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National Support Initiatives in Nordic Spatial Planning

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Summary

The Nordic countries share many cross-sectoral targets at the national level to meet ambitious environmental, social, sustainable and innovative development goals and standards. When it comes to spatial planning, central governments in the Nordic countries often have limited power to influence local-level priorities, particularly with respect to regulating land use and adopting a range of policies that impact sustainable urban development.

In parallel, various new planning approaches, as well as a range of nationwide support mechanisms (from nationwide private stakeholders to the central government), have emerged in the Nordic countries, often with the aim of supporting and steering municipalities' efforts to achieve sustainable urban development. The national support initiatives in the Nordic countries range from comprehensive and cross-cutting schemes to targeted and focused ones. They encompass a wide array of measures, from tangible funding mechanisms for hard infrastructure to knowledge networking exchanges and practical tools or "urban labs" for experimentation.

Our report aims to better understand such initiatives and how they are connected to spatial planning efforts in Nordic municipalities by examining one national support initiative in each Nordic country, illustrated with learnings from municipal case studies. We examined FutureBuilt in Norway, the Partnership for Vibrant City Centres in Denmark, the Borgarlína project in Iceland, the Sustainable City programme in Finland and Visions: in the North in Sweden.

As shown by the findings from our case studies, different perspectives on external governance – such as state intervention versus municipal self-governance in Nordic countries – highlight challenges in influencing local urban development due to limited state mandates. National support initiatives emerge as an alternative means to guide local development. They may serve to foster collaboration and inclusivity, particularly when inspiring local, strategic spatial planning, as seen in the Swedish case study.

National support initiatives are viewed as complementary tools to spatial planning that support sustainable urban development processes and projects. Though they take various forms, their purpose and impact should be understood within the overall context. Collaboration and lessons learned from national support initiatives have the potential to enhance legislation or state intervention.

However, an imbalance in municipalities' access to support poses a challenge in each Nordic country. It is therefore crucial to assess the appropriateness and purpose of support, recognising that municipal pathways are influenced by the way in which support is designed. Striking a balance with respect to state-municipal

governance is essential. It is necessary to avoid overly strict control and consider how national support initiatives can strengthen existing local efforts aimed at sustainable urban development. Recommendations include evaluating the most appropriate forms of support and emphasising a balanced governance approach for effective and inclusive development. In short, we can draw the following recommendations:

- A partnership-based approach with collaboration between various stakeholders enhances inclusivity. New ways of working that are agile and flexible and focus on the local context should be emphasised for effective outcomes.

- The importance of long-term commitments and policy coherence in the field of sustainable urban development should be emphasised at both national and municipal levels. Efforts should be made to ensure continuity in sustainable urban development initiatives beyond the duration of the given programme.

- A more formal and institutionalised way of obtaining government funding for sustainable urban development projects at the local level should be developed in some countries. That could level the playing field for municipalities with varying resources, knowledge and lobbying capabilities. In other countries, capacity building – including training and resources – can be provided to help municipalities navigate support options and apply for them. It is beneficial to create platforms providing information about support for sustainable urban development and to make municipalities aware of upcoming calls well in advance.

Sammanfattning

De nordiska länderna delar många tvärsektoriella mål på nationell nivå för att uppfylla ambitiösa miljömässiga, sociala, hållbarhets- och innovativa utvecklingsmål. När det gäller fysisk planering och samhällsplanering har staten i de nordiska länderna ofta begränsad makt att påverka kommunernas prioriteringar, särskilt när det gäller att reglera markanvändning och anta olika policys som påverkar hållbar stadsutveckling.

Samtidigt har olika nya planeringsmetoder och ett antal landsomfattande stödmekanismer (från landsomfattande privata aktörer till staten) uppstått i de nordiska länderna, ofta med syftet att stödja och styra kommuners ansträngningar för att uppnå hållbar stadsutveckling. De nationella stödmekanismerna i de nordiska länderna sträcker sig från omfattande och tvärgående program till riktade och fokuserade. De omfattar en bred uppsättning åtgärder, från konkreta finansieringsmekanismer för "hård infrastruktur" till kunskapsutbyte i olika nätverk och praktiska verktyg eller "urban-labs" för experiment.

Vår rapport syftar till att bättre förstå sådana initiativ och hur de är kopplade till samhällsplaneringen i nordiska kommuner genom att undersöka ett nationellt stödinitiativ i varje nordiskt land, illustrerat med lärdomar från kommunala fallstudier. Vi har studerat FutureBuilt i Norge, Partnerskab for levende bymidter i Danmark, Borgarlína-projektet på Island, Programmet för hållbara städer i Finland och Visioner: i norr i Sverige.

Som visats av resultaten från våra fallstudier belyser olika perspektiv på extern styrning - som statlig inblandning kontra kommunalt självstyre i de nordiska länderna - utmaningar i att påverka lokal stadsutveckling på grund av begränsade statliga mandat. Nationella stödmekanismer framstår som ett alternativt sätt att styra lokal utveckling. De kan bidra till att främja samarbete och inkluderande, särskilt när det gäller att inspirera lokal, strategisk fysisk planering, vilket lyfts fram i den svenska fallstudien.

Nationella stödmekanismer kan ses som kompletterande verktyg för samhällsplaneringen som understöder hållbara stadsutvecklingsprocesser och projekt. Trots att de tar sig uttryck i olika former, bör deras syfte och inverkan förstås i det övergripande sammanhanget. Samarbetet och lärdomarna från nationella stödmekanismer har potential att förbättra lagstiftning eller statlig inblandning.

Emellertid utgör en obalans i kommunernas tillgång till stöd en utmaning i varje nordiskt land. Det är därför avgörande att bedöma lämpligheten och syftet med stöd, med insikt om att kommunala vägval påverkas av hur stödet utformas. Att hitta en balans mellan statlig och kommunal styrning är väsentligt. Det är

nödvändigt att undvika överdriven strikt kontroll och överväga hur nationella stödmekanismer kan stärka befintliga lokala ansträngningar för hållbar stadsutveckling. Rekommendationerna inkluderar att utvärdera de mest lämpliga formerna av stöd och betona ett balanserat styressätt för effektiv och inkluderande utveckling. Kort sagt kan följande rekommendationer dras:

- En partnerskapsbaserad metod med samarbete mellan olika aktörer förbättrar inkluderande. Nya arbetssätt som är smidiga och flexibla och fokuserar på den lokala kontexten bör betonas för effektiva resultat.

- Vikten av långsiktiga åtaganden och policyöverensstämmelse inom området för hållbar stadsutveckling bör betonas både på nationell och kommunal nivå. Ansträngningar bör göras för att säkerställa kontinuitet i hållbara stadsutvecklingsinitiativ bortom programmets varaktighet.

- Ett mer formellt och institutionaliserat sätt att erhålla statligt stöd för hållbara stadsutvecklingsprojekt på lokal nivå bör utvecklas i vissa länder. Det skulle jämna ut spelplanen för kommuner med varierande resurser, kunskap och påverkningsmöjligheter. I andra länder kan kapacitetsuppbyggnad - inklusive utbildning och resurser - erbjudas för att hjälpa kommuner att navigera bland alternativen av stödmekanismer och ansöka om dem. Det är fördelaktigt att skapa plattformar som tillhandahåller information om stöd för hållbar stadsutveckling och informera kommuner om kommande utlysningar i god tid.



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1. Introduction

The Nordic countries share many cross-sectoral targets at the national level to meet ambitious environmental, social, sustainable and innovative development goals and standards. Those targets require action to be taken in city regions and urban areas. However, when it comes to spatial planning, central governments in the Nordic countries often have limited power to influence local-level priorities, particularly with respect to regulating land use and adopting a range of policies that impact sustainable urban development (see, for example, the ESPON COMPASS project:[1] Nadin et al. 2018; Schmitt & Smas 2019). Many of the responsibilities lie with municipalities, which have greater decision-making power with respect to a range of local development issues.

Land use is governed by spatial planning systems in the Nordic countries (Boverket 2020). The national level often acts in an advisory role, including preparation and approval of legislative frameworks and guidelines. However, the role of the national level differs between the Nordic countries and has continued to change over recent decades, following similar trends seen in western European countries (see, for example, Galland 2012 on the situation in Denmark; Schmitt & Smas 2019). Previous research has also found that western European spatial planning has changed when it comes to national-level involvement, shifting from a focus on

1. https://www.espon.eu/planning-systems

reducing inter-regional disparities in the 1960s and 1970s to increased emphasis on achieving sustainable development by means of economic growth measures, often through infrastructure projects, from the late 1980s and onward (c.f. Galland 2012; Galland & Othergrafen 2020).

Planning research in the past decades has also observed a shift in spatial planning from land use planning to strategic spatial planning (see, for example, Albrechts 2006; Healey 2007). Schmitt and Smas (2019) have argued that this shift has "...led to an introduction of other types of planning instruments that are outside of the more formal spatial planning system [and sometimes] contain investment-oriented agreement-based policies, e.g., place-based infrastructures" (Schmitt & Smas 2019: 144). In the Nordic context, those include a range of contractual policies such as agreement-based approaches and packages (see also Smas 2017). Such emerging planning approaches tend to be introduced and implemented by the central government to promote sustainable urban development, especially through coordination and integration of transportation, housing and land use projects (Schmitt & Smas 2019).

Against that background, a range of planning approaches, as well as a range of nationwide support mechanisms (from nationwide private stakeholders to the central government), have emerged in the Nordic countries, often with the aim of supporting and steering municipalities' efforts to achieve sustainable urban development. This project aims to better understand such initiatives and how they are connected to spatial planning efforts in Nordic municipalities. As identified in the previous phase of this project (see Huynh et al. 2022), the national support initiatives in the Nordic countries range from comprehensive and cross-cutting schemes to targeted and focused ones. They encompass a wide array of measures, from tangible funding mechanisms for hard infrastructure to knowledge networking exchanges and practical tools or "urban labs" for experimentation.

In this report, we examine one national support initiative in each Nordic country, illustrated with learnings from municipal case studies. It is important to keep in mind that we studied various different types of national support initiatives, rather than comparing similar ones. The purpose of that is to shed light on the variety of approaches that can be found in the Nordic countries and to strive for Nordic added value by drawing lessons from a wide range of approaches, enabling them to serve as inspiration or be adopted at either national or local level. We focused on the following research questions:

Research questions:

1. What roles do the various national support initiatives play in facilitating the implementation of sustainability goals locally in projects related to urban development?
    - Do the national support initiatives support municipalities in different ways? And if so, how?

2. How can the national support initiatives be understood as complementary and supportive tools through which the central state (or nationwide stakeholders) can encourage sustainable local solutions in the field of urban development? And how do the national support initiatives influence local pathways?
    - How can we understand the dynamics between the state and/or nationwide stakeholders and the municipalities when it comes to provision of support to municipalities?



Photo: Seongyong Im / Unsplash.com

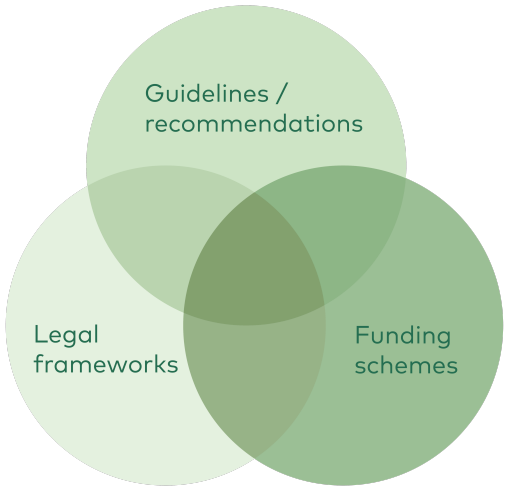
2. Research background

In this section, we first introduce the findings of the first phase of the project, followed by presentation of some key research relevant to this study, before elaborating on what we mean by national support initiatives.

2.1. Previous findings

This section introduces the main findings of this first phase of the project, which were presented in the discussion paper titled "Nordic overview of national support initiatives in urban planning" (see Huynh et al. 2022). In the Nordic countries, which are the focus of our project, the national level influences local-level spatial planning in three main ways, namely 1) planning legislation or legislation governing other sectors 2) financial mechanisms and 3) recommendations and guidelines (see Figure 1).

Figure 1: The three ways in which the (central) state influences urban development.



Those broad categories sometimes overlap and are not new concepts. However, the relatively decentralised planning systems in the Nordic countries give Nordic municipalities significant responsibilities with respect to implementing and steering local development towards sustainable urban development. In some cases, further support from the national level may be required alongside existing guidelines, recommendations and legal frameworks. The main focus of our project was on funding schemes, but we also looked specifically at Nordic planning systems (see appendix in Huynh et al. 2022). In the first phase of this project, we therefore aimed to understand better the range of support mechanisms for green and inclusive urban development in the Nordic countries, either through central government (state) initiatives or through nationwide stakeholders. It is important to point out that in Denmark, for instance, a common source of support for urban development projects is through sources other than central-government initiatives, prompting us to include a broader range of initiatives in our mapping exercise (see Huynh et al. 2022).

Spatial planning systems continue to play a pivotal role when it comes to achieving national ambitions and objectives for green and inclusive sustainable development in the Nordic Region, whether they be specific to a sector or cross-cutting (Huynh et al. 2022). As can be seen, national support initiatives, such as Urban Growth Agreements and MAL agreements in Norway and Finland respectively, interact directly with land use planning, often with long-term effects on local urban development. It should be noted here that national support initiatives, or central government funding in planning, are not new concepts.

Various funding mechanisms target green and inclusive urban development in each of the Nordic countries. Some are better integrated with spatial planning and spatial planning systems than others. While the spatial planning systems of the Nordic countries may be considered relatively similar in international comparison, they differ

in terms of the statutory planning instruments at national level, as well as the institutional systems and interaction between the levels of governance and the actors involved (see, for example, Schmitt & Smas, 2019). In summary, the spatial planning systems themselves also give the central states different mandates to influence local urban development priorities. While all Nordic countries have decentralised planning systems, Norway and Denmark have tools available within their planning systems to influence local-level planning priorities more directly. That is also relevant to sustainability targets.

Figure 2. Sub-categories of the possible content of national support initiatives in the Nordic Region.



With respect to funding mechanisms, we identified a variety of existing or recently finalised initiatives that target sustainable urban development in various ways during the first phase of the project (see Figure 2). Another recently published Nordregio Working Paper specifically examined national funding mechanisms for cycling in four Nordic countries (see Rohrer et al. 2023). That complements our previous findings but focuses more directly on specific funds and mechanisms within the transportation sector for cycling.

In the first phase of our project, we observed that there are many different forms of funding or grants in the Nordic countries. Some of those have a specific, narrow focus, while others are broader and target land use development and spatial planning issues in a more comprehensive sense (see more in the discussion paper from the first phase of our project, Huynh et al. 2022). The former group includes, for instance, various subsidy pools (for example in Denmark). They are often more targeted and do not explicitly fund large sustainability projects in cities but may still be important in terms of achieving significant changes to fulfil the sustainability targets (for example, energy efficiency measures for buildings or a specific subsidy pool for cycling). The latter group consists of broader investment schemes many of which are cross-cutting that tackle a wide range of sustainable urban development issues. Those include several innovation and research funding schemes under which cities and municipalities

participate in collaborative projects, including pilot projects and similar, as well as agreement-based approaches whereby the state co-funds large infrastructure and housing development projects in cities (such as MAL agreements in Finland).

Other national support initiatives identified in our study revolve around partnership building such as the Partnership for Vibrant City Centres in Denmark. There are different types of national support initiatives, all of which fulfil different purposes. Some are more directly linked to spatial planning and spatial planning systems while others are indirectly linked to and aim to influence spatial planning or have a complementary function with respect to achieving various sustainability targets in the Nordic countries.

In sum, most of the national support initiatives may to some extent be considered national examples of spatial planning 'for' Europe (Böhme & Waterhout 2008 cited in Dühr et al. 2010:360) that operate alongside national spatial planning systems in a complementary function or are integrated with them. The linkages between spatial planning systems and the extent to which such national support initiatives are integrated with local project work and local spatial planning practices are still underexplored.

