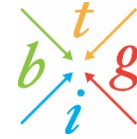




**PETER A. ALLARD
SCHOOL OF LAW**
THE UNIVERSITY OF BRITISH COLUMBIA



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Local Practices, Transnational Solutions? The Role of Host Cities in the Cyclic Process of Environmental Regulation of Sports Mega-Events

Rebecca Schmidt
University College Dublin

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The TBGI Project: Transnational initiatives to regulate business activities interact increasingly with each other and with official regulation, generating complex governance ensembles. Heterogeneous actors and institutions interact at multiple levels and in various ways, from mimicry and cooperation to competition and conflict. The TBGI Project investigates the forms, drivers, mechanisms, dynamics, outputs and impacts of transnational business governance interactions (TBGI) from diverse theoretical and methodological perspectives. It is led by Stepan Wood, Professor and Canada Research Chair in Law, Society and Sustainability at the Peter A. Allard School of Law, University of British Columbia.

Local Practices, Transnational Solutions? The Role of Host Cities in the Cyclic Process of Environmental Regulation of Sports Mega-Events

Rebecca Schmidt¹

Abstract

The chapter uses a case study of the environmental protection and sustainability framework for Olympic Games to examine the interactive role of local government actors as innovators in the creation of transnational regulation. The host city level has been at the forefront of innovating this framework. Developments initiated at this level were later taken up by the International Olympic Committee (IOC) and became mandatory for future host cities, in a dynamic the chapter terms 'cyclical regulation'. The chapter makes two main claims about this process: First, in certain conditions, host cities and their local organizers can ratchet up social and environmental standards for sports mega-events by going beyond the existing regulatory framework in their hosting bids and thereby initiating an upward revision of the framework; and second, the local level provides a platform from which various other actors can be co-opted into the preparation of sports mega-events and thereby influence transnational regulation.

Keywords

Sports regulation, environmental regulation, mega events, Olympic Games, cyclical regulation

1. Introduction

Transnational regulation is a 'dynamic, co-regulatory and co-evolutionary process' that involves a variety of actors and institutions (Wood et al. 2015: 340). The transnational business governance interactions (TBGI) project acknowledges this and rather than relying on one narrative of how transnational governance and governance interactions come about, it provides a framework, setting out features that any theory of transnational business governance interactions should take into account (ibid). The role of transnational actors, whether international organizations, civil society or business entities, in developing and putting forward transnational regulation has been analysed in many different contexts (e.g. Slaughter 2004; Büthe & Mattli, 2011; Abbott *et al.* 2015). Less pronounced in these and many other studies is the role local government entities play in transnational multi-stakeholder regulation. This chapter argues that such entities can innovate transnational regulatory processes and can also provide an entrance point for other actors, such as local communities, non-governmental organizations (NGOs) and other actors promoting the provision of public goods, to develop and influence transnational regulation.

¹ Postdoctoral Researcher, University College Dublin. rebecca.schmidt@eui.eu. A revised version of this paper is forthcoming in Stepan Wood et al., eds. *Transnational Business Governance Interactions: Empowering Marginalized Actors and Enhancing Regulatory Quality*. Cheltenham, UK: Edward Elgar.

To this end, the chapter presents a case study of the environmental protection and sustainability framework implemented within the context of the Olympic Games. Since the 1990s the Olympic movement has implemented increasingly extensive environmental regulations. From the start the local, host city level played a crucial role in the development and expansion of this regulatory regime. Two host cities, Lillehammer and London, stand out for their innovative approaches to environmental and sustainability regulation in the preparation and execution of their respective Games. By providing the role model of the first green games, Lillehammer set a standard that was translated into the initial environmental framework at the IOC level. Later innovations, such as London's sustainability management system, were also integrated into the movement's regulatory structure and became binding for subsequent Games. The chapter terms the dynamic at work in this case study 'cyclical regulation'. In this context, as in many other transnational regulatory settings (Braithwaite and Drahos 2000, p. 10), local governments function as both rule takers and rule innovators, they are both regulators and regulated.

Although the chapter examines a single case study, it has broader relevance for several reasons. In recent years, local government entities have become increasingly important actors in a transnational regulatory context. Often the local level is more open for regulatory innovations, providing a sphere where innovations can be tested before they are promoted on a larger scale.¹ It is also a place where local and transnational business and civil society actors find an entrance point to promote their respective regulatory agendas, leading to complex regulatory interactions and structures.² This open and experimental character is revealed particularly in recent trends to apply and integrate new technologies as governance tools (summarized under the smart city concept, a range of new technologies are applied to respond regulatory and infrastructural challenges in city governance³). Such developments lead to enhanced local level engagement in transnational regulatory processes, which warrants further research.

The Chapter adopts the following structure: the theoretical framework and empirical approach are presented in Part 2; Part 3 contains the case study, followed by a discussion of the findings in Part 4 and a short conclusion.

