination by Hierarchy

Hierarchy is the traditional co-ordination mechanism of state administrations. It works top-down and is to a certain degree linked with centralisation. The task of co-ordinating units of equal ranks has to be performed at a superior level, by central authorities, finally - in certain cases - even by the cabinet. We assume that individual organisational units lack overview

⁷ Against the background of the proposed research design for COST Action E19 “National Forest Programmes in the European Context” (cf. Hogl/Pregernig 2000), the focus of analysis is on the stage of policy formulation.

⁸ The third co-ordination mechanism that is often mentioned is the “market” (cf. e.g. Peters 1998b, Scharpf 1996).

beyond their direct competencies and sometimes they may also miss incentives for enhanced co-operation instead of pursuing their own organisational interests in the first place.

Basically, hierarchic control is supposed to decrease the transaction costs inside organisations. Specialised sub-units might fulfil their tasks with high efficiency, but the efforts necessary to achieve horizontal self-co-ordination threatens to outweigh (or even more than that) the efficiency gains achieved by specialisation. Co-ordination performed by superior authorities is supposed to be a remedy. If we assume benevolent and comprehensively informed bodies (“the benevolent dictator”), co-ordination by hierarchy meets the Kaldor-criterion in a model organisation. The potential of possible welfare gains is achieved.

The above-mentioned assumptions show the two central problems that have to be faced in a successful process of co-ordination by hierarchy the “motivation problem” and the “information problem” have to be solved (cf. Scharpf 1996: 503pp and 1993: 131pp). It needs a “benevolent dictator” who has to be additionally informed in detail on all the problems and options for solution.

From the welfare-theoretic point of view, hierarchic co-ordination is normatively acceptable, if it pursues the overall interest of the involved organisations or of the community (*motivation problems*). But Rational Choice theory, however, assumes that political actors act egoistically in order to maximise their own benefits. Political parties and governments strive for an increase of power and for re-election, interest groups seek to save the maximum of the overall social benefits for their clients, bureaucrats strive for budget maximisation and expansions of competencies. In order to hope for a minimum of corporative orientation under such circumstances, we do not only need the “checks and balances” which have been institutionalised in democratic systems, but moreover it is necessary to assume that the behaviour of political actors is also oriented at “standards”. They define the “normal” degree of pursuing self-interests and set limits for egoistic actions. In how far such standards become effective depends, among other things, on whether this concerns a rather permanent network of relationships, or rather singular interactions of the actors (see below). In the latter case actors do not have to fear sanctions if they pursue their interest with means that exceed the “normal” measures.

The *information problem* is solved when decision-makers have valid information on the problems and their possible solutions, and are moreover capable to process this information in a logical and comprehensive way. Even if we assume a benevolent dictator, co-ordination by hierarchy is permanently at risk to take quite unreasonable decisions, either due to a lack of relevant information or due to information overflow.

As solution option, organisational theory points at the principle of “*selective intervention*” (Scharpf 1996: 506). It states that superior authorities have to restrict their decisions to those issues that have to be decided at their level. All other decisions have to be taken by the subordinate authorities because they have better access to the relevant information. In this way they can avoid an overburdening of the central authorities. Selective intervention, however, requires lines of formal competencies that should correspond with the frequency and significance of real interactions between organisational units. In such a design, the interactions of units with one common supervisor are remarkably more frequent and more significant than the interaction of bodies with different direct supervisors. If we believe what we read in the relevant literature (e.g. Peters 1998, Scharpf 1996), this form of design of hierarchic organisations becomes increasingly difficult because the interlacement of different task areas increases. Besides structural reforms, there are two possible reactions to this: first, the existing distribution of competencies is retained and problems are passed on to the first position, which is head of all units concerned. Then, the more significance interlacement between sub-units of different lines of hierarchy gains, the higher will be the stage of the first “common” supervisor. Therefore the choice of strategy will - in the worst case - reveal the benefits of decentralisation to a great extent, and heads of organisations will suffer from information and

decision-making overflows. If an organisation instead chooses the second possible strategy, i.e. to do partly without central decision-making competencies and go for the horizontal self-co-ordination of subunits, it faces the threat of systematic strains of high transaction costs and may easily end up in a decision-making deadlock.

