

## NEW FORMS OF GOVERNANCE IN THE TRANSNATIONAL COOPERATIONS

*To realise the full economic and social potential of the so called „macro-regions”, the EU has already defined comprehensive strategies for the Baltic Sea and the Danube area, providing a strong rationale for establishing further macro-regions inter alia in the Mediterranean and the North Sea. These efforts are part of an emerging paradigm-shift towards a functional and integrated approach by transnational nature but at the same time it serve as a test case for territorial cohesion in general, and – as a special mode of multi-level governance – for territorial governance in particular. This paper advances the argument that in the light of the post 2013 cohesion policy and European Union Strategy for the Danube Region it is worth exploring and comparing the possible institutional models in order to establish an innovative operational practice of territorial governance.*



### 1. INTRODUCTION

The term “macro-region” has long been known and used in economics, political geography and spatial planning, despite the fact that it lacks a universally accepted standard definition. As a result, it may be employed as an umbrella term in several other contexts in addition to the ones already mentioned. At the same time, it has come to play a key role in debates and future scenarios connected to the territorial agenda of the EU in general, and the formation of the post 2013 cohesion policy framework in particular<sup>1</sup>

As a first step towards the creation of macro-regions, in 2009 the European Council accepted the European Union Strategy for the Baltic Sea Region (EUSBSR) as a blueprint and

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1 Mendez, Carlos, Batchler, John and Wishlade, Fiona: Setting the stage for the reform of Cohesion policy after 2013. European Policy Research Paper, Number 77, April, 2011, Notre Europe: Think Global-Act European. The Contribution of 16 European Think Tanks to the Polish, Danish and Cypriot Trio Presidency of the European Union, 2011. Available: [www.notre-europe.eu/en/tgae](http://www.notre-europe.eu/en/tgae). Accessed 14 August 2014, Othengrafen, Frank & Cornett, Andreas: A Critical Assessment of the Added Value of Territorial Cohesion. European Journal of Spatial Development, October, 2013. Available: [www.nordregio.se/Global/EJSD/Refereed articles/refereed53.pdf](http://www.nordregio.se/Global/EJSD/Refereed%20articles/refereed53.pdf) Accessed 15 August 2014, Philippe, Doucet, Böhme, Kai & Zaucha, Jacek: Eu territory and policy-making: from words to deeds to promote policy integration. European Journal of Spatial Development, January, 2014. Available: [www.nordregio.se/Global/EJSD/debate201401.pdf](http://www.nordregio.se/Global/EJSD/debate201401.pdf) Accessed 15 August 2014

on this basis, the European Union Strategy for the Danube Region (EUSDR) in 2011.<sup>2</sup> The period between the development of these two strategic documents saw the launching of several new macro-region initiatives (Alpine, North Sea-English Channel, Adriatic-Ionian) supported and coordinated by the European Council and the Committee of the Regions<sup>3</sup>. The point of departure in creating a common descriptive framework was former commissioner in charge of regional policy Pawel Samecki's discussion paper, and the NORDREGIO Advisory Group's working paper. As defined in these documents, the "new" macro-regions – clearly distinguishable from the "old" ones and fitted into EU cohesion policy – are contiguous, integrated and functional units made up of regions belonging to different countries, with common challenges and a strong capacity to represent their own interests<sup>4</sup>. In a relatively short period of time, a rich and diversified corpus of literature has emerged in the preparatory phase of the strategy-building, consisting of scholarly papers<sup>5</sup>. Most scholarly articles and papers investigate the reasons behind the appearance of macro-regions, the aims the EU wishes to reach by creating macro-regions and the conditions under which these new functional regions could successfully operate. Entering in the implementation phase in 2012, still less attention has been paid to the question whether macro-region strategies will exert influence on the europeanization process in the future or whether they may be regarded as a new way of thinking about multi-level governance (MLG) relating to the establishment the institutional arrangement between and within the members states<sup>6</sup>.