In this report, we have aimed to further understand such linkages through various Nordic case studies, but also to explore further how the national support initiatives support municipalities in their work on sustainable urban development, as well as encourage and influence local sustainable solutions for local-level spatial planning and beyond. We also address current challenges, both with respect to implementation of the national support initiatives, but also more broadly from the perspective of the municipalities, including applying for and receiving support. As pointed out already, this will be examined through a range of types of national support initiatives in order to illustrate the variety of solutions in the Nordic Region.

2.2. Research background

Within planning studies, previous research has described spatial planning as a tool for policy coordination (see, for example, Stead & Meijers 2009; Nadin & Stead 2008; Nadin et al. 2021; Smas & Lidmo 2018), that takes form through multilevel governance arrangements (see, for example, Hermelin & Gustafsson 2021; Smas & Schmitt 2022). Although the Nordic countries have decentralised planning systems, with considerable decision-making power at the local level and municipalities playing the main role in regulating land use (Lidmo et al. 2020a), the involvement of the central government is still important. While the Nordic countries' spatial planning systems may be considered relatively similar in international comparison, they differ in terms of the statutory planning instruments at national level, as well as the institutional systems and interaction between the levels of governance and the actors involved (see, for example, Schmitt & Smas, 2019).

In Norway, Denmark and also in Iceland, there is a ministerial tradition which means that they have integrated ministries with executive power. In the context of spatial planning,

that means that the ministry can develop national planning guidelines and, more importantly, regulatory planning instruments. The latter is less common in Sweden and Finland, where there is a stronger technocratic tradition, meaning that autonomous governmental agencies have some degree of autonomy and are separated structurally from the related ministry or department (Schmitt & Smas 2019). That means that those governmental agencies do not have regulatory and legally binding planning instruments at their disposal and mainly perform the role of ensuring that national interests are safeguarded in local and regional spatial planning (c.f. Schmitt & Smas 2019; Lidmo et al. 2020b).

Table 1 outlines existing statutory planning instruments at the national level in each Nordic country. All of those planning instruments influence local-level planning (Lidmo et al. 2020b). Some may outline land use priorities and strategic decision-making, such as the Danish Planning reports, while others regulate planning directly, such as the central government land use plan (*statlig arealplan*) in Norway.

Table 1: Statutory national planning instruments in the Nordic countries. Source: authors' own compilation.

Denmark	Finland	Iceland	Norway	Sweden
National planning reports	National land use Guidelines	National Planning Strategy	National expectations regarding regional and municipal planning	Areas of national interest for conservation and development
National interests			Central government planning provisions	
National planning directives			Central government planning guidelines	
National planning directive for Greater Copenhagen			Central government land use plan	

A study by Lidmo et al. (2020b) found that most of the national-level statutory planning instruments are translated and concretised through the multilevel governance framework and ultimately have spatial impacts, though the form of implementation varies. Furthermore, investment-oriented, agreement-based policies, such as place-based infrastructure, have emerged as planning instruments outside of the planning systems and have become more common since the shift from land use planning to strategic spatial planning (Schmitt & Smas 2019). That is especially true with respect to sustainable urban development. Spatial planning plays a related role as a tool for policy coordination, which may take place horizontally across sectors or vertically across levels of government (see, for example, Stead & Meijers 2009; Nadin & Stead 2008; Nadin et al. 2021; see also Smas & Lidmo 2018). That is normally explained in terms of the comprehensive-integrated planning model, which is also typically used to describe planning systems in the Nordic countries. It is a planning system that explicitly aims to achieve a degree of horizontal and vertical integration of policies across sectors and jurisdictions (Nadin & Stead 2013).

Schmitt and Smas (2023) question whether that planning model is undergoing consolidation or might, in fact, be susceptible to dissolution. Their empirical findings reveal variations regarding both the role of spatial planning within various sectoral domains and how those diverse policy fields influence the discourse in spatial planning. That suggests that not only is the planning system itself significant, but that the prevailing planning cultures and traditions in the specific territorial context play a crucial role in shaping the form taken by policy coordination and planning practices. However, as Schmitt and Smas (2023) also point out, there are hardly any comparative studies to date that *systematically* examine spatial planning and policy coordination, as would be needed to better grasp the role(s) played by spatial planning in terms of coordinating sectoral domains within the institutional landscape of multilevel governance frameworks. In our report, we do not necessarily address spatial planning as a tool for policy coordination per se. However, we do examine the role of national support initiatives, i.e. funding mechanisms with an influence on local-level priorities, and how they directly, or indirectly, influence work within local-level spatial planning. In other words, policy coordination aimed at sustainable urban development takes place through spatial planning with the support of national support initiatives.

Finally, it is worth noting that European funding also influences spatial planning and sustainable urban development in various ways. At the European level, we can distinguish between spatial planning 'in' Europe vs. spatial planning 'for' Europe. Spatial planning 'in' Europe refers to national and regional planning, i.e. the various spatial planning systems and practices across Europe within each national, regional and/or local context. By contrast, spatial planning 'for' Europe refers to various programmes, initiatives and instruments for spatial planning in terms of development of the EU territory as a whole (Böhme & Waterhout 2008 cited in Dühr et al. 2010: 360). Following that line of thinking, in each Nordic country there

may be national variants of spatial planning 'for' Europe. Such initiatives may be called spatial planning 'for' Sweden or spatial planning 'for' Norway and so on. However, we refer to them as *national support initiatives* in this report. It is important to aim for a better understanding of how those support initiatives work within the context of multilevel governance frameworks, as many of them are embedded within such frameworks. Shedding light on that question can provide us with a better understanding of whether and how such national support initiatives facilitate and influence the policy coordination needed to achieve and govern developments aimed at achieving sustainability targets. Within that context, we have studied five different national support initiatives in the Nordic countries. In the next section, we will briefly outline what we mean by national support initiatives, before moving onto the empirical sections of our report.

2.3. National support initiatives

Various forms of national support initiatives influence green and inclusive urban development. For example, planning approaches are emerging that complement the conventional planning system. Agreement-based planning approaches are one example, which may be described in brief as agreements between the state and local authorities under which the state co-funds large infrastructure and housing development projects in cities (such as the MAL agreements in Finland), often with municipalities granted the possibility to contribute local knowledge and influence the final policy outcome. While agreement-based planning approaches have long existed in various forms in Nordic spatial planning[2] (see, for example, Boverket 2007; Nyström & Tonell 2012), recent examples such as *Stadsmiljöavtalen* in Sweden, *byvekstavtaler* in Norway and MAL agreements in Finland all aim to facilitate sustainable urban development, achieve national objectives and better coordinate transportation planning, housing development and collaboration between various planning and sectoral authorities.

In the first phase of our project, we took the following working definition of national support initiatives as our point of departure:

Initiatives that support sustainable urban development efforts through funding mechanisms provided by a nationwide stakeholder (e.g. ministries, foundations, agencies) to local-level stakeholders, such as municipalities. The funding may encourage or lead to partnership networks and multilevel collaboration that enhances local-level efforts to achieve national sustainable urban development targets.

As this broad definition underscores, national support initiatives may be similar to *spatial planning 'for' Europe* (see section 2.2). However, in the Nordic context there

2. In Swedish, the term Förhandlingsplanering is commonly used to describe this.

are also programmes and initiatives within each of the individual countries alongside EU programmes. As spatial planning 'for' Europe refers to various programmes, initiatives and instruments for spatial planning with regard to development of the EU territory as a whole (see section 2.2.), our working definition of national support initiatives may serve a similar purpose but within the national context. Such initiatives may be in place because the statutory and local-level spatial planning systems lack the tools or means to achieve the ambitious national targets. They could therefore be understood as another way for the national level to influence local-level spatial planning priorities. In other words, additional national-level initiatives may be considered necessary in order to influence Nordic municipalities and support them on the path towards green and socially inclusive urban development. In this report, we examine five different national support initiatives in the Nordic countries, aiming to understand how they are embedded within the multilevel governance framework and their connections to spatial planning systems. By doing so, we not only examine the initiatives per se, but also include case studies of municipalities. In the following chapter, we will outline our case study design and explain which municipalities and/or case study areas we have selected, followed by the empirical sections of our report.



Photo: Lepei Visual

3. Nordic case studies

3.1. Case study design

The comparative research design that informs our study aims to shed light on the variety of national support initiatives in the Nordic countries. We strive for Nordic added value by drawing lessons from a wide range of approaches. That is important as these may serve as inspiration or be adopted at either the national or local level. To that end, we have selected a variety of different types of national support initiatives, focusing on one main example from each country (see Table 2). Map 1 shows where each where each case study area is located in the Nordic Region.

Table 2. Selection of case studies

Country	Selected national support initiative	Case study area	Themes	Stakeholder involvement	How municipalities joined the programme
Norway	FutureBuilt	Lillestrøm municipality & Drammen municipality	Multistakeholder involvement, spatial planning, building sector, circular economy, partnership network	FutureBuilt is a private initiative with seven partnering municipalities (Oslo, Bærum, Asker, Drammen, Nordre Follo, Lillestrøm and Bergen. There are also seven collaboration partners: the Ministry of Local Government and Modernisation, the Norwegian State Housing Bank, Enova, the National Office of Building Technology and Administration, the Green Building Alliance, the National Association of Norwegian Architects and DOGA (Design and Architecture in Norway).	The private initiative partnered up with the involved municipalities
Denmark	Partnership for Vibrant City Centres	Aabenraa municipality	Multistakeholder involvement, retail development, spatial planning, vibrant city centres	Initiated by the Danish government through Bolig- og Planstyrelsen (since 2023 it has been called Plan- og Landdistriktsstyrelsen). The Partnership consist of several actors, broadly composed of municipalities, organisations and state actors with an administrative office (secretariat) that runs day-to-day operations.	Open call / Application
Iceland	Borgarlína (and its connection to the Green Steps and 20-Minute Neighbourhood projects)	The capital region of Reykjavík	Spatial planning, transport planning, climate mitigation, sustainable development	The Association of Municipalities in the Capital Area (SSH), all municipalities in the Capital Area (municipalities of Reykjavík, Kópavour, Hafnarfjörður, Garðabær, Seltjarnarnes, Mosfellsbær and Kjósarhreppur), Icelandic Road Administration and other relevant governmental institutions and ministries.	Inter-municipal cooperation involving bottom-up lobbying of the state
Finland	Sustainable City programme	City of Hämeenlinna & City of Jyväskylä	Sustainable urban focus, spatial planning, carbon reduction, smart solutions, social sustainability, healthy living environments	State-initiated through the Ministry of Environment. The most important collaboration partners are cities and municipalities. They also engage in cooperation with other ministries, city networks, companies and research organisations.	Open call / Application
Sweden	Visions: in the North	Boden municipality & Luleå municipality	Sustainable urban focus, social and cultural values, multistakeholder involvement	Initiated by the Swedish Council for Sustainable Cities. It is a collaboration between the National Board of Housing, Building and Planning, ArkDes, the Swedish Energy Agency, Vinnova and Formas and the municipalities of Kiruna, Gällivare, Boden, Luleå, Skellefteå and Umeå.	Targeted and recruited by the Council for Sustainable Cities

Map 1. Geographical location of our case study areas. Cartographer: Maria Bobrinskaya.



3.1.1. Research methods

Each of the examined national support initiatives was studied through desk research of relevant web-based sources for each initiative, as well as through relevant policy and document analysis. We also conducted semi-structured interviews (Dalen 2008) with representatives from each of the initiatives, as well as with planners and civil servants from the case study areas. In all cases those consist of municipalities, except for in Iceland, where the Association of Municipalities in the Capital Area (responsible for the regional plan) was examined. As a result, we conducted 2-5 interviews per case study and a total of 17 interviews. All interviews used the same interview guide (see appendix), enabling the researchers to ask specific and follow-up questions relevant to each case.

3.1.2. Research process and related considerations

The project was launched in 2021, when the mapping phase took place. The results of the mapping exercise were published in a discussion paper (see Huynh et al. 2022). The main empirical material informing this report was gathered in spring and summer 2023, but the Icelandic interviews were conducted in September and October 2022. During the research process, support mechanisms have changed slightly and national priorities in the Nordic countries may have shifted. Against that backdrop, we have aimed to learn from the implementation of a number of national support initiatives, regardless of the future direction those initiatives may take. The purpose of that is to gain more knowledge about the roles of various national support initiatives in facilitating the implementation of sustainability goals at the local level in projects related to urban development. It also helps us to better understand national support initiatives as complementary and supportive tools used by the central state (or nationwide stakeholders) to influence local sustainable solutions in the field of urban development.

Due to the limited time and scope of the research, we were only able to examine one national support initiative per Nordic country, illustrated by 1-2 municipalities as case studies. Accordingly, those cases should not be understood as in-depth analyses of each national support initiative, but rather as examples of different types of national support initiatives in each country that may serve as inspiration to other Nordic countries. Given that the initiatives differ in both scope and design, the aim is not to map the similarities and differences. Instead, we have sought to understand better how the support mechanisms in question are being used as complementary tools to govern and implement solutions for sustainable urban development locally and how they are directly or indirectly linked to spatial planning and planning systems.

In order to ensure quality and relevance and to identify potential policy recommendations, the research was designed as an iterative process (see Figure 3).

That means that the project team discussed preliminary findings with the members of the Nordic Thematic Group for Green and Inclusive Urban Development (TGA), the reference persons and a research quality assurer throughout the project. Those discussions led to valuable input, not only in terms of how to design the research, but also, and more importantly, in terms of better understanding the findings and aiding us in our comparative analysis. Through that comparative and iterative research design process, we aimed to understand better the roles of different national support initiatives in facilitating the implementation of sustainability goals locally in projects related to urban development. We also sought to better understand national support initiatives as complementary and supportive tools used by the central state (or nationwide stakeholders) to influence local sustainable solutions for urban development.

Figure 3. The research process follows an iterative approach, based on which the findings were discussed with representatives from the Nordic Thematic Group for Green and Inclusive Urban Development (TGA), a research quality assurer and reference persons throughout the process. That provided valuable input.

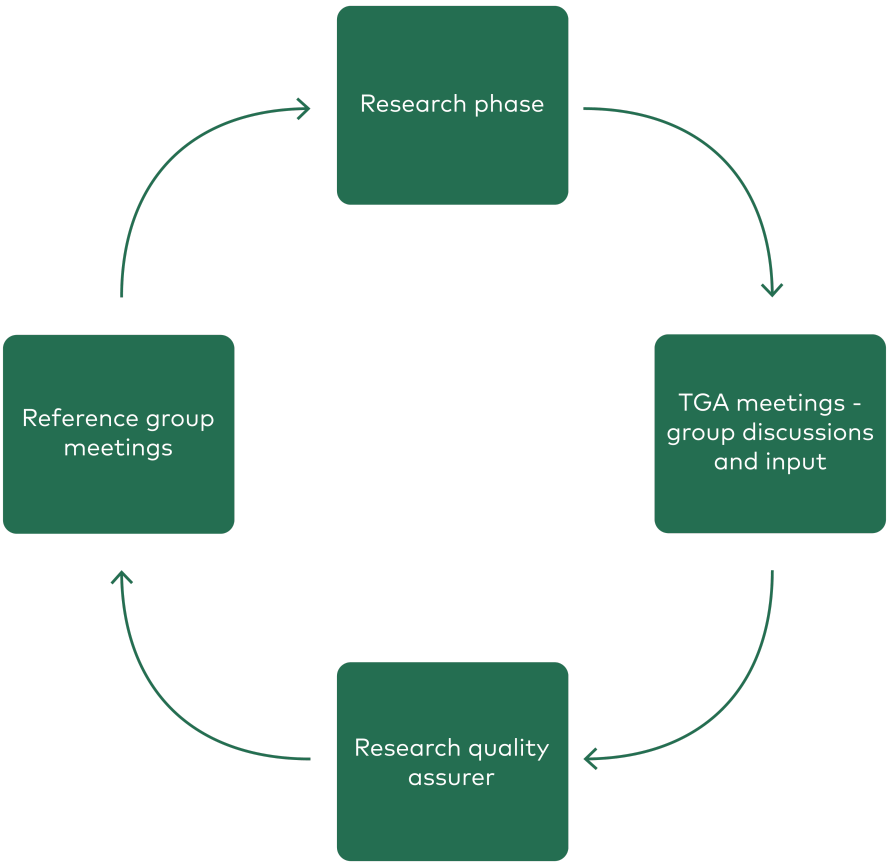




Photo: Magne Roed / Unsplash.com

3.2. Norway

3.2.1. Introduction to the case study

In Norway, there are several different types of support initiatives, which may be structured in various ways, target different solutions and be initiated from different levels. They do not necessarily need to be initiated or solely owned by the state (Huynh et al. 2022). FutureBuilt is neither state-initiated nor solely state-funded. Instead, it is a private initiative that has partnered up with municipalities. In the period 2010-2020, FutureBuilt was funded 50/50 by state actors and participating municipalities. From 2020, the state support has decreased considerably, meaning that a larger proportion is now financed by the municipalities and participating developers. Within the scope of national support initiatives in Norway, FutureBuilt was identified as a relevant case to look further into. Despite being a private initiative and thus not a state initiative, it aims to become a nationwide programme and acts to support municipalities in their work tackling various sustainable urban development challenges. The case study was conducted through desk research and interviews with a representative from the FutureBuilt secretariat, as well as representatives from Drammen municipality and Lillestrøm municipality.