If we observe the co-ordination of NFP processes within and/or between ministries, the relevant decision-making level will rise with the integration of a higher number of organisational units from different lines of hierarchy. At the same time, it is true that the hierarchy level that can be reached by the topic “NFP” is also dependent on the political significance it can achieve. Therefore, states with a high importance of woodlands, forest and timber industries are more likely to deal with inter-sectoral co-ordination by hierarchy than other countries.

4.2 Co-ordination by Negotiations

Co-ordination between organisations and political actors from the same level is achieved by negotiations. Inter-sectoral co-ordination by negotiation of state and private actors at the national level requires interest groups that are capable to act. That might be no problem in many countries, but can also mean that the necessary capacities have either to be built up or strengthened as a first step. It is reported that lacking capacity is a real problem for some of the interest groups involved in the German and Austrian processes, in the case of the Austrian strategy for sustainable development even for some representative of ministries. They had troubles to contribute to the time-consuming process in addition to their core business. Anyhow, neither the German nor the Austrian processes are provided with a budget to support and facilitate the actors’ participation.

If we assume that an NFP process is carried out in a “system of compulsory negotiations”⁹, i.e. unilateral actions are excluded¹⁰, moreover, that potential actions are definitely fixed in their degree (they are not variable on a continuous scale like e.g. the total of a budget line), and that compensation payments between the participants are excluded, then the attempt of co-ordination by negotiation would be confronted with two fundamental problems (cf. Scharpf 1996: 501):

- (1) Projects that might be advantageous from an overall point of view are systematically excluded if they do not result in advantages from the perspective of every single negotiation partner compared to the status quo (or at least do not give reason to expect disadvantages). The Kaldor-criterion would not be fulfilled.
- (2) If there are several solutions to choose from that correspond with the criteria of welfare theory, the process runs the risk to be blocked by disputes about the choice of an alternative.

If compensation payments are allowed or non-fixed projects are assumed and if we moreover neglect both the transaction costs as well as the distribution problems, the Coase-Theorem (Coase 1960) suggests that welfare gains, which can be achieved by ideal hierarchies, can also be achieved by negotiations between autonomous, egoistic-rational actors. Such actors would choose solutions that would maximize the collective net benefits.

In the case of many controversial political issues, the projects that have to be discussed will not be variable on scales, i.e. they are not negotiable according to the degree of implementation. In this sense, for example, basically the acreage of a protected area can be negotiated, but from a certain minimum acreage onwards the question is only whether a conservation area should be created or not. Furthermore, very often a common measurement for the assessment

⁹ Compulsion does not necessarily exist due to formal rules or institutional structures, but can also exist factually because desired programmes can only be pursued by joint action.

¹⁰ I.e. a leading actor cannot produce an NFP by himself without achieving common results of negotiation.

of different alternatives will not exist, and compensation payments can be unacceptable on normative grounds. In these cases, an approach to Coases's solution is only conceivable if several projects can be summed up in negotiation "packages" in order to achieve an interest balance that is acceptable for all the actors involved.

Successful co-ordination by negotiations has to face two central challenges even if the conditions described above are fulfilled: the "negotiators' dilemma" and the "large-numbers problem" (ibid.). Starting point of the *negotiators' dilemma* is the fact that participants must solve two problems simultaneously: They should not only find a joint course of action which maximises their aggregate welfare, but they also need to decide jointly on the allocation of benefits and costs of co-ordinated action.¹¹ The core problem is that these two tasks – if we assume egoistic-rational actors – are linked to incompatible orientations. While the search for common solutions requires co-operative orientations and actions, the zero-sum game of negotiating the distribution of costs and benefits stimulates a more competitive orientation.

Actors, who behave co-operatively in problem solving and share all their information, run the risk to be disadvantaged in the course of decision-making about distributional issues. The negotiators' dilemma might result in sub-optimal solutions or in a blockage of a basically advantageous decisions due to unbridgeable distribution conflicts. The definition of sustainable forest management can serve as an example: the definition of thresholds for ecologic indicators, which might have to be defined primarily on the basis of scientific findings, entails the question which costs are incurred in the case of necessary changes in forest management, and the question about who has to cover them.

The *large-numbers problem* is simply that the difficulties of co-ordination increase very quickly with the number of actors concerned and the variety of their preferences and options. With the number of actors, the number of necessary successful interactions rises. Beyond relatively narrow limits, multilateral negotiations are likely to fail because of high demands of information processing and conflict regulation.