The point of this paper departs from is the opinion that debates concerning the definition and interpretation of territorial cohesion provide a good ground for stakeholders to discuss and develop effective policy instruments that in turn facilitate policy coordination between

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- 2 European Commission: European Union Strategy for the Baltic Sea Region. Communication from the Commission to the European Parliament, The Council, The Economic and Social Committee and the Committee of the Regions, Brussels, 10 June, Com (2009) 248 final, European Commission: European Union Strategy for Danube Region. Communication from the Commission to the European Parliament, The Council, The Economic and Social Committee and the Committee of the Regions, Brussels, 10 June, Com (2010) 715 final
  - 3 CoR: Draft Opinion of the Committee of the Regions on a Strategy of the North Sea-Channel area. 86th plenary session, 6-7 October, 2010, COTER-V-006, CoR: Draft own-initiative opinion of the Committee of the Regions on Territorial Cooperation in the Mediterranean through the Adriatic-Ionian Macroregion, 11/12 October, 2011, COTER-V-016, European Council: European Council Conclusions, EUCO 205/12, Brussels, 14 December 2012
  - 4 Samecki, Pawel: Macro-regional strategies in the European Union. European Commission, Stockholm, 18 September 2009. Available: [http://ec.europa.eu/regional\\_policy/cooperation/baltic/pdf/macrorregional\\_strategies\\_2009-pdf](http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/macrorregional_strategies_2009-pdf) Accessed 15 August 2014, Dubois, Alexandre, Hedin, Sigrid, Schmitt, Peter, Sterling, José: EU macro-regions and macro-regional strategies-A scoping study. Nordregio Electronic Working Paper 2009:4, Nordregio, Stockholm, 2009
  - 5 Stocchiero, Andrea: The geopolitical game of the European Union Strategy for macro-regions: Where does the Mediterranean stand? CeSPI and Medgovernance project, Working Papers 74/2010, Rome: CeSPI, 2010, Salines, Marion: Success Factors of Macro-Regional Cooperation: The Example of the Baltic Sea Region. Bruges Political Research Papers, No. 12/March, 2010
  - 6 Holzinger, Katharina and Schimmelfennig, Frank: Differentiated integration in the European Union: Many Concepts, Sparse Theory, Few Data. *Journal of European Public Policy*, Vol. 19., Number 2., 2012, pp. 292-305., Kern, Kristine and Gänzle, Stefan: 'Macro-regionalisation' as a New Form of European Governance: The Case of the European Union's Strategies for the Baltic Sea and the Danube Regions. ISL Working Paper 2013:3, Agder, 2013

sectors and levels of governance. Through better coordination and a strategic use of resources, new and diversified forms of MLG may come into existence with the introduction of an integrated approach that will have a great effect on public policy governance where sectorial-driven government structures are subject to strong territorial influence.

The principles discussed above provide the basis for the structural division of this paper. Firstly the content, role and scope of functional macro-regions grounded on territorial cooperation within the concept of territorial cohesion will be examined. After this possible versions of MLG will be surveyed in the light of the integrated approach that has a crucial role in the implementation of the new spatial planning paradigm and the post 2013 cohesion policy. The third point in the paper is the analysis of the practical workings of the institutional structures of the EUSDR. The last section contains conclusions related to macro-regional strategies with special respect to future perspectives of possible new forms of governance.

## 2. EMERGING MACRO-REGIONAL STRATEGIES: A PRIME TEST CASE OF WHAT TERRITORIAL COHESION MEANS

Territorial cohesion, entered into the *acquis communautaire* by way of the Lisbon Treaty, has become a key notion in the debates and definitions of standpoints for post 2013 cohesion policy within the framework of the Europe 2020 Strategy and the Territorial Agenda 2020.

The inclusion of this concept in the *acquis* provided a good opportunity for stakeholders to test their development policy plans in a much larger environment than narrowly defined cohesion policy. In other words, the future of cohesion policy was being formed in discourses which move from “outwards” “in” i.e. from Member-State supervised broader-spectrum territorial development towards cohesion policy with its narrower thematic; between the two public policies it is territorial cohesion that presented the plane for debates and compromises.

Territorial cohesion is an explicit and cross-cutting principle without having a clear-cut definition, though its basic features have been adopted<sup>7</sup>. In addition to traditional convergence priorities, targets of competitiveness and territorial capital have emerged, indicating that a clear paradigm-shift has occurred in cohesion policy and territorial development. The new concept enables citizens and enterprises to make the most of the inherent features of their territories. By exploring the importance both of the endogenous potential and vulnerability, tailor-made and integrated solutions came to the fore replacing the former “one size fits all” approach. According to this, the Barca Report has strongly emphasised the importance of involving local and regional elites (vertical integration) and the necessary dialogue