Information box 1: FutureBuilt's history, aims and project criteria.

FutureBuilt is an initiative aimed at sustainable construction and urban development. The initiative serves as an innovation and learning arena for authorities, municipalities and the entire construction industry (FutureBuilt 2019a). The vision is to use pilot projects to showcase the most ambitious players in the industry, i.e. those that strive to lead the way and demonstrate that it is possible to develop a sustainable and attractive zero-emission city. The initiative started in 2010 and lasted for a ten-year period before being extended (i.e. FutureBuilt 2.0) for another ten-year period until 2030. The goal is to complete 100 pilot projects between 2010 and 2030 that cut greenhouse gas emissions by at least 50% compared to common practices (FutureBuilt, n.d.a). As of March 2023, there are 71 FutureBuilt pilot projects. Those are both public and commercial projects, involving buildings such as schools, cultural centres and offices, as well as neighbourhoods and urban area projects (FutureBuilt n.d.b). The developers of the pilot projects can either themselves apply to be a FutureBuilt project or be asked and recommended by either the municipality or the secretariat to apply. Each project must fulfil certain criteria relating to environmental sustainability such as circularity, transport, materials, energy, water management, biodiversity and social sustainability in relation to citizen engagement and the creation of attractive and liveable neighbourhoods, as well as boasting innovative showcase qualities and new solutions (FutureBuilt n.d.a). FutureBuilt does not fund any FutureBuilt projects but acts as a knowledge broker for the exchange of good practices and serves as a quality assurer to ensure that the high sustainability requirements of the projects are fulfilled.

Originally, FutureBuilt focused solely on municipalities in the Oslo region. Bergen was the first municipality outside the capital region to join the initiative in 2023 (FutureBuilt 2022a). FutureBuilt consists of a secretariat in charge of daily operations and is co-owned by the municipalities of Oslo, Bærum, Asker, Drammen, Nordre Follo, Lillestrøm and Bergen. In addition, there are seven external collaboration partners: the Ministry of Local Government and Regional Development, the Norwegian State Housing Bank, Enova (Norwegian energy national fund), the National Office of Building Technology and Administration, the Green Building Alliance, the National Association of Norwegian Architects and DOGA (Design and Architecture in Norway) (FutureBuilt n.d.a). FutureBuilt is funded through a range of channels. The majority of the funding comes from the membership fee that each municipality contributes yearly in exchange for being part of the initiative, with the sum differing between municipalities (Interviewees 1 & 2). Additionally, since its establishment in 2010, FutureBuilt has had the central state on board – first the Ministry of Environment and then the Ministry of Local Government and Regional Development. As such, it has received partial funding from the state, but in a varying amount from year to year (Interviewee 1; FutureBuilt 2021).

3.2.2. Multilevel governance

Navigating existing funding

In Norway, there are various national support initiatives, grant schemes and other types of support initiatives for sustainable urban development. The navigation and application process may differ depending on the type of initiative, with information communicated through different channels (Huynh et al. 2022). The municipality representatives noted that there are various types of support available in Norway for sustainable urban development, but it is not always clear how to navigate them and find the relevant ones.

Nevertheless, none of the interviewed municipality representatives described that as a major challenge but rather as an area with room for improvement. All stressed that FutureBuilt is a private initiative co-owned by the municipalities. None of the interviewees were familiar with any other initiatives like FutureBuilt (Interviewees 2, 3 & 4). Similar views were expressed by the representative from the FutureBuilt secretariat, who reported that many actors beyond the partner municipalities also turn to FutureBuilt for help and guidance. While they do not receive official support from FutureBuilt, the website functions as a hub for information and guidance on sustainable construction. Hence, other actors navigate FutureBuilt for support (Interviewee 1).

The first partner municipality (Drammen municipality) to join FutureBuilt was approached by the secretariat and asked to participate. With time and as the initiative gained recognition, the municipalities of Oslo, Bærum, Asker, Nordre Follo, Lillestrøm, all in the Oslo region, and later Bergen in Western Norway, joined, either by themselves approaching the initiative or being approached (Interviewee 1). The city council of the given municipality decides on whether to join the initiative or not, as there is a fairly significant membership fee (which varies from municipality to municipality) to participate in the initiative. That fee is charged to municipal budgets – the decision to join is thus a political question (Interviewee 3; Drammen Kommune 2021). The initiative is not designed to provide financial support or any form of funding to the partner municipalities or FutureBuilt projects. Instead, FutureBuilt offers support in other ways such as knowledge and expertise, networks, a forum for dialogue between developers and municipalities and a set of criteria to follow. FutureBuilt can communicate to the project developers about where they can turn to apply for funding (e.g. to Enova) but is not in charge of the funding in any way (Interviewees 1 & 2). FutureBuilt can use its website to announce when and where the project developers can apply for funding (see, for example, FutureBuilt 2022b; FutureBuilt 2020).

Interplay between the actors involved

Many of the initiatives and programmes aimed at sustainable urban development in Norway are top-down, meaning that they are initiated at state level and are designed to steer national efforts in certain areas. However, a shift can be seen, with initiatives originating from different actors and with a regional or municipal focus (Huynh et al. 2022). As previously mentioned, FutureBuilt is not an initiative that originated at state level. Rather, it originated from a private initiative partnering up with municipalities and various interest groups and authorities and is a recipient of state funds. "*FutureBuilt is very much built from the bottom-up. We used our network to get other actors involved and evolved from being a very small player to being an influential player recognised by many,*" explained the representative from the secretariat (Interviewee 1). As FutureBuilt has attracted much interest and requests by municipalities to participate, the initiative aims to span the entire country. However, that would require a funding commitment at state level (FutureBuilt 2023; Interviewee 1). FutureBuilt has a cooperation

agreement with the Ministry of Local Government and Regional Development (*Kommunal- og distriktsdepartementet, KDD)* and is engaged in dialogue with ministries at the administrative and political level, enabling FutureBuilt to express its aims and what it needs in order to progress (Interviewee 1).

On another level, there is a chance for the municipalities to influence the direction of FutureBuilt through dialogue during board meetings of the initiative. "*The municipalities have what I perceive to be a fairly large role and are involved in influencing how the programme is developed based on the needs of the municipalities,*" said one interviewee (interviewee 4). That influence is visible in the transition to FutureBuilt 2.0. The partner municipalities expressed the wish for a greater focus on social sustainability and projects that cover a larger geographical area (i.e. neighbourhoods instead of single buildings), which FutureBuilt 2.0 now covers (FutureBuilt 2019b; Interviewee 4). Moreover, FutureBuilt is perceived as a good system for sharing insights on the types of challenges municipalities face in their work on sustainable development and spatial planning. State actors can use this system to understand better the needs of the municipalities and draw on such insights to organise the support better (Interviewees 2 & 4).

Regarding state support, influence and dialogue between municipalities and the state level in general, it was noted that there are numerous counselling and training events at state level with courses and webinars aimed at municipalities. However, possibilities to influence the type of support provided to the municipalities by the state level seem to be somewhat limited (Interviewee 2).

Organisation and leadership of implementation of national support initiatives

The municipalities have the main planning responsibility for local urban development by creating municipal master plans (*kommuneplan*), area zoning plans (*områdeplan*) and detailed zoning plans (*detaljregulering*) (Huynh et al. 2022). FutureBuilt cannot, and should not, take over the municipalities' planning responsibility. All FutureBuilt pilot projects must follow the overall spatial planning, regulations and guidelines for the various areas. If a potential project does not match the municipalities' plans on land use, it will not be carried out. "*We are very keen not to work over the head of municipality, but with the municipality and work to provide quality in a way that the municipality wants,*" said the representative from the secretariat (Interviewee 1). Insights from FutureBuilt can be used when municipalities are developing spatial plans. In other words, the initiative can exert an influence and show good examples but cannot itself decide the outcome (Interviewee 4). Further, one interviewee explained that FutureBuilt can have a positive impact and indirectly steer the direction taken in the municipality. "*Through FutureBuilt and their criteria, it is possible to ensure that the project must have the lowest possible greenhouse gas emissions. It is a way of guaranteeing effective climate and environmental measures for a project. So that's the advantage of FutureBuilt, but to emphasise, that is on top of the municipality's regular planning*" (Interviewee 2).

FutureBuilt revolves around implementing ambitious pilot projects. Each of the pilot projects must have innovative showcase qualities and the developers must comply to a set of quality criteria, such as on circularity, living environment, greenhouse gas emissions, social sustainability and waste management (see FutureBuilt n.d.c). As previously mentioned, the developers do not receive funding from FutureBuilt to implement the pilot projects. However, they receive guidance about where they can apply for funding opportunities, assistance, quality assurance, reputation building, media profiling, prioritised municipal case management and reduced building application fees offered by some of the municipalities (FutureBuilt 2019a). In addition, the initiative is seen as an important tool for the municipalities to bring in the private building sector as well, which accounts for a large share of developers in the country. It can sometimes be difficult for municipalities to reach and work with such stakeholders, but FutureBuilt has established a forum for improved collaboration between municipalities and private developers (Interviewee 4).

Regarding leadership of implementation of the initiative and especially the pilot projects, it was underlined that active leadership was needed; a detailed set of quality criteria and continuous work are required to oversee the implementation process – that is the responsibility of the FutureBuilt secretariat and its main task (Interviewee 1). During the interviews, the point was raised that there could be a risk of private developers applying to the initiative primarily with the aim of benefiting from media attention, prioritised case management and reduced building fees. However, none of the interviewees held that for highly problematic, since the developers must still meet the FutureBuilt criteria and follow the requirements in the municipal spatial plans; any developers failing to meet those criteria cannot be part of the initiative (Interviewees 2 & 3).

3.2.3. State support

One main challenge connected to municipalities' work on sustainable urban development is that of interconnected issues – several points need to be addressed simultaneously and it is not possible to focus on one at a time. One municipality representative commented as follows: "*We should reduce our greenhouse gas emissions, implement better transportation options, rethink how we build, adopt a more circular mindset, take into account natural areas and biodiversity, work to create compact urban development that is highly attractive and ensure social sustainability. There are many needs that need to be addressed at the same time, so it is imperative that we think in new ways and that we push development more*" (Interviewee 2). Hence, the municipalities need state support to work on all those questions simultaneously. That may take the form of knowledge and expertise or guidance on how to implement solutions in land use planning. It was also mentioned that the municipalities need more money to implement sustainable urban development projects (Interviewees 2, 3 & 4).

There has been great interest in joining the initiative, including from municipalities outside the Oslo region. However, FutureBuilt itself needs state support in order to scale up and become an initiative with national scope and thus make a greater impact. FutureBuilt has received support from the state, but the sums vary from year to year. FutureBuilt is included in the national budget for 2022, in which it receives a grant from the Ministry of Local Government and Modernisation (note that from early 2022 the Ministry of Local Government and Modernisation changed its name to the Ministry of Local Government and Regional Development), in relation to work on the climate and attractive local communities (FutureBuilt 2021). Further, in the period 2017-2020, the Ministry of Local Government and Modernisation had a grant scheme aimed at municipalities' and county authorities' work on land use planning in urban growth agreement, with FutureBuilt being one of the programmes that received funding, for example in 2019 (Regjeringen 2019), 2018 and 2017 (Regjeringen 2018). It was mentioned that a long-term funding commitment is needed to ensure progress towards becoming an initiative with national scope (FutureBuilt 2021 Interviewee 1).

3.2.4. Summary

As mentioned previously, there are a number of Norwegian national support initiatives and grant schemes for sustainable urban development. As the case of FutureBuilt shows, there are also hybrid solutions whereby the initiative supports municipalities and developers in their work on sustainable urban development projects, while they are also recipients of financial support at state level (albeit to a varying degree). FutureBuilt has its roots in a private initiative that partnered up with municipalities in the Oslo region. Those municipalities are now co-owners and FutureBuilt has several collaboration partners, including state authorities.

FutureBuilt is an innovative initiative that gathers the most ambitious players in the construction industry. FutureBuilt revolves around implementing ambitious pilot projects that can lead the way in the field of construction and urban development – and then share the insights gained to guide others. FutureBuilt helps to drive green and inclusive urban development in the municipalities by acting as both a "carrot and stick" for sustainable building projects. It is used in addition to the municipalities' own spatial plans and is not intended to oust them from their role, but rather to influence them, for example by showcasing best practices for construction with a set of sustainability criteria and new and innovative solutions. What FutureBuilt has created is a working method and model that others can copy or be inspired by, as a way to drive innovation and development.

The case of FutureBuilt exemplifies the fact that support initiatives can differ and come to fruition through various actors, not necessarily at state level. As such, the case study displays various types of influence and dialogue between different levels and actors, as well as the fact that there are both challenges and possibilities associated with work on sustainable urban development. However, it also shows

that the municipalities need national support to implement and continue work on sustainable urban development. Major challenges connected to urban development still exist and resources and funding at national level are needed in order for those to be addressed.

Overall, the partner municipalities are very important for the operation of FutureBuilt and key sources of income for running the initiative. FutureBuilt aims to become a larger, more influential player and a national-level initiative spanning the whole of Norway. One way for FutureBuilt to become an influential regional and even nationwide initiative and a valuable tool supporting the state's efforts in sustainable construction and urban development is to enhance its collaboration with the state and secure a long-term funding commitment.



Photo: Thu n Minh / Unsplash.com

3.3. Denmark

3.3.1. Introduction to the case study

In Denmark, town centres are often the heart of an area, especially in rural areas. Historically shops, grocery stores and restaurants are located alongside libraries, cultural centres, and town halls in such town centres. However, the trends of e-commerce, outmigration and new mobility patterns seen in Denmark generate pressures on town centres in small and medium-sized towns, creating a risk of losing the core of the centre. That issue formed the background to the Partnership for Vibrant City Centres initiative (*Partnerskab for levende bymidter*), which was initiated by the Danish government. The Partnership focuses on efforts needed to ensure that small and medium-sized towns throughout the country continue to have vibrant town centres (Planinfo 2020). The Partnership's work has focused on small to medium-sized towns (ranging from 4,000-20,000 inhabitants). Almost one million Danes live in such towns, which are often also the main towns in the municipalities. It is thus crucial for the development of both the towns and the surrounding rural areas that a vibrant town centre be maintained with the necessary functions and features of an attractive urban life (Bolig- og Planstyrelsen 2021).