2. Theoretical Framework and Empirical Approach

Global regulation occurs in highly interrelated ways, through fluid interactions of multiplicities of actors, institutions, and sources over time and across scales. Literature addressing the complexity of business governance interactions is vast (eg. Büthe 2010; Grabosky 2013; Eberlein *et al.* 2014; Wood 2015). Kenneth Abbott and Duncan Snidal have used the governance triangle to examine the interactions between different types of actors (state, NGOs and firms) (Abbott & Snidal 2009). Scholars of new regulation and governance portrayed the multifaceted interactions of public and private organizations, instruments, and norms (Black 2001; Braithwaite & Drahos 2000; Eberlein *et al.* 2014). Focusing on the role of local level actors as transnational regulatory innovators and on the process through which these innovations are taken up by transnational regulators and disseminated into different contexts, this chapter links to the TBGI framework in two ways. First, on a technical level it depicts contexts within which local-transnational interactions take place. For the area of sport regulation, it unearths the key mechanisms and pathways of such interactions. Secondly, regarding the normative ambition of this volume for better regulatory performance, increased social and environmental standards and the empowerment of marginalized actors, the chapter points to different entrance points within a cyclical regulatory process that weaker actors and advocates for higher standards can deploy in pursuing their goals.

Beyond its linkage with the TBGI framework, further preliminary remarks are necessary: The first concerns the term 'regulatory innovation', which is used throughout this chapter. Based on Black, Lodge, and Thatcher's definition, it should be understood as normatively neutral, referring to 'changes in the

performance of regulatory functions, institutional structures and organizational processes which have an impact on the regulatory regime' (Black, Lodge & Thatcher 2005). If in the present examples local actors function as regulatory innovators, they initiate such changes transnationally through experimentation and the dissemination of local experiences and practices.

This leads to the second set of remarks, regarding the overlaps and similarities of this chapter with other strands of literature. One notable related body of scholarship discusses experimentalist governance (Dorf & Zeitlin 1998; Sabel & Zeitlin 2010; Sabel & Zeitlin 2008). Experimentalist governance describes processes, particularly found within EU governance, whereby a superordinate regulator sets framework goals together with lower level entities (e.g. member states). Those goals are then implemented by the lower level authorities who have considerable freedom regarding the ways in which implementation occurs. In a third step, implementation strategies are reported to the higher level, and their performance is measured and evaluated in a comparative way. Based on this evaluation, framework goals and metrics are regularly revised (Sabel & Zeitlin 2010, 3; Sabel & Zeitlin 2008, 271; see also Dorf & Zeitlin 1998). Relatable processes can also be found in the case at hand, where each new Olympics provide an experimental playfield for the host city in implementing and furthering the environmental regulatory framework of the Olympic Movement. Successful regulatory innovations are taken up by the IOC and consecutively integrated into its general framework. Future host cities must implement those, and by implementing them, they test their viability in different settings and over time.

Literature on regulatory intermediaries also provides a comparative approach to understand the general complexity of environments, where 'regulation often operates indirectly via chains of intermediation' (Abbott, Levi-Faur & Snidal 2017b, 5) and takes place across different scales (ibid. 5). Concretely, regulatory intermediaries come into play where a direct relationship between regulator and rule target (R and T) is either inefficient or impossible. In such contexts intermediaries step in or are engaged to provide assistance and resources to accomplish the regulatory goal, constituting a regulator-intermediary-target (RIT) model (Abbott, Levi-Faur & Snidal 2017a, 3). This can be done through the provision of expertise to facilitate 'implementation, monitoring behaviour of regulatory targets and building assurance and trust' (ibid. 3-4). Often intermediaries are orchestrated by the regulator, who uses 'soft techniques' to 'engage them and their capacities into the regulatory process' (Abbott, Levi-Faur & Snidal 2017 a; Abbott et al. 2015). In the case at hand, there are clear direct relationships between host cities and the Olympic Movement (R and T). However, especially regarding environmental protection and sustainability we also find the inclusion of third parties into the regulatory processes. Thus, as will be shown, below NGOs, civil society representatives, and international organizations are active in further developing the environmental framework and in monitoring compliance by host cities with existing standards.

The concept of cyclical regulation that I develop in this chapter diverges from these approaches. The nuances will be developed in more detail throughout the chapter. Preliminary, one can distinguish three main differences. First, unlike experimentalist governance, cyclical regulation does not take place within a more or less clearly determined and legally enforceable hierarchy (e.g. the EU). In the Olympic example, host cities volunteer, or more precisely compete, to host the Games, and regulatory innovation is one aspect of this competition. The transnational regulator sometimes adopts their ideas and procedures and implements rules accordingly. In other cases, the context is even more anarchic. Innovations are adopted without any formal process, only because the proffering entity is regarded to convey sufficient expertise and experience. Thus, there is at least initially no formalized relationship that determines responsibilities for innovation.