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7 Barca, Fabrizio: An Agenda for a Reformed Cohesion Policy: A place-based approach to meeting European Union challenges and expectations. Independ report prepared at the request of Danuta Hübner, Commissioner for Regional Policy, April 2009. Available: [http://ec.europa.eu/regional\\_policy/policy/future\\_barca\\_en.htm](http://ec.europa.eu/regional_policy/policy/future_barca_en.htm). Accessed 15 August 2014., Medeiros, Eduardo: Territorial Cohesion: a conceptual analysis. Institute of Geography and Spatial Planning (IGOT) Lisbon University, Portugal, 2011. Available: [http://ww3.fl.ul.pt/pessoais/Eduardo\\_Medeiros/docs/PUB\\_PAP\\_EM\\_Territorial\\_Cohesion.pdf](http://ww3.fl.ul.pt/pessoais/Eduardo_Medeiros/docs/PUB_PAP_EM_Territorial_Cohesion.pdf) Accessed 15 August 2014., Mendez, Carlos: The post-2013 reform of EU cohesion policy and the place-based narrative. *Journal of European Public Policy*, Volume 20, Issue 5, 2012, pp. 639-659.

with various sector policies (horizontal integration) since today's challenges cross more and more administrative boundaries the territorial impact of sectoral policies have to be taken into account in an integrated manner.

Territorial dimension has appeared in differentiated forms in the legislative package on cohesion policy issued on 17 December 2013, especially within one of the two objectives (Investment for Growth and Jobs, European Territorial Cooperation) the relatively low-budget and "top-down driven" European Territorial Cooperation (ETC)<sup>8</sup>. Functional macro-regions (FMR), partly emerging due to this objective, represent several elements of the overall but differentiated concept of territorial cohesion as ETC objectives need to be incorporated into the Partnership Agreement (PA), which is the main strategic document between the member states and the European Commission for implementing cohesion policy.

However, the utilization of the European Structural and Investment (ESI) Funds cannot be considered untroubled as these funds – especially the European Social Fund (ESF) – are not suitable for specific macro-regional development initiatives. As ETC owns the lowest budget objective in the ESI Funds that apparently restricts opportunities of macro-regions. Adapting the multi-criteria system and the proceedings of cohesion policy to macro-regional strategies is also problematic, particularly on the subject of thematic priorities, entitlement and the extent of allocation. Nevertheless, not only mobilizing and involving external sources of finance, donor organizations, international monetary institutions, and individual capital, but also securing essential institutional and administrative capacities seem to be the greatest challenge. So the "3NO" approach by the Commission (no new funds, no new legislation, no new instrument) in practice means that a key role is given to the harmonisation of existing institutions, financial and human resources, links and developments in the given region.

This kind of problem arises regarding thematic concentration as well. According to draft guidelines, transnational and cross-border initiatives have to focus on only four thematic priorities of the EU 2020 strategy. This concept not only disregards the special situation of cooperation programs that are based on at least two national approaches, but also makes it almost impossible to finance several macro-regional objectives, leaving these latter to donor organizations. Thus, a "patchwork financing" may evolve that encumbers the realization of the priorities of macro-regional strategies in a common framework. Notwithstanding there are no thematic contradictions between the EU 2020 Strategy, the macro-regional strategies and the thematic objectives of the Common Strategic Framework for the ESI Funds, it remains still an open question whether how can or should ETC programmes be aligned with the themes of macro-regional strategies. All in all, the main challenge is quite clear: how macro-regional strategies may be best used to ensure policy coordination between sectors

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8 Böhme, Kai, Doucet, Philippe, Komornicki, Tomasz, Zaucha, Jacek, Swiatek, Dariusz: How to strengthen the territorial dimension of 'Europe 2020' and the EU Cohesion Policy. Report based on the Territorial Agenda 2020. Prepared at the request of the Polish Presidency of the Council of the European Union. Warsaw, September 2011, Regulation on Territorial Cooperation: Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal. Official Journal of the European Union, 20 December 2013

and governance levels, while emerging post 2013 cohesion policy contains well-defined expectations of a simplified and more effective implementation in line with the priorities in focus. The importance of an integrated approach is shown by the great number of debates about overlapping cooperation forms, financing, and the choice of the proper institutional form. Nevertheless, it is important to raise further questions whether the integrated approach brings a truly innovative and effective method with respect to the new place-based paradigm. In this case emphasis falls on the introduction of the practice of MLG which has been present in EU literature for over a decade and a half, with a decisive role.