The Partnership's task is to explore how the state, municipalities and businesses can best promote vibrant town centres. The Partnership is intended, among other things, to develop a toolbox of proposed solutions and specific methods for town centre development and transformation, including spatial planning approaches that can help to develop and transform town centres (Bolig- og Planstyrelsen

2021). In addition, the Partnership should produce recommendations for government initiatives that can support the municipalities' work on sustainable and inclusive urban development (Regeringen 2020). The Partnership was chosen as the Danish case study, representing a national support initiative directly originating at state level with cooperation between various actors. This case study was conducted through desk research and interviews with a representative from the Partnership secretariat and a representative from Aabenraa municipality, which participated in the initiative with its test town Rødekro.

The Partnership consists of several actors, broadly composed of municipalities, organisations and state actors (see information box 2 for a full list of members), with a secretariat that runs day-to-day operations. The Partnership was set up as an initiative consisting of two phases. Phase 1 started in August 2020, when the Partnership started reviewing both Danish and international experiences in relation to developing and maintaining vibrant town centres. Phase 1 brought together the most important Danish actors concerning the town centre, actors with different opinions and interests. The diverging opinions and interests of the actors lent validity to the process, resulting in strong recommendations (Interviewee 1). The first phase ended in May 2021 with the publication of a series of recommendations and a toolbox for municipalities (shown in information box 3) to use in their work to create vibrant town centres (see Bolig- og Planstyrelsen 2021).

Phase 2 ran from 2021 to 2022 with the aim of qualifying and expanding the toolbox and recommendations by testing them in practice. The municipalities applied to the initiative with towns in their municipalities via an open call issued by Bolig- og Planstyrelsen (the agency in charge at the time) (Plan- og Landdistriktsstyrelsen 2023a). Each municipality had to apply with a test town and submit an application for its test town project, describing its vision for the development of a vibrant town centre and the activities and strategies connected to the town centre plan (Vordingborg Kommune n.d.; Kaalund 2021). Following the open call, five test towns were selected. Phase 2 was carried out in cooperation with the five municipalities and their test towns, namely Ringsted, Vordingborg, Rødekro, Vojens and Lemvig. Specific development strategies were drawn up based on the Partnership's toolbox, with the development strategies intended to form the framework for a more targeted and integrated effort by both public and private actors in the town in question. Phase 2 resulted in several specific experiences concerning work on vibrant town centres (Plan- og Landdistriktsstyrelsen 2023a). Overall, the initiative was meant to inspire and show how work and collaboration on developing vibrant town centres can look. The aim of the first phase was to reconcile stakeholders with conflicting interests, while the aim of the second phase was to showcase examples and promote the work (Interviewee 1).

Information box 2. Members of the Partnership

The Partnership for Vibrant City Centres

The Partnership for Vibrant City Centres consists of representatives from:

- Five municipalities: Frederikshavn, Syddjurs, Varde, Assens and Guldborgsund
- Kommunernes Landsforening, KL (*Local Government Denmark*)
- Realdania (a philanthropic association)
- The retail trade industry represented by De Samvirkende Købmænd (*The Cooperative Merchant*)
- The real estate industry represented by Ejendom Danmark (*The Danish Property Federation*)
- The business community represented by Dansk Erhverv (*Danish Chamber of Commerce*)
- Danske Handelsbyer (a network for the development of retail in the cities)
- Urban life by Lokale og Anlægsfonden (*The Danish Foundation for Culture and Sports Facilities*)
- Landdistrikternes Fællesråd (*The National Council for Rural Affairs*)
- Kulturministeriet (*Ministry of Culture*)
- Indenrigs- og Boligministeriet (*Ministry of the Interior and Housing*) with Sara Paarup, Bolig- og Planstyrelsen (*Housing and Planning Agency*) as Chairperson

Information box 3. The Partnership's recommendations based on Phase 1

The Partnership's Recommendations

The Partnership's recommendations based on Phase 1

1. More voluntary private-public city centre partnerships.
2. New knowledge centre for Danish city centres.
3. Activate trade associations and retail chains in the development of the city centre.
4. A holistic strategy for vibrant city centres.
5. Continuous monitoring of the development of city centres.
6. EU structural funds for vibrant city centres.
7. New urban regeneration funds for vibrant city centres.
8. More public urban life functions in city centres.
9. Strengthening city centre business through the business support system.
10. Professionalisation of business support applications.
11. Activating property owners in the development of the city centre.
12. Increased data and knowledge sharing.

3.3.2. Multilevel governance

Navigating existing funding

In Denmark, municipalities can use various channels to identify and raise funds for urban development projects. Phase 2 of the Partnership was a pilot programme under which municipalities could apply for state support and funding. There are several types of funds that municipalities can apply for, which requires navigating various sources. It is possible to raise project funds for city centre collaborations via governmental funds or EU funds. Overviews of state funds can be found on websites that gather calls in the same place. Such portals contain relevant information about current funds, application deadlines and application forms and provide guidance on how to structure a project application (e.g. Statens-tilskudspuljer.dk) (Planinfo n.d.). One important player in Denmark when it comes to funding sources is Realdania, a philanthropic association that supports projects all over the country. Realdania issues grants for projects, which organisations and persons can apply for via an application form. All projects must by based in Denmark and focus, for example, on the built environment and activities connected to architecture, urban development and spatial planning (Realdania 2023).

However, not all municipalities in Denmark are equally good at navigating and applying for funding. Municipalities differ significantly in that respect depending on the resources that they have at their disposal. Most funds or initiatives supporting municipalities are based on applications. That requires the municipalities to mobilise resources in order to have sufficient time to make the application and to have the relevant skills/expertise for writing applications. There are indications that some municipalities tend to be better at both finding and writing applications than other municipalities. That might create an imbalance, with some municipalities receiving opportunities as they are more skilled in terms of project language and formulating objectives. The representative from the Partnership secretariat explained that issue as follows: "*Through this type of initiative we reach some municipalities that are good at writing applications and projects and thinking about how they can use us to get there and so on. We also need to get hold of cities and municipalities that have not started and might not be so good at such processes*" (Interviewee 1). The representative from Aabenraa municipality explained that: "*We have quite a lot of experience with these ministry pools and we have people who are good at finding and writing applications. It is a good supplement to the municipal funds, so we take advantage of the opportunities. With experience, the process of finding and applying for funding gets easier. But otherwise, the process can be difficult*" (Interviewee 2).

Interplay between the actors involved

As in other Nordic countries, spatial planning and sustainable urban development mainly take place at the municipal level in Denmark. However, such national support initiatives enable the state to steer the municipalities and encourage them

to work on sustainable urban development (Huynh et al. 2022). The Partnership is a top-down initiative, originating at state level, that is aimed at Danish municipalities and their needs in relation to urban development. The initiative formed part of the Growth Plan for Trade and Logistics (*Vækstplan for handel og logistik*), a plan aimed at strengthening Danish trade and commerce launched by the Danish government in January 2020. The Partnership was announced in August 2020 and initiated by the Housing and Planning Agency (*Bolig- og Planstyrelsen*) under the Ministry of the Interior and Housing[3] (*Indenrigs- og Boligministeriet*). The purpose of the initiative was to gather specific proposals for solutions and recommendations for government initiatives (Regeringen 2020).

In towns of a certain size, the municipality is often a necessary and central player, especially if the town centre is facing physical changes (Interviewee 1). To some degree, the Danish municipalities have different roles and ways of working today than in the past; nowadays urban development partly involves communicating with the town and residents about what they want and then facilitating the goals. Strategic decisions need to be taken to ensure sustainable urban development and vibrant town centres, but these should ultimately be anchored within the local context (Interviewees 1 & 2). In the second phase of the Partnership, the test towns were to focus particularly on two aspects: (1) strengthening the locally anchored private-public urban cooperation and (2) focus on strategic development by preparing a joint development plan for the town centre (Plan- og Landdistriktsstyrelsen 2023a). Although the Partnership was a top-down initiative, the municipalities were relatively free in how to use the initiative to suit the local context in relation to their test town (Interviewee 2).

There are a number of channels and networks between municipalities and the state, allowing for dialogue between the parties. However, in general the municipalities have expressed the need for more opportunities for dialogue and, in particular, more direct channels to allow the municipalities to explain their situation, the challenges they are facing and the kind of support they need. State initiatives and programmes with collaboration between state agencies, municipalities, other organisations and private actors seem to function as a channel for direct dialogue, with longer cooperation leading to a better understanding of one another's needs. The Partnership provided an opportunity for the municipalities to be in direct dialogue with agencies. One interviewee stated that: "*With the Partnership, we have been very close to the same group for a long time and could talk about some issues and challenges directly. There is an advantage in that we work closely with the agencies. They begin to understand our challenges and needs and we have gained some understanding of theirs. Through*

3. After the Danish election in 2022, the agencies were reorganised. Since 2023, the Planning and Rural Development Agency (*Plan- og Landdistriktsstyrelsen*) is the agency in charge of national planning and is responsible for spatial planning and urban development, as well as the development of rural areas and small island communities. The agency comes under the Ministry of Church Affairs (*Kirkeministeriet*) (Plan- og Landdistriktsstyrelsen, 2023b).

collaborations like this, it is also possible to exchange experiences with other municipalities and learn from one another" (Interviewee 2).

Organisation and leadership of implementation of national support initiatives
Municipalities make strategic and urban planning choices that can help to promote the development of town centres (Bolig- og Planstyrelsen 2021). Phase 2 of the Partnership initiative shows how to launch urban development plans, how to organise such work and how to implement activities. The representative from the Partnership secretariat explained that as follows: "*The Partnership initiative aims to inspire municipalities and towns to work on these issues and shows how the work can be designed and organised. However, it is too short an initiative to be able to measure the effects and evaluate them, as the test towns had one year to work on these issues in the second phase. Instead, it can be seen as an evaluation of how to get started*" (Interviewee 1). As mentioned above, the purpose of the test towns was to test the new urban development tools and methods drawn up in phase 1. The tools and methods were not new in the sense of radically altering the way in which urban development work is to be conducted. Rather, the toolbox served as a good overview of various solutions and methods. The municipalities could thus take the tools, adapt them to the local conditions and subsequently use them (Interviewee 2).

For work on a town centre plan, the test towns in the Partnership initiative received guidance from relevant agencies and other key actors in the form of analyses, sparring and knowledge sharing. In addition, the state co-financed activities in the test cities/municipalities in connection with the preparation of the town centre plan (*bymidteplan*) in the amount of up to DKK 100,000. The activities focused, for example, on involving the town's residents and the town centre's key players in the design of the plan and outlining specific solution options (Kaalund 2021). As mentioned, the municipalities participating in phase 2 were relatively free to decide on the kind of activities and plans they wished to carry out. Some participating municipalities decided to be more ambitious and used the Partnership initiative to build further on a long-term plan. They were already on the verge of redrawing the city plan, so the initiative served as a good starting point for involving more people in the process and anchoring it locally (Interviewee 2; Vordingborg Kommune n.d.).

3.3.3. State support

The considerable interest in the Partnership's work shows that vibrant town centres are high on the agenda for municipalities, businesses and citizens. In Denmark, the development of larger urban areas and metropolises has historically been given high priority. Now the focus has shifted somewhat and there is political will to work on questions concerning the development of small to medium-sized municipalities/towns. That is now on the state agenda, as shown, for example, by the state support initiatives targeting small to medium-sized towns. Besides the Partnership for Vibrant City Centres, which finishes in 2023, more initiatives are

either being launched or planned (Interviewees 1 & 2). The experiences from the test towns are included in the government's work on developing and maintaining vibrant city centres, for example in the "Experimental scheme for free city centres" (*Forsøgsordning for frie bymidter*) (Kirkeministeriet 2023).

Interviewees 1 and 2 both pointed out that the short time frame of Phase 2 had both pros and cons. The positive aspects highlighted were faster decision processes, more measures by local politicians and flexible state support that could be managed to suit local challenges. However, the interviewees said it would have been beneficial if the initiative had run over a period of several years and with more financial support. The initiative was set up to kick-start processes and inspire work on small and medium-sized towns, as well as to lend visibility to the fact that town centres are important and a political priority (Interviewees 1 & 2).

The experiences from the five test towns in the initiative point to the need for more funding and other types of support for collaborative city centre projects. Resources in a broad sense, such as money, skills, networks and time, are essential for a town centre collaboration. However, there is no single solution that fits all, as the basic conditions of Danish towns vary. The results shows that there is a need among cities and municipalities for resources to be allocated to both project management (for the day-to-day operating budget) and project development (implementing activities and development projects, i.e. project budget) (Planinfo n.d.).

3.3.4. Summary

The Partnership for Vibrant City Centres was a state-initiated initiative that ran from 2020-2023, focusing on the development of small to medium-sized towns. It was a national support initiative geared to the question of how municipalities can work on sustainable urban development in connection with creating attractive and vibrant living areas. In Denmark there is a political focus on supporting small to medium-sized towns that are facing a number of issues, including new commerce trends and mobility patterns. It is vital for development of both the town and the surrounding rural areas that a vibrant town centre be maintained with the necessary functions and features of an attractive urban life.

The initiative aimed to inspire municipalities to work on the development of vibrant town centres and to help municipalities that are about to launch a new town centre collaboration. Experiences from the initiative show that work on vibrant town centres requires a long-term local political focus and a holistic strategy with a clear and unambiguous direction for the town centre. Municipal commitments and governance, together with local enthusiasm and local anchoring, are key to implementing urban development support initiatives. The Partnership initiative highlighted the fact that town centres are important political priorities and created visibility and inspiration as to the form such work can take in a local context.

Some take-aways about communicating, navigating and applying for state support

can be drawn from the Partnership initiative. Firstly, the set-up of the initiative, with close and direct channels between state agencies, the private sector and municipalities, creates an improved forum for dialogue, allowing the parties to communicate their views, perspectives and challenges. That was underlined as important, since the municipalities in particular can express what kind of support they need and how it should be designed so that they themselves can work on sustainable urban development. However, initiatives with longer time frames and more financial support were considered to be beneficial for continued work on sustainable urban development. Secondly, state support often takes the form of various initiatives and programmes that municipalities can apply to. Some municipalities in Denmark are better able to navigate and apply for state support than others. That is partly related to previous knowledge and expertise in writing good project applications. The initiatives aim to spread knowledge and inspiration among all municipalities in relation to urban development work. Yet there is still an imbalance, with some municipalities receiving direct state support through such national support initiatives, while others receive indirect support in the form of inspiration.



Photo: Nora Hamn / Luleå Kommun

3.4. Sweden

3.4.1. Introduction to the case study

Sweden lacks a coherent national strategy for spatial planning. Responsibility for spatial planning is highly decentralised and lies with the municipalities. Nevertheless, various measures to coordinate and oversee spatial planning issues at state level have been taken in recent years. One such measure is establishment of the Council for Sustainable Cities (*Rådet för Hållbara Städer*) in 2017 by the Swedish Government (Huynh et al. 2022). The Council is intended to act as a national forum for sustainable urban development issues and brings together key national agencies and stakeholders that are strategically important for long-term work on sustainable urban development (Rådet för Hållbara Städer 2022a).

The Council is also tasked with investigating ways to support the municipalities affected by major industrial establishments in Norrbotten and Västerbotten in terms of sustainable communities and the design of viable living environments (Finansdepartementet 2022). Such industrial investments are expected to have a large positive impact on the green transformation of society. However, to enable such development, several municipalities need to grow quickly (Rådet för Hållbara Städer 2022a). How to attract new residents and encourage them to settle in the area, while protecting the needs of the current residents and the needs of our planet, is a key question for future development in those regions (Näringsdepartementet 2022). The initiative Visions: in the North (*Visioner: i Norr*) was launched against that background. Within the scope of national support initiatives, Visions: in the North represents a state-launched initiative designed to

align with the participating municipalities' needs. The case study was conducted through desk research and interviews with two representatives from the Council for Sustainable Cities and representatives from the participating municipalities Luleå and Boden.

Information box 4: Visions: in the North.