Secondly, there is no clear allocation of roles between regulators, intermediaries and targets as in the RIT framework: local level actors are not really intermediaries, as they have minimal ties with and no authority over future host cities. One can say that the transnational regulator exercises some orchestration activity, since it encourages local regulatory innovation through its competitive selection

process. Yet local entities act either independently or within an authority relationship with the transnational regulator in which they are rule takers as well as rule innovators. To change the behaviour of future host cities, however, the IOC must implement the innovation in its regulatory framework and in future host city contracts. Here one can find overlap with the experimentalist framework, in that the boundaries between rule makers and rule takers are blurred (Dorf & Zeitlin 1998:354).

Finally, the cyclical regulatory innovation process I describe is usually not linked to one particular regulatory regime. Because innovations are taken up at different regulatory levels and by different regulatory systems (municipality, transnational sports regulator, the events management sector, etc.) they involve and spread across a large variety of regimes, which often have no direct relationship to the original sector (sports in the case at hand).

Beyond these differences, this chapter, while situated in these strands of literature, particularly emphasizes the importance of local level entities (especially cities) for the global economy and as a consequence for business regulation. This role has been pointed out for some time (Hall 1966, Friedmann & Wolff 1982; Sassen 2001 and most recently Herrschel & Newman 2017). From the 1960s onwards and since the end of the Cold War, cities have become central 'control sites in the international economic order' (Sassen 2001:5). This development not only impacts the dynamics within the city (e.g. increased socio-economic inequality), it also alters the relationship between the city and the state in which it is located (ibid. 8). Globalization and communication technologies have increased interconnectedness between cities. Municipalities are no longer responsible only to their residents and to higher-level national or subnational governments. They have complex relationships with each other and with transnationally operating actors, relationships that are characterized by cooperation, competition, and other forms of interactions, such as intermediary functions. Local actors can therefore become creators and facilitators of global norms (Herrschel & Newman 2017).

In the context of sport, the importance of the local level is not surprising, as it is the point where the transnational regime interacts with a variety of different entities. The Games are the single most important deliverable of the Olympic movement, and outside actors have the greatest opportunities to influence the Olympic regime in the preparation and execution phase of the Games. For a few decades, local and transnational NGOs and activist groups have either treated the Games as a platform to spread their message, or have used the local level to impact regulation in the sports regime as a whole (Hayes & Karamichas 2012; Dansero 2012; Whitson 2012; Renou 2012).

3. Host Cities and Sustainability Regulation in the Sport Context

a) The Selection of Host Cities

Events such as the Olympic Games have been labelled mega events. The term is used to describe 'large-scale cultural (including commercial and sporting) events, which have a dramatic character, mass popular appeal and international significance' (Roche 2001:1). This significance includes the broad reach these events have globally and the impact they have at the local level (Roche 2001; Hayes & Karamichas 2012; Horne & Manzenreiter, 2006). The Olympics are broadcast to more than 200 national territories and reach up to 4.8 billion people. The London Olympics broadcast rights alone created a revenue of 3.9 billion US dollars.⁴ These mega events have a significant social, economic, and political dimension beyond the Olympic Movement and the sporting community. Mega-events are also considered to 'increasingly provide a platform for economic growth oriented approaches to environmental protection and amelioration'. In this scenario, the IOC and other sport organizations function 'as regulatory authority for the development and dissemination of environmental best practice and sustainable technologies, facilitating the creation and growth of new markets' (Hayes & Karamichas 2012:10-11).

The IOC's strong position vis-à-vis potential host cities at the selection phase is important for its role as a regulatory authority. Its power is reduced later in the process, but it can still exert control through the Coordination Commission, which is closely involved in the preparation from the IOC side. Finally, the IOC can withdraw the Games from a host city, although this measure of last resort has never been applied.⁵ To understand how standards developed by one host city are implemented in the preparations for subsequent games, one must look at the way host cities are selected. By selecting new host cities based on experiences from previous preparation and execution phases, lessons learned at one host city serve as a basis for the next one. Crucial in this context is the bidding phase, where the IOC scrutinizes the candidature files and suggests improvements necessary to be considered in the selection process.⁶

The selection process is not static, rather it changes and expands with almost every new selection process. Through a recent reform put in place by the IOC's Agenda 2020, the general structure of the selection process has changed in an even more substantial way (IOC, 2014). Under the old regime, in effect before 2015, potential host cities underwent two selection stages: a candidature acceptance and a candidature phase.⁷ In the first phase, potential host cities were required to answer a questionnaire provided by the IOC.⁸ The information gathered was then assessed with that collected in other categories, and a decision to proceed to the next phase was made on this basis. Cities that made it to the candidature phase were then required to submit a detailed candidature file. This file included a section on environment and metrology. Here the candidate provided information on its environmental approach, e.g. geographical features, environmental plans, venue construction and development projects (IOC, 2010). At both stages environmental concerns were part of the criteria by which a host city was chosen. The last selection process which formally still applied this old system took place in 2014/15 for the host city of the 2022 Olympics. However, both candidates (Beijing and Almaty) had already adjusted their bids to be in line with the new approach (Host City 2015).