4.3 Co-ordination by Negotiations in Hierarchies or Networks

Obviously both co-ordination by hierarchy and co-ordination by negotiations face systematic difficulties. Both modes are alert for opportunistic behaviour; both face relatively narrow limits concerning their potential outreach. As Scharpf (1996: 510f, 1993: 145f) describes in detail, the combination of different prerequisites and of different ideal types of co-ordination promise to improve the problems discussed. Co-ordination by negotiations in combination with hierarchies or network structures should allow mobilising the strengths of different structures at the same time.

4.3.1 Negotiation in the Shadow of Hierarchies

If co-ordination takes place inside hierarchic structures, Scharpf (1996: 510) talks about "*self-co-ordination in the shadow of hierarchies*". He suggests this mode as a possibility to improve the described problems. Empirically speaking, his suggestion is based on the observation that very often vertical co-ordination processes inside of bureaucracies are primarily based on negotiation, less on hierarchic decisions (ibid., see also Peters 1998: 297).¹² Because of different views of the problems and orientations on different clients, and because of organ-

¹¹ If the market is used as a co-ordination mechanism, distribution conflicts must not be solved explicitly. Co-ordination by hierarchy, however, also has to decide on distributive questions, but does not need the agreement of those who are concerned (in contrast to negotiation).

¹² Examples of practical inter-ministerial organisations are "advisory committees" which are common in Scandinavian states: ministries have an advisory committees with representatives of interest groups and other ministries that has to pass all major projects. These institutions are characteristic for the systems of these states that are traditionally oriented at consensus (Peters 1998b: 33).

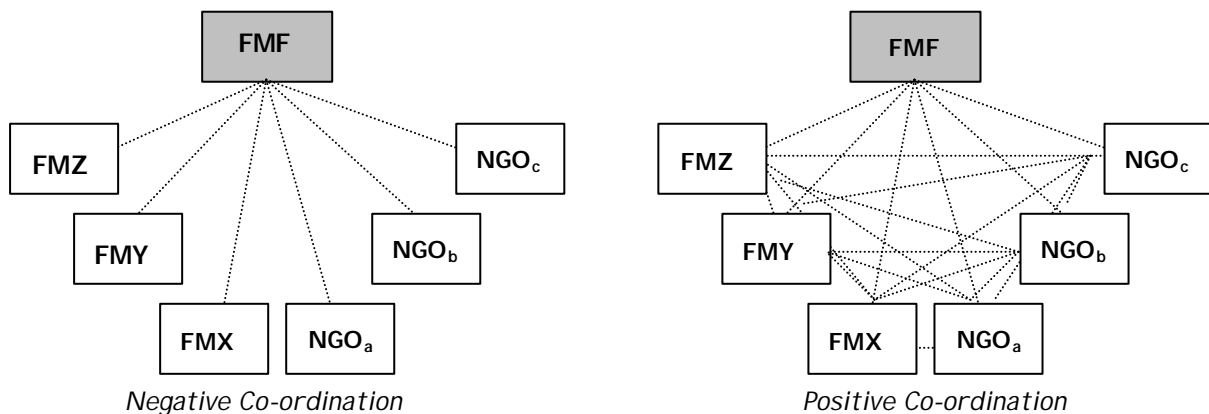
isational self-interests, the preferences of specialised units inside hierarchic structures often have quite different orientations. A strategy to present all conflict issues to the head of the department or – in the case of inter-departmental co-ordination – even to the cabinet can practically not be implemented, if the system should not be blocked by too high demands. However, it is essential and sufficient that a superior authority can take the decisions in a specific case at least in principle.

We can think of different patterns of interaction between the units involved in negotiation within a department, between several departments or between the actors of a network. The two ideal models of “positive co-ordination” and “negative co-ordination” (ibid. 512) can be used to describe these patterns. For explanation, we take a fictitious leading “Federal Ministry for Forestry (FMF, see Fig. 1).

The two models differ in terms of interaction density and in terms of welfare theoretic aspiration levels: *positive co-ordination* tries to select and implement those options with the highest collective benefit (Kaldor-criterion) and integrates all actors in multilateral interaction. In the case of *negative co-ordination*, only the ministry in charge contacts all the others with the goal to clarify negative effects of one’s own plan on other areas and to clarify potential effects of other’s actions on one’s own initiative and – if possible – prevent it.