Visions: in the North is an initiative established by the Council for Sustainable Cities. It took place between 2021-2022 and was inspired by the lead words of the EU initiative New European Bauhaus (NEB) – beautiful, sustainable and inclusive – whose aim is to encourage different creative professions, experts and citizens to look at how to create and build a sustainable and inclusive future together (European Commission 2023). It is a collaboration between the National Board of Housing, Building and Planning (*Boverket*), ArkDes, the Swedish Energy Agency (*Energimyndigheten*), Vinnova and Formas and the municipalities of Kiruna, Gällivare, Boden, Luleå, Skellefteå and Umeå. In this case, the municipalities did not apply to join the collaboration. Instead, the Council reached out to the municipalities to get them onboard (Rådet för Hållbara Städer 2022a).

The initiative Visions: in the North revolved around the question of "How can we create beautiful, inclusive and sustainable communities that we can all be proud of for generations?" All municipalities described what kind of societal challenges they faced in connection to the large-scale developments and came up with one broad case. An open call was held by Vinnova and Formas, which external multidisciplinary teams could apply for. From 55 applications, eleven multidisciplinary teams were chosen and tasked with coming up with idea sketches (*idéskisser*) for those cases. Each team received a total of 300,000 SEK, jointly funded by Vinnova and Formas. Hence, the municipalities per se did not receive funding from the state. Instead, by participating in Visions: in the North, the involved municipalities received input into their strategic planning work from the idea sketches. The selected teams looked at a specific municipality (i.e. place bound). The aim of the idea sketches was to provide inspiration for future developments based on the themes of sustainable, beautiful and inclusive environments. The idea sketches were not meant to influence spatial planning directives directly, but rather to create inspiration, illuminate new possibilities and broaden horizons (Rådet för Hållbara Städer 2022b). The interviewed municipality representatives described the projects as a valuable idea bank that could be used to inspire future municipal spatial planning work, rather than constituting the basis for the plans (Luleå kommun 2023; Interviewees 2, 3 & 4).

3.4.2. Multilevel governance

Navigating existing funding

In Sweden, there are several funding and support mechanisms available at the national level to support local-level development, with various ways for municipalities to obtain support (financial or other ways) for sustainable urban

development (Huynh et al. 2022). Those are often open calls, but they can also be steered/directed, as in the case of Visions: in the North. From the interviews with both municipality representatives and members of the Council, it became clear that navigating existing funding and support can be challenging for some municipalities (Interviewees 2, 3, 4 & 5). That is also related to the fact that information about both applying for support and implementing sustainable urban development is spread over many different authorities and their channels (Finansdepartementet 2023).

The municipalities expressed that it can be challenging and time-consuming to navigate support opportunities. Many of the open calls are in or channelled through different places and some have rather short application deadlines. Municipalities have raised the issue that they are missing out on some support initiatives they could apply for, either due to unawareness of them or insufficient time to submit a thorough application. Furthermore, some municipalities seem to be better aware of the available opportunities and apply for funding/support more frequently than others. Often, that has to do with experience of application processes (Interviewee 5). One interviewee stated that the municipality had established a programme council responsible for navigating and applying for development projects, external funding and open calls, so they have experience of the process and application system (Interviewee 2). However, other municipalities lack experience and said that it can be challenging to apply for the calls and noted that it can take several rounds of applications before you learn the system. One interviewee stated that "*simpler application processes and more follow-up processes are needed – it can be a jungle if you are new to the processes*" (Interviewee 3).

However, there are measures in place to address that issue. One new, additional task for the Council from the Swedish Government is to create a shared platform for support and funding opportunities and coordinate such work (Finansdepartementet 2022). The platform (namely the website Hållbarstad.se) is to be developed into a platform for up-to-date, aggregated information on all funding and support opportunities that the municipalities can apply for in relation to sustainable urban development. Accordingly, the platform aims to make it easier for municipalities to navigate existing opportunities by compiling them in one place (Rådet för Hållbara Städer 2022c).

Interplay between the actors involved

The directive to create an initiative aimed at supporting municipalities in Norrbotten and Västerbotten came from the state level, as set out in the government mandate for the Council. As such, Visions: in the North was not an initiative that came from the participating municipalities. Instead, it was launched to address their need to grow quickly in a sustainable and just way (Rådet för Hållbara Städer 2022a).

There are some forums for dialogue between national actors and municipalities in Sweden on sustainable urban development, such as the Swedish Association of

Local Authorities and Regions (*Sveriges Kommuner och Regioner)*. However, during the interviews with municipality representatives it was noted that even though there are communication paths through which the municipalities can raise their thoughts and concerns, that does not necessarily equate to influencing the kind of support that is offered. While the dialogue is perceived as good, there is a need and wish to have greater influence on the support available for sustainable urban development (Interviewees 2, 3 & 4).

One issue that was brought up during the interview with municipal representatives was that they found it difficult to handle questions and have separate contact with each of the various authorities that are involved in sustainable urban development. One municipal representative said that Visions: in the North had given the municipality new contacts and a direct channel to several authorities within the same network. They considered that to be beneficial, as *"the entry point is that we want to do this together and not one authority at a time. Here, we must cooperate*" (Interviewee 4). The Council includes members from twelve authorities that are strategically important for long-term work on sustainable urban development (Rådet för Hållbara Städer 2022c). Each authority representative on the council is responsible for their area of expertise and the members are tasked with contributing and sharing their specific expertise. One aim of the Council is to gather all such expertise in one arena, enabling cooperation and dialogue between actors (Interviewees 1 & 5).

Organisation and leadership of implementation of national support initiatives

In Sweden, the state level does not directly influence the municipal level to a great extent in the field of spatial planning. As mentioned, responsibility for spatial planning predominantly lies with the municipalities, which develop both comprehensive plans (*översiktsplan*) and detailed plans (*detaljplan*). The comprehensive plan should align with national interests, as well as national and regional goals (Huynh et al. 2022). The intended outcome of the Visions: in the North initiative was not to directly influence the municipalities' strategic spatial planning documents, but to inspire them. "*It is about inspiring the comprehensive plans and going in with these creative, innovative ideas about what the sustainable, inclusive and beautiful living environments of the future could really be in this place*" (Interviewee 1). The municipalities had the mandate to partly influence the initiative by shaping their own case based on their specific local situation. The municipalities were free to implement the outcome of the initiative (i.e. the idea sketches) as suited them best (Rådet för Hållbara Städer 2022b). On that note, the planning process for Visions: in the North 2.0 is underway, but its continuation has not yet been confirmed (as of November 2023). Instead of focusing on the "visions" aspect of the municipalities' spatial planning documents, a possible Visions: in the North 2.0 initiative would focus more on innovation in the implementation phase of the municipalities' urban development processes and plans (Rådet för Hållbara Städer 2022c).

During an interview with municipality representatives, the point was raised that the complexity and fast speed of industrial development entails new challenges regarding the organisational and leadership structure of sustainable urban development. Such industrial development is underway now and the needed societal changes must happen quickly. There is therefore a need for faster, agile and flexible processes and for action rather than dialogue and coordination among authorities (Näringsdepartementet 2022; Interviewees 3 & 4).

Representatives from the Council reasoned similarly, highlighting the need for new ways of approaching sustainable urban development issues at state level. The state level's way of working usually includes hard and soft policy instruments and a focus on a broader national context instead of on the local one. Visions: in the North implemented a new form of organisational structure and method, inspired by the New European Bauhaus (Interviewees 1 & 5). That was carried out by involving the cultural and creative professions and inviting multidisciplinary collaboration, as well as by using a working method called Mission. That method looks at the local level and takes the specific place as the starting point. The approach involves working on local needs in interdisciplinary teams and then scaling up the solutions (Rådet för Hållbara Städer 2022c). When asked to describe the organisation and implementation of Visions: in the North, the representative for the Council described it as follows: "*We can see that the place itself is a system with a series of complex sub-systems in it. We begin by looking at this place with many different eyes. We work in a multidisciplinary way and at different levels around the specific challenges at this place. Then through multidisciplinary collaboration we can find solutions that we can then test, scale up and spread to more places*" (Interviewee 1). A representative for the Council highlighted the process as a good example of how to work together with authorities on matters that are more operational than traditional authority work (Interviewee 5; Rådet för Hållbara Städer 2022b).

3.4.3. State support

The industrial development taking place in Norrbotten and Västerbotten focuses on environmental, green values. To carry out that development, it is expected that approximately 100,000 new people need to move into that part of the country in the near future (Näringsdepartementet 2022; Interviewee 1). Consequently, there are concerns in the affected municipalities that social and cultural values will be left behind due to the speed of the process and that urban development will predominantly focus on problem-solving and building. *"It would be worrying for the municipality if it ended up in us becoming a fly-in, fly-out industrial place, so I think these social and cultural issues are very important,*" said one interviewee (Interviewee 3). State support for sustainable urban development, including social and cultural values, is therefore critical in order to enable such municipalities to respond to the changes in progress.

During interviews with the municipality representatives, the need for more state

funding and, as discussed above, easier application processes for sustainable urban development was raised. The process for receiving state support can be challenging, meaning there is a trade-off between the value of the support and the actual resources required to obtain it. It was also discussed how the state support could be organised to suit local needs better. It was pointed out that sustainable urban development requires more flexible support, money and resources to enable the municipalities to work on the relevant matters themselves. "*It is clear that we need support in that [sustainable urban development], but we also need to have a mandate to decide what we need support with – otherwise the support may not be relevant to us,*" said another interviewee (Interviewee 4). Thus, at times, there can be a mismatch between the local need for state support and the type of support offered by the state.

Overall, the municipalities in Sweden seem to need more state support, and especially funding, for work on sustainable urban development. Municipalities have pointed out that they require some form of monetary contribution as it is financially demanding to work on such issues. Nevertheless, it cannot be concluded that all municipalities need one particular type of support as the municipalities face different challenges and have different capabilities. Thus, during the case study it was highlighted that it is important for the state to ensure that the regulations and support are designed so as to promote development and account for different needs. The financial instruments for research, innovations and various forms of support need to accommodate that requirement (Näringsdepartementet 2022; Interviewees 1 & 5).

3.4.4. Summary

The Visions: in the North initiative was made possible by a collaboration between various authorities, municipalities and multidisciplinary teams. It was created in response to the green industrial development and related societal transformation taking place in Norrbotten and Västerbotten, where there is a pressing need to attract and accommodate a large number of people in a short time. The main aim of the initiative was to generate inspiration and visions that may support the municipalities in the development of living environments that are beautiful, sustainable and inclusive. The idea sketches provided each municipality with inspiration on how to work on such values, which they could use and adapt to their municipal strategic planning.

Several challenges were identified in relation to state support for sustainable urban development in general. Regarding the initiative itself, the challenges brought up revolved around the fairly short time span for the processes. The challenges centre on the ongoing struggle between present needs in a situation that is gaining pace and insights into changes that need to be started now and continued in the long term. Regarding state support in general, it was noted that the process of navigating, applying for and receiving such support is sometimes a challenge,

especially for municipalities lacking experience of such processes. However, work is underway to create a platform providing information on various types of support for sustainable urban development. That could enable an easier navigation process for municipalities looking for support. Being informed of support opportunities well in advance and the availability of more flexibly designed support was mentioned as important aspects for municipalities in their work on sustainable urban development.

Several opportunities can be identified and lessons can be learnt from the initiative. Much of the work on Visions: in the North involved relatively new working methods and processes. Both state authorities and municipalities appreciated methods such as an agile way of working and close cooperation between authorities, municipalities and multidisciplinary teams, as well as the involvement of municipalities and their needs at an early stage by looking at the specific place and creating a design responding to those needs. Finding new solutions that complement the usual processes and ways of working can thus be beneficial in a situation marked by rapid development, urgency and new conditions, allowing the changing needs to be met.



Photo: Joni Rajala / Unsplash.com

3.5. Finland

3.5.1. Introduction to the case study

In Finland, the state promotes sustainable urban planning and development in several ways, for example, through legislation, national land use guidelines and agreements. However, it also does so by initiating and supporting initiatives or programmes connected to sustainable urban planning and sustainable urban development, such as the Sustainable City programme (*Kestävä kaupunki*) (Ministry of the Environment 2021a). The Sustainable City programme is coordinated by the Ministry of the Environment. It is a partnership-based programme with the most important cooperation partners being Finnish municipalities and cities. Other cooperation partners are companies, city networks, research organisations and other ministries. A steering group appointed to the programme guides the programme, supports its implementation and contributes to communicating the results (Sustainable City n.d.a; Interviewee 1). The Sustainable City programme was chosen as the Finnish case study, representing a national support initiative originating at state level to promote sustainable urban planning in Finnish municipalities and cities according to a partnership-based approach. This case study was conducted through desk research and semi-structured interviews with a representative from the coordination team of the Sustainable City programme and representatives from the City of Hämeenlinna and the City of Jyväskylä, both of which participated in the programme.

The programme is underpinned by and aims to contribute to implementation of the Sustainable Development Goals (Agenda 2030), the goals of the New Urban

Agenda (NUA) and the Urban Agenda of the EU in Finland. As part of the Agenda 2030 implementation plan, Finland established a national action plan for sustainable urban development; the Sustainable City programme. The objective of the programme is to accelerate the sustainable development of cities in Finland. The main themes are carbon reduction, smart solutions, social sustainability and healthy living environments, with the programme seeking new solutions, especially to questions that cut across those topics (Ministry of the Environment 2023). The Sustainable City programme aims to develop new solutions for sustainable urban development in practice, solve common sustainability challenges faced by municipalities, strengthen municipal sustainability management and scale up good practices to spread the tested solutions. The primary outcomes include both practical solutions for sustainable urban development and incorporation of sustainability aspects into the cities' plans, strategies and operational processes (Interviewee 1).

Information box 5: The Sustainable City programme

The Sustainable City programme is a five-year programme, running from 2019-2023, implemented with a total budget of around EUR 6 million (state funding accounts for EUR 4.5 million, while funding by partnering organisations accounts for EUR 1.6 million) (Ministry of the Environment 2021a). The programme supports three forms of action that are linked to themes of sustainable cities; (1) experiments that test new practical solutions for sustainable urban development, (2) development projects on how to incorporate sustainable development into the strategic management of cities and (3) cooperation systems focusing on a set of challenge clusters and potential solutions. What kind of support is provided depends on what form of action a city or municipality applies for. Financial support is mostly provided for the experiments, whereas organisational support, guidance, networking and cooperation are offered to the other two actions (Interviewee 1).

As of December 2023, 95 cities or municipalities and more than 70 other organisations have participated in the programme, with about 70 projects being launched and implemented (Ministry of the Environment 2023; Interviewee 1). The results include guides on creating green neighbourhoods, resident participation and inclusive cities, guides and tools for sustainability management, indicators for urban sustainable development and new practical solutions for sustainable urban development (Sustainable City n.d.b).

3.5.2. Multilevel governance

Navigating existing funding

In recent years, the Finnish government has launched several funding/support programmes to steer Finnish municipalities and cities on the path towards green and socially inclusive urban development (Huynh et al. 2022). The Sustainable City programme is one of these programmes. As mentioned above, funding is one of the forms of support that a municipality or city can apply for. The Sustainable City programme funds experiments and pilots related to sustainable urban development. The calls, which are announced and run through the Ministry of the

Environment, are always open to municipalities and cities, while associations and companies working in partnership with municipalities and cities are also eligible to apply in some cases. An application with necessary information about the planned project is required to be submitted and reviewed for acceptance as a Sustainable City project. A maximum of 60 percent of the pilot is funded by the Ministry of the Environment, while the project implementer needs to cover at least 40 percent of the costs. Furthermore, the programme also provides non-monetary support to pilot projects in the form of knowledge and guidance, for example (Ministry of the Environment 2021a; Interviewee 1).