As mentioned this new approach was introduced through the Olympic Agenda 2020 reform process, implemented in 2015. The new approach introduced several changes in the bidding process. The first part of the bidding is now called invitation phase. The idea behind the invitation phase is to provide support to future host cities in putting together their candidature file, by sharing best practices and encouraging 'legacy and sustainability [...] to ensure the Games act as a catalyst for positive development of tangible and intangible legacies for the city and the region'.⁹ During the candidature phase, aspiring host cities make an official bid. The candidature phase has three stages, which are again characterised by dialogue between the cities and the IOC. In each stage the cities have to submit parts of their candidature files. In support, the IOC provides feedback, hosts workshops and at one point has the candidature cities participate in an Olympic Games observer programme, through which they receive behind the scenes insight into the details of how to deliver the Games (ibid). After the final part of the candidature file is submitted, the IOC Evaluation Commission visits each city and provides a report distributed to all IOC members. During the IOC Session (the annual meeting of the IOCs plenary organ), the new host city is selected, and the host city contract is signed (ibid).

Once a host city is chosen, all commitments made in the candidature files become binding and must be implemented by the local organising committee. They form part of the host city contract, which includes references to the host city contract principles, operational requirements, the games delivery plan, and the Olympic Charter.¹⁰ To fulfil these commitments, local organizing committees must cooperate with governmental authorities and other stakeholders to implement appropriate policies across the city and country. Experts from the IOC and other organizations (such as the United Nations Environment Programme (UNEP) or Worldwide Fund for Nature (WWF)) may assist the local committee in the development and implementation of environmental policies (Sustainability and Legacy Commission 2017). Furthermore, the IOC Coordination Commission monitors the process together with external actors, such as UNEP, NGOs or the media to ensure 'maximum fulfilment of commitments and maximum use of the opportunity to improve environmental conditions and practices' (ibid.).

The following sections outline how IOC environmental regulation was implemented and expanded in a cyclical fashion by three innovative host cities.

b) The City as Regulatory Target and Innovator – Three Case Studies

aa) Lillehammer – Early Environmental Standards in the Sport Context

The first step towards a green Olympics was taken in the early 1990s. Increased environmental awareness in Western societies put the Games' environmental impact in the spotlight. The Winter Olympics in Albertville, France in 1992 were viewed by many as an 'environmental disaster' and caused widespread and well-covered protests by environmentalist groups (Cantelon & Letters 2000:299). The IOC's lack of an environmental policy was criticized in particular (ibid.). The Lillehammer Games in 1994 provided a response to these complaints and affected the entire Olympic Movement. Unlike previous Olympic Games, Lillehammer had an environmental policy in place to help execute the Games in a green and sustainable manner (Olympic Games Legacy 2016). The reason for this was, on the one hand, the long tradition and experience of environmental protection in Norway, and, on the other, the IOC's inexperience in this field, leaving room for local innovation. Long before the Games took place, Norwegians had developed a 'strong culture and affiliation to nature'. At the time of the Games there was a 'powerful environmental lobby' and grassroots movement active in the country, which had strong public support (Myrholt 1996).

This background was reflected in the organization and preparation of the Lillehammer Games. The preparation and execution of the Games involved a partnership of three actor groups: the private sector, local authorities and 'volunteer environmental organizations' (ibid.:2). The initial environmental policy was based on a proposal drafted jointly by the Lillehammer Olympic Organizing Committee and Friends of the Earth Norway. This 'precipitated a process, starting from grassroots, which set managers, politicians and environmental volunteers on a steep learning curve and turned the games into a project-based "environmental showcase"' (ibid.:3). This success story was eagerly taken up by the IOC. In the aftermath, the Olympic Charter was amended, and environmental protection was made the third pillar of Olympism, along with sport and culture. The IOC furthermore set up the Sports and Environment Commission, now called Sustainability and Legacy Commission, and drafted the Agenda 21 - Sport for Sustainable Development (ibid.). More recently this Agenda has been complemented by Agenda 2020, a list of 40 recommendations for the Movement's future, in which sustainability, broadly conceived, plays a crucial role (IOC 2014). Apart from using the Lillehammer Games as a role model, the IOC also started a partnership with UNEP for the development of various policies and programs within the Olympic movement. Nonetheless, the local experiences from the Lillehammer Games were essential in the development of the Movement's environmental policy. Since Lillehammer, environmental concerns and sustainability have increasingly become a significant issue in both the application and execution phase of the Games. The environment was a factor already in the selection of the Sydney Games (Myrholt 1996).

bb) London – Sustainability and Event Management

As mentioned, the regulatory framework governing environmental factors of the Olympic Games developed gradually from one event to the next, yet it is important to mention the special role of London as a regulatory innovator. Sustainability management, as developed and implemented by its Organizing Committee, was not a requirement of the IOC at the time of the bid. In fact, the goal pursued by the London organizers was to hold the first sustainable Olympics, going beyond the concept of 'green Games' and involving also economic and social aspects (London 2012 Post-Games Sustainability Report 2012:11). The framework for this approach was provided in the London 2012 Sustainability Policy and Sustainability Plan (Towards a One Planet