Alternatives to plans of the leading unit that might be raised by others are not an issue. Negative co-ordination means to ensure that new initiatives fulfil the Pareto-criterion. In contrast to positive co-ordination, interaction is bilateral. The large-numbers problem is thus drastically improved. On the other hand, the chance to achieve innovative solutions with negative co-ordination is comparably small as there is only the choice of options that is brought up by one actor, while the affected programmes of others are regarded given restrictions. With the rising number of the positions concerned and/or programmes, the restrictions sum up very quickly and there is an accumulation of veto-positions (ibid. 513). In practice, all combinations between negative and positive co-ordination are possible.

Figure 1: Negative and Positive Co-ordination Led by a “Federal Ministry for Forestry”



Source: Own graphics, with orientation at Scharpf 1996: 513

Both ideal types of horizontal self-co-ordination can profit considerably in terms of decision-making capacities by integrating them in hierarchic structures. The success of positive co-ordination is remarkably promoted by the fact that the search for common solutions by horizontally negotiating actors is commissioned by a common superior body that finally has to accept their results. This applies e.g. when NFP-processes are carried out at the initiative and with the commission of a competent ministry, especially when the actors involved have to consider that the leading ministry will initiate programmes by themselves if they cannot find

an agreement. Therefore, interdisciplinary appraisal criteria (in any case, the criteria of the final decision-making body) take effect in the process of horizontal co-ordination, and “un-fair” negotiation tactics have less chances for success. That is, the negotiation dilemma is significantly improved (Scharpf 1996: 514).

In the case of negative co-ordination, the potential effects of the shadow of hierarchy are also obvious: negative co-ordination inside hierarchies follows prescribed rules and the leading body has to assume that the last word will come from a superior body, that unilateral initiatives will not be supported and that there will be no approval as long as intra-organisational conflicts have not been dealt with in a satisfactory way. In that way the integration in hierarchies makes sure that those who are co-ordinated will be heard. In any case, the shadow of hierarchy forces the participants to look for common solutions; otherwise they are threatened by decisions taken at a superior level that might mean the “bigger evil” for them.

The reflections on negotiations in the shadow of hierarchies can also be applied to constellations including private actors. Also in these cases, common decisions may have to be translated in binding law or state programmes or be implemented by administrative action. The possibility to reject a supposed compromise gives state authority the possibility to influence negotiations.

In practice, however, it seems that the shadow of hierarchy is hardly ever applied. In the case of the Austrian strategy for sustainable development, for instance, the leading ministry explicitly stated in advance that a common output has to be found by consensus, no matter how low the common denominator might be. According to the codes of applied practice, the Bavarian forest programme process as well as the NFP processes for Germany strive for the maximum possible degree of consensus, even in formal terms. In practice, every actor has a veto on important issues (Beck et al. 2002).

4.3.2 *Negotiations in Networks*

As described above, the integration in hierarchies can enhance the scope of negotiations and improve the negotiators’ dilemma. But this way is only possible within the reach of hierarchic structures. To go beyond that, co-ordination without the support of hierarchies is necessary. But even when hierarchies do exist, one cannot always count on their effect. Many problems have inter-organisational character without allowing to assume that a decision will be taken at a superior level (if necessary). Also in these cases, other co-ordination structures than hierarchies are of interest.

4.3.2.1 *The Motivation and Orientation of Actors*

In the relevant literature, we frequently find references to the special advantages of co-operative actor networks (cf. esp. Mayntz 1996, Scharpf 1992, 1993 and 1996, Peters 1998). E.g. Peters (1998: 301pp) talks about the four dimensions of networks that are said to be of central importance for the explanation of efficient co-ordination. The “pluriformity” within a network, the “interdependence” of the actors, the extent to which formal regulations exist (“formality”) and the “instruments” applied, which serve co-ordination. Some networks represent relatively loose assemblies of very different, autonomous actors; others are very homogenous and can be considered as one actor analytically. Networks differ also in terms of the degree of interdependence among their members. This determines – among other things – the character of their relationships and their interactions with external actors. Moreover, the framework of formal rules is said to be important for the success of co-ordination. Clear statements, however, are missing even with Peters (1998: 301). In any case, co-ordination by formal rules is contradictory to the informal and rather flexible character that is usually named as the strength of networks. Peters (ibid.) names planning, formal rules and contracts as the “instruments” that can be used for co-ordination.