The Sustainable City programme gave consideration to the design of the application process. The representative from the City of Hämeenlinna and the City of Jyväskylä said they felt that the Ministry of the Environment had endeavoured to make the application documents simple to complete for this programme, making it easier for applicants less skilled in project writing to start the application process and start applying for funding, thereby enabling smaller and more inexperienced cities and municipalities to participate (Interviewee 2 & 3).

However, in general, finding and utilising funding or other forms of state support can be challenging for some municipalities and cities. Some municipalities/cities tend to be better at both finding and writing applications than others. That is not directly connected to the size of the municipality, but often has to do with previous experience. In addition, resources to find such support opportunities may be lacking in smaller cities or municipalities. The representative from the programme coordination team explained that as follows: *"In small or medium-sized municipalities they may not have enough resources to apply for funding. There's also another kind of risk that sometimes, if municipalities don't have much experience in applying for funding, it may be difficult to formulate the project to meet the expectations and criteria of the application round – even if the idea is very good"* (Interviewee 1). Similarly, the representative from Hämeenlinna stated that "*The idea for applying with a project to a programme or initiative often comes when the support initiative is announced. Even if there are people that are quite good at finding and writing applications, these projects need to be run through all the decision-making levels within the municipality. If there's a municipality that is not so experienced in these decision-processes, then it can be too slow to make those decisions to be able to apply. More time and more explanations are needed for some municipalities*" (Interviewee 2).

Both the Finnish national agencies and municipalities are aware of that imbalance and some potential solutions are being explored. One solution that is being tried is to organise information sessions during such open calls to increase applicants' knowledge of how to write good applications and how to plan good projects. Another potential solution is to require the applicants to have cooperation partners. It might help if an application needs to go through various channels and actors before it is submitted. If an applicant lacks experience on how to write applications, such cooperation partners might be able to guide the work if they

have greater experience (Interviewee 1).

Interplay between the actors involved

The Sustainable City programme is one of the tools of the Government's urban policy, with one key element being deepened partnership between cities and the state. The programme thus responds to the need to further increase and strengthen cooperation and partnership between municipalities, cities and the central government. The partnership-based approach refers to an arrangement where cities, communities and state actors, together with civil society, academia and the business sector, join forces to develop solutions to the multifaceted challenges of sustainable development (Ministry of the Environment 2021a). "*Cities and municipalities in Finland have expressed a need for government support in their sustainability work and urban development work also before this programme. But during the programme too, it has been very important for them that government, cities and municipalities are cooperating. This is a partnership-based approach, which refers to a way to cooperate so that it's as equal as possible. We are not steering cities to do something, but rather we are also asking what they need and what is important for them*" (Interviewee 1).

Within the Sustainable City programme, the participants (e.g. cities, municipalities and other actors involved) could influence the direction of the programme to some extent by communicating what they needed, what worked well in the programme and what could be improved. During an interim evaluation in 2021, the larger municipalities and cities in the programme said that the programme could be developed to suit better the challenges they faced, which are somewhat different to those of small to medium-sized municipalities. Other participants pointed out that more attention should be given to the economic benefits gained by developing sustainability and that more help with disseminating the results was needed (Owal Group 2021). After the midway evaluation, the steering group worked to develop the programme to serve the needs of municipalities and cities of different sizes better and put stronger focus on impact and communication (Ministry of the Environment 2021b). Hence, launching such government programmes and conducting a midway evaluation to capture the changing needs of cities and municipalities sends out a positive message to the Finnish municipalities and cities that the government wants to cooperate on sustainable urban development work (Interviewee 2). The programme is state-initiated but aims to strengthen and create more forms of horizontal instead of vertical cooperation. *"We are all doing it together in the government, in cities and municipalities. I like to think of it as a kind of snowball effect, it creates something more than what it is in itself"* (Interviewee 1).

Programmes and initiatives, such as the Sustainable City programme, provide a direct channel between sustainable urban development stakeholders. The idea is to create an arena where agencies, ministries, municipalities, cities, organisations and the private sector can gather to discuss their perspectives, challenges and needs

(Ministry of the Environment 2021b). The representative from the City of Hämeenlinna noted that "*in programmes like these, there are actually people connecting with people. This enables communication between the state and us*" (Interviewee 2). In addition, the "Virtual Block" (*Virtuaalikortteli*), a project launched under the Sustainable City programme, aims to create communication channels between sustainable urban development stakeholders. It is an online networking and collaboration platform, open to municipalities, cities and other actors interested in sustainable urban development. It is a virtual platform for information exchange, networking, interaction and problem solving among the wider sustainable urban development community (Sustainable City n.d.c.). The Virtual Block is considered an important digital platform for supporting achievement of the programme's objectives in a cross-governmental and collaborative manner. However, there is a wish to see its use further expanded and developed (Owal Group 2021).

Organisation and leadership of implementation of national support initiatives

In Finland, as in the other Nordic countries, spatial planning and sustainable urban development mainly take place at the municipal level. However, those national support initiatives enable the state to influence municipalities and encourage them to work on sustainable urban development (Huynh et al. 2022). The main objectives of the Sustainable City programme are to achieve low-carbon, smart, healthy and socially sustainable cities through a close partnership between the state and the municipalities at both the level of practical urban development and strategic management. (Ministry of the Environment 2021). The programme's pilot projects/experiments are more focused on devising solutions to practical urban development challenges, whereas the development projects and cooperation systems focus more on how to work on sustainable urban development at a strategic management level (Interviewees 1 & 3). Organisation and leadership of implementation of the Sustainable City programme differs somewhat from the normal organisational form taken by governmental work. The programme structure allows for more flexibility and possibilities to work in a different way, for example by cooperating closely with municipalities and cities on the structure and direction of the programme (Owal Group 2021).

One objective of the programme was for the participating municipalities and cities to receive a range of support, tools and guidance so that they themselves can catalyse sustainable changes. Besides financial support, help is provided in the form of expert and peer coaching, joint projects, visibility and networking opportunities for exchange of experiences (Sustainable City n.d.d). Some projects focused solely on how the cities/municipalities themselves can work (Sustainable City 2022), while other projects in the programme also provided training for leaders of municipalities/cities on how to lead in a sustainable manner (Interviewee 2). "*We are focusing on how to support cities' own work towards sustainable urban development but also trying to find new tools for cooperation between the government and the cities*" (Interviewee 1). Even though the projects in the

programme often had a rather short time span and limited budget, the method of the programme was described as positive: "*It's been quite a flexible programme, which is good because then you can mould it to suit different kinds and sizes of cities, their challenges and different kind of projects, and for piloting new things*" (Interviewee 3).

Several projects in the Sustainable City programme are pilot projects/experiments that involve testing new practical solutions for sustainable urban development, which can directly affect urban planning for green spaces. Other projects aim to influence urban planning (Ministry of the Environment 2023). The representative from the programme coordination team stated that: "*Things won't actually change in cities' urban structure in just a few years. It will be more about how to fix the process, how to improve knowledge and capabilities and to make some changes relating to cooperation practices. After that it can become a more permanent practice*." (Interviewee 1). Similar ideas were expressed by the representative from Hämeenlinna, who commented: "*I think what was funded through this programme particularly is not necessarily about changes in urban planning, but more in the value structure. The aim is to make the urban planning mindset more geared towards sustainability. That means considering all the various dimensions of sustainability. Then, building on that towards more actual urban planning, even if it's done slowly*" (Interviewee 2). Furthermore, projects that were launched on the basis of the Sustainable City programme can act as a starting point and be used to lay the foundation for future work and bigger urban development plans (Interviewee 3). Results of the midway evaluation showed that the programme has strengthened understanding of the cross-cutting nature of sustainable cities, as can be seen from the planning and strategies of the municipalities (Owal Group 2021).

3.5.3. State support

The Sustainable City programme originated from the need to focus on urban sustainability issues in Finland (Ministry of the Environment 2021a). The programme ends in December 2023. However, the cities and municipalities, ministries and other participating partners showed interest in continuing the work of the Sustainable City programme in some form. Despite the end of the programme, work on sustainable cities and communities will continue both in the ministries and in cities and municipalities (Interviewee 1). Herein also lies the challenge of urban policy. Its status varies depending on the government in power, funding and resources, and the coordination of sectoral policies. The level of state support, the type of national support initiatives launched and the focus and share of the budget they are assigned in governmental programmes can thus vary from one parliamentary term to another (Ministry of the Environment 2021a). That can be a challenge for cities and municipalities, given that urban development and planning is often a slow process. For it to get started, it needs to pass through

many decision levels. Urban planning changes also need to be accepted in the local communities before they can be implemented (Interviewees 2 & 3). Working on sustainable development can thus be challenging for the municipal leadership, which is why efforts to promote sustainable development would benefit from being more long-term, cross-administrative and policy-coherent (Ministry of the Environment 2021a).

One key objective of the Sustainable City programme is to increase cooperation between the government and municipalities/cities and to support the latter's own work on sustainable urban development (Ministry of the Environment 2021b). The aim of the programme is for urban development to be more compatible with environmental, social and economic sustainability in the future, incorporating all three dimensions simultaneously in a comprehensive manner (Sustainable City n.d.d; Interviewee 1). However, cities and municipalities need more state support for work on sustainable urban development. "*More networking is always positive, so we can learn from one another and put someone else's experience and ideas to good use, as well as develop them. But it also comes down to money; if you don't get the money, it's always harder to get the project started"* (Interviewee 3). Moreover, the challenges are broad and varied, requiring support in various forms and spanning longer time frames. "*We need all kinds of support, we need funding, guidance, legislation, more programmes. For urban planning, a long-term mindset among politicians, both locally and at the national level, and longer time frames are needed so that we in the cities can feel secure that we have the support to work on sustainable development issues*" (Interviewee 2).

3.5.4. Summary

The Sustainable City programme is a national support initiative that promotes sustainable urban development in Finnish cities and municipalities. The programme is a key tool for implementing sustainable urban policy from the state level downwards. The main themes are low-carbon, smart, socially sustainable and healthy cities. It is a five-year-programme that provides support in three main forms. The first is through funding pilot projects/experiments that test solutions for urban development and planning in practice. The second focuses more on support and solutions for incorporating sustainable development into strategic management, while the last builds on creating cooperation systems, with a focus on larger sustainability issues and challenge clusters. What the three types of action have in common is that they all focus on supporting and strengthening cities and municipalities' own work with sustainable urban development. Results of evaluations and discussions have shown that the programme has provided multifaceted opportunities to the participants and given them more knowledge, networks and experiences for addressing sustainable urban development issues, in a practical, strategic and inspirational way.

The Sustainable City programme tested a new way of working. One objective of

the programme was to find new tools for cooperation between the government and Finnish cities and municipalities. That was done by structuring the programme into a partnership-based cooperation between cities, municipalities and the government. That created a new form of cooperation on sustainable urban development. It was new in the sense that it combined different views and sustainability topics, as well as in its form of practical cooperation between the government and cities and municipalities. It also used a more flexible working model, allowing it to evolve following evaluation of what worked well and what could be improved.

The opportunities to promote and support sustainable urban development have improved in Finland, with increased and stronger informal and formal cooperation between the state, municipalities and cities. However, there are still some challenges to be met. Sustainable urban development and planning can be a slow process and the municipalities need assurance that they have enough support to work on such questions long-term. The challenges of sustainable urban policy lie in the rather unclear time frame, as the situation may change with every parliamentary election. The number of national support initiatives, their focus and the forms and level of state support may therefore change during the time that municipalities and cities are working on such questions.



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3.6. Iceland

3.6.1. Introduction to the case study

There are only a limited number of recent national initiatives to support planning in Iceland and no formal framework for regional or local actors to apply for funding at the national level (Huynh et al. 2022). That means that examples of the state level supporting local-level planning in relation to sustainable urban development efforts are mainly based on visions as they are presented in voluntary regional plans (Planning Act 2010). Through regional plans, municipalities can collectively decide on common priorities and certain projects. Those can then be funded and made possible with state funding if the purpose of the project accords with national policy. The most obvious example of a large-scale project is the *Agreement on Transportation in the Capital Area* (Stjórnarráð Íslands 2019b), which builds on the vision put forward in the regional plan for the Capital Area (SHH 2015). That project impacts sustainable urban development and is set to transform transportation within and around the capital region. It is a landmark agreement on ambitious development of transport infrastructure and public transport. The agreement includes a common vision and overall strategy for the planning area (which includes the municipalities of Reykjavík, Kópavour, Hafnarfjörður, Garðabær, Seltjarnarnes, Mosfellsbær and Kjósarhreppur) with the goal of greatly increasing public transport and reducing pollution caused by particulate matter and greenhouse gas emissions. The initiative also aims to contribute to and promote a carbon-free society to meet the climate goals of the Icelandic government and municipalities (Borgarlínan 2022a; Stjórnarráð Íslands 2019c).

The Capital Area of Iceland has grown considerably in the last few decades in terms of both land use and population. From the mid-1980s until 2012, geographical growth of the urban area was at 132 percent while population growth was at 52 percent. That means that the population density went down by 35 percent. At the same time, private car ownership rose by 86 percent (Interviews; Borgarlínan 2022a). That massive growth has resulted in a marked urban sprawl with the side effect of increased car dependency. Since the population growth of the Capital Area is expected to continue in the coming years, authorities were keen to reverse that trend and promote more sustainable urban development, as well as increasing densification and the use of public transport. The initiative to transform transport through the establishment of a well-functioning public transport network also contributes greatly to international climate obligations and the overall policy of the Icelandic government. By downscaling dependency on private car usage and thus reducing the amount of carbon emissions from land transport, some of the national policy and international obligations would be met, so the state was willing to participate in financing a large-scale transport transformation project. This initiative was also viewed as a necessary step to prevent further urban sprawl and was seen as a prerequisite for more sustainable urban development (interviews). The initiative to transform the means of transport in the Capital Area also aligns with a more holistic urban development perspective as put forward in local plans of the municipalities in question and their collective regional plan, as well as other visions and policies, such as *Green Steps of Reykjavik City* and the idea to develop *20-Minute Neighbourhoods (*Reykjavíkurborg 2020*).* In addition, the collective regional plan for the Capital Area has been fairly successful in terms of preserving, protecting and developing green urban areas (Lidmo & Bogason 2020). However, due to a transformation of the municipalities in the Capital Area and its suburbs, new modes of transport are considered necessary to take the visions of more sustainable urban development forward (SSH 2015).

The agreement between the state and the municipalities around the capital includes various development projects which are to contribute to a more sustainable transport system in the whole Capital Area. The goals of the agreement are fourfold: i) more efficient transport and diversification of modes of travel, ii) a carbon-neutral society, iii) increased road safety and iv) state and municipal cooperation for more sustainable urban development. The main element of that agreement is what is commonly called *Borgarlína*, a BRT (Bus Rapid Transport) system in the Reykjavík area, but other infrastructural projects are also included, such as the expansion of bicycle paths *(*Reykjavíkurborg 2021; Stjórnarráð Íslands 2019a). The total financing of transport projects in the area during the period amounts to ISK 120 billion. The state will provide ISK 45 billion directly, while municipalities will provide ISK 15 billion (Stjórnarráðið 2019c). It is assumed that special financing, which is the responsibility of the state, will cover ISK 60 billion (Stjórnarráð Íslands

2019b).[4]

3.6.2. Multilevel governance

Since Iceland does not have a formal programme for state-level support that municipalities can apply for, this case study focuses on the initiative introduced above, namely the *Agreement on Transportation in the Capital Region* and in particular on its largest project, *Borgarlína*. For that purpose, interviews were conducted with experts in the field and in relation to the specific project. The interviewees hold positions, or have previously held positions, such as regional planning director at the Association of Municipalities in the Capital Area, project manager for the public company overseeing construction and the director of strategy planning and communication at the Icelandic Planning Agency

Navigating existing funding

A formal way of applying for funding is not applicable in the Icelandic case. However the interviewees – despite their varying knowledge of the political process itself – all agree that the initiative itself would not have been possible without the Association of Municipalities in the Capital Area and the municipalities' common vision for sustainable urban development. In 2015 the seven municipalities in the Capital Area – Garðabær, Hafnarfjörður, Kópavogur, Mosfellsbær, Reykjavík, Kjósahreppur and Seltjarnarnes – collectively approved a regional plan for the period up until the year 2040. The backbone of the regional plan for the capital area 2040 is a strategy for a new, high-quality public transport system that connects the cores of the municipalities in the Capital Area. Based on analysis of the future of transport in the region, a better public transport system was viewed as a cost-effective and environmentally friendly way to increase transport capacity between the municipalities and enable them to respond to the increase in population without increasing the load on the main road system to the same degree. It was also seen as a prerequisite for densification and sustainable urban development. A drastic change in the transport system within and around the Reykjavík area was therefore seen as essential. The regional plan was also developed in close cooperation with relevant state agencies, mainly IRCA (the Icelandic Road and Coastal Administration) as well as the National Planning Agency which provided expertise and general advice with respect to specific parts of the planning. The main goals of the initiative were therefore relevant for all the municipalities around the capital. Since those goals also aligned with policy priorities at the national level, the proposals were then formally put forward to the government (interviews).