2012), which was developed by two NGOs – Bioregional and WWF. This framework understands sustainability in the context of mega event sustainability as having global dimensions beyond the local context. One element of the London framework that had a broad reach beyond the Games was the management system approach. The organizing committee's decision to adopt this approach led to the creation of the British Standards Institution's BS 8901 standard and later the ISO 20121 standard. These standards set specifications for sustainable events management systems. The London Organizing Committee and the Olympic Delivery Authority were certified to ISO 20121. The local city administration and the organizing committee did not create ISO 20121, however. This was left to national and international standard setting processes. Thus, first BSI developed BS 8901, through a drafting process which was conducted by consultants from Arup and the Events Industry Association (EIA) using input from the wider events industry sector (BSI, 2007). In the aftermath, BSI together with the Brazilian National Body (ABNT) submitted a joint proposal for the development of ISO 20121 to ISO and provided for the secretariat of the working group developing the ISO standard (ISO 2012: 10).

In addition to securing an international standard against which their management system could be implemented and evaluated, the London organizers desired a framework for reporting publicly on the sustainability of the Games. To this end, they collaborated with the Global Reporting Initiative (GRI) and the IOC to develop an Event Organisers Sector Supplement of the GRI Sustainability Reporting Guidelines (*ibid.*:12).

The London Organizing Committee considered this comprehensive sustainability management approach necessary because it was under enormous public scrutiny. This approach also reflected the political and legal context in which preparation of the London Olympics took place. Around the time of the bid the newly elected Labour government had started implementing its 'better regulation' agenda, which was intended to constitute a 'Third Way' between the deregulatory approach pursued since the late 1970s and a return to the interventionist welfare state (Baldwin, Cave & Lodge 2010:7; Giddens 2000:27). The Third Way emphasized market-based regulatory strategies (Yeung 2010:66; Better Regulation Task Force 2003) that employ market mechanisms, such as competition to pursue public policy goals. It also emphasized management-based regulation, a reflexive approach which aims at stimulating self-critical reflection of regulated in light of broad public criteria and goals. Thus, management-based regulation asks firms 'to produce plans that comply with general criteria designed to promote the targeted social goal' (Coglianese & Lazer 2003). Regulatory criteria 'specify elements that each plan should have, such as the identification of hazards, risk mitigation actions, [and] procedures for monitoring and correcting' (*ibid.*:694). In some cases, government regulations provide mechanisms to approve or ratify these plans (*ibid.*:694). Management systems standards, of which ISO 20121 is an example, are often used by regulated firms to implement management-based regulation. Indeed, their use is often encouraged and sometimes even required by regulators.

Management-based regulation is particularly useful when there is heterogeneity among the regulated entities and when the capacities of the regulator to monitor and assess output are limited (*ibid.*:705). Management-based regulation has the advantage of pushing more responsibility to the firm level, where the technical knowledge is usually located. By using private, third-party expert certifiers and auditors to verify compliance, the burden on governmental resources is reduced (*ibid.*:696).

The London organizers were familiar with this regulatory strategy and saw benefits for the complex regulatory context that emerges in the preparation of a large-scale event such as the Olympics. In London, such an approach integrated well into existing administrative and private management structures and ultimately ensured that the organizers reached their sustainability targets (LOC 2012).

Both BS 8901 and ISO 20121 were drafted for all types of events, not just sports events. Furthermore, ISO 20121 is intended to benefit a whole range of actors in the event management sector, including 'event organizers, event owners, the workforce, supply chain (such as caterers, stand constructors, transport companies), participants and attendees' (ISO 2012:4). The London Olympics in 2012 were both the impetus for ISO 20121 and the first test of the new standard. The standard has since been applied in a number of different contexts ranging from the 2013 Eurovision Song contest to the Danish Presidency of the EU Council (ISO 2013). COP15, the Copenhagen UN Conference on Climate Change was certified to BS 8901; and Microsoft hosted the first event in the US to be BS 8901 certified in 2009 (ibid.; Microsoft Green Blog).

cc) Rio, Agenda 2020 and Current Sustainability Requirements for Host Cities

Since London, sustainability management has become a requirement for the organization of any future Olympic Games. The current Host City Operational Requirements stipulate that a 'sustainability strategy, sustainability implementation plans, governance arrangements for sustainability matters, sustainability management systems, sustainability reports and a Games impact study must be implemented' (Host City Contract, Operational Requirements 2015:168). Rio de Janeiro had the sustainable management approach already well embedded, announcing the development of the Rio 2016 Sustainability Management Plan in its candidature file (Rio 2009: 95). While London designed its management system in line with the London Sustainable Development Framework, a framework which provides a vision for sustainability in the city and objectives to guide decision making;¹¹ and international environmental management systems standards, namely the European Union's Eco-Management and Audit Scheme (EMAS) and ISO 14001 (London 2004: 76), Rio referred to the Rio Environment Summit of 1992 as well as local environmental traditions (ibid.). The Rio Candidature File referenced the ISO 14000 family of environmental management system standards, the ISO 26000 social responsibility guidance standard, the Global Reporting Initiative, the One Planet Living Approach, the United Nations Human Development Index and the Sustainable Development Index for different purposes. For instance, the ISO 14000 standards were referenced as a way to ensure green procurement (Rio, 2009:99 and 105) Not coincidentally, the initial proposal for creating the new ISO 20121 standard was jointly submitted by BSI and the Brazilian National Body (ABNT) (ISO 2012: 10). However, despite these stipulations, Rio's sustainability legacy has been mixed, and it has fought an uphill battle in meeting obligations (Rio 2009)).