In the context of our discussion, especially the non-hierarchical and relatively permanent character of mutual relationships between actors have to be stressed. In such structures it might be rational for egoistic actors to behave co-operatively in certain cases, even if they have nothing to win. If they do not co-operate or if they break agreements, they have to fear that their counterparts impose sanctions on them at the next opportunity.

From a theoretical perspective we have to ask under which circumstances one really has to expect sanctions that can be regarded as incentives for co-operation. If we continue to assume egoistic-rational actors who will not abstain from their benefit only to take revenge, co-operation seems likely only if effective sanctions can be imposed at low-cost. In some situations, sanctions can be executed easily by avoiding interactions with other actors (e.g. at markets where unreliable suppliers/providers quickly lose their clients). In other cases actors cannot be avoided so easily. This is per definition true for the interactions within policy domain networks.

The long-term character of co-operative networks deserves special emphasis. They live of repeated interaction among their elements. If we translate this into an NFP-context and keep in mind the desirable inter-sectoral co-ordination, NFPs cannot be seen as a one-time job but as a continued process. At least two theoretic arguments (cf. also Peters 1998: 305) emphasise this: If we follow the assumptions of the rational choice school and the findings of the game theory, only the prospect of repeated interaction creates incentives for co-operative behaviour. Moreover, only a long-term process gives way to open up relatively narrow, closed networks and thus give inter-sectoral co-ordination more chances.

Beyond all this, Mayntz (1996: 479ff) brings about another aspect concerning the orientation of actors: she identifies “exchange” and “negotiation”¹³ as the two central forms of interaction inside long-term policy domain networks. “Exchange” is, according to her, a way of making resources (also influence) mutually available that serves only the pursuit of individual interests (balance of interest). In contrast to this, in “negotiations” in Mayntz’s understanding (1996: 480) a collective goal or result is the central topic of interaction. When networks are capable *‘to produce deliberately collective outputs’* despite different interests of the participants (ibid.), the dominating logic can be described as “negotiation” in Mayntz’s understanding.¹⁴

Against the background of Mayntz’s differentiation, questions about the motivation of the actors and the differences in the outcome that are caused by the different actor orientations arise. When can we expect that actors in NFP processes will go beyond the pure logics of exchange, and in how far would the results of the pure balancing of interests differ from the results of an orientation towards joint problem resolution?

I suggest that one central prerequisite for orientation in the sense of co-operative problem resolution is the existence and/or finding of collective goals, common interests and/or a common problems. Such a “system interest” can serve the participants as a reference for collective decision-making (besides their individual benefits). But what could be such a common interest or problem in the case of NFPs? Generally speaking, NFPs are supposed to promote the sustainable management, conservation and development of forests. This is, however, an objective that is quite abstract and has a long-term perspective. Common interests of some of the actors can be described more concretely, e.g. the promotion of production and use of timber and timber products forests industries, or the protection of forests from air pollution (forest owners and environmentalists). The collective interest might also be conflict resolution among the actors involved, e.g. between forest industries and nature protection groups.

¹³ In contrast to this paper, Mayntz uses the term “negotiation” in a much narrower sense.

¹⁴ Basically, a balance of interests can also be achieved by negative co-ordination, while collective problem resolution usually requires multilateral, i.e. positive, co-ordination.

Missing common goals might be a crucial deficit in some of the ongoing NFP processes. Most of them start by identifying “subject areas” rather than goals. In contrast to that, the process towards an Austrian strategy for sustainable development started with defining about 20 quite general but commonly agreed subordinate targets out of about 400 objectives that were defined by the actors involved as the first input. To aggregate these objectives was a quite time-consuming process but it turned out that the 20 targets served as common references when the discussion went more into detail afterwards.

In many cases, however, the interests will not coincide and so the question is under which circumstances and in how far the outcome of negotiations towards common problem resolution would differ from the outcome of a process of exchange that follows the logics of balancing interests. First, the difference will tend to be more significant, if the group of those who are affected involves others than the decision-making process. If the affected ones are not represented, the system benefit and the overall benefit of the decision-makers do not coincide. Second, the results of the two decision-making processes can differ significantly because they do not have the same time frame (ibid. 482). Sustainable forest management might be interesting for actors on the long term, but short-term individual benefit calculation still might lead to depletion. Third, Mayntz (ibid.) indicates that references for assessment might be related to different dimensions. While the postulated collective benefit of NFP negotiation systems can be seen in the promotion of SFM, the decision-makers might strive first of all to ensure their domains of influence and resources.

