



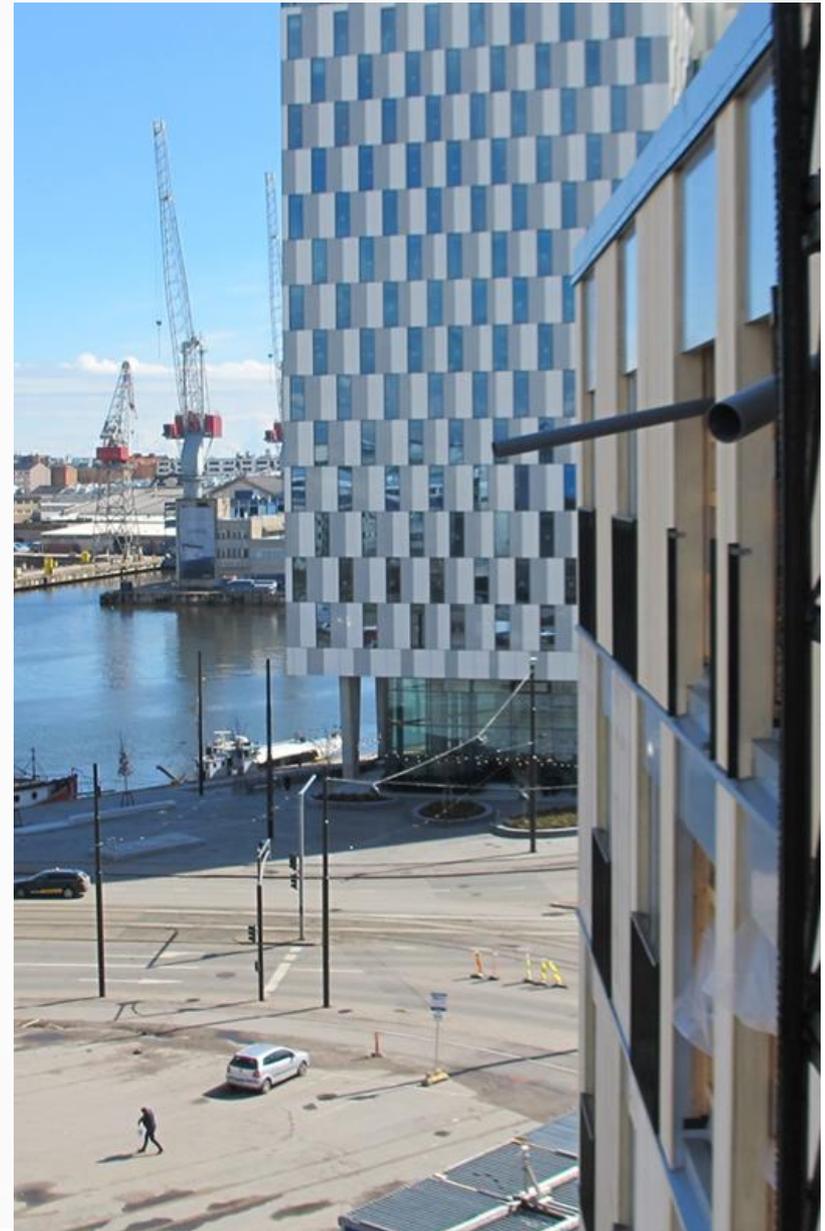
# INSTITUTIONAL AND POLICY FRAMEWORKS SHAPING THE WMC MARKETS -COMPARING AUSTRIA AND FINLAND

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# BACKGROUND

- ✓ Political and societal calls for increased use of wood in construction to substitute more energy-intensive materials (e.g. EC bioeconomy strategy of 2018)
- ✓ regulations and laws as central parts of the **institutional framework**, along with standardization, interest organizations' efforts (e.g. Kadefors 1995)
- ✓ public or semi-public policy goals, programs, instruments as part of the **policy frameworks**
  - ✓ direct and indirect policy instruments used to support WMC/wood construction





# AIMS & QUESTIONS

- To compare the institutional and policy frameworks and assesses the growth prospects for WMC markets in Austria (AT) and Finland (FI)
- Questions:
  - How have the **policy and institutional frameworks** related to WMC **evolved** in Austria and Finland (1990s-2010s)?
  - Which **policy instruments** and promotional measures are **currently** applied to advance WMC and its diffusion?
  - Which **institutional** and **policy** framework related **factors** appear as **critical** for the **future** market growth of WMC?



# METHODS

- semi-structured expert interviews (2017-2018)
- Delphi (2016-2017), incl. visioning towards 2030
- focus groups (AT) (2018)
- review of secondary materials

**Table I.** Research methods used in each country.

Methods	Austria	Finland
Individual interviews	25 interviews with experts and scientists representing business, lobby groups, policy makers and policy actors Time frame: spring 2017- spring 2019	16 thematic interviews with experts representing governmental agencies (national and regional level policy makers and specialists), business and third sector actors (advocacy, research and expert organizations) Time frame: April-September 2018
Delphi	two rounds of Delphi, incl. open and closed-ended questions Time frame; 2017–2018, visioning towards 2030	Three rounds of Delphi, including open and closed-ended questions (18, 17 and 16 experts, respectively participants) Time frame: 2016–17, visioning towards 2030
Focus groups	6 focus group discussions with experts and scientists representing business, lobby groups, policy makers and policy actors taking place in May and October 2018.	NA
Secondary data	research literature, policy documents (within 2010–2019) related to bioeconomy, climate change, forests & wood products	research literature, policy documents (within 2010–2019) related to bioeconomy, climate change, forests & wood products