### 3. INTEGRATED APPROACH: CATALYZING A NEW FORM OF GOVERNANCE?

The starting point to understand the essence of integrated approach is that drivers of growth are different among regions but are always interdependent in each region. In addition the new paradigm of territorial development is based on territorial competitive advantages („no one size fits all”) and its endogenous potential as well as considering the high vulnerability index facing all European regions. As a result more and more crosscutting (horizontal) policy issue gained importance requiring that the relevant actors have to recognize their interdependence and work collaboratively. The integrated approach hasn't still got standard definition but the broad analytical framework of it has been established<sup>9</sup>. However, controversial statements have emerged as integration among policies is the „natural” way but unexpected externalities and conflicts may arise; integration among policies only possible within fixed and rigid areas, but the importance of functional areas can't be denied; integration of policies is a matter of programming phase, but the high level of uncertainty in the implementation makes it necessary the usage of integrated approach. Last but not least, contrary to the determinant role of vertical integration, horizontal integration turned out to be a case of territorial cooperation.

So it is a big question how to find a proper balance to avoid competition and conflicts between stakeholders and policy sectors. In the first place, creating coordination mechanisms and institutions between the administrative boundaries and functional areas is needed within the framework of the state administration in order to make contacts with their counterparts in other regions. It is underlined by different ways of policy coordination due to functional approach. As a result, the most appropriate territorial level may vary, in addition different partners at different levels may find it hard to cooperate. Broadly speaking, it may be a problem of interprofessional collaborations: working horizontally is a very time- and resource-consuming activity. According to the relevant background papers, the well-known concept of Gary Marks and Liesbet Hooghe, the Type 2 of multi-level governance seems to be a favoured concept that allows for more task-specific jurisdictions, with tailored member-

<sup>9</sup> Rodrigues, Duarte. Integrated approach: from common myths to right balances. In: Polish Presidency of the Council of the EU: Seminar on Territorial Dimension of Development Policies. Seminar Papers and Proceedings, 18-19 July 2011, Ostróda, Poland, pp. 99-105.

ship and a flexible design, more likely to be found in cross-border regions and widespread on the local level<sup>10</sup> (Marks and Hooghe, 2004). This institutional arrangement expands the role of “level” at which new challenges can be addressed so besides the regional level (NUTS II) local and sub-regional levels could also come into consideration. For example in Hungary the decentralized territorial development will be implemented at county (NUTS III) level and in cities with county-right and their surroundings (city regions), and in smaller towns and their surroundings.

The interrelationship between territorial cohesion, integrated approach and institutions makes it necessary to create innovative tailor-made arrangements both at national level and transnational level. This also shows that the principle of partnership and the concept of MLG have been lifted into the Committee’s proposal for after-2013 cohesion law, which not only prescribes but also defines the circle of actors that member states will have to establish partnership contracts with in the process of elaborating partnership contracts and details of operational programmes and their implementation, monitoring and evaluation. The practice of contractualisation relationship requires the formation of several different forms of cooperation platforms to reinforce stakeholder commitment and awareness in influencing decisions. More concretely, this denotes a flexible type of governance that builds on the partnership-based interaction of power levels and promotes the idea of participation<sup>11</sup>. This also shows that the principle of partnership and the concept of MLG have been lifted into the Committee’s proposal for after-2013 cohesion law, which not only prescribes but also defines the circle of actors that member states will have to establish partnership contracts with in the process of elaborating partnership contracts and details of operational programmes and their implementation, monitoring and evaluation. The practice of contractualisation relationships requires the formation of several different forms of cooperation platforms to reinforce stakeholder commitment and awareness in influencing decisions.

The new structure created on this basis may greatly contribute to fast progress and concrete achievements for macro-regions (in our case, the EUSDR) as well as the publication of these results within the stakeholder circle and the EU as a whole.

#### 4. ENHANCED COORDINATION INFLUX: THE KEY DRIVERS OF THE EUSDR PROCESS

The EUSDR was confirmed by the General Affairs Council (GAC) on 13 April 2011. The formal decision of support took place in the European Council on 24 June 2011. This made EUSDR step into the implementation phase, which raised the necessity of creating a special type of governance. The institutional structure based on the Action Plan clearly follows the pattern of the EUSBSR. However, at this point it is useful to remind ourselves that the practi-

10 Marks, Gary-Hooghe, Liesbeth: *Contrasting Visions of Multi-level Governance*. In: Bache, Ian and Flinders, Matthew (eds.): *Multi-level Governance*. Oxford: Oxford University Press, 2004, pp. 15-30.