dd) The Way Forward

The examples above, show a continuous development towards stronger sustainability standards. As mentioned, it was not only during the preparations of the Games in Lillehammer or London that changes, and improvements of the regulatory framework were made. This also happened in other host cities. However, there are also examples of less successful Olympic

Games. The 2014 Sochi Olympics were even more problematic regarding sustainability. In fact, many considered them an environmental failure. Important NGOs ceased collaboration with the Organizing Committee, because they believed it was failing to fulfill the requirements set out in the host city contract (Duval; WWF).

Nonetheless, sustainability and sustainability management are now well-established principles in the preparation and execution framework of Olympic Games. The Agenda 2020 very prominently stresses the importance of sustainability throughout its provisions (Agenda 2020). Recommendation 4 emphasises the need to 'include sustainability in all aspects of the Olympic Games'. Furthermore, the Agenda commits the IOC to '[d]evelop a sustainability strategy to enable potential and actual Olympic Games organisers to integrate and implement sustainability measures that encompass economic, social and environmental spheres in all stages of their project' and furthermore '[a]ssist newly elected Organising Committees to establish the best possible governance for the integration of sustainability throughout the organisation' (Agenda 2020:12).

The current bidding process for the 2024 Olympic Games contains extensive sustainability requirements. The Operational Requirements, which will complement the Host City Contract by providing detailed regulatory requirements on many aspects of the Games preparations, asks for a number of sustainability aspects to be integrated into the Games Delivery Plan. These include a general sustainability strategy, implementation plans, governance arrangements, a sustainability management system, sustainability reporting and an impact study (IOC 2015: 167).

The London approach of introducing a sustainability management framework is thus now fully integrated within the Olympic Games planning and execution procedures. In the last bidding round, the two remaining candidate cities – Paris and Los Angeles – had detailed sections on sustainability. Both relied on ISO 20121 for their sustainability management system (Paris 2017:88; Los Angeles 2017: 64). ISO 20121 has thus become the de facto standard governing sustainability management in the context of the Olympic Games.

4. Innovation, Cyclical Regulation and Transnational Business Governance Interactions

a) Local Level Innovation in Cyclical Regulation – A Case of TBGI?

This part argues that the Olympic case study shows that the local level can function as a place of innovation in complex regulatory processes. Here one can distinguish between the local level generally and global cities in particular.

The role of the local level generally in complex transnational governance processes has been examined most notably in literature on subsidiarity in the EU and in federal systems. The principle of subsidiarity serves various purposes, from avoiding centralization to accommodating different local and national value systems (Craig 2012:72-73). It also includes an understanding that the local (as well as national) level has unique abilities not enjoyed by higher level entities: Local authorities are much closer to their constituencies; they understand the specific local conditions and preferences, and thus they can govern in a more fitting and accepted manner. Through being closest to residents, they provide a contact point for citizen concerns and complaints. Often this takes place through traditional venues that constituencies are familiar

with (e.g. town hall meetings) and are supported by established administrative structures. For similar reasons, both federal and centralist governments employ the local level as implementers of their regulation. This is often done by granting some degree of discretion that can even amount to independent local rule making (e.g. municipal bylaws).

However, subsidiarity and well established administrative structures do not entirely account for the innovative potential of local entities. Though there is acknowledgement that the local level is in many cases better equipped to interpret and implement, or even amend rules, innovative potential is not necessarily encouraged in traditional legislative frameworks. Thus, when looking at local innovation, one must go beyond those roles to consider the transformation that many major urban centres have undergone in recent decades—in short, the emergence of the phenomenon of global cities. Once this is considered it comes as no surprise that local entities are playing a much more prominent role in transnational processes. Bigger cities, often unite business capacity, expertise and cutting-edge technologies in a small space. Local level officials, more generally, have frequent interaction with local business, NGOs and citizens. Consequently, they can, may it be Lillehammer and London, access a large pool of expertise and resources- a pool that is at least not readily available to a more specialized transnational regulator such as the IOC.