# PAST - EVOLUTION



- Regional building codes in 9 federal provinces: gradual evolution/reforms (since 1990s), based on pilots
  - variation in the pace of development, OIB harmonizing
  - Austrian wood building charter – and other lobbying efforts
  - National policy framework - wood construction embedded in other goals
    - voluntary *klimaaktiv* building standard (environmental and energy-efficient design) is gaining popularity
- Gradual development of national building code to enable WMC dev. & growth (1997, 2011, 2018)
  - fluctuating market dev.
  - political pressure to enhance WMC, translated into policy framework, such as national programmes, instruments
    - R&D&I funding, projects
    - Campaigns, awareness raising,
    - network creation
    - target setting (e.g. 10% share / 2015)
  - Recent commitments from the municipalities to build more with wood



# PRESENT - INSTRUMENTS



- Appr. 5% Market share (estimate), trend uncertain
- Policy instruments focused more on market driven, “soft” means
- persuasive instruments, such as lobbying, information sharing, awareness raising (private sector)
- support to **R&D&I** and **education** e.g. 3 professorships (public sector, private sector)
- Vienna: subtle forms of support
- Challenges: variations in regulation

- Appr. 5% market share, growth trend
- urban and land use planning, pilot projects (city level)
- subsidized loans (limited use. ARA)
- (more limited) investments in **R&D&I** and education (national, public, partly private/other)
- **network** creation, information sharing and awareness raising (national, private & public sector)
- Challenges: interpretation of norms on building



# FUTURE PROSPECTS

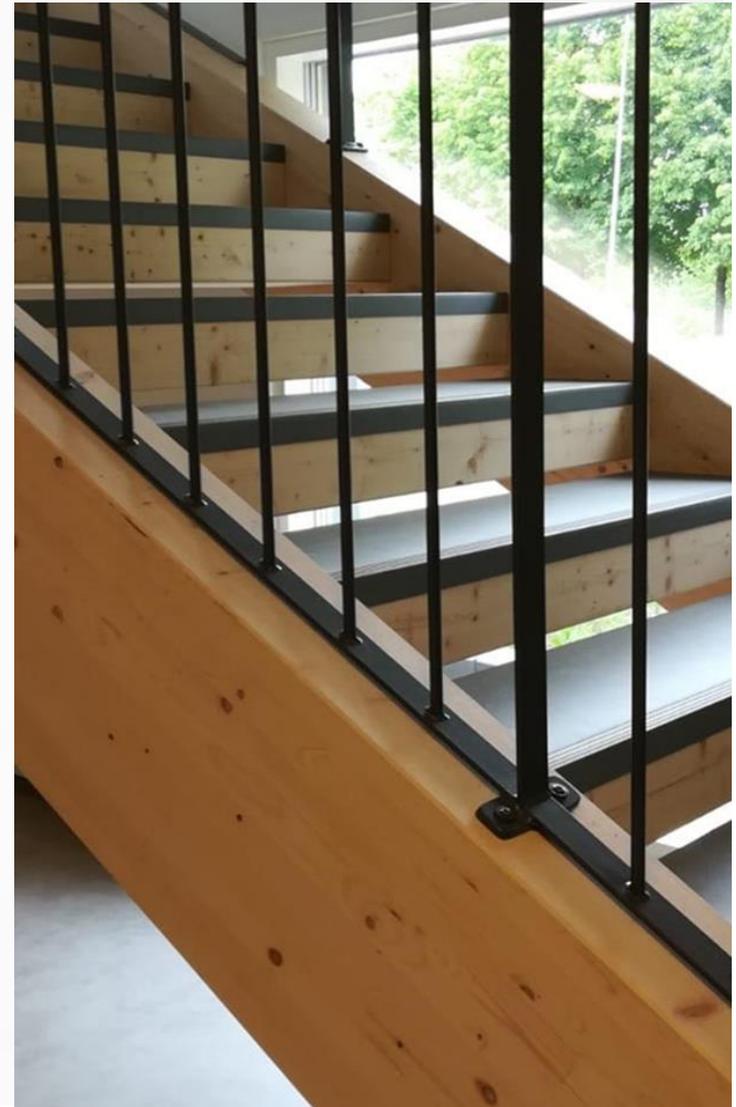


- Most experts in Delphi saw it **unlikely** that WMC will increase its share by 2030 (all except one)
  - Mostly **information sharing** (e.g. better communication of the benefits of building with wood or hybrid structures) suggested
  - Other instruments suggested: Developing the **recycling** of wood, **harmonization** of building regulations, financial instruments (subventions)
- Experts in Delphi & interviews generally positive about the market development by 2030
  - High estimates for WMC **market share** by 2030 (10 % - 50 %) – much uncertainties. E.g. if more competitive solutions available
  - **information sharing** (e.g. better communication of the benefits) suggested
  - **regulatory** instruments, esp. reforms in building code, zoning, financial instruments, such as subsidies



# CONCLUSIONS

- The **big pic**: private sector-led, more informal policy approaches typical in AT vs. more formal, public-sector driven in FI
- rather similar **market shares** currently
- only a few of the **potential instruments** being utilized (cf. Hildebrant et al. 2017)
- **Prospects** of WMC **growth** still **rather low** for both countries by 2030
- Yet, higher **growth expectations** in FI
- Integrating **environmental impacts** in the regulation as a potential measure to trigger growth in both cases





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Ministry of Agriculture  
and Forestry of Finland

# THANK YOU!