11 Committee of the Regions: *Building European Culture of Multilevel Governance: Follow-up to the Committee of the Region’s White Paper.CIVEX-V-024, 94. plenary session Brussels, 15-16 February, 2012*

cal functioning of governance is the coordination and steering of cooperating sectorial policies. Coordination includes capacity-building and mobilisation, various forms of problem solving and conflict management; adaptation and learning may also be mentioned here. As a result, governance exercised in a perpetually changing environment exists in the innovative forms of coordination and capacity-building under the conditions of a necessary “institutional consensus” that may consists of its transferability<sup>12</sup>

When discussing perspectives for 2014/2015 on the overall level of the EUSDR, it should be considered that further implementation requires both an evaluation of a „state of play” of the current governance structure as well as the established „next steps” towards enhanced territorial/regional development cooperation in the area.

Strategic, policy-level coordination is done by the experts of Priority Area Coordinators (PACs), National Contact Points (NCPs), and the European Council. The task of the NCPs is the coordination of national level civic administration organisations involved in the implementation; they also provide advice and information. National partners do play an important role for embedding the EUSDR into the domestic context, but mutual exchange between NCPs about good practice and “failures” would be also very useful. Two important elements of strategy coordination are reporting and evaluation. The responsibility for these is mainly held by the Commission, in partnership with PACs and other stakeholders.

In order to promote the efficiency of implementation and vertical coordination Steering Groups are organised under all 11 PACs on the principle of wide-range stakeholder involvement and partnership. Both PACs and Steering Groups do play a crucial role during the implementation phase – in particular in providing platforms for debate/cooperation among “multipliers” and stimulating coordination/cooperation on key issues/actions.

Flexibility for PACs to adapt their work to the specific context of the given priority area and of the partners involved has to be ensured, in addition the scope and possibilities to cooperate on single projects differ among priority areas. Flagship project leaders are the major actors in implementation, monitoring and feedback on the one hand and on the other hand they actively contribute to the search for cooperation partners and funding opportunities together with the NPCs and the Steering Groups. As a result, Member States that are involved in the implementation of the particular project, non-EU Member States and regions are mainly responsible for the implementation. This ensures high levels of ownership in the course of implementation, which is complemented by the policy-level facilitator and coordination role of the European Commission.

Horizontal and at the same time operative coordination is performed by the LabGroup (set up in March 2011) jointly with the INTERACT programme. Their activities are centred around the facilitation, coordination and the creation of the required communication surfaces. The task of the LabGroup as an informal think tank is to be the “missing link” between the PACs, the Steering Groups, and potential funding bodies (Structural Funds, IPA and ENPI programmes, International Financing Institutions, IFI).

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12 In this sub-chapter I heavily relied on PAC annual reports for 2012, 2013 and 2014. Available: [www.danube-region.eu](http://www.danube-region.eu). Accessed 15 August 2014.

Last but not least, the “roof” of the High Level Group (HLG) consisting of high-ranking officials of member states is placed over vertical and horizontal coordination as territorial governance. An imaginary horizontal counterpoint, an Annual Forum is organised by the Commission (similarly to the EUSDR) to discuss and evaluate planned or implemented actions.

Looking at the emerging EUSDR-Governance arrangements, it seems to be still a transition period when modalities of specific governance are currently invented and tested. This process requires time, and a high sense of pragmatism should be important in this respect. In any case, implementation arrangements have to remain flexibly adaptable to contexts and must not be too rigidly pre-defined and could not be organised along the logic of funding programmes only.

## 5. CONCLUSIONS

The concept of a macro-region is organically fitted into the new paradigm of territorial policy, a key element of which is territorial cohesion. In its implementation a decisive role is played by the integrated approach, the institutional form of which is most adequately represented by MLG. Launched under the tight coordination of the European Commission and accepted by the Member States, the the EUSDR have created a new top-down integrated place-based form of MLG, which might be called territorial governance with the use of a previously existing term. Territorial governance in this sense is a tool to implement territorial cohesion, in the course of which tightly institutionalised hierarchical and loosely organised, network-type coordination governance forms coexist. To achieve this, macro-regional strategies aim at achieving coordination across horizontal (across sectoral policies), vertical (across different governmental levels) and geographical (across administrative territorial units) interventions.

However, it his may cause a hard burden for the participant countries that requires a serious amount of resources, staff, knowledge and expertise. The lack of proper institutional and administrative capacities could impede the opportunity of all regions to be involved in the implementation bringing about the risk that macro-regional strategies will be in fact implemented by a small number of influential an “rich” actors. Establishing powerful macro-regions is therefore a long-lasting and time-consuming process that nonetheless provides a strong rationale to seek new forms of MLG as a model of EU territorial governance.