4. *It should be noted that these numbers have not been updated to reflect expected increases and price changes due to inflation and other factors.*

Information box 6: State support in Iceland

Currently, there is no existing formal framework for regional or local actors to apply for funding at the national level. Therefore, a formal way of applying for funding is not applicable in Iceland. That can partially be explained by the fact that the only urban centre in Iceland is the Capital Area and Akureyri in the north, which has around 20.000 inhabitants. Other towns in Iceland have a population of around 5,000 or less.

The Icelandic example, however, shows that when national and local interests align, as in the case of the transport agreement for the Capital Area, the state may contribute substantial funds. However, that occurs purely on a case-by-case basis and it seems that a prerequisite for local actors to obtain national funding for planning projects is for the given project to be aligned with state interests, political priorities and national and international obligations. Planning projects to which the state contributes financially are then negotiated between the various actors.

Interplay between the actors involved

The project was initially driven by the Association of Municipalities in the Capital Area (SSH). The main aims of the new transport system aligned with the policies and commitments of the state, allowing for dialogue on state financing of the project. "As often is the case, policies and goals of different levels of governance go hand in hand. In such a large-scale project, where the political sphere prioritised issues like the climate and overall sustainable development, it is necessary for widespread cooperation to be established, both to be able to be successful in reaching the intended goals, as well as to finance the necessary infrastructure. Shared policies and visions for the future are the main reasons why this particular project could become reality," said one interviewee.

It therefore seems that the Icelandic governance structure allows for municipalities to influence the state level, at least when policies and priorities align. According to the interviewees, that is partly due to the small size of the country and short communication channels both between separate subject areas and between different levels within the governance structure. It should, however, also be noted that the state level has considerable influence on the municipal level when it comes to overall planning and strategic priorities. The *National Planning Policy (Landsskipulagsstefna)* includes the state's policy on planning matters and general considerations for guidance in municipal planning. It is intended to protect overall interests in the preparation of local plans and promote sustainable development. National planning policy also promotes coordination of state and local government policy on urban development and land use, for example with respect to quality of the built residential landscape, climate issues, protection of nature and cultural heritage, natural hazards, interaction between land use and transport, as well as the connection between land use and public health. All regional plans, municipal plans and detailed plans must also reflect the main goals that are put forward in the National Planning Policy. It may also influence government programmes on

specific issues concerning land use (Skipulagsstofnun 2020; Skipulagslög 2010). Additionally, the National Planning Policy may require planned projects, such as guidelines or development projects, to implement certain policy objectives, such as the *Agreement on Transportation in the Capital Region.* Since the state policies put forward in the National Planning Policy are mainly implemented through regional, municipal and local plans, there are naturally synergies between the policies and plans at the two different governance levels.

"In developing a project like *Borgarlína,* the municipalities and the Association of Municipalities in the Capital Area have to have strong cooperation with state institutions like the Planning Agency. That, along with the fact that it is not just a matter of the Reykjavík area but Iceland as a whole, makes it possible to make progress," said another interviewee, adding that it was also critical that a large part of the road system in and around the city is defined as national roads and therefore as the state's responsibility: "In this instance, policies, national commitments on the climate, emission goals and the priorities of the municipalities go hand in hand. And although it is an expensive venture, all relevant actors see it as a good investment for the future."

Organisation and leadership of implementation of national support initiatives

Once the agreement between the municipalities in the Capital Area and the state was signed in autumn 2019 and the new National Plan on Transport (Samgönguáætlun 2020) was adopted by the Parliament in summer 2020, a public company for development of transport infrastructure in the capital area was formed. The company *Betri samgöngur* was given the formal role of overseeing the development of *Borgarlína* and construction of transport infrastructure in relation to the transport agreement in the Capital Area. For the specific task of overseeing investments in transport infrastructure in and around Reykjavík, a public company, co-owned by the relevant municipalities and the state, was created. By choosing to establish a public company, the state was able to hand over assets to the company that were to be used as investment for the project. The asset in this instance was a piece of land called *Keldnaland* on the outskirts of the City of Reykjavík, which was then to be sold to fund the development of a dense, mixed, diverse and carbon-neutral new urban quarter (Reykjavíkurborg 2023).

Land previously owned by the state was taken over and a permit was introduced in the Transport Agreement to collect so-called rush and congestion fees, which would provide close to half the planned cost (Samgönguáætlun 2020; Lög nr. 81, 2020). A special task office for the project, with considerable expertise on the subject, was also established at the government institute of *Icelandic Road Administration (Vegagerðin)* since it would be involved in much of the planned construction work. The task force is required to review the existing public transport route system, complete the preliminary design for Borgarlína, make cost estimations and plan work and the preparation of environmental assessments in order to launch the overall project design and prepare for the construction phase (Borgarlínan 2019).

The process of transforming the transport system in Reykjavík was therefore initiated at the municipal level but in later stages governmental institutions and ministries have played a large role in leading the project and organising it. Overall, the project has been made possible by cross-sectoral cooperation, as well as collaboration between administrative levels.

3.6.3. State support

Since the Borgarlína project is an extremely large-scale project and is a single initiative that is not based on applications to a national fund that regularly funds sustainable urban development projects or supports municipalities in their strategic planning work on sustainable urban development (such as partnership building or knowledge sharing), experiences from the project can only provide a limited picture of the need for further state support. During interviews for the case study, however, the interviewees expressed the view that more state funding for urban development projects is needed in some cases. "What the Borgarlína project has taught us is that widespread cooperation between municipalities and the state can achieve great outcomes. In general, the policy field between public actors has been better coordinated in recent years. That means shared goals, shared interests and therefore better groundwork for cooperation," said one interviewee, while another noted that in recent decades more tasks and responsibilities had been shifted from state to municipal level: "These tasks cannot be fulfilled if the necessary funds do not follow, and it also calls for clearer policies and guidance."

Introduction of the *National Planning Policy* in 2016 was therefore an important top-down policy tool from the national level since it is mainly implemented through local plans at the municipal level. "When urban development projects are well aligned with the National Planning Policy and other political priorities, e.g. matters related to the climate and environment, there is good groundwork for more cooperation between the state and local level on such projects. If the necessary projects are to take place, funding is needed, and since the municipalities in Iceland are numerous and have few inhabitants, their financial status is also limited. That is where the state needs to come in."

Overall, there seems to be a lack of financial resources at the municipal level in Iceland, as reflected in recent statements by the Association of Municipalities. Its most recent strategic plan states that there is a deficit in the everyday operations of both large and smaller municipalities, along with uncertainty regarding their sources of income (Samband 2022). The main cause of the revenue mismatch lies in projects that have been transferred from the state to the municipalities in recent years without the adjustment of funds needed to perform such services. That means that normal operations can barely be sufficiently financed, so funds for investments in sustainable and green urban development projects come secondary to providing basic services.

Newly adopted laws on public finances are said to have had a positive influence on certain aspects of the economic situation of municipalities and contributed to long-term thinking. Those laws provide for a more holistic planning framework for public finances, both in the long and short term, while also creating conditions for the integration of goals into the economy and finances of the public sector as a whole, including the municipal level, which was not the case some years ago (Alþingi 2015). Nonetheless, the majority of municipalities in Iceland have had a deficit in the past years (Samband 2022) so more state finance is needed, both in general and for special initiatives like sustainable urban planning projects.

3.6.4. Summary

The *Borgarlína* rapid bus system is the result of extensive and close cooperation between the municipalities in the Capital Area, based on analyses of the future of transport in that region. The state and the municipalities share the view that it is a cost-effective and environmentally sensible way to increase transport capacity between the municipalities around Reykjavík and to enable them to respond to the increase in population without increasing the load on the main road system to the same degree. That aligns with international, national and local political priorities, enabling the collaboration needed to make the project reality, with the largest share of the costs provided by the state.

In the case of Iceland, there is no formal programme or fund that the municipalities can apply for when it comes to sustainable urban development initiatives. Rather, projects related to green urban planning can be implemented on an individual basis in agreement between a municipality or group of municipalities and the state, providing the initiative meets the overall policy goals of the government. That of course has many limitations. It calls for lobbying on behalf of the local level and it requires the government level to take note and be willing to cooperate. That takes both time and resources, which are rather scarce in Icelandic municipalities. A more formal and institutionalised way of obtaining governmental funding for local sustainable urban development projects would therefore certainly benefit the municipalities and level their opportunities for obtaining such support since they differ considerably in their resources, knowledge and ability to influence state institutions and the government.



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4. Cross-Nordic comparison and analysis

Sustainable urban development has become a critical focus for many countries in order to address challenges such as changing commerce trends, mobility patterns and environmental concerns. To discover common patterns and good practices from which others can learn, the results of the five case studies are compared in this section. This comparative analysis examines initiatives in Norway, Denmark, Sweden, Finland and Iceland, shedding light on diverse approaches to sustainable urban development. Each case study provides insights into the effectiveness, challenges and unique features of national support initiatives aimed at fostering sustainable urban development.

4.1. Support for sustainable urban development, multilevel governance & imbalance in support

The project was launched under the assumption that Nordic municipalities have a strong need for additional support with respect to sustainable urban development. The results of the case studies indicate that support for sustainable urban development is essential for municipalities and cities. In the fieldwork, the interviewees were also asked about which types of support they considered

essential. Although financial support was highlighted as being the most critical one and described by all municipality representatives as fundamental for working on sustainable urban development, other types of support were also brought up. The national support initiatives offer various kinds of support practical, strategic and inspirational. Figure 4 lists the types of support for sustainable urban development that were mentioned in the case studies.

It was also evident from the case studies, and especially the Icelandic case, that the municipalities have taken on more responsibilities and services from the regional/state level over the years,[5] without the adjustment of funds needed to perform these services. Funds for investments in sustainable urban development come secondary to ensuring provision of basic services when there is a lack of financial resources at the municipal level. Hence, more state funding is needed in general and specifically for targeted initiatives for sustainable urban development projects. In the other cases, challenges regarding the interconnected nature of urban development issues were discussed. Multiple aspects need to be considered simultaneously, including the social, economic and environmental dimensions of urban development. Overall, the cases highlighted the fact that national support is crucial in order for municipalities to address major and multiple challenges in urban development effectively and simultaneously.

5. In Sweden, for example, municipal responsibility for welfare services has become more comprehensive and complex compared to the 1970s when the Swedish welfare state was still undergoing expansion (see SOU 2020:8).

Figure 4. Types of support areas for sustainable urban development (note that the support examples on the right may overlap and be included in several of the areas).



A crucial consideration is the delicate balance between state intervention and municipal self-governance. That raises questions about enabling state or nationwide support without compromising local autonomy. Municipalities emphasise the importance of having a mandate to decide their support needs, ensuring relevance. Several of the national support initiatives are designed so that the municipalities can implement the initiative in a way that suits them. Being able to adapt the initiative to the local context and needs was highlighted as beneficial. However, leeway to influence what kind of support is provided is still lacking to some extent.

Iceland lacks recent national initiatives and a formal framework for regional or local actors to apply for funding at the national level for sustainable urban development. In Sweden, Norway, Finland and Denmark, such forms of state programme or funds exist, with both targeted initiatives and open calls. Yet in the cases where state programmes or funds do exist, there are imbalances as to the recipients of such

opportunities and what kind of support is provided. Challenges arise in relation to "who" receives support, with difficulties in applying for project funds and searching for relevant calls. Most support opportunities are based on applications through open calls. That is the case for the chosen initiatives in Denmark and Finland, both of which had open calls to which municipalities could submit applications, whereas municipalities were targeted in the case of Sweden. However, in most cases with open calls, municipalities are required to have enough resources and expertise to make an application. Patterns show that the same municipalities often apply for grants and are successful in their applications; that issue was brought up in the Swedish, Finnish, Norwegian and Danish cases (but not the in the Icelandic case as they do not have the same support system with open calls). Municipalities vary in their ability to navigate and apply for state support, creating an imbalance in support opportunities. Success is not necessarily determined by the size or wealth of the municipality, but rather by expertise and prior experience, with municipalities varying in their ability to mobilise resources and write effective applications.

Furthermore, some municipalities stated that they face challenges in navigating and applying for state support due to dispersed information and varying application processes, as the support opportunities were spread out over many different channels. Other challenges concerned the short time frame for the application process and support initiatives being announced too close to the deadline, as well as the rather complicated application process. That creates an imbalance by which only some municipalities receive direct state support through such national support initiatives. While that imbalance is important to highlight, it should be noted that applications can fulfil a purpose by ensuring that government co-financing is used to support and steer development, with efforts targeted towards where they are most beneficial. The interviewed representatives of state agencies were aware of that imbalance and efforts are being made to reduce it. In Sweden, for example, work is in progress to create one channel (a website) with all information about state support for sustainable urban development and all relevant opportunities. In Finland, efforts have been made to make applications to the Sustainable City programme as easy as possible, thereby enabling more inexperienced cities and municipalities to participate.

4.2. Influencing sustainable urban development & challenges at the intersection of planning and long-term strategies

The national support initiatives offer valuable lessons and present specific projects, but they vary in terms of how directly they are related to municipal spatial planning. In several of the Nordic countries, the state does not exert direct influence on municipal spatial planning. Instead, the responsibility lies with municipalities. The national support initiatives influence municipalities by providing inspiration for

future municipal spatial planning, without directly influencing directives. For example, in Norway, FutureBuilt operates in collaboration with municipalities and external partners, focusing on influencing sustainable development without taking over municipal planning responsibilities. Similarly, Visions: in the North in Sweden also focuses on providing inspiration for municipalities' future work on sustainable urban development. The Sustainable City programme in Finland primarily revolves around encouraging and influencing sustainability in city plans and strategies. However, the pilot projects, which involved testing new practical solutions, allowed for urban planning to be influenced directly, for example in the case of green spaces. The projects launched as part of the Sustainable City programme can act as a starting point for sustainable urban development and lay the foundation for future work and larger urban development plans. Similar reasoning was provided regarding the Danish Partnership for Vibrant City Centres; namely that the results of the initiative served to inspire sustainable urban development in the city plans. It was noted that the initiative could also be built on further, with municipalities drawing on the results in their long-term plans.

The cases show that several of the national support initiatives can be understood as supportive tools provided by the central state/nationwide stakeholders to influence sustainable urban development at the local level. The initiatives are intended to inspire other municipalities and diffuse the results, so other municipalities can gain indirect support through inspiration. The Icelandic case stands out for its bottom-up lobbying process, linking state funding to a regional infrastructure project. Strengthening links to strategic spatial planning in other cases could enhance the connection between national support initiatives and ordinary municipal planning, although the municipalities expressed the need to still have a mandate on how to implement the results of the initiative in the framework of their spatial planning.