In order to avoid the threatening gap between the orientations towards interest balance, on the one hand, and joint problem resolution, on the other hand, Mayntz (1996: 487) suggests the *institutional separation of arenas* in which either one or the other orientation dominates. That might mean, for instance, that decisions on factual questions might be left to expert groups, while the distribution of the connected costs and benefits has to be decided by the actors affected. Especially in the case of policy networks, this will usually not be applicable because their essence is the unity of both arenas. The integration of external expertise might be used to promote the search for system interests. Participating corporative actors, however, are more or less tied to represent the interests of their clients due to their organisation purpose.

Another point in this regard, brought forward time and again, is the question of “mandate”. The code of practice for German NFP as well as the Bavarian process stipulate that “*actors have to ensure that their interest group/institutions awards them the necessary mandate*” (BMVEL 2001; translated by the author). Beck et al. (2002:7) complain that representatives often had to query their institutions before proceeding to negotiate a common text, whereby the degree of precision and obligation of the consensual formulations usually decreased. This points to an observable trade-off between “mandate” and “expert orientation”. On the one hand, we can assume that experts who primarily deal with factual issues in their daily work might tend to be primarily oriented towards problem solving, but may lack the necessary mandate within their institution. On the other hand, those who certainly have an extensive mandate may often be more involved in policy-making, thus usually more likely adopting positions oriented toward defending or achieving organisational interests.

4.3.2.2 Limits and Problems

Positive co-ordination becomes easier in case of co-operative actor orientations. Besides the large-numbers problem, positive co-ordination usually fails due to the incompatibility of co-operative orientation necessary for optimal problem solving, on the one hand, and the competitive orientation, which is provoked by distributional questions, on the other hand. Long-term relationships may tame opportunistic behaviour and allow to balance the actors’ interests beyond specific topics and limited time frames.

The positive effects of the integration in network structures will become effective only to such an extent as the groups of actors concerned, and/or the need for co-ordination coincides with the given network structure, respectively. The better the structure of relationships corresponds with the need for co-ordination, the more likely is success. We can assume that structures will fit better in case of policy networks than in case of hierarchic organisations, because the former develop based on mutual interdependencies and are more adaptable due to their more informal character.¹⁵

The participation of “outsiders” increases the transaction costs and is therefore possible only to a limited extent. Additionally, it might be the case that network members have to consider trustful relations to external third actors. As is the case with the integration in hierarchies, negative effects on third actors can partly be prevented. The reverse of the medal is, however, that the potential for joint action is limited by taking the interest of actors outside the networks into account.

Finally, co-operation in networks is supposed to promote an increase in the efficiency and the legitimacy of state politics. Efficiency gains can – among other causes – be due to the improvement of governance know-how, mutual learning processes, and the decrease of decision-making blockades as well as the prevention of non-intended effects and the decrease of resistance against implementation. In terms of providing legitimacy, this is first of all about transparency and participation. Traditional corporatist arrangements – as we know them from processes at the national level – are limited to state representatives and mostly small, closed circles of interest group representatives. Such structures hardly meet the demand for participation and transparency, which are usually associated with the concept of NFPs.

On the other hand, dialogue-oriented methods (as they are described for the local level) show typical problems that can also be expected in national processes (cf. Bogumil 2001: 13): selectivity regarding participants, motivation problems, high time expenditure, lacking transparency and publicity. It might be a central task of *promoters* to counteract these problems. If we apply the experience from processes of citizens’ participation at the local level to fictitious NFP-processes, we have to clarify in advance – or at an early stage – who should participate when, on what topics, and how the results can be integrated in other decision-making processes (ibid.). In doing so, we have to consider in particular that the results of inter-sectoral NFP processes will usually affect a number of policy domains, while the decisive decision-making processes in these domains will very often take place in sectoral arenas. Similar to co-ordination on several levels, inter-sectorally active actors (“policy brokers”) can take central roles as communicators of information and as mediators between policy arenas.