Given the potential for regulatory innovation at the local level, what is its relationship to transnational regulation? How are regulatory innovations taken up at higher levels? In some contexts, the interplay between different regulatory levels is well developed and even legally framed (Sabel & Zeitlin 2012). However, often it is not. In the case at hand we observe a cyclical process that is semi-structured. The IOC is the initial regulator, a rule maker in terms of the RIT framework (Abbott, Levi-Faur & Sindal 2017a). Cities that want to stand a chance in the selection process need to comply with parameters provided by the IOC during the bidding process. However, because of the competitive nature of the selection process, cities engage in innovation to achieve an advantage over their competitors. As such, they expand their role, set new standards, and become a kind of 'secondary regulator' (Abbott, Levi-Faur & Snidal 2017a:19). In contrast to the RIT framework from which this term is taken, host cities are intermediaries only by enforcing rules on local suppliers. They are not intermediaries in relation to future host cities. At this transnational scale, the IOC incorporates successful innovations into its own regulatory framework and then makes them binding for future host cities. At this point former host cities are out of the picture or play a marginal role.

In summary, host cities are both rule takers and rule innovators. They are innovators in that they expand existing regulatory frameworks and they are rule takers when they comply with the requirements that the IOC has set out for the bidding process. The practical dispersion of regulatory competences forces both host cities and the IOC to cooperate with each other, yet not in an ongoing but in a temporal manner. This temporality of the relationship leads to a cyclical process with regards to the overall regulatory framework for environmental protection in the sports context. The innovations of one host city are implemented into the requirements set out for the next one and tailored to the specific context. The IOC monitors these efforts and adapts its overall framework regularly. However, because of the specific and unique character of each Olympics, there is a discrepancy between the goals of the IOC long term regulatory perspective and the goals of the organizing committees in executing successful games (Chappelet & Kübler-Mabbott, 2008:93).

b) Higher Social and Environmental Standards and Transferability of Local Regulatory Innovations

We now turn to a short discussion on whether the cyclical phenomenon of local innovation and transnational dissemination leads to higher social and environmental standards within the sports sector and beyond. This is a complex question that requires research that is not possible within the limited space of this chapter. However, we can observe a number of trends revealed in the Olympics case that find application beyond the scope of the case study.

First, we shall look at the possibility of ratcheting up standards through local level innovation. Here we can clearly see that over time the transnational standard became much more comprehensive, new methods and principles were added, which often originated locally. As such we can say that in the Olympics case, local level innovation did lead to an upward trend regarding standards. Reasons for this were that the capacities at the IOC were limited, regarding both environmental regulation and municipal governance. Especially initially, the IOC had little in-house environmental expertise. Established local practices and venues to gather input were welcomed as a way to expand the existing transnational framework. Since Lillehammer, the rules for environmentally friendly and sustainable Games have been constantly expanding. Current expectations for host cities are extensive and take up as much space in the candidature files as security or transport (e.g. Paris 2017). This trend is consistent with the experimentalist literature. Because of limited capacities at the central (supranational or federal) level, local actors are involved, and their expertise is used to constantly improve regulation (Dorf & Sabel 1998; Sabel & Zeitlin 2008; Sabel & Zeitlin 2012).

Regarding the effective implementation of these improved standards in future Games, the picture is more mixed. Here, two specificities of the Olympics play an important role: First, regional diversity – the Olympics are supposed to take place in different parts of the world, not only in Western democracies with high environmental standards. Differences in local circumstances mean that a model that led to a large success in one context had only average results in others (such as Rio); and some host cities face a much steeper uphill battle in successfully implementing all promises made in the bid (Woody 2016). Moreover, there were clear outliers such as Sochi in 2014, where many environmental promises made in the bidding process and enshrined in the host city contract were not kept (Duval; WWF). Second, once the Games are allocated, a sunk cost dynamic sets in. As time passes, it becomes almost impossible to reallocate the Games, thus taking away the strongest leverage tool from the IOC. Thus, in cases where the host cities are lacking behind in implementing their environmental obligations it is not always possible to correct these dynamics.

As a result, the case study points to the limitations of local level innovation. When implemented in different contexts, regulatory innovations must be adapted and altered to fit changed circumstances. Thus, for any innovation it is important to assess its transferability to and to understand in how far it can work in different circumstances.

c) The Role of Weaker Actors in Cyclical Regulation

The second central issue concerns the role of weaker actors in innovative local processes. Again, given the focus on one specific case, this chapter cannot provide rules for local rules more

generally. Yet it can point to several lessons learned from the present example that might be transferable to other contexts as well. In the case at hand three aspects are of importance. First, as stated above, the special context of the Olympics provides weaker actors a platform and a point of entrance. These sports mega events receive significant public attention and in return are under severe public scrutiny. NGOs and other civil society groups have for a long time used such events as venues to draw public attention to local or global (environmental) issues. Some of these issues were host country-related, rather than directly linked to the event itself (e.g. Free Tibet protests in the context of the 2012 Olympics). However, it was through the interplay of the local level with the global that the push for innovation could happen. For the London Olympics, for instance, it was considered necessary that the planning be meticulous to avoid negative press coverage that might delegitimize the event. This was to be achieved through strong procedures and comprehensive involvement by a variety of concerned actors, such as the BioRegional and the WWF regarding the sustainability strategy.