Overall, the various initiatives often have a rather narrow time frame, operating for a few years only. That time frame is often too short to implement actual changes in spatial planning or urban development processes. While the national support initiatives allow for direct lessons and communication channels, risks emerge from constraints on time and actors. That raises questions about how such initiatives can facilitate long-term learning and capacity building among municipalities, irrespective of their organisational structure. However, the main objective of several of the initiatives is for the participating municipalities and cities to receive a range of support, tools and guidance so that they themselves can catalyse sustainable changes. Hence, provision of support, tools and knowledge in the field of sustainable urban development can foster municipalities' work on such questions at the local level. It takes time to implement changes in spatial planning and urban development, which is why changes in relation to sustainable urban development need a long-term perspective.

However, that is also related to a challenge that was raised in all the case studies,

namely the need for longer-term support and commitments in order to implement changes. The challenge is that support for sustainable urban development i.e. the types, level and design of such support can change from one government term to the next. In other words, the status of urban policy varies depending on the government in power and so too does support for sustainable urban development in terms of funding, resources and focal areas. Urban development can be a slow process. It needs to pass through several levels of decision-making and be accepted in the local communities before it can be implemented in the urban development plans. Considering the extended timeline of urban planning processes, municipalities need assurance that they have enough support to work on such questions long-term, so long-term commitments are crucial for success. The variability of urban policy from one government term to the next poses challenges for municipalities' long-term planning. There is therefore a need for long-term, cross-administrative and policy-coherent support for sustainable urban development.

4.3. Organisational model & support design

The various national support initiatives also differ in their design and how they came about. The initiatives vary as to the initiating actor and whether they are bottom-up or top-down. While the national support initiatives chosen in Sweden, Finland and Denmark are top-down initiatives originating at state level, the studied national support initiatives in Norway and Iceland are both bottom-up, originating from actors that are not at state level. The Norwegian FutureBuilt case exemplifies the fact that support initiatives can take diverse forms and may originate from non-state actors, whereas the Icelandic Borgarlína project, which originated from a regional plan approved by seven municipalities, demonstrates the importance of bottom-up approaches in the absence of formal funding structures. FutureBuilt and Borgarlína originated as bottom-up initiatives, demonstrating a shift from traditional top-down approaches in sustainable development programmes. That does not mean that no bottom-up initiatives exist in Sweden, Finland and Denmark or, conversely, that no top-down initiatives exist in Norway (although that is the case in Iceland, which lacks formal state/national support initiatives), but rather exemplifies the many different ways that support can be initiated.

All of the case studies highlight the importance of cooperation between the local (municipal level) and state level. Regardless of the initiative, all the case study interviewees emphasised the benefits of a partnership-based approach, with collaboration between the various stakeholders enhancing inclusivity. The initiatives demonstrate the importance of collaboration between different levels and actors for successful sustainable urban development, fostering collaboration between municipalities/cities, communities, state actors, civil society, academia, private developers and the business sector. Horizontal forms of cooperation, rather than vertical forms, were underlined as beneficial for implementation of the initiatives.

It was also noted that the initiatives, especially those that are partnership-based, improve direct communication between the actors involved, such as municipalities/cities, state agencies and the private sector, thereby enhancing dialogue and creating a channel for expressing views and needs. For example, although FutureBuilt in Norway is not state-initiated, the initiative includes state actors and agencies, together with private actors and municipalities. FutureBuilt creates an arena for sharing insights on what kind of challenges municipalities face regarding sustainable urban development. State actors can take advantage of this arena to better understand the needs of the municipalities and develop and design the support they provide accordingly.

The studied national support initiatives gave the municipalities a forum to express what kind of support they need and how it should be designed so that they themselves can work on sustainable urban development. The municipalities expressed the need for dialogue and the ability to influence what kind of support they can receive. What was highlighted in the Swedish, Finnish and Danish cases specifically was that influence on the kind of support provided was rather low, but there was greater possibility for influence on how the initiatives themselves could be implemented. The initiatives were designed so that they could be adapted to the local context and needs and the actors in charge could use the initiative and its results and implement them in a way that suited them best.

The structure and design of the initiative/programme can thus facilitate direct communication. What was also evident from the case studies was that the initiatives could be used as test beds. The collaborative initiatives aimed to test solutions on a small scale, facilitating later diffusion and use by other municipalities. For example, the Swedish Visions: in the North initiative brought about new working methods, including an agile approach, close cooperation, a focus on specific local needs and involvement of municipalities early on, with that design being seen as beneficial. Similar thoughts were expressed in relation to the Finnish Sustainable City programme and the Partnership for Vibrant City Centres in Denmark; the interviewees appreciated introduction of the new organisational structures and methods, with an emphasis on close cooperation, agility, flexibility and multidisciplinary collaboration. The Icelandic Borgarlína project emphasises how important municipal commitments, governance and local enthusiasm are for successful implementation.

4.4. Concluding remarks from the case studies

This comparative analysis highlights the diverse approaches and challenges faced by Denmark, Finland, Sweden, Norway and Iceland in promoting sustainable urban development. Despite variations, common themes underscore the need for long-term commitment, effective collaboration and flexible working models. Lessons learned from each case study contribute to a broader understanding of the

intricacies involved in fostering sustainable urban development initiatives. As countries continue to address urbanisation challenges, the exchange of best practices and ongoing adaptation of strategies will play a pivotal role in building resilient and sustainable cities.

Firstly, the importance of various types of support and holistic strategies for sustainable urban development is evident across all countries. Secondly, the national support initiatives can influence local strategic planning and urban development in different ways, both directly and indirectly. The design of the initiatives is important, with collaboration between different levels and actors, the introduction of new working methods and the creation of information platforms being opportunities for enhancing sustainable urban development. The case studies show, however, that there are challenges connected to navigating state support and ensuring equal access to support opportunities, and that challenges connected to changing policy frameworks and securing long-term support commitments persist. Challenges lie in the potential instability of the policy framework due to parliamentary elections, requiring municipalities to navigate a dynamic landscape. There is a call for initiatives with longer time frames and increased financial support for sustained impact. Lastly, several good practices are also showcased, serving as inspiration for the further development of support for sustainable urban development.



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5. Conclusion and policy recommendations

It is clear that there are different pathways for working on and towards sustainable urban development at the local level. Sustainable urban development is evidently being tackled within the planning profession already today. However, ensuring sufficient capacity and tools to achieve the relevant goals poses a challenge. As our case studies clearly show, the municipalities need support for their work. Simultaneously, there are indications that the state or nationwide stakeholders also want to exert influence and contribute to steering local development through their initiatives. If both of these objectives align with each other, implementation becomes easier, as seen in the example from Iceland.

On the other hand, there are different perspectives on the importance of detailed governance by external actors, such as state intervention, and municipal self-governance, particularly in spatial planning and land use issues. While planning systems in the Nordic countries seldom provide the state with a strong mandate to influence local development, there are still possibilities and various formal ways to make an impact. We can observe that the national support initiatives offer another means to guide local development. The question is what the purpose is, which needs are being met and what the objectives of the national support initiatives are. We can see that increased collaboration and improved communication between the

municipality and the state, as well as other actors involved, can be facilitated by various partnership approaches that emphasise inclusivity. Furthermore, when national support initiatives focus on providing inspiration for local strategic spatial planning, as in the Swedish case, they make an input without the state exerting influence in matters of detail.

That leads us to understand national support initiatives as a complementary tool to spatial planning and planning systems, with the aim of supporting sustainable urban development processes and projects. They take various forms, which may or may not be directly related to spatial planning. Perhaps the overall perspective and outcome are of greater importance in this context. There is potential for legislation or state intervention to be improved through collaboration and lessons learned from national support initiatives. It is important to see these initiatives as a process of vertical collaboration that can exert an influence both upwards and downwards. However, it is important to emphasise that there is an imbalance in terms of which municipalities have access to and are granted support for such projects within each Nordic country. Municipalities are also differently placed when it comes to in-house capacity and competences to apply for funding in the first place.

It is thus important to consider what form of support is most appropriate and what purpose each type of support serves. While the design of support can influence the pathways municipalities take, overly strict control does not encourage municipalities to take advantage of such support. Therefore, it is essential to find a balance in state-municipal governance and consider how national support initiatives can bolster existing local initiatives aimed at sustainable urban development. That leads us to the following recommendations:

- A partnership-based approach with collaboration between various stakeholders enhances inclusivity. New ways of working that are agile and flexible and focus on the local context should be emphasised for effective outcomes.

- The importance of long-term commitments and policy coherence in the field of sustainable urban development should be emphasised at both national and municipal levels. Efforts should be made to ensure continuity in sustainable urban development initiatives beyond the duration of the given programme.

- A more formal and institutionalised way of obtaining government funding for sustainable urban development projects at the local level should be developed in some countries. That could level the playing field for municipalities with varying resources, knowledge and lobbying capabilities. In other countries, capacity building – including training and resources – can be provided to help municipalities navigate support options and apply for them. It is beneficial to create platforms providing information about support for sustainable urban development and to make municipalities aware of upcoming calls well in advance.

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List of interviewees:

Norway:

- Interview person 1: Representative from the FutureBuilt secretariat. Conducted in March 2023
- Interview person 2: Project leader in Lillestrøm municipality. Conducted in February 2023
- Interview person 3: Head of the Planning Department in Lillestrøm municipality. Conducted in February 2023
- Interview person 4: Project leader in Drammen municipality. Conducted in March 2023

Denmark:

- Interview person 1: Representative from the secretariat of Partnerskab for levende bymidter. Conducted in June 2023
- Interview person 2: Representative from Aabenraa municipality. Conducted in June 2023

Sweden:

- Interview person 1: Representative from the Council for Sustainable Cities. Conducted in March 2023
- Interview person 2: Planning architect in Boden municipality. Conducted in March 2023
- Interview person 3: Director of Societal Development in Luleå municipality. Conducted in February 2023
- Interview person 4: Planning architect in Luleå municipality. Conducted in February 2023
- Interview person 5: Representative from authority on the Council for Sustainable Cities. Conducted in March 2023

Finland:

- Interview person 1: Representative from the programme coordination team of the Sustainable City programme. Conducted in June 2023
- Interview person 2: Representative from the City of Hämeenlinna, climate change coordinator. Conducted in June 2023
- Interview person 3: Representative from the City of Jyväskylä, urban planning department. Conducted in August 2023

Iceland:

- Interview person 1: Representative from the Association of Municipalities in the Capital Area of Iceland. Conducted in September 2022
- Interview person 2: Representative from the City of Reykjavík municipal planning offices (formerly), now working as a consultant on planning issues and involved in planning at the state level. Conducted in October 2022
- Interview person 3: Representative from the National Planning Agency. Conducted in October 2022

Appendix: Interview guide

Interview Guide – National Support Initiatives

Introduction from the interviewer

- Short introduction from the interviewer
- Reason to why you are interviewed.
- Remind and ask for consent to record the interview (this should be done before the interview starts)

Background questions:

1. What is your role at the [organization] and what is your role in relation to the [programme/project]?

About the programme

Questions to national actors/programme

1. Can you describe the programme? [Aim with these questions is to gather complementary perspectives in relation to what can be found online]
    a. What the programme focuses on
    b. Duration
    c. Purpose(s) with the programme.
    d. Funding (in total, per year)

2. In your words, could you describe how the programme targets sustainable urban development?
    a. Can you provide some examples of how this is achieved? (e.g. projects that have received any funding).
    b. Is this programme linked to any national goals/objectives?
3. FutureBuilt: can you describe what the links to the state looks like?
    a. In terms of funding, involvement in the programme etc.
    b. If there is a collaboration, can you describe how that looks like?
4. Who are the actors you collaborate with in terms of [basically mapping the actors involved in the implementation of the programme]:
    a. the scope and focus of the programme
    b. in terms of implementing the projects

5. Are there any linkages with the programme's focus to municipalities strategic work with spatial planning and comprehensive urban development tasks?
    a. If yes, please describe those linkages.
    b. If no, is there any need to make linkages between a programme like this to municipalities work with strategic spatial planning and their overall territorial development?
6. How are the connections between the programme and the project you grant funding and the granted municipalities' work with sustainable urban development?

Questions to municipalities

1. Can you describe what you as a municipality know about the overall goals from the programme?
2. What is your relation to the programme office after you have received funding? Please explain. (Do you collaborate, report, influence the programme after received funding)
3. Can you explain in your words how this programme is connected to green and inclusive urban development? Please describe.
4. What is the overall value of this programme from your perspective working at a municipality?

About the specific project (to municipalities) and connection to strategic spatial planning in the municipality

1. What is the specific case project about?
2. Is the project integrated into a wider and holistic urban development perspective in the municipality/region? (i.e. fits into the overall municipal spatial planning strategies)? Does the project support sustainable urban development beyond the specific funding from the central government/programme?
3. How is the project (funded through the programme) connected to other visions, strategies, other programmes, and urban development in the city/neighbourhood?
4. How is the programme funding facilitating the development that is occurring now? (would it have happened otherwise?)

5. Project specific: Do you report or communicate with national stakeholders about your lessons learned from implementing the "programme and its objectives) in your project?
    a. How is that dialogue? (describe)
    b. Is that dialogue useful? If yes, Why and in what way? If no, how do you find the need to improve that dialogue?
    c. Is it important for you to have collaboration and influence national actors to support you in achieving national objectives in your sustainable urban development projects and targets locally?

Bottom-up

Questions here are only relevant to municipalities

1. Are there any ways where you as a municipality influence national actors (e.g. central state or national agencies) to support you in sustainable urban development?
    a. If yes, please provide examples of how, and also how the municipality perceive that influence.
    b. If no, ask if they see a need to influence national actors about this?
2. Are there any ways for you (municipality) to conduct dialogue with the state?
    a. Not only about the specific project/programme, but in terms of green and inclusive urban development, collaboration and measures to support that.
3. What are the local needs in your municipality for state support in green and inclusive urban development?
    a. How is that additional support connected to everyday task in spatial planning work?

Navigating through existing funding

Questions to municipalities

1. Can you describe how you found the possibility to receive the funding from this programme?
    a. Were you invited?
    b. Did you take the initiative? (if not, who took initiative)?

2. How was the "application process"/the process that took place before you received the project funds?
    a. Can you describe which actors that were involved?
    b. Were there any specific goals/objectives in your municipality or other national objectives that.
3. Why was this programme relevant in your municipality?
    a. How come you decided to apply for funding here?
4. How do you, as a municipality, navigate through funding and support from the state? Is that common practice, or extraordinary?
    a. If it is useful to be involve in programmes like this, how do you as a municipality organise in order to "find" relevant programmes?

State support (other than the specific programme)

Questions to state actors

1. In your view, and based on your experience with this and similar programmes, are there any needs among municipalities (and other local actors) for state support for green and inclusive urban development?
    a. What are the specific needs? (provide examples)
    b. Are there any needs connected to strategic spatial planning or spatial planning in general?
2. How do you (or other state actors) gather the (local) needs in order to design programmes that support municipalities work towards sustainable urban development?
    a. If not, ask if that has been considered and why they don't gather these perspectives.
3. Is there any regular collaboration between state and local actors (municipalities) to support one another in efforts towards green and inclusive urban development?
    a. Please describe how that network looks like.
4. From your perspective, what are the biggest challenges among the municipalities in your country when it comes to implementing sustainable urban development?
    a. Are there any ways (funding, networking, other support mechanisms) that you as national actors/nation-wide stakeholders support the municipalities with those challenges?
    b. What other measures are in the pipeline?

To municipalities

1. Is there a need for further state support in green and inclusive urban development?
    a. What are the specific needs? (provide examples)
    b. Are there any needs connected to strategic spatial planning or spatial planning in general?
2. How should that support from the state be connected to strategic spatial planning visions in your municipality?
    a. Project specific: How is the project (funded through the programme) connected to other visions and urban development in the city/neighbourhood?
    b. How is the programme funding facilitating the development that now takes place? (would it have happened otherwise?)
3. From your perspective, what are the biggest challenges in your municipality when it comes to implementing sustainable urban development?
    a. Are there any ways (funding, networking, other support mechanisms) that national actors/nation-wide stakeholders can support your and other municipalities with those challenges?
    b. Do you know if there are other initiatives in the pipeline?

About this publication

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