The outcome of phase I of the National Forest Programme Germany was strongly criticised with regard to that point. Hofmann and Liss (2001:8) report that at the end of the first stage of the NFP process many actors had no concrete idea of the concrete character of the elaborated NFP paper, and that some felt it turned out to be nothing more than a BML sector paper, i.e. very loosely oriented at implementation. The practice code for phase II provides nothing more than the obligation that “the NFP process includes all relevant departments of government” (BMVEL 2001:1). In fact, most of the ongoing NFP processes seem to be quite weak in that point. Only recently, considerations and proposals for monitoring of the German NFP have been brought forward (Liss/Hofmann 2002:6f). In contrast to that, the draft Austrian strategy for sustainable development outlines a quite concrete mechanism for implementation based on a cross-sectoral strategy providing general guidelines, yearly sectoral working programmes that have to be drawn up in an inter-sectoral manner themselves, yearly sectoral progress reports and regularly evaluations by an expert panel with scientists, by NGOs, and by the

¹⁵ Of course, also networks can show remarkable resistance towards structural changes.

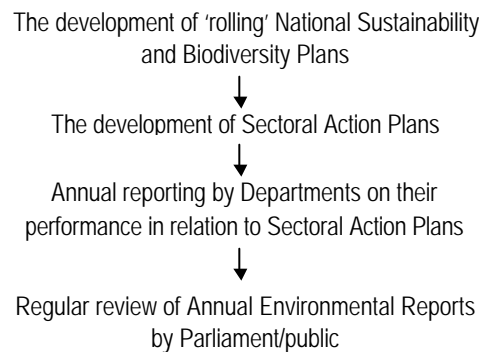
“Committee for a Sustainable Austria” which comprises representatives from all the ministries, social partners and *Länder* governments (cf. BMLFUW 2002:82ff).

4.3.3 Co-ordination between Imposition and Influence

According to Wilkinson (1997: 155), different approaches of co-ordinating sectoral policies favouring either hierarchy or emphasising informing, consulting, influencing, and negotiating can be depicted on a continuum, the “*integration continuum*”. Along this continuum the affected sectors are confronted with increasing restrictions which aim to consider the targets of another sector. At the end points, there are soft bottom-up approaches on the one hand, on the other hand approaches of mandatory top-down co-ordination (ibid.)

Top-down co-ordination requires formal power and authority to a very high extent. It demands a binding framework which provides the necessary restrictions for the “co-ordinated” sectors. Such binding framework regulations can be formulated only at the highest level (government), or maybe by a leading department. Implementation is based on sectoral action-plans with operational targets and time schedules. Furthermore, effective monitoring mechanisms are necessary. Wilkinson (1997: 156) gives an example for certain steps of top-down co-ordination (table 1).

Table 1: Steps of Top-Down Co-ordination According to Wilkinson



Source: Wilkinson 1997, p 156

At the other end of the integration continuum are the *bottom-up approaches* that do not (can not) rest on formal power. The sectors that have to be co-ordinated can develop their programmes in correspondence with their own priorities. It is a time-consuming process of information exchange and step-by-step influence to strive for the integration of objectives from another sector. Characteristics or vehicles of such approaches cannot be binding action plans but procedures that are supposed to raise the decision-makers awareness about the effects of their sectoral activities and plans. This is a continued process of consultation and negotiation. Traditional institutional provisions supposed to achieve this are “inter-ministerial committees” and “working groups”, “co-ordinating bureaus” etc.

Along the continuum, the co-ordinated sectors are confronted with different degrees of restriction by various forms of monitoring, control and assessment of sectoral politics. The final effects of these instruments are not least dependent on who applies them and who decides how to react to evaluation results.

The approach that would be applied in an NFP-process might first of all depend on the position of the NFP promoters. If they – e.g. the ministries in charge of forest policy – are reluctant or politically too weak to implement a top-down approach, there are still the “softer” procedures. Even if binding action plans might seem the most efficient and fastest procedure of inter-sectoral co-ordination, political reality in many countries gives reasons to assume that other, more time-consuming co-ordination mechanisms, have to be preferred.