Secondly, established paths for certain groups representing weaker actors exist at in some host cities, for example in Lillehammer and London. As mentioned Lillehammer had a strong local environmental grassroots movement, which the organizers involved in the planning and execution of the event. London too built its framework on a concept developed by a local NGO (BioRegional). At the time, BioRegional had already established a record of creating and promoting sustainable business and in that context, it had also cooperated with local authorities for some time (Riddlestone 2014). It was therefore easier for BioRegional to get involved in the preparation of the 2012 Olympics and to develop the sustainability strategy. Both points show that the local level can function as an entrance point especially for smaller more local advocacy groups representing weaker actors and concerns for public goods. Such involvement is even easier if there is increased scrutiny on local authorities; and it also is easier for actors with already established connections to local authorities.

A number of problems must not be overlooked. First, there is a limited pool of local actors that can gather the necessary expertise to be regulatory innovators in the context of mega-events. In the Olympic case, only host cities with established environmental regulation frameworks could trigger an expansion of the transnational framework. Other host cities struggled to comply with existing rules. Consequently, local level innovative activities are often limited to economically advanced communities of the West. These innovations are then transferred to other contexts, where they may not work in the same manner. The IOC tries to bridge this gap through its own initiatives, such as hosts' workshops, the Olympic Games Observer Programme, and the Coordination Commission, and by bringing on board third parties such as UNEP or the WWF (see section 2 a). As was pointed out above, the success of these measures is mixed (for the case of Sochi, see: WWF). Local circumstances do not always allow for broad participation. In more authoritarian jurisdictions, exclusion rather than inclusion might be the chosen path. Finally, not all processes are necessarily inclusive and even those that are inclusive favour some actors over others. In the preparation of the sustainability management system for the London Games, at least on the level of policy creation, actors with closer ties to the business sector (BSI, but also BioRegional) were involved in a much higher degree.

5. Conclusion

This chapter pursued two goals. First, it identified the role local actors play in transnational regulatory interactions. In contrast to more structured interactions such as the ones described in the experimentalist governance literature, the role of local actors in the case at hand is much broader, unpredictable, and often more innovative. This then led to a thorough examination of the type of regulatory interaction engaged. Focus was put on the cyclical ways in which innovation takes place. Here, again the current example provided a different story from those found in related literature, particularly on orchestration and regulatory intermediaries. In the RIT model, actors (rule-makers, intermediaries and rule-takers) have fairly determined roles. In the example at hand, however, the actors involved change their role frequently, leading to dynamic and to a degree anarchic processes that are less predictable from the outset.

Secondly, the chapter, in line with the general goal of this volume, examined whether the described interactions led to higher social and environmental standards and the empowerment of weaker actors. Here it found that local innovation ratcheted-up sustainability standards in the sports sector. However, given the less predictable frame in which the interactions took place, local level dynamics sometimes also had the opposite effects and not even existing standards were met. Finally, participation of weaker actors was ensured through specific local-transnational dynamics. Yet, the chapter also cautioned to generalize these dynamics as the Olympics provide a very specific setting involving public attention that is unsurpassed outside the sporting context.

¹ One highly topical example is 'smart city regulation'. There are currently several initiatives within ISO to standardize this development. Though strongly industry driven, local practices serve as a starting point for those standards (ISO 2015).

² The complexity is examined elsewhere, using the same case study (Schmidt). In this chapter the local level constitutes one component among many others, such as the state level, the transnational sport regulator and transnational business standard setting bodies.

³ See for instance ISO/IEC JTC1 Information Technology, Smart Cities, Preliminary Report 2014, available at: https://www.iso.org/files/live/sites/isoorg/files/developing_standards/docs/en/smart_cities_report-jtc1.pdf.

⁴ All numbers stem from the 2012 London Summer Olympics, see IOC, Marketing Media Guide, London 2012, at 6 and 11, available at:

http://www.olympic.org/Documents/IOC_Marketing/London_2012/IOC_Marketing_Media_Guide_2012.pdf

⁵ Rule 37 Olympic Charter; Bye-Law to Rule 37.

⁶ Rule 33 Olympic Charter, Bye-Law to Rule 33.

⁷ IOC, Host City Election for the Olympic Winter Games 2022, available at: <https://www.olympic.org/2022-host-city-election>.

⁸ IOC, Election of the 2018 Host City, available at: <https://www.olympic.org/2018-host-city-election>

⁹ IOC Olympic Games Candidature Process. Available at: <https://www.olympic.org/all-about-the-candidature-process>.

¹⁰ Host City Contract Operational Requirements, p 9, available at:

http://www.olympic.org/Documents/Host_city_elections/Host_City_Contract_Operational_Requirements_September_2015.pdf.

¹¹ Mayor of London & London Sustainability Commission, A Sustainable Development Framework for London, available at:

<https://www.london.gov.uk/moderngov/Data/Environment%20Committee/20040318/Agenda/4%20Framework%20PDF.pdf>.

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