5 Conclusions

Most of the recent literature in political science related to “policy co-ordination”, especially to “co-ordination in networks”, focuses on questions of vertical co-ordination. There are almost uncountable papers on “multi-level co-ordination” and “multi-level governance”.¹⁶ It is surprising that there are relatively few analyses on “inter-sectoral co-ordination”, especially when the rising significance of international political arenas has to be considered, which increases the demand for national co-ordination. However, based on the literature providing the basis for this paper and preliminary observations in national processes, I draw the following conclusions:

Individual assessments of both co-ordination by hierarchy and co-ordination by negotiation show that both mechanisms face narrow restrictions. But the integration of horizontal self-co-ordination in network structures or hierarchies, no matter if in the form of positive or negative co-ordination, allows reducing transaction costs and increasing the outreach of co-ordination significantly.

Of course, the results of inter-sectoral co-ordination by negotiation in NFP-processes depend on the more concrete structures in which they are integrated: on the structures of authorities in hierarchies and/or the structures of co-operative networks. We must not assume automatically that all the actors affected will have access to the negotiations, that all interests will be heard, and that the potential welfare benefits will be made accessible. Institutional provisions can only open up or restrict possibilities; to take the action is the actors’ task.

One central hypothesis found in literature states that we can expect a trade-off between the internal cohesion of networks and their readiness to co-ordinate with other networks or external actors. The stronger the integration within a network, the less likely is co-ordination between networks (cf. e.g. Peters 1998: 308). This might become a problem especially in the forest sector, which is special because of its unity in many countries.

Considering the institutional demands on negotiation structures in which NFPs might take place, we can assume that the need to link various sectoral programmes to *package deals* requires long-term structures. Policies that could be agreed and form package deals in order to balance the interests of different actors will not always be topical at the same point in time. Partly different deadlines are given externally, e.g. for the development of national programmes for the implementation of the EU Regulation on the Promotion of Rural Development or for the nomination of areas for Natura 2000. Even if a negotiation system is basically voluntary, actors, who are ready to make concessions in special questions and in this way make a contribution “in advance”, must be in a position to rely on the fact that the others will honour this later. For this, a structure that guarantees the necessary “institutional memory” (Scharpf 1992: 85), even when the participants change, is needed.

Package deals are especially important when looking beyond sectors. But in order to implement them, the decisions taken in inter-sectoral NFP arenas have to be transferred to sectoral policies. If this is not successful, the NFP output will largely get stuck at the programme level and will be implemented only in those parts where it coincides with the involved sectoral interests.

After having said much about the likely contributions of different mechanisms and institutional arrangements (and with that about a possible contribution of scientific analysis) on inter-sectoral policy co-ordination, I would like to recall the role of the actors again. Institutions are significant, but finally the actors are the decisive factors. Peters (1998b: 47), for example, draws a rather pessimistic conclusion from his research stating that “would-be co-or-

¹⁶ For references, cf. e.g. Hogl 2001

dinators” should not assume that pure structural changes have to bring about the desired changes in behaviour. One must not count on that, especially when factors like established budgeting procedures or interdependencies with other programmes and influential interest groups promote sectoral co-ordination. According to this, institutions can support inter-sectoral co-ordination considerably, and “... co-ordination (...) may [even] be achievable without special mechanisms if there is the will to co-ordinate, but no mechanism is sufficient if there is an absence of will” (Peters 1998b: 52). Therefore, I conclude that the first and most important task of inter-sectoral co-ordination in the framework of National Forest Programmes might probably be to identify and define common problems and interests which may provide common motivation for further steps along the co-ordination process.

One more remark on the question of political will. Processes like NFPs are usually not only about the factual issues at hand, i.e. about the concrete goals, programmes and measures of forest policy. They are also, at the same time, always about the distribution of competencies and domains of influence. Efforts towards inter-sectoral co-ordination can – if we do not consider merely power-supported top-down approaches here – result in changes as regards formal competencies and sectoral power. In any case, the outcome of such processes is difficult to anticipate in this respect. Taken seriously and realistically, inter-sectoral co-ordination cannot be seen as a one-way process, at the end of which e.g. all forest-relevant tasks will be transferred to the competence of the forestry sector. It is as well possible that competences are lost. Inter-sectoral co-ordination may lead to a new definition of the roles of ministries, departments, actors and policy networks. We can assume that actors are quite aware of this and that the fear to lose influence makes some of them hesitant to take initiatives towards inter-sectoral co-ordination. Inter-sectoral co-ordination can therefore not be taken for granted at all: often it will be based on the readiness of powerful actors to abstain from their power in certain positions and will work out only depending on the results of those actors’ individual assessment of the expectable advantages and disadvantages.

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